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UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

IN RE:)
)
DYNAMIC INTERNATIONAL) Case No. 17-10814
AIRWAYS, LLC) Chapter 11
)
Debtor.)
_____)

**DISCLOSURE STATEMENT TO ACCOMPANY DEBTOR'S FIRST AMENDED PLAN
OF REORGANIZATION**

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- EXHIBIT “1”: DEBTOR’S FIRST AMENDED PLAN OF REORGANIZATION
- EXHIBIT “2”: LIQUIDATION ANALYSIS
- EXHIBIT “3”: SETTLEMENT AGREEMENT
- EXHIBIT “4”: THREE-YEAR PLAN PROJECTIONS

I.
INTRODUCTION

On July 19, 2017 (the “Petition Date”), Dynamic International Airlines, LLC (“Debtor”) filed its voluntary petition under title 11, chapter 11 of the United States Code (the “Bankruptcy Code”)¹ with the United States Bankruptcy Court for the Middle District of North Carolina (the “Bankruptcy Court”) to commence the above-captioned case (the “Chapter 11 Case”).

Debtor has prepared this Disclosure Statement in connection with the solicitation of votes on *Debtor’s First Amended Plan of Reorganization* (the “Plan”) filed November 7, 2017, proposed by Debtor to treat the Claims of Creditors and Equity Securities in the Chapter 11 Case.

CAPITALIZED TERMS USED BUT NOT DEFINED IN THIS DISCLOSURE STATEMENT HAVE THE MEANINGS ASCRIBED TO SUCH TERMS IN THE PLAN. IN THE EVENT OF A CONFLICT OR DIFFERENCE BETWEEN THE DEFINITIONS USED IN THIS DISCLOSURE STATEMENT AND IN THE PLAN, THE DEFINITIONS CONTAINED IN THE PLAN SHALL CONTROL.

The Exhibits to this Disclosure Statement included in the Appendix are incorporated into, and are a part of, this Disclosure Statement. The Plan is attached hereto as **Exhibit “1.”** Any interested party desiring further information should contact:

Garman Turner Gordon LLP
Gerald M. Gordon, Esq.
650 White Drive, Ste. 100
Las Vegas, Nevada 89119
Telephone: (725) 777-3000
Email: ggordon@gtg.legal

Bell, Davis & Pitt, P.A.
Walter W. Pitt, Jr., Esq.
100 N Cherry Street
Winston Salem, North Carolina 27101
Telephone: (336) 722-3700
Email: wpitt@belldavispitt.com

Interested parties may also obtain further information from the Bankruptcy Court at the following website: <http://www.ncmb.uscourts.gov>. Each Holder of a Claim entitled to vote on

¹ All references to “Chapter” and “Section” hereinafter shall be to the Bankruptcy Code; all references to a “Bankruptcy Rule” shall refer to the Federal Rules of Bankruptcy Procedure; and all references to a “Local Rule” shall refer to the Local Rules of Practice for the United States Bankruptcy Court, Middle District of North Carolina.

1 the Plan should read this Disclosure Statement, the Exhibits hereto including the Plan, and the
2 instructions accompanying the Ballots in their entirety before voting on the Plan. These
3 documents contain important information concerning the classification of Claims and Equity
4 Securities for voting purposes and the tabulation of votes.

5 **II.**
6 **INFORMATION REGARDING THE PLAN AND THIS DISCLOSURE STATEMENT**

7 The following are answers to common questions about a Chapter 11 reorganization:

8 **1. What is Chapter 11?**

9 Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code.
10 Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its
11 creditors, and equity interest holders. The commencement of a Chapter 11 case creates an estate
12 that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The
13 Bankruptcy Code provides that the debtor may continue to operate its business and remain in
14 possession of its property as a “debtor-in-possession.”

15 **2. What is the objective of a Chapter 11 bankruptcy case?**

16 The objective of a Chapter 11 case is the confirmation (*i.e.* approval by the Bankruptcy
17 Court) of a plan of reorganization. Here, Debtor commenced its Chapter 11 Case in order to
18 complete a reorganization of its liabilities through a plan of reorganization, with a goal of
19 providing the best prospects for a distribution to the Holders of Allowed Claims.

20 **3. What is a plan of reorganization?**

21 A plan describes in detail (and in language appropriate for a legal contract) the means for
22 satisfying claims against, and equity interests in, a debtor.

23 **4. What happens after a plan is filed?**

24 After a plan has been filed, the holders of claims and equity interests that are impaired (as
25 defined in Section 1124 of the Bankruptcy Code) and receiving some cash and/or property on
26 account of such claims or equity interests are permitted to vote to accept or reject the plan.

27 **5. What is a disclosure statement and its purpose?**

28 Before a debtor or other plan proponent can solicit acceptances of a plan, Section 1125 of

1 the Bankruptcy Code requires the debtor or other plan proponent to prepare a disclosure
2 statement containing adequate information of a kind, and in sufficient detail, to enable those
3 parties entitled to vote on the plan to make an informed voting decision about whether to accept
4 or reject the plan.

5 The purpose of this Disclosure Statement is to provide sufficient information about the
6 debtor and the plan to enable holders of impaired claims to make an informed voting decision
7 about whether to accept or reject the plan.

8 **6. What will happen after the Bankruptcy Court approves this Disclosure Statement?**

9 This Disclosure Statement will be used to solicit acceptances of the Plan only after the
10 Bankruptcy Court has found that this Disclosure Statement provides adequate information in
11 accordance with Section 1125 of the Bankruptcy Code and has entered an order approving this
12 Disclosure Statement. Approval of the Disclosure Statement by the Bankruptcy Court is not an
13 opinion or ruling on the merits of the Plan and it does not mean that the Plan has been or will be
14 approved by the Bankruptcy Court.

15 **7. Who may vote to accept or reject a plan?**

16 A claim is defined by the Bankruptcy Code to include a right to payment from a debtor.
17 In order to vote on the Plan, a Creditor must have an Allowed Claim. The solicitation of votes
18 on the Plan will be sought only from Holders of Allowed Claims whose Claims are Impaired and
19 who will receive property or rights under the Plan. As explained further below, to be entitled to
20 vote, a Person must be a Holder of a Claim that is both an Allowed Claim and Impaired.

21 **8. Do I have an Allowed Claim?**

22 You have an Allowed Claim if: (i) you or your representative timely files a proof of
23 Claim and no objection has been filed to your Claim within the time period set for the filing of
24 such objections; (ii) you or your representative timely files a proof of Claim and an objection is
25 filed to your Claim upon which the Bankruptcy Court has ruled and allowed your Claim; (iii)
26 your Claim is listed by the Debtor in its Schedules or any amendments thereto (which are on file
27 with the Bankruptcy Court as a public record) as liquidated in amount and undisputed and no
28 objection has been filed to your Claim; or (iv) your Claim is listed by the Debtor in its Schedules

1 as liquidated in amount and undisputed and an objection was filed to your Claim upon which the
2 Bankruptcy Court has ruled to allow your Claim. Under the Plan, the deadline for filing
3 objections to Claims is thirty (30) calendar days following the Effective Date. If your Claim is
4 not an Allowed Claim, it is a Disputed Claim and you will *not* be entitled to vote on the Plan
5 unless the Bankruptcy Court temporarily or provisionally allows your Claim for voting purposes
6 pursuant to Bankruptcy Rule 3018. If you are uncertain as to the status of your Claim or if you
7 have a dispute with Debtor, you should check the Bankruptcy Court record carefully, including
8 Debtor's Schedules, and seek appropriate legal advice. Neither Debtor nor its professionals can
9 advise you about such matters.

10 **9. Is my Claim or Equity Security Impaired?**

11 Impaired Claims include those whose legal, equitable, or contractual rights are altered by
12 the Plan, even if the alteration is beneficial to the Creditor, or if the full amount of the Allowed
13 Claim will not be paid under the Plan. Holders of Claims that are not Impaired under the Plan
14 will be deemed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code,
15 and Debtor need not solicit acceptance of the Plan by Holders of such Unimpaired Claims.
16 Holders of Claims that are to receive nothing under the Plan will be deemed to have voted to
17 reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code, and Debtor need not solicit
18 votes from such Holders.

19 Classes 1 and 2 are Unimpaired and deemed to accept the Plan, and therefore, will not
20 vote on the Plan.

21 Class 3, Class 4, and Class 5 are Impaired, and therefore, will vote on the Plan.

22 Class 6 and Class 7 will not receive anything under the Plan. Class 6 and Class 7 are thus
23 Impaired and deemed to reject the Plan, and therefore, will not vote on the Plan.

24 **10. How generally is a plan approved?**

25 In order for a plan to be confirmed, it must be accepted by at least one impaired class of
26 claims, excluding the affirmative votes of any insiders within that class. A class of claims is
27 deemed to have accepted the plan if and when allowed votes representing at least two-thirds in
28

1 amount and a majority in number of the claims of the class actually voting cast votes in favor of
2 the plan.

3 **11. What is the general construct of Debtor's Plan?**

4 The primary objective of the Plan is to maximize returns to those Creditors entitled to
5 recoveries from the Estate. Debtor desires to achieve this objective through reorganizing its
6 business operations, settling alleged claims against the Released Parties, and obtaining exit
7 financing to assist in the payment of Allowed Claims.

8 **12. Will Reorganized Debtor be able to meet the financial terms of the Plan?**

9 If the Plan is confirmed, Debtor will continue operations and, together with the proposed
10 settlement with the Released Parties and the exit financing that provides, in part, the funding of
11 the Plan, will ensure that Reorganized Debtor can meet the financial terms of the Plan.

12 **13. What happens at the Confirmation Hearing?**

13 At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan
14 satisfies the requirements of the Bankruptcy Code.

15 **14. What is the effect of Plan Confirmation?**

16 Confirmation of a plan of reorganization by the bankruptcy court makes the plan binding
17 upon Debtor, any issuer of securities under the Plan, any person acquiring property under the
18 Plan, and *every Creditor of Debtor*, regardless of whether such creditor receives or retains any
19 property under the Plan. Subject to certain limited exceptions, and other than as provided in the
20 Plan itself or the Confirmation Order, the Confirmation Order discharges Debtor from any debt
21 that arose prior to the date of confirmation of the Plan and substitutes the obligations specified
22 under the Plan.

23 **15. Has the Securities Exchange Commission reviewed and approved this Disclosure
24 Statement?**

25 This Disclosure Statement has been prepared in accordance with Section 1125 of the
26 Bankruptcy Code and Bankruptcy Rule 3016(b) and not necessarily in accordance with federal
27 or state securities laws or other non-bankruptcy laws. This Disclosure Statement has not been
28 approved or disapproved by the United States Securities and Exchange Commission (the

1 “SEC”), nor has the SEC passed upon the accuracy or adequacy of the statements contained
2 herein.

3 **16. Can I rely upon the statements and financial information contained in this Disclosure**
4 **Statement?**

5 DEBTOR MAKES THE STATEMENTS AND PROVIDES THE FINANCIAL
6 INFORMATION CONTAINED HEREIN AS OF THE DATE HEREOF. UNLESS
7 OTHERWISE SPECIFIED, PERSONS REVIEWING THIS DISCLOSURE
8 STATEMENT SHOULD NOT INFER THAT THE FACTS SET FORTH HEREIN HAVE
9 NOT CHANGED SINCE THE DATE THIS DISCLOSURE STATEMENT WAS
10 INITIALLY PREPARED.

11 DEBTOR’S MANAGEMENT HAS REVIEWED THE FINANCIAL
12 INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH
13 DEBTOR HAS ENDEAVORED TO ENSURE THE ACCURACY OF THIS FINANCIAL
14 INFORMATION, THE FINANCIAL INFORMATION CONTAINED IN, OR
15 INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS
16 NOT BEEN AUDITED, UNLESS OTHERWISE STATED HEREIN.

17 **17. Can I rely upon the Disclosure Statement for other purposes?**

18 THE INFORMATION IN THIS DISCLOSURE STATEMENT IS INCLUDED
19 HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND
20 MAY *NOT* BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE
21 HOW TO VOTE ON THE PLAN. THIS DISCLOSURE STATEMENT THEREFORE
22 DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF
23 FACT OR LIABILITY, A STIPULATION, OR A WAIVER IN ANY PROCEEDING
24 OTHER THAN THE SOLICITATION OF ACCEPTANCES OF THE PLAN AND
25 CONFIRMATION OF THE PLAN. FOR ALL PURPOSES OTHER THAN THE
26 SOLICITATION OF ACCEPTANCES OF THE PLAN, THIS DISCLOSURE
27 STATEMENT SHOULD BE CONSTRUED AS A STATEMENT MADE IN
28 SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED MATTERS,

1 **ADVERSARY PROCEEDINGS, AND OTHER PENDING OR THREATENED**
2 **LITIGATION OR ACTIONS.**

3 **18. Who provided the information contained in this Disclosure Statement?**

4 This Disclosure Statement was prepared by Debtor's management in conjunction with
5 Debtor's bankruptcy counsel, the law firms of Garman Turner Gordon LLP and Bell, Davis &
6 Pitt, P.A.

7 **19. Should I consult with my own financial and legal advisors?**

8 This Disclosure Statement does not constitute legal, business, financial, or tax advice. All
9 persons desiring such advice or any other advice should consult with their own advisors.

10 **20. I have heard statements from outside sources regarding the Plan. Can I rely on these**
11 **statements?**

12 Debtor has not authorized any representations about the Plan, itself, or the value of its
13 assets other than those set forth in this Disclosure Statement. Holders of Claims proceed at their
14 own risk to the extent that they rely on any information, representations, or inducements made or
15 given about the Plan that differ from, or are inconsistent with, the information contained herein
16 and in the Plan.

17 **21. What if there is an inconsistency between this Disclosure Statement and the Plan?**

18 This Disclosure Statement summarizes certain provisions of the Plan and certain other
19 documents and financial information that are incorporated by reference herein (collectively, the
20 "Incorporated Documents"). The summaries contained herein are qualified in their entirety by
21 reference to the Incorporated Documents. In the event of any inconsistency or discrepancy
22 between a description in this Disclosure Statement and the actual content of any of the
23 Incorporated Documents, the Incorporated Documents shall govern for all purposes.

24 **III.**
GENERAL OVERVIEW OF THE PLAN

25 The Plan generally provides for the repayment of Claims against Debtor as follows: (1)
26 Debtor will continue operations post-Effective Date to generate income to pay certain Allowed
27 Claims; (2) Debtor is seeking approval of exit financing that will provide sufficient funds to pay
28 certain Allowed Claims; and (3) Debtor is resolving any possible claims against the Released

1 Parties (the “Settlement Agreement”) as defined in the Plan to generally include (i) Solitude
2 Strategies, LLC (“Solitude”); (ii) Kenneth Woolley; (iii) Paul Kraus; (iv) KMW (as defined in
3 the Plan); (v) Jet Midwest (as defined in the Plan), and (vi) the Released Parties’ current and
4 former Affiliates, estates, heirs, managed accounts or funds, subsidiaries, officers, directors,
5 principals, employees, agents, financial advisors, attorneys, accountants, investment bankers,
6 consultants, representatives and other professionals, in each case in their capacity as such.

7 The Settlement Agreement provides for 100% of the Equity Securities of the Reorganized
8 Debtor to vest in Solitude and the Releases of the Released Parties as provided for in Section 9.6
9 of the Plan, on the Effective Date in exchange for: (a) the Exit Loan Lender entering into the Exit
10 Loan and Exit Loan Documents and commencing funding as provided for therein; (b) the
11 Discharge of Woolley’s Pre-Petition Date Claims without receiving a Distribution related
12 thereto; (c) the treatment of the Woolley’s Secured Claim as an Allowed General Unsecured
13 Claim to be Discharged without a Distribution related thereto; (d) Solitude exchanging all
14 Claims related to the Solitude DIP Loans for the Equity Securities of Reorganized Debtor; (e)
15 KMW consenting to the assumption of the KMW Leases in accordance with Article 6 of the
16 Plan; and (f) Kraus and Jet Midwest agreeing to the Discharge of all pre-Petition Date Claims
17 without receiving a Distribution related thereto

18 Through either the Exit Loan or continued operations, Debtor and/or Reorganized Debtor
19 (as applicable) will provide for payments of (1) the Allowed Class 2 Priority Unsecured Claims
20 through payment on the Initial Date; (2) the Allowed Class 3 Convenience Claims through
21 payment over six months commencing on the Initial Distribution Date; (3) the Allowed Class 4
22 General Unsecured Claims through pro rata distributions from the Class 4 Distribution Amount
23 to be distributed to the Disbursing Agent; and (4) the Allowed Class 5 Residual Governmental
24 Unit Claims through payment over forty-eight months commencing on the Initial Distribution
25 Date.

26 The following is a general overview of the provisions of the Plan, which Plan treatment is
27 discussed more fully herein and is qualified in its entirety by reference to the provisions of the
28 Plan itself.

1 **A. Classification of Claims.**

2 Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall classify
 3 the claims of a debtor's creditors and equity interest holders. In compliance therewith, the Plan
 4 divides Claims into various Classes and sets forth the treatment for each Class. Debtor is also
 5 required under Section 1122 of the Bankruptcy Code to place a Claim into a particular Class only
 6 if such Claim is substantially similar to the other Claims in such Class. Debtor believes that the
 7 Plan has classified all Claims in compliance with the provisions of Section 1122 of the
 8 Bankruptcy Code, but it is possible that a Holder of a Claim will challenge the Plan's
 9 classifications and that the Bankruptcy Court will find that different classifications are required
 10 in order for the Plan to be confirmed. In such event, Debtor reserves the right, to the extent
 11 permitted by the Bankruptcy Code, to make reasonable modifications of the classifications under
 12 the Plan to permit Confirmation of the Plan and to use the Plan acceptances received in this
 13 solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of
 14 which the accepting Holders are ultimately deemed members.

15 The Plan's treatment of each classified Class of Claims is summarized in the following
 16 table:

17

<u>Class</u>	<u>Description</u>	<u>Summary of Treatment</u>	<u>Estimated Claim²</u>
Class 1	Secured Claims	Each Holder of a Secured Claim shall be left Unimpaired by Reorganized Debtor.	\$0.00 ³
Class 2	Priority Unsecured Claims	Each Holder of an Allowed Priority Unsecured Claim shall be paid in full in Cash on the Initial Distribution Date.	\$100,000

23

24 ² The *estimated* Claim amounts were compiled by combining the undisputed, liquidated, and non-contingent Claims
 25 included in Debtor's Schedules, as amended, and the proofs of Claim on file on or about November 7, 2017. Debtor
 26 may file objections to certain of the filed proofs of Claim, as may other parties-in-interest. The allowance or
 27 disallowance of such Claims will alter the aggregate amount of Allowed Claims. *Nothing herein shall be deemed an
 acknowledgment of the amount or allowance of any asserted Claim; rather, Debtor hereby expressly reserves its
 right to object to any and all asserted or scheduled Claims.*

28 ³ This total amount assumes approval of the Settlement Agreement, and therefore, no amount is listed for Woolley's
 secured claim.

1	Class 3	Convenience Claims	Each Holder of an Allowed Convenience Claim, shall be paid in six equal monthly installments, commencing on the Initial Distribution Date, the lesser of the Allowed amount of such Claim or \$2,000.	[\$1,200,000] ⁴ [(\$315,000)] ⁵
2				
3				
4	Class 4	General Unsecured Claims	Each Holder of an Allowed General Unsecured Claim shall receive its pro rata share of the Class 4 Distribution Amount, \$2,600,000 less all costs and expenses of the Committee professional fees and expenses and the fees and expenses of the Disbursing Agent, to be distributed to the Disbursing Agent.	[\$35,500,000] ⁶
5				
6				
7				
8				
9	Class 5	Residual Governmental Unit Claims	Each Holder of an Allowed Residual Unit Claim shall be paid in Cash in forty-eight equal monthly installments commencing on the Initial Distribution Date until paid in full, with pre-Petition Date interest at the IRS statutory rate up the Petition Date and post-petition interest at the Plan Rate.	[\$5,215,000]
10				
11				
12				
13				
14	Class 6	Governmental Unit Penalty Claims	Each Holder of an Allowed Governmental Unit Penalty Claims shall not receive any Distributions of the Plan, and such claims shall be discharged as of the Effective Date.	[\$2,455,500]
15				
16				
17	Class 7	Pre-Effective Date Equity Security	the Equity Securities shall be cancelled and Holders of Class 7 Equity Securities shall not receive any distribution on account of such Equity Interests	N/A
18				
19				

20

21 **B. Non-Classified Claims.**

22 **1. Allowed Administrative Claims.**

23 Pursuant to Section 1123(a)(1), Allowed Administrative Claims are not designated as a

24 Class. The Holders of such unclassified Claims shall be *paid in full* under the Plan consistent

25 _____

⁴ This amount represents the total value of estimated Holders electing treatment under Class 3.

⁵ This amount represents the total estimated pay-out when Creditors electing treatment as convenience claims are reduced to \$2,000.

⁶ This amount does not include the approximately \$29,000,000 in Insider Claims that are proposed to be extinguished and discharged through the Settlement Agreement.

1 with the requirements of Section 1129(a)(9)(A) and are not entitled to vote on the Plan. Pursuant
2 to Section 331 of the Bankruptcy Code, Debtor's duly-retained professionals are able to seek the
3 allowance and payment of their incurred fees and costs and may do so prior to the Confirmation
4 Hearing. Debtor anticipates that Garman Turner Gordon LLP ("GTG"), Debtor's bankruptcy
5 counsel, will seek the final approval and payment of approximately \$400,000 in fees and
6 expenses on or around the Effective Date of the Plan. Debtor further anticipates that Debtor's
7 local counsel, Bell, Davis & Pitt, P.A. will seek the final approval of approximately \$150,000 in
8 fees, expenses on or around the Effective Date. In addition to Debtor's counsel fees, Debtor
9 retained MJAC, LLC as financial advisor, and various special counsel and tax advisors. Debtor
10 has been paying these fees as due, with interim approval. Finally, the Unsecured Creditors
11 Committee ("Committee") is expected to seek approval of the fees and expenses of its
12 Professionals, including counsel, Saul Ewing and Poyner Spruill, in the total amount of
13 \$400,000, and fees and expenses for its financial advisor, Alix Partners, in the total amount of
14 \$200,000. The Plan provides that cash in an amount equal to Two Million and Six Hundred
15 Thousand (\$2,600,000.00) Dollars, less the aggregate amount of Allowed Professional Fees of
16 the Creditor Committee approved and paid prior to the Effective Date, shall be distributed to the
17 Disbursing Agent on the Effective Date to be deposited into the Disbursing Agent Account, and
18 Allowed Professions Fees of the Committee approved after the Effective Date shall be paid by
19 the Disbursing Agent from the Disbursing Agent Account. The foregoing are only estimates and
20 may increase or decrease depending on the timing of the Plan's Effective Date and the number
21 and extent of the contested matters arising in the Chapter 11 Case.

22 Each Allowed Administrative Claim shall be paid by Reorganized Debtor or the
23 Disbursing Agent, as applicable, upon the latest of: (i) the Effective Date or as soon thereafter as
24 is practicable; (ii) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as
25 practicable, (iii) the fourteenth (14th) Business Day after such Claim is Allowed, or as soon
26 thereafter as practicable; and (iv) such date as the Holder of such Claim and Reorganized Debtor
27 shall agree upon. With respect to payment of the Allowed Professional Fees of the Committee,
28

1 (i) the Debtor shall pay the fees approved prior to the Effective Date, and (ii) the Disbursing
2 Agent shall pay the fees approved after the Effective Date.

3 All requests for payment of Administrative Claims against Debtor and all final
4 applications for allowance and disbursement of Professional Fees must be filed by the
5 Administrative Claims Bar Date or the Holders thereof shall be forever barred from asserting
6 such Administrative Claims against Debtor and Reorganized Debtor. All Professional Fees
7 applications must be in compliance with all of the terms and provisions of any applicable order
8 of the Bankruptcy Court, including the Confirmation Order, and all other orders governing
9 payment of Professional Fees. Unless otherwise ordered by the Bankruptcy Court, from and
10 after the Effective Date, no Professional shall be required to file fee applications with the
11 Bankruptcy Court and Reorganized Debtor may pay all Professionals in the ordinary course for
12 fees and expenses incurred after the Effective Date.

13 **2. Allowed Priority Tax Claims.**

14 Each Allowed Priority Tax Claim shall be paid in full in Cash by the Reorganized Debtor
15 in equal monthly installments beginning the latest of: (i) the Effective Date or as soon thereafter
16 as is practicable; (ii) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as
17 practicable, (iii) the fourteenth (14th) Business Day after such Priority Tax Claim is Allowed, or
18 as soon thereafter as practicable; and (iv) such date as the Holder of such Priority Tax Claim and
19 Reorganized Debtor shall agree upon and on the same day of each successive month for a period
20 ending not later than five (5) years after the Petition Date. Until the Allowed Priority Tax Claim
21 is paid in full, the unpaid balance shall accrue statutory interest from the Effective Date fixed at
22 the applicable federal or state statutory rate in effect with respect to such Priority Tax Claim on
23 the Petition Date. Debtor estimates Priority Tax Claims will total approximately \$6,250,000.

24 **C. Treatment of Classified Claims.**

25 **1. Class 1 – Secured Claims.** Each Allowed Secured Claim, if any, shall, in full
26 and final satisfaction of such Claim, be left Unimpaired by Reorganized Debtor upon the latest
27 of: (i) the Effective Date or as soon thereafter as practicable; (ii) such date as may be fixed by the
28 Bankruptcy Court; (iii) the first Business Day following the fourteenth (14th) day after such

1 Claim is Allowed; and (iv) such date as agreed upon by the Holder of such Claim and the
2 Debtor, and after the Effective Date, by Reorganized Debtor.

3 **2. Class 2 – Priority Unsecured Claims.** Each Allowed Priority Unsecured Claim,
4 if any, shall, in full and final satisfaction of such Claims, be paid in full in Cash on the latest of:
5 (i) the Initial Distribution Date, or as soon thereafter as is practical; (ii) such date as may be fixed
6 by the Bankruptcy Court, or as soon thereafter as is practicable; (iii) the fourteenth (14th)
7 Business Day after such Claim is Allowed, or as soon thereafter as is practicable; or (iv) such
8 date as the Holder of such Claim and Debtor or Reorganized Debtor, as applicable, have agreed
9 or shall agree, plus pre-Petition Date interest due under applicable bankruptcy or non-bankruptcy
10 law and claimed in a Proof of Claim by such Holder to the extent approved by the Bankruptcy
11 Court or as included in the Schedules by the Debtor.

12 **3. Class 3 – Convenience Claims.** Except to the extent that a Holder of an Allowed
13 Convenience Claim agrees to less favorable treatment, each Holder of an Allowed Convenience
14 Claim shall, in full and final satisfaction of such Allowed Convenience Claim be paid in 6 equal
15 monthly installments commencing on the Initial Distribution Date, the lesser of (i) the Allowed
16 amount of such Claim, or (ii) Two Thousand Dollars (\$2,000).

17 **4. Class 4 – General Unsecured Claims.** Except to the extent that a Holder of an
18 Allowed General Unsecured Claim agrees to less favorable treatment:

19 1. Each Holder of an Allowed General Unsecured Claim, shall, in full and final
20 satisfaction of such Claim, be paid in Cash its Pro Rata share of the Class 4 Distribution Amount.

21 2. Deducted from the Class 4 Distribution Amount shall be all costs and expenses of
22 the Disbursing Agent and the Disbursing Agent Account.

23 3. On the Effective Date, provided that the Settlement Agreement is approved and
24 the Plan as confirmed is consistent with the relief provided for in the Settlement Agreement, the
25 Claims of Woolley, Kraus and Jet Midwest and the KMW Cure payments shall be subordinated
26 to the payment of all other Allowed General Unsecured Claims and unclassified Allowed Claims
27 and shall not receive any Distribution under the Plan.

28 ...

1 risks and uncertainties that could cause actual events or results to differ materially from those
2 referred to in such forward-looking statements. The liquidation analysis and distribution
3 projections are estimates only, and the timing and amounts of actual distributions may be
4 affected by many factors that cannot be predicted. Therefore, any analysis, estimates, or
5 recovery projections may not turn out to be accurate.

6 **NOTHING IN THIS DISCLOSURE STATEMENT IS, OR SHALL BE DEEMED,**
7 **AN ADMISSION OR STATEMENT AGAINST INTEREST BY DEBTOR FOR**
8 **PURPOSES OF ANY PENDING OR FUTURE LITIGATION MATTER OR**
9 **PROCEEDING.**

10 **ALTHOUGH THE ATTORNEYS AND OTHER PROFESSIONALS EMPLOYED**
11 **BY DEBTOR HAVE ASSISTED IN PREPARING THIS DISCLOSURE STATEMENT**
12 **BASED UPON FACTUAL INFORMATION AND ASSUMPTIONS RESPECTING**
13 **FINANCIAL, BUSINESS, AND ACCOUNTING DATA FOUND IN THE BOOKS AND**
14 **RECORDS OF DEBTOR, THEY HAVE NOT INDEPENDENTLY VERIFIED SUCH**
15 **INFORMATION AND MAKE NO REPRESENTATIONS AS TO THE ACCURACY**
16 **THEREOF. THE ATTORNEYS AND OTHER PROFESSIONALS EMPLOYED BY**
17 **DEBTOR SHALL HAVE NO LIABILITY FOR INFORMATION CONTAINED IN, OR**
18 **OMITTED FROM, THIS DISCLOSURE STATEMENT.**

19 **DEBTOR AND ITS PROFESSIONALS HAVE MADE A DILIGENT EFFORT TO**
20 **IDENTIFY IN THIS DISCLOSURE STATEMENT AND IN THE PLAN PENDING**
21 **LITIGATION CLAIMS, PROJECTED CAUSES OF ACTION, AND OBJECTIONS TO**
22 **CLAIMS. HOWEVER, NO RELIANCE SHOULD BE PLACED ON THE FACT THAT**
23 **A PARTICULAR LITIGATION CLAIM, PROJECTED CAUSE OF ACTION, OR**
24 **OBJECTION TO A CLAIM IS OR IS NOT IDENTIFIED IN THIS DISCLOSURE**
25 **STATEMENT OR THE PLAN. DEBTOR AND/OR REORGANIZED DEBTOR MAY**
26 **SEEK TO INVESTIGATE, FILE, AND PROSECUTE LITIGATION CLAIMS,**
27 **PROJECTED CAUSES OF ACTION, AND OBJECTIONS TO CLAIMS AFTER THE**
28 **CONFIRMATION DATE, EFFECTIVE DATE, OR SUBSTANTIAL CONSUMMATION**

1 **DATE, IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT OR THE**
2 **PLAN IDENTIFIES SUCH CLAIMS, CAUSES OF ACTION, OR OBJECTIONS TO**
3 **CLAIMS.**

4 **V.**
5 **SUMMARY OF DEBTOR'S BUSINESS, AND KEY EVENTS LEADING TO AND OF**
6 **THE CHAPTER 11 CASE**

7 **A. Debtor's Operations**

8 1. Debtor is a Virginia limited liability company formed in 2010 that operates in High
9 Point, North Carolina. Debtor is owned by members Commercial Aircraft Services Holdings,
10 LLC, NVLV Management LLC, and the F. Paul Ohadi Trust u/t/d 12/15/99.

11 2. Debtor's ultimate principals are Paul Kraus, through his ownership of Commercial
12 Aircraft Services Holdings, LLC, and Kenneth M. Woolley, through his ownership of NVLV
13 Management, LLC. The business was acquired in 2013.

14 3. Debtor owns and operates a full-service aviation enterprise, and is a licensed and
15 certificated air carrier authorized by the U.S. Department of Transportation (the "DOT") and the
16 U.S. Federal Aviation Administration (the "FAA"). Debtor holds a Part 121 Certificate (large
17 aircraft) and operates as a supplemental air carrier, providing charter and contract commercial
18 passenger air travel services to the general public.

19 4. Debtor's fleet of aircraft includes the following six Boeing 767s (the "Leased
20 Aircraft"), which complete international flights between United States cities and territories and
21 foreign countries:

- 22 a. A Boeing 767-23B bearing serial number 23974 and U.S. Registration Mark
23 N253MY leased from KMW Leasing IV, LLC;
- 24 b. A Boeing 767-246 bearing serial number 23213 and U.S. Registration Mark
25 N767DA leased from KMW Leasing IX, LLC;
- 26 c. A Boeing 767-336 bearing serial number 24339 and U.S. Registration Mark
27 N796MY leased from KMW Leasing N796JM, LLC;
- 28 d. A Boeing 767-336 bearing serial number 25443 and U.S. Registration Mark
N254MY leased from KMW Leasing VII, LLC;
- e. A Boeing 767-336 bearing serial number 24343 and U.S. Registration Mark

1 N740JM leased from KMW Leasing X, LLC

2 f. A Boeing 767-300ER bearing serial number 24342 and U.S. Registration
3 Mark N793JM leased from KMW Leasing X, LLC

4 5. As of the Petition Date, Debtor operated scheduled charter service between the
5 United States and locations such as China, Guyana, Saipan, and Ecuador. Following the Petition
6 Date, Debtor changed its operations to focus on what are generally known as ACMI (Aircraft
7 Charter Maintenance Insurance) Contracts. Since on or about October 5, 2017, Debtor has
8 operated exclusively using ACMI contracts.

9 **B. Debtor's Financial Condition as of the Petition Date.**

10 6. Debtor's debt as of the Petition Date, other than vendor payables and arbitration
11 awards and judgments, was primary limited to loan obligations owed to Kraus and Woolley.
12 Debtor has no secured debt other than in favor of Woolley mentioned below.

13 7. As of the Petition Date, Debtor had approximately \$12.1 Million in obligations to
14 Woolley for moneys loaned, secured by an assignment of Debtor's accounts receivable,
15 perfected pursuant to a UCC-1 financing statement filed in Virginia in August 2016.

16 8. Woolley is also the manager and member of KMW which were collectively owed
17 more than \$10,500,000 in unpaid rent for the Leased Aircraft accruing since December 2015.

18 **C. The Events Necessitating the Bankruptcy Filing.**

19 9. Debtor has consistently sought to retain high quality and experienced individuals to
20 control the operations and finances of Debtor. However, over the past several years, Debtor has
21 encountered significant challenges in finding and retaining qualified employees.

22 10. For example, since 2013, Debtor has had three chief executive officers, four chief
23 operating officers, and three chief financial officers. While such actions have not impacted the
24 ultimate financial stability or safety of Debtor's operations, it has led to significant cash losses.
25 These management changes also resulted in different accounting and operations tracking systems
26 which has caused some confusion and some items to be overlooked and not properly handled.
27
28

1 11. Despite these losses and changes, Debtor's principals have remained committed to
2 funding Debtor and pursuing the Plan so that operations can continue, employees can retain their
3 jobs, and creditors can be paid.

4 12. Immediately prior to the Petition Date, Debtor retained MJAC L.L.C. d/b/a Allison
5 Consulting ("MJAC"), A North Carolina Limited Liability Company. MJAC provides financial
6 and operations counseling to national and local businesses (specializing in turnarounds and
7 performance improvement). MJAC was subsequently retained in the Chapter 11 Case to assist
8 the company in evaluating its long-term viability and to advise management as to short-term
9 issues relating to cash flow, profitability, operations and finance.

10 13. MJAC's review revealed a series of challenges that required Debtor to seek the
11 protections afforded by the Bankruptcy Code to allow Debtor a chance to take control of and
12 reorganize its existing financings and operations.

13 14. These challenges include:

14 a. Debtor is involved in a series of arbitrations and litigation related to its 2014
15 contract with Air India, Ltd. ("Air India") concerning a charter service for the
16 2014 Haj Pilgrimage to Mecca. While Debtor performed under the contract,
full payment was not provided resulting in several disputes.

17 i. Initially, Debtor filed a lawsuit in the United States District Court for
18 the Southern District of New York against Air India. Over Debtor's
19 objection, Debtor was forced to engage in arbitration in India, which
20 resulted in an approximately \$11 million arbitration award against
Debtor. Debtor is in the process of appealing the arbitration award in
India to the High Court of Delhi.

21 ii. The lack of payment by Air India to Debtor resulted in arbitration
22 demands being filed by three parties to whom Debtor was allegedly
23 required to make payments: BKP Enterprise ("BKP"), Expim
24 International ("Expim"), and Worldwide Charter Group
25 ("Worldwide," and together with BKP and Expim, the "Arbitration
26 "Creditors").

27 iii. BKP and Expim obtained a combined arbitration award in Canada in a
28 combined approximate amount of \$3.5 million (the "BKP and Expim
Award"). While Debtor has filed a notice of appeal and intent to
challenge the BKP and Expim Award, it was nonetheless confirmed
and judgment entered by the United States District Court for the
Middle District of North Carolina on May 31, 2017.

1 iv. Worldwide obtained an arbitration award in Canada in the
2 approximate amount of \$900,000 (the "Worldwide Award").

3 b. PMC Aviation 2012-1 LLC ("PMC") obtained a judgment against Debtor in
4 the amount of \$1,190,807.24 entered in the Circuit Court of Rockingham
5 County in Virginia on or about June 26, 2017 (the "PMC Judgment"). PMC
6 commenced aggressive collection efforts on the PMC Judgment and, on July
7 18, 2017, garnished certain of Debtor's bank accounts.

8 c. Pas Consulting Group, LLC ("Pas") obtained a judgment against Debtor in the
9 amount of \$151,743.50 entered in the United States District Court for the
10 Southern District of Florida on or about May 25, 2017 (the "Pas Judgment").

11 d. Debtor has other vendors that have, in the past, gone unpaid which has
12 resulted in, among other things, garnishments against Debtor's bank accounts.
13 Although Debtor has worked through these garnishments, Debtor needed
14 additional time to review any other outstanding liabilities and determine a
15 plan for repayment.

16 **D. Debtor's Post-Petition Date Operations**

17 15. Debtor has continued operations as a debtor in possession following the Petition
18 Date. Debtor has continued to fly aircraft, though has changed its business model from ticketed
19 passenger flights, which caused significant drain on Debtor's resources, to ACMI contracts, as
20 discussed above. While Debtor's post-Petition Date operations have not been without challenge,
21 Debtor's principals have remained committed to funding operations to ensure a successful
22 operation.

23 16. As a result, as of the date of this Disclosure Statement, Debtor is continuing
24 operations and has generally remained current on post-Petition Date obligations.

25 17. Furthermore, as part of its pre-Petition Date services, Debtor collected revenue for
26 tickets for flights that were to be flown at a future date. As of the Petition Date, the amount of
27 the outstanding obligation pre-Petition Date customer obligations was \$7,984,493.06. This
28 amount was approximately \$3,000,000 more than the amount that Debtor held in escrow
accounts. Through its post-Petition Date operations, Debtor successfully reduced its pre-Petition
Date customer obligations significantly, thereby reducing priority obligations of the Estate
therefore increasing potential distributions for remaining creditors.

E. Debtor's Assets and Liabilities.

1 1. **Assets**

2 18. As of the Petition Date, Debtor's assets consisted mainly of approximately
3 \$1,500,810 in accounts receivable, approximately \$250,000 in miscellaneous airplane inventory,
4 approximately \$3,900,000 in escrow balance funds and reserves, and a litigation claim against
5 Air India valued at approximately \$8,000,000 (the "Air India Claim"). Although Debtor is
6 confident it could ultimately be successful if the Air India Claim were pursued, the matter
7 involves costly and likely protracted litigation that would cause a significantly less net recovery.

8 2. **Liabilities**

9 19. As of the Petition Date, Debtor's liabilities consisted of four categories: (1)
10 judgments and arbitration awards; (2) trade debt; (3) tax debt and governmental claims; and (4)
11 debt generally obtained through loans or services by insiders to include Woolley, KMW, and Jet
12 Midwest.

13 20. Debtor's three largest judgments and arbitration awards include an approximately
14 \$10,500,000 arbitration award in favor of Air India; an approximately \$3,500,000 arbitration
15 award in favor of B.K.P. and Expim, and an approximately \$1,203,000 judgment in favor of
16 PMC.

17 21. Debtor's trade debt amounts to approximately \$22,000,000 and is generally for
18 operations including various airport fees, fuel and flight services, and various other operational
19 expenses.

20 22. Debtor also has incurred unpaid pre-Petition Date taxes and governmental claims
21 owed to the IRS, North Carolina Department of Revenue, NYS Department of Financing, US
22 Department of Agriculture, Transportation Security Administration, and Customs and Border
23 Protection collectively in excess of \$11,000,000.

24 23. Finally, Debtor owes approximately \$12,047,918.67 to Woolley on a secured
25 basis for monies loaned; \$10,535,749.18 to KMW for unpaid lease payments; \$6,657,997.14 to
26 Jet Midwest Entities for goods and services provided (collectively, the "Insider Claims").

27 **F. The Settlement Agreement.**

28 24. Although not formally filed, the Committee asserts that potential claims (the

1 “Committee Claims”) exists against Kraus, Woolley, Jet Midwest, KMW, Swift Air, LLC and
2 Swift Air Holdings, LLC.

3 25. Generally, through the Committee Claims, the Committee believes it can (1) seek
4 to recover approximately \$6 million paid to insiders and disallow, subordinate, and/or
5 recharacterize approximately \$30 million in Insider Claims; (2) obtain damages against Woolley
6 and/or Kraus for alleged breach of fiduciary duty, and (3) avoid approximately \$2,000,000 in
7 transfers made to other creditors but for the benefit of the Released Parties. Notwithstanding, the
8 Committee also acknowledges that any amounts ultimately recovered through litigation will be
9 first used to pay litigation costs, then will be applied to any remaining administrative costs and
10 then to the Priority Tax Claim, leaving little if any moneys available for General Unsecured
11 Claims and Convenience Claims.

12 26. While the Released Parties deny any wrongdoing and dispute the validity of the
13 Committee Claims against them, the Released Parties nonetheless understand that the Committee
14 Claims are assets of the Estate and may be asserted. In order to fully and finally resolve the
15 Committee Claims, Debtor, on the one hand, and the Released Parties, on the other hand, have
16 agreed to the terms of the Settlement Agreement which provides that, in exchange for:

- 17 a. the Exit Loan Lender entering into the Exit Loan and Exit Loan Documents
18 and commencing funding as provided for therein;
- 19 b. the subordination and Discharge of Woolley’s pre-Petition Date Claims
20 without receiving a Distribution related thereto;
- 21 c. the treatment of the Woolley’s Secured Claim as an Allowed General
22 Unsecured Claim, to be subordinated and Discharged without a Distribution
23 related thereto;
- 24 d. Solitude exchanging all Claims related to the Solitude DIP Loans for the
25 Equity Securities of Reorganized Debtor;
- 26 e. KMW consenting to the assumption of the KMW Leases in accordance with
27 Article 6 of the Plan; and
- 28 f. Kraus and Jet Midwest agreeing to the subordination and Discharge of all

1 pre-Petition Date Claims without receiving a Distribution related thereto:
2 100% of the Equity Securities of the Reorganized Debtor will be vested in Solitude and Released
3 Parties will be released from all claims which could be asserted by or on behalf of the Debtor as
4 set forth in Section 9.6 of the Plan. A copy of the Settlement Agreement is attached hereto as
5 **Exhibit “3.”**

6 27. The Committee has reviewed the proposed terms of the Settlement
7 Agreement and agrees that the Settlement Agreement provides a greater recovery for Creditors
8 than what is likely to be obtained in the Committee further pursues the Committee Claims.

9 **G. Significant Events During the Chapter 11 Case.**

10 3. **Significant Early Motions in the Main Case.**

11 28. At the outset of the Chapter 11 Case, Debtor filed numerous motions,
12 subsequently approved, to facilitate the Chapter 11 Case, including regarding administrative
13 procedures, employment of professionals, and DIP financing. Among these motions, Debtor
14 requested relief including:

- 15 (1) the employment of Garman Turner Gordon LLP as Debtor’s’ lead bankruptcy
16 counsel;
- 17 (2) the employment of Bell, Davis & Pitt, P.A. as Debtor’s local bankruptcy counsel;
- 18 (3) the approval of initial post-petition financing in the amount of \$800,000;
- 19 (4) the use of pre-petition bank accounts;
- 20 (5) authority to pay its employees;
- 21 (6) authority to honor its pre-petition obligations; and
- 22 (7) an order determining that adequate assurances had been paid to utility companies.

23 29. Consistent therewith, concurrently with the filing of the Voluntary Petition,
24 the Debtor filed its (1) *Application By Debtor in Possession to Employ Attorneys*; (2) *Emergency*
25 *Motion for Order Authorizing Maintenance of Prepetition Cash Management System and*
26 *Maintenance of Prepetition Bank Accounts*; (3) *Emergency Motion for Order: (I) Authorizing*
27 *Debtor to Pay Wages, Salaries, Benefits, and Other Employee Obligations*; and (II) *Authorizing*
28

1 *and Directing Financial Institutions to Honor and Process Checks and Transfers Related to*
2 *Such Obligations; (4) Emergency Motion Pursuant to 11 U.S.C. §§ 105(a) and 366 For and*
3 *Order Determining that Adequate Assurance has been Provided to the Utility Companies; (5)*
4 *Motion for Order (I) Authorizing the Debtor to Pay and Honor Prepetition Obligations to*
5 *Customers and (II) Authorizing and Directing the Financial Institutions to Honor and Process*
6 *Checks and Transfers Related to Such Obligations; (6) Debtor's Emergency Motion Seeking*
7 *Interim and Final Orders: (1) Authorizing Debtor to Obtain Post-Petition Financing, (2)*
8 *Granting Liens and Superpriority Administrative Expense, and (3) Setting and Prescribing the*
9 *Form and Manner of Notice for a Final Hearing (the "Initial DIP Motion"). See ECF Nos. 5,*
10 *11, 12, 13, 14, and 16. Each of these motions were subsequently granted by the Court. See ECF*
11 *Nos. 92, 93, 99, 102, 105 and 182.*

12 4. **Debtor's Post-Petition Date Challenges.**

13 30. On July 21, 2017, within days of the Petition Date, PMC filed a *Motion to*
14 *Convert The Case from Chapter 11 to Chapter 7.* See ECF No. 35. The Motion has been
15 continued on the Court's docket, but PMC offered to withdraw the Motion without prejudice.

16 31. Following the Motion to Convert, on July 28, 2017, the Bankruptcy Administrator
17 filed a *Motion for Appointment of Chapter 11 Trustee* (the "Motion to Appoint"). See ECF No.
18 80. While the Motion to Appoint has been continued on the Court's docket, the BA has not
19 actively pursued the Motion to Appoint.

20 32. On August 3, 2017, the Committee was appointed, and is comprised of Air India,
21 BKP, AEGFUELS, Gulf Regents, LLC, McCarter & English, Worldwide Charter Group, and Jet
22 Midwest International Co, Ltd. See ECF No. 98. Later, PMC was added as an *ex officio* member
23 of the Committee. See ECF No. 121.

24 33. The Committee has pursued various discovery of the Debtor and Woolley and has
25 been actively engaged in the Chapter 11 Case.

26 34. In addition to its administrative challenges, Debtor has encountered various
27 operational issues that have required additional funding. As a result, Debtor has sought, and
28 obtained approval of, three additional debtor-in-possession financing requests in the amount of

1 \$2,355,369, plus an increase of up to \$160,000; \$500,00; and \$2,500,000, respectively. See ECF
2 Nos. 185, 258, 344.

3
4 **VI.**
ADDITIONAL PLAN PROVISIONS

5 **A. Plan Implementation Occurring on the Effective Date.** On the Effective Date, except
6 as otherwise provided, without any further action by Debtor or Reorganized Debtor, all of
7 Debtor's assets shall vest in Reorganized Debtor and the following events shall occur in the
8 following sequence:

- 9 1. The Settlement Agreement shall be executed.
- 10 2. The Exit Loan Documents shall be executed by the Reorganized Debtor and the
11 Exit Loan Lender, as applicable, and the Exit Loan Note shall be delivered to the
12 Exit Loan Lender. The initial funding shall be funded.
- 13 3. All Litigation Claims shall be assigned and transferred to Reorganized Debtor.
- 14 4. The Class 4 Distribution shall be made to the Disbursing Agent for deposit into
15 the Disbursing Agent Account.
- 16 5. Any Initial Distributions required to be made to the Holders of Allowed Claims
17 on the Effective Date shall be made.

18 **B. Executory Contracts and Unexpired Leases.**

19 **1. Executory Contracts.**

20 Except for Executory Contracts and Unexpired Leases specifically addressed in the Plan,
21 assumed pursuant to prior order of the Bankruptcy Court, including but not limited to the Sale
22 Order, or set forth on the schedule of Assumed Executed Contracts and Unexpired Leases
23 attached to the Plan as Schedule 6.1 (which may be supplemented and amended up to the date
24 the Bankruptcy Court enters the Confirmation Order), all Executory Contracts and Unexpired
25 Leases that exist on the Confirmation Date shall be deemed rejected by Debtor on the Effective
26 Date
27
28

1 **2. Approval of Assumption or Rejection.**

2 Entry of the Confirmation Order shall constitute as of the Effective Date: (i) approval,
3 pursuant to Bankruptcy Code Section 365, of the rejection by Reorganized Debtor of each
4 Executory Contract and Unexpired Lease to which Debtor is a party that is not listed on Schedule
5 6.1 to the Plan, not otherwise provided for in the Plan, and neither assigned, assumed and
6 assigned, nor rejected by separate order of the Bankruptcy Court prior to the Effective Date; and
7 (ii) assumption by Debtor of each Executory Contract and Unexpired Lease to which Debtor is a
8 party that is listed on Schedule 6.1. Upon the Effective Date, each counter party to an assumed
9 Executory Contract or Unexpired Lease listed shall be deemed to have consented to an
10 assumption contemplated by Section 365(c)(1)(B) of the Bankruptcy Code, to the extent such
11 consent is necessary for such assumption. To the extent applicable, all Executory Contracts or
12 Unexpired Leases of Reorganized Debtor assumed pursuant to this Article 6 shall be deemed
13 modified such that the transactions contemplated by the Plan shall not be a “change of control,”
14 regardless of how such term may be defined in the relevant Executory Contract or Unexpired
15 Lease and any required consent under any such Executory Contract or Unexpired Lease shall be
16 deemed satisfied by confirmation of the Plan.

17 **3. Cure of Defaults.**

18 Reorganized Debtor shall Cure any defaults respecting each Executory Contract or
19 Unexpired Lease assumed pursuant to Section 6.1 of the Plan upon the latest of: (i) the Effective
20 Date or as soon thereafter as practicable; (ii) such dates as may be fixed by the Bankruptcy Court
21 or agreed upon by Debtor, and after the Effective Date, Reorganized Debtor; or (iii) the
22 fourteenth (14th) Business Day after the entry of a Final Order resolving any dispute regarding:
23 (a) a Cure amount; (b) the ability of Debtor or Reorganized Debtor to provide “adequate
24 assurance of future performance” under the Executory Contract or Unexpired Lease assumed
25 pursuant to the Plan in accordance with Section 365(b)(1) of the Bankruptcy Code; or (c) any
26 matter pertaining to assumption, assignment, or the Cure of a particular Executory Contract or an
27 Unexpired Lease.

28

1 **4. Objection to Cure Amounts.**

2 Any party to an Executory Contract or Unexpired Lease who objects to the Cure amount
3 determined by Debtor to be due and owing must file and serve an objection on Debtor’s counsel
4 no later than thirty (30) days after the Effective Date. Failure to file and serve a timely objection
5 shall be deemed consent to the Cure amounts paid by Debtor in accordance with Section 6.3 of
6 the Plan. If there is a dispute regarding: (i) the amount of any Cure payment; (ii) the ability of
7 Reorganized Debtor to provide “adequate assurance of future performance” under the Executory
8 Contract or Unexpired Lease to be assumed or assigned; or (iii) any other matter pertaining to
9 assumption, the Cure payments required by Section 365(b)(1) of the Bankruptcy Code will be
10 made following the entry of a Final Order resolving the dispute and approving the assumption.

11 **5. Confirmation Order.**

12 The Confirmation Order will constitute an order of the Bankruptcy Court approving the
13 assumptions described in this Article 6 pursuant to Section 365 of the Bankruptcy Code as of the
14 Effective Date. Notwithstanding the forgoing, if, as of the date the Bankruptcy Court enters the
15 Confirmation Order, there is pending before the Bankruptcy Court a dispute concerning the Cure
16 amount or adequate assurance for any particular Executory Contract or Unexpired Lease, the
17 assumption of such Executory Contract or Unexpired Lease shall be effective as of the date the
18 Bankruptcy Court enters an order resolving any such dispute and authorizing assumption by
19 Debtor.

20 **6. Bar Date.**

21 All proofs of Claims with respect to Claims arising from the rejection of any Executory
22 Contract or Unexpired Lease shall be filed no later than thirty (30) calendar days after the
23 Effective Date. Any Claim not filed within such time shall be forever barred.

24 **C. Manner of Distribution of Property Under the Plan.**

25 1. **Distribution.** Distributions to Holders of Class 4 Allowed Claims shall be the
26 responsibility of the Disbursing Agent, and Reorganized Debtor shall be responsible for making
27 the balance of Distributions described in the Plan. Reorganized Debtor and Disbursing Agent, as
28 applicable, may make such Distributions before the allowance of each Claim has been resolved if

1 Reorganized Debtor has a good faith belief that the Disputed Claims Reserve is sufficient for all
2 Disputed Claims. Except as otherwise provided in the Plan or the Confirmation Order, the Cash
3 necessary for Reorganized Debtor to make payments pursuant to the Plan may be obtained from
4 existing Cash balances or the Exit Loan, and the Cash necessary for Disbursing Agent to make
5 payments pursuant to the Plan shall be obtained from the Disbursing Agent Account

6 2. **Reserves.** Disbursing Agent shall establish and maintain the Disputed Claim
7 Reserve with respect to Class 4 General Unsecured Claims, and Reorganized Debtor shall
8 establish and maintain the Disputed Claim Reserve for the balance of the Claims.

9 3. **Statements.** Reorganized Debtor shall maintain a record of the names and
10 addresses of all Holders of Allowed Claims as of the Effective Date for purposes of mailing
11 Distributions to them, and shall provide a copy to the Disbursing Agent. Reorganized Debtor and
12 the Disbursing Agent may rely on the name and address set forth in Debtor's Schedules and/or
13 Proofs of Claim and the ledger and records regarding Holders of Equity Securities as of the
14 Record Date as being true and correct unless and until notified otherwise in writing.
15 Reorganized Debtor shall file all tax returns and other filings with governmental authorities on
16 behalf of Reorganized Debtor and the Assets it holds. The Disbursing Agent shall be responsible
17 for any tax returns and other filings with governmental authorities with regard to the Assets it
18 holds.

19 4. **Further Authorization.** Debtor and Reorganized Debtor shall be entitled to seek
20 such orders, judgments, injunctions, and rulings as it deems necessary to carry out the intentions
21 and purposes, and to give full effect to the provisions of the Plan.

22 **D. Conditions Precedent to Confirmation and the Effective Date.**

23 1. **Condition Precedent to Confirmation.** The Confirmation Order shall have been
24 entered and be in form and substance reasonable acceptable to Debtor.

25 2. **Conditions Precedent to Effectiveness.** The following are conditions precedent
26 to the occurrence of the Effective Date:

- 27 a. The Confirmation Order shall be a Final Order, except that Debtor reserves
28 the right to cause the Effective Date to occur notwithstanding the pendency of

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- an appeal of the Confirmation Order;
- b. All documents necessary to implement the transactions contemplated by the Plan shall be in form and substance reasonable acceptable to Debtor;
- c. The Settlement Agreement shall be in form and substance reasonably acceptable to Solitude, Woolley and the Debtor, and the Settlement Agreement shall have been executed; and
- d. The Exit Loan Documents shall be in form and substance reasonably acceptable to Woolley and Solitude, and the Exit Loan Documents shall have been executed;
- e. The initial advance under the Exit Loan shall have been funded.
- f. The Class 4 Distribution Amount shall have been distributed to the Disbursing Agent for deposit into the Disbursing Agent Account.

E. Objections to Claims or Equity Securities.

1. **Filing of Objections to Claims.** After the Effective Date, objections to Claims shall be made and objections to Claims made previous thereto shall be pursued by Reorganized Debtor or any other party properly entitled to do so. Any objections to Claims made after the Effective Date shall be filed and served not later than the first Business Day that is thirty (30) calendar days after the Effective Date; provided, however, that such period may be extended by order of the Bankruptcy Court.

2. **Resolution of Objections After Effective Date.** From and after the Effective Date, Reorganized Debtor may litigate to judgment, propose settlements of, or withdraw objections to, all pending or filed Disputed Claims and may settle or compromise any Disputed Claim without notice and a hearing and without approval of the Bankruptcy Court.

3. **Distributions and Disputed Claims Reserve.** In order to facilitate Distributions to Holders of Allowed Claims, and if and to the extent there are Disputed Claims or Disputed Equity Securities in any Class, Reorganized Debtor or the Disbursing Agent, as applicable, shall set aside in a designated reserve account the payments or Distributions applicable to such Disputed Claims as if such Disputed Claims were Allowed Claims, pending the allowance or disallowance of such Disputed Claims. In the event Reorganized Debtor or the Disbursing

1 Agent, as applicable, wishes to deposit or hold a lesser amount than required herein and is unable
2 to reach an agreement with the Holder of the Disputed Claim on the amount to be deposited or
3 held, the Bankruptcy Court shall fix the amount after notice and hearing. Upon Final Order with
4 respect to a Disputed Claim, the Holder of such Disputed Claim, to the extent it has been
5 determined to be an Allowed Claim, shall receive as soon as reasonably practical that payment or
6 Distribution to which it would have been entitled if the portion of the Claim so allowed had been
7 allowed as of the Effective Date.

8 4. **Late-Filed Claims.** No Claim filed after the Bar Date or, as applicable, the
9 Administrative Claim Bar Date, shall be allowed, and all such Claims are hereby disallowed in
10 full. After the Bar Date or the Administrative Bar Date, as applicable, no Creditor shall be
11 permitted to amend any claim to increase the claimed amount and any such amendment shall be
12 disallowed to the extent of the late-filed increase in the claimed amount.

13 **F. Miscellaneous Plan Provisions.**

14 1. **Effectuating Documents; Further Transactions; Timing.** Debtor and
15 Reorganized Debtor are each authorized to execute, deliver, file, or record such contracts,
16 instruments, releases, and other agreements or documents and to take such actions as may be
17 necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan
18 and any securities issued, transferred, or canceled pursuant to the Plan. All transactions that are
19 required to occur on the Effective Date under the terms of the Plan shall be deemed to have
20 occurred simultaneously. Debtor and Reorganized Debtor are authorized and directed to do such
21 acts and execute such documents as are necessary to implement the Plan.

22 2. **Exemption From Transfer Taxes.** Pursuant to Section 1146 of the Bankruptcy
23 Code: (i) the issuance, distribution, transfer, or exchange of Estate property; (ii) the creation,
24 modification, consolidation, or recording of any deed of trust or other security interest, the
25 securing of additional indebtedness by such means or by other means in furtherance of, or
26 connection with the Plan or the Confirmation Order; (iii) the making, assignment, modification,
27 or recording of any lease or sublease; or (iv) the making, delivery, or recording of a deed or other
28 instrument of transfer under, in furtherance of, or in connection with, the Plan, Confirmation

1 Order, or any transaction contemplated above, or any transactions arising out of, contemplated
2 by, or in any way related to the foregoing shall not be subject to any document recording tax,
3 stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act or real estate
4 transfer tax, mortgage recording tax, or other similar tax or governmental assessment and the
5 appropriate state of local government officials or agents shall be, and hereby are, directed to
6 forego the collection of any such tax or assessment and to accept for filing or recordation any of
7 the foregoing instruments or other documents without the payment of any such tax or
8 assessment.

9 **3. Revocation or Withdrawal of the Plan.** Debtor reserves the right to revoke or
10 withdraw the Plan at any time prior to its substantial consummation. If the Plan is withdrawn or
11 revoked, then the Plan shall be deemed null and void and nothing contained herein shall be
12 deemed to constitute a waiver or release of any Claims by or against Debtor or any other Person
13 nor shall the withdrawal or revocation of the Plan prejudice in any manner the rights of Debtor or
14 any Person in any further proceedings involving Debtor. In the event the Plan is withdrawn or
15 revoked, nothing set forth herein shall be deemed an admission of any sort and the Plan and any
16 transaction contemplated thereby shall be inadmissible into evidence in any proceeding.

17 **4. Binding Effect.** The Plan shall be binding upon, and shall inure to the benefit of
18 Debtor, Reorganized Debtor, and the Holders of all Claims and Equity Securities and their
19 respective successors and assigns.

20 **5. Governing Law.** Except to the extent that the Bankruptcy Code or other federal
21 law is applicable or as provided in any contract, instrument, release, or other agreement entered
22 into in connection with the Plan or in any document which remains unaltered by the Plan, the
23 rights, duties, and obligations of Debtor, Reorganized Debtor, and any other Person arising under
24 the Plan shall be governed by, and construed and enforced in accordance with, the internal laws
25 of the State of North Carolina without giving effect to North Carolina's choice of law provisions.

26 **6. Modification of Payment Terms.** Reorganized Debtor reserves the right to
27 modify the treatment of any Allowed Claim in any manner adverse only to the Holder of such
28 Allowed Claim at any time after the Effective Date upon the prior written consent of the Holder

1 whose Allowed Claim treatment is being adversely affected.

2 **7. Providing for Claims Payments.** Distributions to Holders of Allowed Claims
3 shall be made by Reorganized Debtor or the Disbursing Agent, as applicable: (i) at the addresses
4 set forth on the proofs of Claim filed by such Holders (or at the last known addresses of such
5 Holders if no proof of Claim is filed or if Debtor has been notified of a change of address); (ii) at
6 the addresses set forth in any written notices of address changes delivered to Reorganized Debtor
7 after the date of any related proof of Claim; or (iii) at the addresses reflected in the Schedules if
8 no proof of Claim has been filed and Reorganized Debtor has not received a written notice of a
9 change of address. If any Holder's distribution is returned as undeliverable, no further
10 distributions to such Holder shall be made unless and until Reorganized Debtor or the Disbursing
11 Agent, as applicable, is notified of such Holder's then-current address, at which time all missed
12 Distributions shall be made to such Holder without interest. Amounts in respect of undeliverable
13 Distributions made through Reorganized Debtor or the Disbursing Agent, as applicable, shall be
14 returned to Reorganized Debtor or the Disbursing Agent, as applicable, until such Distributions
15 are claimed. Amounts in respect of undeliverable Distributions made through Reorganized
16 Debtor or the Disbursing Agent, as applicable, shall be paid to the Clerk of the Bankruptcy Court
17 pursuant to Bankruptcy Rule 3011, as in the case of a Chapter 7 liquidation. Nothing contained
18 in this Plan shall require Debtor or Reorganized Debtor to attempt to locate any Holder of an
19 Allowed Claim.

20 **8. Set Offs.** Debtor and Reorganized Debtor may, but shall not be required to, set
21 off or recoup against any Claim and the payments or other distributions to be made pursuant to
22 the Plan in respect of such Claim (before any distribution is made on account of such Claim or
23 Equity Security), claims of any nature whatsoever that the applicable Debtor or Reorganized
24 Debtor may have against the Holder of such Claim to the extent such Claims may be set off or
25 recouped under applicable law, but neither the failure to do so nor the allowance of any Claim
26 hereunder shall constitute a waiver or release by Debtor or Reorganized Debtor of any such
27 Claim that it may have against such Holder.

28 **9. Notices.** Any notice required or permitted to be provided under the Plan shall be

1 in writing and served by either: (i) certified mail, return receipt requested, postage prepaid; (ii)
2 hand delivery; or (iii) reputable overnight courier service, freight prepaid, to be addressed as:

3 If to Debtor: Dynamic International Airways, LLC
4 Attn: Raymond Lawlor
5 4310 Regency Drive, Suite 100
6 High Point, NC 27265
7 Tel: (262) 521-1100
8 Email: rlawlor@flydya.com

9 With a copy to: Garman Turner Gordon
10 Attn: Gerald M. Gordon, Esq.
11 650 White Drive, Suite 100
12 Las Vegas, NV 89119
13 Tel: (725) 777-3000
14 Email: ggordon@gtg.legal

15 and

16 Bell, Davis & Pitt, P.A.
17 Attn: Walter W. Pitt, Jr., Esq.
18 PO Box 21029
19 Winston-Salem, NC 27120-1029
20 Tel: (336) 714-4110
21 Email: WPitt@belldavispitt.com

22 and

23 Northern Blue, LLP
24 Attn: John A. Northen, Esq.
25 1414 Raleigh Road, Suite 435
26 Chapel Hill, NC 27517
27 Tel: (919) 968-4441
28 Email: jan@nbfirm.com

10. **Severability.** If any provision of the Plan is determined by the Bankruptcy Court
to be invalid, illegal, or unenforceable or the Plan is determined to be not confirmable pursuant
to Section 1129 of the Bankruptcy Code, the Bankruptcy Court, at the request of Debtor shall
have the power to alter and interpret such term to make it valid or enforceable to the maximum
extent practicable, consistent with the original purpose of the term or provision held to be
invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or
interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the

1 terms and provisions of the Plan shall remain in full force and effect and will in no way be
2 affected, impaired, or invalidated by such holding, alteration, or interpretation. The
3 Confirmation Order shall constitute a judicial determination and shall provide that each term and
4 provision of the Plan, as it may have been altered or interpreted in accordance with the
5 foregoing, is valid and enforceable pursuant to its terms.

6 **11. Withholding and Reporting Requirements.** In connection with the Plan and all
7 instruments and securities issued in connection therewith and Distributions thereon, Reorganized
8 Debtor shall comply with all withholding and reporting requirements imposed by any federal,
9 state, local, or foreign taxing authority and all Distributions hereunder shall be subject to any
10 such withholding and reporting requirements. Reorganized Debtor shall be authorized to take
11 any and all action that may be necessary to comply with such withholding and recording
12 requirements. Notwithstanding any other provision of the Plan, each Holder of an Allowed
13 Claim that has received a distribution pursuant to the Plan shall have sole and exclusive
14 responsibility for the satisfaction or payment of any tax obligation imposed by any governmental
15 unit, including income, withholding, and other tax obligation on account of such distribution.

16 **12. Modification and Amendment.** Prior to Confirmation, Debtor may alter, amend,
17 or modify the Plan under Section 1127(a) of the Bankruptcy Code at any time. After the
18 Confirmation Date and prior to substantial consummation of the Plan as defined in Section
19 1101(2) of the Bankruptcy Code, Debtor may, under Section 1127(b), (c), and (d) of the
20 Bankruptcy Code, alter, amend, or modify the Plan or institute proceedings in the Bankruptcy
21 Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the
22 Disclosure Statement, or the Confirmation Order, to make appropriate adjustments and
23 modifications to the Plan or the Confirmation Order as may be necessary to carry out the
24 purposes and effects of the Plan so long as such proceedings do not materially adversely affect
25 the treatment of Holders of Claims under the Plan.

26 **VII.**
POST-EFFECTIVE DATE OPERATIONS

27 **A. Vesting of Assets.** Subject to the provisions of the Plan and as permitted by
28

1 Section 1123(a)(5)(B) of the Bankruptcy Code, the Assets, including the Litigation Claims and
2 right, title, and interest being assumed by Reorganized Debtor in the assumed Executory
3 Contracts, shall be transferred to Reorganized Debtor on the Effective Date. As of the Effective
4 Date, all such property shall be free and clear of all Liens, Claims, and Equity Securities except
5 as otherwise provided herein. On and after the Effective Date, Reorganized Debtor may operate
6 its business and may use, acquire, and dispose of property and compromise or settle any Claim
7 without the supervision of or approval of the Bankruptcy Court and free and clear of any
8 restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly
9 imposed by the Plan or the Confirmation Order.

10 **B. Preservation and Settlement of Litigation Claims.** In accordance with Section
11 1123(b)(3) of the Bankruptcy Code, and except as otherwise expressly provided herein, all
12 Litigation Claims shall be assigned and transferred to Reorganized Debtor pursuant to Section
13 5.1 of the Plan. Reorganized Debtor, as the successor in interest to Debtor and the Estate, may
14 and shall have the exclusive right to sue on, settle, or compromise any and all Litigation Claims,
15 including derivative actions existing against Debtor on the Effective Date. Notwithstanding,
16 however, all Avoidance Actions are waived and extinguished as of the Effective Date.

17 **C. Discharge.** On the Effective Date, except as otherwise provided in the Plan, the
18 Debtor shall be discharged from any and all unclassified Claims and Claims in Classes 1, 2, 3, 4,
19 5, and 6, and Equity Securities in Class 7 to the fullest extent provided in sections 524 and 1141
20 of the Bankruptcy Code. The Discharge shall be to the fullest extent provided under section
21 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code, and, except as otherwise
22 expressly provided by the Plan or the Confirmation Order, all consideration distributed under the
23 Plan and shall be in exchange for, and in complete satisfaction, settlement, discharge, and release
24 of, all Claims and Equity Securities of any kind or nature whatsoever against the Debtor or any
25 of its assets or properties, and regardless of whether any property shall have been distributed or
26 retained pursuant to the Plan on account of such Claims and Equity Securities. Except as
27 otherwise expressly provided by the Plan or the Confirmation Order, upon the Effective Date as
28 to unclassified Claims and Claims in Classes 1, 2, 3, 4, 5, and 6, and Equity Securities in Class 7,

1 the Debtor shall be deemed discharged and released under and to the fullest extent provided
2 under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims and Equity
3 Securities of any kind or nature whatsoever, including, but not limited to, demands and liabilities
4 that arose before the Confirmation Date, and all debts of the kind specified in section 502(g),
5 502(h), or 502(i) of the Bankruptcy Code.

6 **D. Compromise and Settlement.** The allowance, classification, and treatment of all
7 Allowed Claims and their respective Distributions under the Plan take into account and/or
8 conform to the relative priority and rights of the Claims in each Class in connection with any
9 contractual, legal, and equitable subordination rights relating thereto whether arising under
10 general principles of equitable subordination, section 510(c) of the Bankruptcy Code, or
11 otherwise. As of the Effective Date, any and all such rights described in the preceding sentence
12 will be settled, compromised, and released pursuant to the Plan and any and all such Causes of
13 Action related thereto are settled, compromised, and released pursuant hereto.

14 **E. Injunction.** From and after the Effective Date, and except as provided in the
15 Plan and the Confirmation Order, all entities that have held, currently hold, or may hold a
16 Claim or an Equity Security or other right of an Equity Security Holder that is terminated
17 pursuant to the terms of the Plan are permanently enjoined from taking any of the
18 following actions on account of any such Claims or terminated Equity Securities or rights:
19 (i) commencing or continuing in any manner any action or other proceeding against
20 Reorganized Debtor or its property; (ii) enforcing, attaching, collecting, or recovering in
21 any manner any judgment, award, decree, or order against Reorganized Debtor or its
22 property; (iii) creating, perfecting, or enforcing any Lien or encumbrance against
23 Reorganized Debtor or its property; (iv) asserting a right of subrogation of any kind
24 against any debt, liability, or obligation due to Reorganized Debtor or its property; and (v)
25 commencing or continuing any action, in any manner or any place, that does not comply
26 with or is inconsistent with the provisions of the Plan or the Bankruptcy Code.

27 **F. Releases By Debtor.** Pursuant to section 1123(b) of the Bankruptcy Code, for
28 good and valuable consideration, including the release of Claims by and treatment of the

1 **KMW Leases, the Released Parties' facilitation of the expeditious reorganization of Debtor**
2 **and the implementation of the restructuring contemplated by the Plan, on and after the**
3 **Effective Date, the Released Parties are deemed released and discharged by Debtor, the**
4 **Reorganized Debtor, and the Estate from any and all claims, obligations, rights, suits,**
5 **damages, Causes of Action, remedies and liabilities whatsoever, including any derivative**
6 **claims asserted or which could be asserted on behalf of the Debtor, whether known or**
7 **unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or**
8 **otherwise, that the Debtor, the Reorganized Debtor, or and the Estate would have been**
9 **legally entitled to assert in their own right (whether individually or collectively), based on**
10 **or relating to, or in any manner arising from, in whole or in part, Debtor, Debtor's**
11 **restructuring, Debtor's Chapter 11 Case, the purchase, sale or rescission of the purchase or**
12 **sale of any security of the Debtor or the Reorganized Debtor, the subject matter of, or the**
13 **transactions or events giving rise to, any Claim or Equity Security that is treated in the**
14 **Plan, the business or contractual arrangements between Debtor and any Released Party,**
15 **the restructuring of Claims and Equity Securities before or during the Chapter 11 Case,**
16 **the negotiation, formulation or preparation of the Plan, the Disclosure Statement or related**
17 **agreements, instruments or other documents, or any other act or omission, transaction,**
18 **agreement, event or other occurrence relating to the Debtor taking place on or before the**
19 **Confirmation Date of the Plan, other than claims or liabilities arising out of or relating to**
20 **any act or omission of a Released Party.**

21 **G. Exculpation. From and after the Effective Date, neither the Debtor,**
22 **Reorganized Debtor, Committee, KMW, Solitude, Jet Midwest, the professionals employed**
23 **on behalf of the Estate or the Creditor Committee, nor any of their respective present or**
24 **former members, directors, officers, managers, employees, advisors, attorneys, or agents,**
25 **shall have or incur any liability, including derivative claims, but excluding direct claims, to**
26 **any Holder of a Claim or Equity Security or any other party-in-interest, or any of their**
27 **respective agents, employees, representatives, financial advisors, attorneys, or Affiliates, or**
28 **any of their successors or assigns, for any act or omission in connection with, relating to, or**

1 arising out of (from the Petition Date forward), the Chapter 11 Case, Reorganized Debtor,
2 the pursuit of confirmation of the Plan, or the consummation of the Plan, except for gross
3 negligence and willful misconduct, and in all respects shall be entitled to reasonably rely
4 upon the advice of counsel with respect to their duties and responsibilities under the Plan
5 or in the context of the Chapter 11 Case

6 **H. Post-Confirmation Reporting and Quarterly Fees to the UST.** Until the entry
7 of the final decree closing the Chapter 11 Case, Reorganized Debtor shall comply with the
8 Bankruptcy Code, Bankruptcy Rules, and Local Rule's post-confirmation reporting
9 requirements. Additionally, Reorganized Debtor shall file post-confirmation quarterly operating
10 reports detailing receipts and disbursements (along with ending cash balance) for each calendar
11 quarter from the date of confirmation until dismissal, conversion, or entry of a final decree
12 closing the case no later than 20 days after the expiration of the reported quarter.

13 **VIII.**
14 **RETENTION OF JURISDICTION**

15 **A. Jurisdiction.** Notwithstanding the entry of the Confirmation Order and the
16 occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the
17 Chapter 11 Case and Reorganized Debtor after the Effective Date as is legally permissible,
18 including jurisdiction to:

19 1. Allow, disallow, determine, liquidate, classify, estimate, or establish the priority
20 or secured or unsecured status of any Claim or Disputed Claim, including the resolution of any
21 request for payment of any Administrative Claim and the resolution of any and all objections to
22 the allowance or priority of Claims or Disputed Claims;

23 2. Grant or deny any applications for allowance of compensation or reimbursement
24 of expenses authorized pursuant to the Bankruptcy Code or the Plan for periods ending on or
25 before the Effective Date;

26 3. Resolve any matters related to the assumption, assignment, or rejection of any
27 Executory Contract or Unexpired Lease to which Debtor or Reorganized Debtor are party and to
28 hear, determine, and, if necessary, liquidate any Claims arising there from or Cure amounts

1 related thereto;

2 4. Insure that distributions to Holders of Allowed Claims and Equities Securities are
3 accomplished pursuant to the provisions of the Plan;

4 5. Decide or resolve any motions, adversary proceedings, contested or litigated
5 matters, and any other matters and grant or deny any applications or motions involving Debtor or
6 Reorganized Debtor that may be pending on the Effective Date or commenced thereafter as
7 provided for by the Plan;

8 6. Enter such orders as may be necessary or appropriate to implement or
9 consummate the provisions of the Plan and all contracts, instruments, releases, and other
10 agreements or documents created in connection with the Plan or the Disclosure Statement or the
11 Confirmation Order, except as otherwise provided herein;

12 7. Decide or resolve any cases, controversies, suits, or disputes that may arise in
13 connection with the consummation, interpretation, or enforcement of any Final Order, the Plan,
14 the Confirmation Order, or any Person's obligations incurred in connection with the Plan or the
15 Confirmation Order;

16 8. Modify the Plan before or after the Effective Date pursuant to Section 1127 of the
17 Bankruptcy Code and Section 11.1 of the Plan or modify any contract, instrument, release or
18 other agreement or document created in connection with the Plan, the Disclosure Statement, or
19 the Confirmation Order or the Reorganized Debtor; or remedy any defect or omission or
20 reconcile any inconsistency in any Final Order, the Plan, the Confirmation Order, or any
21 contract, instrument, release or other agreement or document created in connection with the Plan,
22 the Disclosure Statement, or the Confirmation Order, in such manner as may be necessary or
23 appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code;

24 9. Issue injunctions, enter and implement other orders, or take such other actions as
25 may be necessary or appropriate to restrain interference by any person with consummation,
26 implementation, or enforcement of any Final Order, the Plan, or the Confirmation Order, except
27 as otherwise provided herein;

28 10. Enter and implement such orders as are necessary or appropriate if a Final Order

1 or the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

2 11. Determine any other matters that may arise in connection with or relate to the
3 Plan, any Final Order, the Disclosure Statement, the Confirmation Order, or any contract,
4 instrument, release, or other agreement or document created in connection with the Plan, the
5 Disclosure Statement, any Final Order, or Confirmation Order, except as otherwise provided
6 herein;

7 12. Enter an order closing the Chapter 11 Case;

8 13. Hear and decide Litigation Claims and continue to hear and decide pending
9 Litigation Claims and any other claim or cause of action of Debtor and Reorganized Debtor; and

10 14. Decide or resolve any matter over which the Bankruptcy Court has jurisdiction
11 pursuant to Section 505 of the Bankruptcy Code.

12 **IX.**

13 **LIMITATIONS AND RISK FACTORS**

14 In addition to risks discussed elsewhere in this Disclosure Statement, the Plan and the
15 transactions contemplated by the Plan involve the following limitations and risks, which should
16 be taken into consideration.

17 **A. Debtor Has No Duty to Update.** The statements in this Disclosure Statement are
18 made by Debtor as of the date hereof, unless otherwise specified herein. The delivery of this
19 Disclosure Statement after that date does not imply that there has been no change in the
20 information set forth herein since that date. Debtor has no duty to update this Disclosure
21 Statement unless ordered to do so by the Bankruptcy Court.

22 **B. Information Presented Is Based on Debtor's Books and Records and Is**
23 **Unaudited.** While Debtor has endeavored to present information fairly in this Disclosure
24 Statement, there is no assurance that Debtor's books and records upon which this Disclosure
25 Statement is based are complete and accurate. Certain of the financial information contained
26 herein has not been audited.

27 **C. Projections and Other Forward-Looking Statements Are Not Assured and**
28

1 **Actual Results Will Vary.** Certain information in this Disclosure Statement is forward-looking,
2 and contains estimates and assumptions that might ultimately prove to be incorrect, and
3 projections that may differ materially from actual future results. Debtor believes that the
4 projections of future performance upon which the treatments under the Plan are based are
5 reasonable and fairly represent the future performance of Debtor's business operations.
6 However, there are uncertainties associated with all assumptions, projections, and estimates, and
7 they should not be considered assurances or guarantees of the amount of funds that will be
8 distributed, the amount of Claims in the various Classes that will be allowed, or the success or
9 results of Reorganized Debtor's business operations.

10 **D. No Legal or Tax Advice Is Provided to You by This Disclosure Statement.**

11 The contents of this Disclosure Statement should not be construed as legal, business, or tax
12 advice. Each Creditor or Holder of an Equity Interest should consult his, her, or its own legal
13 counsel and accountant as to legal, tax, and other matters concerning his, her or its Claim or
14 Equity Securities.

15 **E. No Admissions Made.** Nothing contained herein shall constitute an admission of

16 any fact or liability by Debtor or any other party nor shall it be deemed evidence of the tax or
17 other legal effects of the Plan on Debtor or on Holders of Claims.

18 **F. No Waiver of Right to Object or Right to Recover Transfers and Estate**

19 **Assets.** Unless specifically provided in the Plan, a Creditor's vote for or against the Plan does not
20 constitute a waiver or release of any claims or rights of Debtor (or any other party-in-interest) to
21 object to that Creditor's Claim, or recover any preferential, fraudulent, or other voidable transfer
22 of Estate assets, regardless of whether any claims or cause of action of Debtor or the Estate are
23 specifically or generally identified herein.

24
25 **Bankruptcy Law Risks and Considerations.**

26
27 **G. Confirmation of the Plan Is Not Assured.** Although Debtor believes the Plan

28 will satisfy all requirements for Confirmation, the Bankruptcy Court might not reach that

1 conclusion. It is also possible that modifications to the Plan will be required for Confirmation
2 and that such modifications would necessitate a resolicitation of votes. Confirmation requires,
3 among other things, a finding by the Bankruptcy Court that it is not likely that there will be a
4 need for further financial reorganization and that the value of distributions to dissenting members
5 of Impaired Classes of Creditors and Holders of Equity Securities would not be less than the
6 value of distributions such Creditors and Holders of Equity Securities would receive if Debtor
7 was liquidated under Chapter 7 of the Bankruptcy Code (“Chapter 7”). Although Debtor
8 believes that the Plan will not be followed by a need for further financial reorganization and that
9 dissenting members of Impaired Classes of Creditors and Holders of Equity Securities will
10 receive Distributions at least as great as they would receive in a liquidation under Chapter 7,
11 there can be no assurance that the Bankruptcy Court will conclude that these tests have been met.

12 **H. No Assurance of Approval of the Settlement Agreement.** There is no assurance
13 that the Settlement Agreement will be approved, which is a condition precedent to Plan
14 confirmation. If the Settlement Agreement is not approved, there will be no Plan confirmation
15 and no Distributions as set forth in the Plan.

16 **I. The Effective Date or Substantial Consummation Date Might Be Delayed or**
17 **Never Occur.** There is no assurance as to the timing of the Effective Date, Substantial
18 Confirmation Date, or that it will occur. If the respective conditions precedent to the Effective
19 Date and Substantial Consummation Date do not occur, the Confirmation Order will be vacated.
20 In that event, the Holders of Claims and Equity Securities would be restored to their respective
21 positions as of the day immediately preceding the Confirmation Date, and Debtor’s obligations
22 for Claims and Equity Securities would remain unchanged as of such day (except to the extent of
23 any post-Effective Date payments).

24 **J. The Projected Value of Estate Assets in the Event of Liquidation Might Not**
25 **Be Realized.** In the Best Interests Analysis, Debtor has projected the value of the Estate’s
26 Assets that would be available for payment of expenses and Distributions to Holders of Allowed
27 Claims as set forth in the Plan. Debtor has made certain assumptions, as described in the
28 Liquidation Analysis that should be read carefully.

1 District of North Carolina, at the time and place specified in the Order approving the adequacy of
2 information contained in this Disclosure Statement and providing notice of certain deadlines and
3 the confirmation hearing

4 **B. Objections to Confirmation of the Plan.**

5 Section 1128(b) provides that any party-in-interest may object to confirmation of a plan.
6 Any objections to confirmation of the Plan must be in writing, must state with specificity the
7 grounds for any such objections, and must be timely filed with the Bankruptcy Court and served
8 upon counsel for Debtor at the following address:

9 Garman Turner Gordon LLP
10 Teresa M. Pilatowicz, Esq.
11 650 White Drive, Ste. 100
12 Las Vegas, Nevada 89119
13 Telephone: (725) 777-3000
14 Email: tpilatowicz@gtg.legal

15 -and-

16 Bell, Davis & Pitt, P.A.
17 Walter W. Pitt, Jr., Esq.
18 PO Box 21029
19 Winston-Salem, NC 27120-1029
20 Telephone 336-714-4110
21 Email: WPitt@belldavispitt.com

22 For the Plan to be confirmed, the Plan must satisfy the requirements stated in Section
23 1129. In this regard, the Plan must satisfy, among other things, the following requirements.

24 **C. The Best Interest Test and Feasibility of the Plan.**

25 For the Plan to be confirmed, it must satisfy the requirements discussed below:

26 **1. Best Interest Test.**

27 Pursuant to Section 1129(a)(7) of the Bankruptcy Code, for the Plan to be confirmed, it
28 must provide Holders of Allowed Claims or Allowed Equity Securities with at least as much
under the Plan as they would receive in a liquidation of Debtor under Chapter 7 of the
Bankruptcy Code (the "Best Interest Test"). The Best Interest Test with respect to each Impaired
Class requires that each Holder of an Allowed Claim or Allowed Equity Interest in such Class

1 either: (i) accepts the Plan; or (ii) receives or retains under the Plan property of a value, as of the
2 Effective Date, that is not less than the value such Holder would receive or retain if Debtor were
3 liquidated under Chapter 7. The Bankruptcy Court will determine whether the value to be
4 received under the Plan by the Holders of Allowed Claims in each Class of Creditors or Holders
5 of Allowed Equity Securities equals or exceeds the value that would be allocated to such Holders
6 in a liquidation under Chapter 7. Debtor believes that the Plan meets the Best Interest Test and
7 provides value which is not less than what would be recovered by each Holder of an Impaired
8 Claim or Impaired Equity Interest in a Chapter 7 proceeding for Debtor.

9 **2. Liquidation Analysis.**

10 The Liquidation Analysis attached as **Exhibit “2”** hereto summarizes Debtor’s best
11 estimate of recoveries by Creditors and Holders of Allowed Equity Securities in the event of
12 liquidation of Debtor as of November 8, 2017.

13 Generally, to determine what Holders of Allowed Claims and Allowed Equity Securities
14 in each Impaired Class would receive if Debtor was liquidated, the Bankruptcy Court must
15 determine what funds would be generated from the liquidation of Debtor’s Assets and properties
16 in a Chapter 7 liquidation case for Debtor, which for unsecured Creditors would consist of the
17 proceeds from the disposition of the Assets of Debtor, augmented by the unencumbered Cash
18 held by Debtor upon the completion of the liquidation. Such Cash amounts would be reduced by
19 the costs and expenses of the liquidation and by such additional Administrative Claims and Other
20 Priority Claims as may result from the Chapter 7 case and the use of Chapter 7 for the purpose of
21 liquidation.

22 In a Chapter 7 liquidation, holders of allowed claims receive distributions based on the
23 liquidation of the non-exempt assets of a debtor. However, there are no exempt assets in the
24 Chapter 11 Case, and, as such, the distributions would include the same Assets being collected
25 and liquidated under the Plan, namely the interests of Debtor in the Assets. In this case, the
26 Assets consists largely of the Debtor’s Claims against Debtor’s managers, which are being
27 settled through the Plan. In a liquidation scenario, it is unclear whether a Chapter 7 Trustee
28

1 would pursue the Debtor's Claims or, if such claims were pursued, how much estate funds would
2 be spent in such pursuit.

3 Furthermore, the proceeds from the collection and sale of property of the Estate available
4 for distribution to Creditors would be first reduced by the satisfaction of any liens and security
5 interests in the Assets, costs of sale and litigation, any commission payable to the Chapter 7
6 trustee, the trustee's attorneys' and accounting fees, as well as the administrative costs of the
7 Chapter 7 estate. In a Chapter 7 case, the Chapter 7 trustee would be entitled to seek a sliding-
8 scale commission based upon the funds distributed by such trustee to secured creditors.

9 The distributions from the liquidation proceeds would be paid Pro Rata according to the
10 amount of the aggregate Claims held by each Creditor in each Chapter 7 case in accordance with
11 the distribution scheme of the Bankruptcy Code. Debtor believes that the most likely outcome
12 under Chapter 7 would be the application of the "absolute priority rule." Under that rule, no
13 junior Creditor in a Chapter 7 case may receive any distribution until all senior Creditors are paid
14 in full, with interest, and no Holder of an Equity Security may receive any distribution until all
15 Creditors are paid in full.

16 **3. Feasibility.**

17 The Bankruptcy Code requires that in order to confirm the Plan, the Bankruptcy Court
18 must find that Confirmation is not likely to be followed by liquidation or the need for further
19 financial reorganization of Debtor (the "Feasibility Test"). For the Plan to meet the Feasibility
20 Test, the Bankruptcy Court must find that Reorganized Debtor will possess the resources and
21 working capital necessary to meet their obligations under the Plan. In this case, the Plan requires
22 approval of a Settlement Agreement that will provide for, among other things, Exit Financing
23 sufficient to pay the Administration Class, Class 2 Allowed Priority Class, and Class 4
24 Distribution Amount. The Settlement Agreement will be approved as part of Confirmation,
25 making feasibility, at least with respect to that certain Initial Distributions certain. The
26 remaining Initial Distributions and payments following the Initial Distributions will be paid by
27 post-Effective Date Operations. The three-year Projections, attached hereto as **Exhibit "4,"**
28 demonstrate sufficient funds to complete all subsequent distributions.

1 At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan
2 satisfies the statutory requirements for Confirmation.

3 **4. Confirmation of the Plan Without Acceptance By All Impaired Classes: the**
4 **“Cramdown” Alternative.**

5 Section 1129(b) of the Bankruptcy Code provides that a plan of reorganization may be
6 confirmed even if it has not been accepted by all impaired classes, as long as at least one
7 impaired class of claims has accepted it. Consequently, the Bankruptcy Court may confirm the
8 Plan at Debtor’s request notwithstanding the Plan’s rejection by Impaired Classes, as long as at
9 least one Impaired Class has accepted the Plan and the Plan “does not discriminate unfairly” and
10 is “fair and equitable” as to each Impaired Class that has not accepted it.

11 A plan will be deemed fair and equitable as to a class of secured claims that rejects the
12 plan if the plan provides: (i)(a) that the holders of claims in the rejecting class retain the lien
13 securing those claims, whether the property subject to those liens is retained by the debtor or
14 transferred to another entity, to the extent of the allowed amount of such claims, and (b) that
15 each holder of a claim in such class receives on account of that claim deferred cash payments
16 totaling at least the allowed amount of that claim of a value, as of the effective date of the plan,
17 at least equal to the value of the holder’s interest in the estate’s interest in such property; (ii) for
18 the sale, subject to Section 363(k) of the Bankruptcy Code, of any property that is subject to the
19 liens securing the claims included in the rejecting class, free and clear of the liens, with the liens
20 to attach to the proceeds of the sale, and the treatment of the liens on such proceeds as described
21 under clause (i) or (ii) of this paragraph; or (iii) for the realization by such holders of the
22 indubitable equivalent of such claims.

23 A plan is fair and equitable as to a class of unsecured claims that rejects the plan if the
24 plan provides: (i) for each holder of a claim included in the rejecting class to receive or retain on
25 account of such claim property that has a value, as of the effective date of the plan, equal to the
26 allowed amount of such claim; or (ii) that the holder of any claim or interest that is junior to the
27 claims of such rejecting class will not receive or retain on account of such junior claim or interest
28 any property at all.

1 As previously stated, Debtor believes that liquidation under Chapter 7 would result in a
2 substantially reduced recovery of funds by the Creditors of the Estate because of: (i) additional
3 administrative expenses involved in the appointment of a trustee for Debtor and attorneys and
4 other professionals to assist such trustee; and (ii) additional expenses and Claims, some of which
5 would be entitled to priority, which would be generated during the liquidation. Accordingly,
6 Debtor believes that Holders of all Classes of Claims will receive substantially smaller
7 distributions in Chapter 7 liquidation than under the Plan and therefore encourage all Holders of
8 Impaired Claims that are entitled to vote on the Plan to cast ballots accepting the Plan.

9 **XIII.**
PREFERENCE AND OTHER AVOIDANCE ACTIONS

10 A bankruptcy trustee (or the debtor as a debtor-in-possession) may avoid as a preference
11 a transfer of property made by a debtor to a creditor on account of an antecedent debt while a
12 debtor was insolvent, where that creditor receives more than it would have received in a
13 liquidation of the entity under Chapter 7 had the payment not been made, if: (i) the payment was
14 made within ninety (90) days before the date the bankruptcy case was commenced; or (ii) the
15 creditor is found to have been an “insider,” as defined in the Bankruptcy Code, within one year
16 before the commencement of the bankruptcy case. A debtor is presumed to have been insolvent
17 during the ninety (90) days preceding the commencement of the case.

18 A bankruptcy trustee (or the debtor as a debtor-in-possession) may avoid as a fraudulent
19 transfer a transfer of property made by a debtor within two years (and under applicable
20 California law, four years) before the date the bankruptcy case was commenced if the debtor: (i)
21 received less than reasonably equivalent value in exchange for such transfer; and (ii) was
22 insolvent on the date of such transfer or became insolvent as a result of such transfer, such
23 transfer left the debtor with an unreasonably small capital, or the debtor intended to incur debts
24 that would be beyond the debtor’s ability to pay as such debts matured.

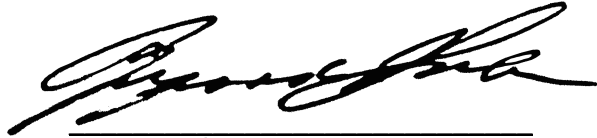
25 Debtor does not believe any such viable actions with likely recovery exist and does not
26 intend to pursue any such actions as part of the Plan.
27
28

XIV.
RECOMMENDATION AND CONCLUSION

The Plan provides the best possible recovery for all parties-in-interest. Accordingly, Debtor recommends that all Creditors who are entitled to vote on the Plan timely submit their votes to accept the Plan.

DATED this 8th day of November, 2017

DYNAMIC INTERNATIONAL AIRWAYS, LLC
A Virginia limited liability company,



By:
Its: Chief Executive Officer

Prepared and Submitted:

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Exhibit 1

Exhibit 1

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UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

IN RE:)	
)	
DYNAMIC INTERNATIONAL)	Case No. 17-10814
AIRWAYS, LLC)	Chapter 11
)	
Debtor.)	
_____)	

DEBTOR'S FIRST AMENDED PLAN OF REORGANIZATION

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1 Dynamic International Airways, LLC, a Virginia limited liability company (“Debtor”),
2 debtor and debtor-in-possession, proposes this plan of reorganization (the “Plan”) for the
3 resolution of Debtor’s outstanding Claims and Equity Securities (as these terms are defined
4 herein). All Creditors, Equity Security Holders (as both terms are defined herein), and other
5 parties-in-interest should refer to the Disclosure Statement (as this term is defined herein) for a
6 discussion of Debtor’s history, assets, historical financial data, and for a summary and analysis
7 of this Plan and certain related matters. All Holders of Claims against and Equity Securities in
8 Debtor are encouraged to read this Plan, the Disclosure Statement, and the related solicitation
9 materials in their entirety before voting to accept or reject this Plan.

10 Subject to the restrictions on modifications set forth in Section 1127 of the Bankruptcy
11 Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in Article 11 to
12 this Plan, Debtor expressly reserves the right to alter, amend, strike, withdraw, or modify this
13 Plan one or more times before its substantial consummation.

14 **1. DEFINITIONS, RULES OF INTERPRETATION, AND COMPUTATION OF** 15 **TIME**

16 **1.1. Definitions.** For purposes of this Plan, except as expressly provided or unless the
17 context otherwise requires, all capitalized terms not otherwise defined shall have the meanings
18 ascribed to them in this Article 1. Any term used in this Plan that is not defined herein, but is
19 defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that
20 term in the Bankruptcy Code or the Bankruptcy Rules, in that order of priority. Whenever the
21 context requires, such terms shall include the plural as well as the singular, the masculine gender
22 shall include the feminine, and the feminine gender shall include the masculine. As used in this
23 Plan, the following

24 **1.1.1. Administrative Claim.** A Claim for any cost or expense of administration of the
25 Chapter 11 Case allowed under Sections 503(b) or 507(b) of the Bankruptcy Code and entitled to
26 priority under Section 507(a)(1) of the Bankruptcy Code, including, but not limited to: (i) fees
27 payable pursuant to 28 U.S.C. § 1930; (ii) the actual and necessary costs and expenses incurred
28 after the Petition Date of preserving the Estate, including wages, salaries, or commissions for
services rendered after the commencement of the Chapter 11 Case; and (iii) all Professional Fees
approved by the Bankruptcy Court pursuant to interim and final allowances. To the extent that a
Claim is allowed pursuant to Sections 365(d)(3) and (d)(5) of the Bankruptcy Code, such Claim
shall also be deemed an “Administrative Claim” under this paragraph.

1.1.2. Administrative Claim Bar Date. The end of the first Business Day occurring on
or after the Thirtieth (30th) calendar day after the Effective Date.

1.1.3. Affiliate. This term has the meaning set forth in Section 101(2) of the
Bankruptcy Code.

1.1.4. Allowed Administrative Claim. An Administrative Claim as to which no
objection has been filed or, if an objection has been filed, has been resolved by the allowance of
such Administrative Claim by a Final Order of the Bankruptcy Court; or which requires payment
in the ordinary course and as to which there is no Final Order of the Bankruptcy Court in effect
which prohibits any such payment.

1 **1.1.5. Allowed Claim.** A Claim or any portion thereof that is not a Disputed Claim: (i)
2 that is allowed pursuant: (w) to this Plan or Final Order of the Bankruptcy Court, (x) to any
3 stipulation executed prior to the Confirmation Date and approved by the Bankruptcy Court, (y)
4 to any stipulation with Debtor or Reorganized Debtor, as applicable, executed on or after the
5 Confirmation Date and approved by the Bankruptcy Court, or (z) to any contract, instrument, or
6 other agreement entered into or assumed in connection herewith; (ii) proof of which, requests for
7 payment of which, or application for allowance of which, was filed or deemed to be filed on or
8 before the Bar Date for filing proofs of Claim or requests for payment of Claims of such type
9 against Debtor; or (iii) if no proof of Claim is filed, which has been or hereafter is listed by
10 Debtor in the Schedules as liquidated in amount and not disputed or contingent; and in the case
11 of (ii) or (iii), no objection to the allowance thereof has been interposed within the applicable
12 period of limitation fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules, or the
13 Bankruptcy Court or the Bankruptcy Court has entered a Final Order Allowing all or a portion of
14 such Claim.

15 **1.1.6. Allowed Equity Security.** An Equity Security as of the Record Date that: (i) is
16 allowed pursuant to this Plan; (ii) is not disputed by Debtor or Reorganized Debtor, as the case
17 may be; or (iii) if a Disputed Equity Security, which Equity Security has been allowed in whole
18 or in part by Final Order of the Bankruptcy Court.

19 **1.1.7. Assets.** All of the assets, property, interests, and effects, real and personal,
20 tangible and intangible, wherever situated, of Debtor, as they exist on the Effective Date.

21 **1.1.8. Avoidance Actions.** All avoidance, recovery, subordination, and other similar
22 actions preserved for the Estate under the Bankruptcy Code, including but not limited to those set
23 forth in Sections 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, 553(b), and 724(a) of the
24 Bankruptcy Code, regardless of whether or not such action has been commenced prior to the
25 Effective Date.

26 **1.1.9. Ballot.** The form of ballot or ballots that will be distributed with the Disclosure
27 Statement to Holders of Claims entitled to vote under this Plan in connection with the solicitation
28 of acceptances of this Plan.

1.1.10. Bankruptcy Code. The Bankruptcy Reform Act of 1978, Title 11, United States
Code, as applicable to the Chapter 11 Case, as now in effect or hereafter amended, 11 U.S.C. §§
101, et seq.

1.1.11. Bankruptcy Court. The United States Bankruptcy Court for the Middle District
of North Carolina having jurisdiction over the Chapter 11 Case and, to the extent of the
withdrawal of any reference under Section 157 of Title 28 of the United States Code and/or the
General Order of the United States District Court for the Middle District of North Carolina,
pursuant to Section 151 of Title 28 of the United States Code.

1.1.12. Bankruptcy Rules. Collectively, the Federal Rules of Bankruptcy Procedure, as
applicable to the Chapter 11 Case, promulgated under 28 U.S.C. § 2075 and the general, local,
and chamber rules of the Bankruptcy Court as applicable to the Chapter 11 Case, as now in effect
or hereinafter amended.

1 **1.1.13. Bar Date.** The date or dates established by the Bankruptcy Court, the Bankruptcy
2 Code, and/or the Bankruptcy Rules for the filing of proofs of Claim for all Creditors, excepting
therefrom, Administrative Claims.

3 **1.1.14. Business Day.** Any day, other than a Saturday, Sunday, or “legal holiday” (as
4 defined in Bankruptcy Rule 9006(a)).

5 **1.1.15. Cash.** The legal tender of the United States of America or the equivalent thereof,
6 including bank deposits, checks, negotiable instruments, wire transfers of immediately available
funds, or other cash equivalents.

7 **1.1.16. Causes of Action.** All actions, causes of action, Litigation Claims, claims,
8 liabilities, obligations, rights, suits, debts, damages, judgments, remedies, demands, setoffs,
9 defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims,
10 contribution claims and any other claims disputed or undisputed, suspected or unsuspected,
foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, in law,
equity or otherwise, based in whole or in part upon any act or omission or other event occurring
prior to the Petition Date or during the course of the Chapter 11 Case.

11 **1.1.17. Chapter 11 Case.** The case under Chapter 11 of the Bankruptcy Code involving
12 Debtor, having case number 17-10814, including all adversary proceedings pending in
13 connection therewith.

14 **1.1.18. Claim.** Any right to payment from Debtor, whether or not such right is reduced
15 to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed,
undisputed, legal, equitable, secured, or unsecured arising at any time before the Effective Date
16 or relating to any event that occurred before the Effective Date, or any right to an equitable
remedy for breach of performance if such breach gives rise to a right of payment from Debtor,
17 whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent,
matured, unmatured, disputed, undisputed, secured, or unsecured.

18 **1.1.19. Class.** A category of Holders of Claims or Equity Securities as classified in this
19 Plan.

20 **1.1.20. Class 4 Distribution Amount.** Cash in an amount equal to Two Million and Six
21 Hundred Thousand (2,600,000.00) Dollars, less the aggregate amount of Allowed Professional
Fees of the Creditor Committee approved and paid prior to the Effective Date, to be distributed
22 to the Disbursing Agent on the Effective Date to be deposited into the Disbursing Agent
Account.

23 **1.1.21. Collateral.** All the collateral as described in the Loan Documents.

24 **1.1.22. Confirmation.** The entry by the Bankruptcy Court of the Confirmation Order on
25 the docket of the Chapter 11 Case.

26 **1.1.23. Confirmation Date.** The date upon which the Bankruptcy Court enters the
27 Confirmation Order on the docket of the Chapter 11 Case.

1 **1.1.24. Confirmation Hearing.** The duly-noticed initial hearing held by the Bankruptcy
2 Court to confirm this Plan pursuant to Section 1128 of the Bankruptcy Code, and any subsequent
3 hearing held by the Bankruptcy Court from time to time to which the initial hearing is adjourned
4 without further notice other than the announcement of the adjourned dates at the Confirmation
5 Hearing or by a subsequent order of the Bankruptcy Court.

6 **1.1.25. Confirmation Order.** The order entered by the Bankruptcy Court confirming
7 this Plan pursuant to Section 1129 of the Bankruptcy Code.

8 **1.1.26. Contingent Claim.** A Claim which is contingent, unmatured, or unliquidated on
9 or immediately before the Confirmation Date.

10 **1.1.27. Convenience Claim.** As provided for in Section 1122(b) of the Bankruptcy
11 Code, a General Unsecured Claim for which the Allowed amount of such General Unsecured
12 Claim is less than or equal to \$2000 or an Allowed General Unsecured Claim for which the
13 Holder thereof makes the Convenience Class Election.

14 **1.1.28. Convenience Class Election.** The election on the Ballot by a Holder of a
15 Allowed General Unsecured Claim greater than \$2000 to participate in the Convenience Class in
16 full satisfaction of the Holder's Allowed General Unsecured Claim.

17 **1.1.29. Creditor.** Any Holder of a Claim, whether or not such Claim is an Allowed
18 Claim.

19 **1.1.30. Creditor Committee.** The Official Committee of Unsecured Creditors appointed
20 pursuant to Section 1102(a)(1) of the Bankruptcy Code on August 3, 2017 [ECF 98].

21 **1.1.31. Cure.** The distribution on the Effective Date or as soon thereafter as practicable
22 of Cash, or such other property as may be agreed upon by the parties or ordered by the
23 Bankruptcy Court, with respect to the assumption of an Executory Contract or Unexpired Lease
24 pursuant to Section 365(b) of the Bankruptcy Code, or with respect to any other debt instrument,
25 in an amount equal to: (i) all unpaid monetary obligations due under such executory contract or
26 unexpired lease or required to pay to bring current the debt instrument and thereby reinstate the
27 debt and return to the pre-default conditions to the extent such obligations are enforceable under
28 the Bankruptcy Code or applicable non-bankruptcy law; and (ii) with respect to any debt
instrument, if a claim arises from a debtor's failure to perform any non-monetary obligation as
set forth in Sections 1124(2)(C) and 1124(2)(D) of the Bankruptcy Code, payment of the dollar
amount which compensates the Holder of such a claim for any actual pecuniary loss incurred by
such Holder as a result of any such failure and the dollar amount of the Claim that is established
by the Holder's sworn declaration and accompanying admissible evidence filed with the
Bankruptcy Court and served upon Debtor's counsel on or before such date ordered by the
Bankruptcy Court for the filing of objections to the disclosure statement.

1.1.32. Debtor. **Dynamic International Airways, LLC.**, the debtor and debtor-in-
possession in the Chapter 11 Case pursuant to Section 1108 of the Bankruptcy Code.

1.1.33. DIP Loan Orders. Collectively, the (i) *Interim Order (1) Authorizing Debtor to
Obtain Post-Petition Financing, (2) Granting Administrative Expense, and (3) Setting and
Prescribing the Form and Manner of Notice for a Further Hearing* [ECF No. 99], (ii) *Second*

1 *Interim Order (1) Authorizing Debtor to Obtain Post-Petition Financing, (2) Granting*
2 *Administrative Expense, and (3) Setting and Prescribing the Form and Manner of Notice for a*
3 *Further Hearing [ECF No. 185], (iii) Third Interim Order (1) Authorizing Debtor to Obtain*
4 *Post-Petition Financing, (2) Granting Administrative Expense, and (3) Setting and Prescribing*
5 *the Form and Manner of Notice for a Further Hearing [ECF No. 258], and (iv) Fourth Interim*
6 *Order (1) Authorizing Debtor to Obtain Post-Petition Financing, (2) Granting Administrative*
7 *Expense, and (3) Setting and Prescribing the Form and Manner of Notice for a Further Hearing*
8 *[ECF No.].*

9 **1.1.34. Disbursing Agent.** A Person designated by the Creditor Committee to serve as
10 disbursing agent under this Plan with regard to Disbursements to Holders of Class 4 Allowed
11 General Unsecured Claims.

12 **1.1.35. Disbursing Agent Account.** The bank account established prior to the Effective
13 Date by the Disbursing Agent into which the Class 4 Distribution Amount is deposited. The
14 Disbursing Agent Account shall be under the sole authority of the Disbursing Agent.

15 **1.1.36. Disclosure Statement.** The disclosure statement that relates to this Plan, as
16 amended, supplemented, or modified from time to time, describing this Plan that is prepared and
17 distributed in accordance with, among others, Sections 1125, 1126(b), and 1145 of the
18 Bankruptcy Code, Bankruptcy Rule 3018, and other applicable law.

19 **1.1.37. Disputed Claim or Disputed Equity Security.** A Claim or Equity Interest or
20 any portion thereof that is: (i) subject to timely objection interposed by a Debtor, Reorganized
21 Debtor, or any party-in-interest entitled to file and prosecute such objection in a Debtor's
22 Chapter 11 Case, if at such time such objection has not been withdrawn or determined by Final
23 Order; or (ii) a Claim that is listed by a Debtor as disputed, unliquidated or contingent in the
24 Schedules, with respect to which no proof of claim has been timely filed; provided, however, that
25 the Bankruptcy Court may estimate a Disputed Claim for purposes of allowance pursuant to
26 Section 502(c) of the Bankruptcy Code. The term "Disputed", when used to modify a reference
27 in this Plan to any Claim or Equity Interest (or Class of Claims or Equity Interest), shall mean a
28 Claim or Equity Interest (or any Claim or Equity Interest in such Class) that is a Disputed Claim
or Disputed Equity Interest. In the event there is a dispute as to classification or priority of a
Claim or Equity Interest, it shall be considered a Disputed Claim or Disputed Equity Interest in
its entirety. Until such time as a Contingent Claim becomes fixed and absolute, such Claim shall
be treated as a Disputed Claim and not an Allowed Claim for purposes related to allocations and
distributions under this Plan.

1.1.38. Disputed Claim Reserve. A reserve established by the Disbursing Agent or the
Reorganized Debtor, as applicable, to hold in one or more accounts Cash or other Assets equal to
the aggregate amount thereof that would have been distributed in accordance with the terms of
this Plan on account of a Disputed Claim.

1.1.39. Distributable Assets. Shall mean the Assets distributable to Allowed Claims and
unclassified Claims in accordance with this Plan by Reorganized Debtor and the Disbursing
Agent, as applicable.

1 **1.1.40. Distribution.** Any distribution by Debtor, Reorganized Debtor or the Disbursing
2 Agent of Distributable Assets to the Holders of Allowed Claims or Equity Securities as of the
Record Date.

3 **1.1.41. Effective Date.** The latest to occur of: (i) the first Business Day that is at least
4 fourteen (14) days after the Confirmation Date and on which no stay of the Confirmation Order
5 is in effect; and (ii) the first (1st) Business Day on which all of the conditions set forth in Article
8 to this Plan have been satisfied or waived.

6 **1.1.42. Equity Security.** An equity security as the term is defined in Section 101(16) of
7 the Bankruptcy Code and includes the membership interests in Debtor and any warrants, options,
8 redemption rights, dividend rights, liquidation preferences, rights to purchase any such Equity
Security, or any other rights related thereto.

9 **1.1.43. Estate.** The estate created for Debtor in the Chapter 11 Case pursuant to Section
10 541 of the Bankruptcy Code.

11 **1.1.44. Executory Contract.** A contract to which Debtor is a party that is subject to
assumption or rejection under Section 365 of the Bankruptcy Code.

12 **1.1.45. Exit Loan.** The advances from time to time by the Exit Loan Lender to
13 Reorganized Debtor in accordance with and pursuant to this Plan in the amount necessary to pay
14 all Allowed Administrative Claims (except to the extent the Creditor Committee's Professional
15 Fees are being paid from the Disbursing Agent Account) and Allowed Claims as provided for in
16 Class 4 or such additional amount as agreed to by Reorganized Debtor and the Exit Loan Lender.
17 On the Effective Date the Exit Loan Lender shall advance to the Reorganized Debtor the amount
18 necessary to pay the Allowed Administrative Claims, Allowed Claims in Class 2, and the Class 4
19 Distribution Amount. Subsequent to the Effective Date, the Exit Loan Lender shall make
20 additional advances to the Reorganized Debtor sufficient in amount for the Reorganized Debtor
21 to make all payments required on Allowed Administrative Claims (except the Creditor
22 Committee's Professional Fees which will be paid from the Disbursing Agent Account) and
Allowed Claims in Class 2 which become Allowed Claims subsequent to the Effective Date..
Commencing on the first (1st) Business Day of the first (1st) full calendar month following the
Effective Date, and on the first (1st) Business Day of each subsequent month up to and through
the Exit Loan Maturity Date, Reorganized Debtor shall pay to the Exit Loan Lender monthly
interest payments on the outstanding balance of the Exit Loan Note at the Exit Loan Interest
Rate. The unpaid balance of the Exit Loan Promissory Note shall be due and payable on the Exit
Loan Maturity Date.

23 **1.1.46. Exit Loan Documents.** The Exit Loan Agreement, Exit Loan Promissory Note,
24 Exit Loan Security Documents and any related documents to be dated as of the Effective Date.
25 The Exit Loan Documents shall be substantially in the form to be filed in the Plan Supplement
no later than ten (10) days prior to the commencement of the Confirmation Hearing.

26 **1.1.47. Exit Loan Interest Rate.** The rate of six (6) percent per annum.

27 **1.1.48. Exit Loan Lender.** Woolley and/or each other Person as designated by Woolley
28 having a right of participation in, under, or to the Exit Loan or any rights, title, or interest to or
under the Exit Loan Documents.

1 **1.1.49. Exit Loan Note.** The Promissory Note to be executed by Reorganized Debtor on
2 the Effective Date to evidence the Exit Loan.

3 **1.1.50. Exit Loan Maturity Date.** Five (5) years from the Effective Date.

4 **1.1.51. Final Order.** An order, judgment, or other decree of the Bankruptcy Court, or
5 other court of competent jurisdiction, entered on the docket of such court, that has not been
6 reversed, reconsidered, stayed, modified, or amended, that is in full force and effect, and as to
7 which order or judgment: (i) the time to appeal, seek review or rehearing, or petition for
8 certiorari has expired and no timely filed appeal or petition for review, rehearing, remand, or
9 certiorari is pending; (ii) any appeal taken or petition for certiorari or request for reconsideration
10 or further review or rehearing filed: (a) has been resolved by the highest court to which the order
or judgment was appealed or from which review, rehearing, or certiorari was sought; or (b) has
not yet been resolved by such highest court, but such order has not been stayed pending appeal.
Notwithstanding the foregoing, the Confirmation Order shall specifically become a Final Order
on the first Business Day that is fourteen (14) days after the entry of such Confirmation Order
unless any appeal of such Confirmation Order was accompanied by a stay pending appeal.

11 **1.1.52. General Unsecured Claim.** A Claim that is not secured by a Lien or other
12 charge against or interest in property in which the Estate has an interest and is not (i) a Section
13 507(a)(2) or 507(a)(3) Claim, (ii) an Administrative Claim, (iii) a Priority Tax Claim, (iv) a
14 Priority Unsecured Claim, (v) a Residual Governmental Unit Claim, or (vi) a Governmental Unit
Penalty Claim. General Unsecured Claims shall also include all Claims arising under Section
502(g) of the Bankruptcy Code. Pursuant to the Settlement Agreement the Woolley Secured
Claim will be a General Unsecured Claim.

15 **1.1.53. Governmental Unit.** The term shall have the meaning set forth in Section
16 101(27) of the Bankruptcy Code.

17 **1.1.54. Governmental Unit Claims.** Any and all Claims of a Governmental Unit which
18 is (i) a tax on or measured by income or gross receipts, (ii) a property tax, (iii) an employment
19 tax on a wage, salary or commission of a kind as specified in Section 507(a)(4) of the
20 Bankruptcy Code, (iv) an excise tax, (v) a customs duty arising out of the importation of
merchandise and (vi) a penalty related to (i) through (v) provided it is in compensation for an
actual pecuniary loss.

21 **1.1.55. Governmental Unit Penalty Claims.** Any and all Claims of a Governmental
22 Unit for penalties and similar assessments not in compensation for an actual pecuniary loss.

23 **1.1.56. Holder.** An entity holding an Equity Security or Claim.

24 **1.1.57. Impaired.** Impaired within the meaning of Section 1124 of the Bankruptcy Code.

25 **1.1.58. Initial Distribution Date.** The first Business Day following the date that is thirty
26 (30) days after the Effective Date.

27 **1.1.59. Jet Midwest.** Collectively, Jet Midwest, Inc., Jet Midwest Group and Jet
28 Midwest Technik, each an affiliate of Kraus, but does not include Jet Midwest International.

1 **1.1.60. KMW.** Collectively, KMW Leasing IV, LLC, KMW Leasing IX, LLC, KMW
2 Leasing N796JM, LLC, KMW Leasing VII, LLC, and KMW Leasing X, LLC, each a lessor
3 under the KMW Leases.

4 **1.1.61. KMW Leases.** The leased Boeing 767 aircraft from KMW, being a (i) Boeing
5 767-23B bearing serial number 23974 and U.S. Registration Mark N253MY leased from KMW
6 Leasing IV, LLC; (ii) Boeing 767-246 bearing serial number 23213 and U.S. Registration Mark
7 N767DA leased from KMW Leasing IX, LLC; (iii) Boeing 767-336 bearing serial number 24339
8 and U.S. Registration Mark N796MY leased from KMW Leasing N796JM, LLC; (iv) Boeing
9 767-336 bearing serial number 25443 and U.S. Registration Mark N254MY leased from KMW
10 Leasing VII, LLC; (v) Boeing 767-336 bearing serial number 24343 and U.S. Registration Mark
11 N740JM leased from KMW Leasing X, LLC; and (vi) Boeing 767-300ER bearing serial number
12 24342 and U.S. Registration Mark N793JM leased from KMW Leasing X, LLC.

13 **1.1.62. Kraus.** Paul Kraus, an individual.

14 **1.1.63. Lien.** This term shall have the meaning set forth in Section 101(37) of the
15 Bankruptcy Code.

16 **1.1.64. Litigation Claims.** All rights, claims, torts, liens, liabilities, obligations, actions,
17 causes of action, Avoidance Actions except as otherwise provided for in this Plan, derivative
18 actions, proceedings, debts, contracts, judgments, damages and demands whatsoever in law or in
19 equity, whether known or unknown, contingent or otherwise, that Debtor or the Estate may have
20 against any Person, including but not limited to, those listed on Schedule 1.1.64 hereto. Failure
21 to list a Litigation Claim on Schedule 1.1.64 shall not constitute a waiver or release by Debtor or
22 Reorganized Debtor of such Litigation Claim.

23 **1.1.65. Other Secured Claim.** A Secured Claim other than a Secured Claim held by
24 Woolley.

25 **1.1.66. Person.** An individual, corporation, limited liability company, partnership,
26 association, joint stock company, joint venture, estate, trust, unincorporated organization or
27 government, governmental unit, or any subdivision thereof or any other entity.

28 **1.1.67. Petition Date.** July 19, 2017, the date on which a voluntary Chapter 11 petition
was filed by Debtor, thereby commencing the Chapter 11 Case.

1.1.68. Plan. This first amended plan of reorganization, either in its present form or as it
may be amended, supplemented, or modified from time to time, including all exhibits and
schedules annexed hereto or referenced herein.

1.1.69. Plan Rate. The Federal judgment rate of interest as of the Petition Date.

1.1.70. Priority Tax Claims. Any and all Governmental Unit Claims accorded priority
in right of payment under Section 507(a)(8) of the Bankruptcy Code.

1.1.71. Priority Unsecured Claims. Any and all Claims accorded priority in right of
payment under Section 507(a) of the Bankruptcy Code except for Section 507(a)(8).

1 **1.1.72. Professional Fees.** The Administrative Claims for compensation and
2 reimbursement submitted pursuant to Sections 327, 328, 330, 331, or 503(b) of the Bankruptcy
3 Code of Persons: (i) employed pursuant to an order of the Bankruptcy Court under Sections 327,
4 328 or 1102 of the Bankruptcy Code; or (ii) for whom compensation and reimbursement has
5 been allowed by the Bankruptcy Court pursuant to Section 503(b) of the Bankruptcy Code or by
6 other Final Order.

7 **1.1.73. Proof of Claim.** A proof of Claim filed by a Creditor in accordance with Section
8 501 of the Bankruptcy Code and Bankruptcy Rule 3001.

9 **1.1.74. Pro Rata.** The ratio of an Allowed Claim or Allowed Equity Security in a
10 particular class to the aggregate amount of all such Allowed Claims or Allowed Equity Securities
11 in any such Class.

12 **1.1.75. Record Date.** The Confirmation Date for the purpose of determining the Holders
13 of Equity Securities.

14 **1.1.76. Reinstated or Reinstatement.** These terms shall mean: (i) leaving unaltered the
15 legal, equitable, and contractual rights of the Holder of a Claim so as to leave such Claim
16 Unimpaired in accordance with Section 1124 of the Bankruptcy Code; or (ii) notwithstanding
17 any contractual provision or applicable law that entitles the Holder of such Claim to demand or
18 receive accelerated payment of such Claim after the occurrence of a default: (a) Curing any such
19 default that occurred before or after the Petition Date, other than a default of a kind specified in
20 Section 365(b)(2) of the Bankruptcy Code; (b) reinstating the maturity of such Claim as such
21 maturity existed before such default; (c) compensating the Holder of such Claim for any
22 damages incurred as a result of any reasonable reliance by such Holder on such contractual
23 provision or such applicable law; and (d) not otherwise altering the legal, equitable, or
24 contractual rights to which such Claim entitles the Holder of such Claim; provided, however, that
25 any contractual right that does not pertain to the payment when due of principal and interest on
26 the obligation on which such Claim is based, including, but not limited to, financial covenant
27 ratios, negative pledge covenants, covenants, or restrictions on merger or consolidation, and
28 affirmative covenants regarding corporate existence prohibiting certain transactions or actions
contemplated by this Plan, or conditioning such transactions or actions on certain factors, shall
not be required in order to accomplish Reinstatement.

1.1.77. Released Claims. The Claims of Woolley, Solitude, Kraus and Jet Midwest
released as provided for in the Settlement Agreement.

1.1.78. Released Parties. The Released Parties include, (i) Solitude; (ii) Woolley; (iii)
Kraus; (iv) KMW; (v) Jet Midwest, and (vi) the Released Parties' current and former Affiliates,
estates, heirs, managed accounts or funds, subsidiaries, officers, directors, principals, employees,
agents, financial advisors, attorneys, accountants, investment bankers, consultants,
representatives and other professionals, in each case in their capacity as such.

1.1.79. Reorganized Debtor. Debtor as reorganized pursuant to this Plan after the
Effective Date by merger, consolidation, or otherwise.

1 **1.1.80. Residual Governmental Unit Claims.** All Claims of Governmental Units which
2 are excepted from discharge pursuant to Section 1141(d)(6) but not Priority Tax Claims, or
3 Governmental Unit Penalty Claims.

4 **1.1.81. Schedules.** The schedules of assets and liabilities and any amendments thereto
5 filed by Debtor with the Bankruptcy Court in accordance with Section 521(1) of the Bankruptcy
6 Code.

7 **1.1.82. Secured Claim.** A Claim that is secured by a Lien against property of the Estate
8 to the extent of the value of any interest in such property of the Estate securing such Claim,
9 which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a
10 Bankruptcy Court order, or to the extent of the amount of such Claim subject to setoff in
11 accordance with Section 553 of the Bankruptcy Code, in either case as determined pursuant to
12 Section 506(a) of the Bankruptcy Code.

13 **1.1.83. Settlement Agreement.** The Settlement Agreement between Debtor and the
14 Released Parties, a copy of which is attached to the Disclosure Statement, which agreement
15 provides for One Hundred (100) percent of the Equity Securities of the Reorganized Debtor and
16 the Releases of the Released Parties as provided for in Section 9.6 below, on the Effective Date
17 in exchange for; (a) the Exit Loan Lender entering into the Exit Loan and Exit Loan Documents
18 and commencing funding as provided for therein; (b) the Discharge of Woolley's Pre-Petition
19 Date Claims without receiving a Distribution related thereto; (c) the treatment of the Woolley's
20 Secured Claim as an Allowed General Unsecured Claim to be Discharged without a Distribution
21 related thereto; (d) Solitude exchanging all Claims related to the Solitude DIP Loans for the
22 Equity Securities of Reorganized Debtor; (e) KMW consenting to the assumption of the KMW
23 Leases in accordance with Article 6 of this Plan; and (f) Kraus and Jet Midwest agreeing to the
24 Discharge of all pre-Petition Date Claims without receiving a Distribution related thereto.

25 **1.1.84. Solitude.** Solitude Strategies, LLC, a Nevada limited liability company, of which
26 Woolley is the sole member and manager.

27 **1.1.85. Solitude DIP Loans.** The administrative loans from Solitude to the Debtor
28 subject to Section 364(c)(1) of the Bankruptcy Court and approved pursuant to that DIP Loan
Orders.

1.1.86. Taxes. All income, gaming, franchise, excise, sales, use, employment,
withholding, property, payroll, or other taxes, assessments of governmental charges, together
with any interest penalties, additions to tax, fines, and similar amounts relating thereto, whether
or not yet assessed or imposed, collected by, or due to any federal, state, local or foreign
governmental authority.

1.1.87. Unexpired Lease. A lease of non-residential real property to which Debtor is a
party that is subject to assumption or rejection under Section 365 of the Bankruptcy Code.

1.1.88. Unimpaired. This term has the meaning as set forth in Section 1124 of the
Bankruptcy Code.

1.1.89. Virginia Code. The Commonwealth of Virginia Code.

1 **1.1.90. Virginia SOS.** The Secretary of State of the Commonwealth of Virginia.

2 **1.1.91. Woolley.** Kenneth Woolley, an individual.

3 **1.2. Computation of Time.** In computing any period of time prescribed or allowed
4 by this Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a)
5 shall apply.

6 **1.3. Rules of Interpretation.** For purposes of this Plan only; (i) any reference in this
7 Plan to a contract, instrument, release, or other agreement or documents being in particular form
8 or on particular terms and conditions means that such document shall be substantially in such
9 form or substantially on such terms and conditions; (ii) any reference in this Plan to an existing
10 document or exhibit filed or to be filed means such document or exhibit as it may have been or
11 may be amended, modified, or supplemented; (iii) unless otherwise specified, all references in
12 this Plan to Sections, Articles, Schedules and Exhibits are references to Sections, Articles,
13 Schedules and Exhibits of or to this Plan; (iv) the words “herein,” “hereof,” “hereto,” and
14 “hereunder” refer to this Plan in its entirety rather than to a particular portion of this Plan; (v)
15 captions and headings to Articles and Sections are inserted for convenience of reference only and
16 are not intended to be a part of or to affect the interpretation of this Plan; and (vi) the rules of
17 construction and definitions set forth in Sections 101 and 102 of the Bankruptcy Code and in the
18 Bankruptcy Rules shall apply unless otherwise expressly provided.

19 **1.4. Exhibits and Plan Schedules.** All exhibits and schedules attached to this Plan
20 are incorporated into and are a part of this Plan as if set forth in full herein.

21 **2. TREATMENT OF UNCLASSIFIED CLAIMS**

22 **2.1. General.** Pursuant to Section 1123(a)(1) of the Bankruptcy Code, the Claims
23 against Debtor set forth in this Article 2 are not classified within any Classes. The Holders of
24 such Claims are not entitled to vote on this Plan. The treatment of the Claims set forth below is
25 consistent with the requirements of Section 1129(a)(9)(A) of the Bankruptcy Code.

26 **2.2. Treatment of Administrative Claims.** Each Allowed Administrative Claim
27 shall be paid by Reorganized Debtor or the Disbursing Agent, as applicable, upon the latest of:
28 (i) the Effective Date or as soon thereafter as is practicable; (ii) such date as may be fixed by the
29 Bankruptcy Court, or as soon thereafter as practicable, (iii) the fourteenth (14th) Business Day
30 after such Claim is Allowed, or as soon thereafter as practicable; and (iv) such date as the Holder
31 of such Claim and Reorganized Debtor shall agree upon. With respect to payment of the Allowed
32 Professional Fees of the Creditor Committee, (i) the Debtor shall pay the fees approved prior to
33 the Effective Date, and (ii) the Disbursing Agent shall pay the fees approved after the Effective
34 Date.

35 **2.3. Treatment of Priority Tax Claims.** Each Allowed Priority Tax Claim shall be
36 paid in full in Cash by the Reorganized Debtor in equal monthly installments beginning the latest
37 of: (i) the Effective Date or as soon thereafter as is practicable; (ii) such date as may be fixed by
38 the Bankruptcy Court, or as soon thereafter as practicable, (iii) the fourteenth (14th) Business
39 Day after such Priority Tax Claim is Allowed, or as soon thereafter as practicable; and (iv) such
40 date as the Holder of such Priority Tax Claim and Reorganized Debtor shall agree upon and on
41 the same day of each successive month for a period ending not later than five (5) years after the

1 Petition Date. Until the Allowed Priority Tax Claim is paid in full, the unpaid balance shall
 2 accrue statutory interest from the Effective Date faxed at the applicable federal or state statutory
 rate in effect with respect to such Priority Tax Claim on the Petition Date.

3 **2.4. Solitude DIP Loans.** On the Effective Date, the aggregate of the Solitude DIP
 4 Loans shall be converted into the right to receive one hundred (100) percent of the Equity
 Security in the Reorganized Debtor, calculated on a fully diluted basis.

5 **2.5. Requests for Payment.** All requests for payment of Administrative Claims
 6 against Debtor and all final applications for allowance and disbursement of Professional Fees
 must be filed by the Administrative Claims Bar Date or the Holders thereof shall be forever
 7 barred from asserting such Administrative Claims against Debtor and the Reorganized Debtor.
 All Professional Fees applications must be in compliance with all of the terms and provisions of
 8 any applicable order of the Bankruptcy Court, including the Confirmation Order, and all other
 orders governing payment of Professional Fees. Unless otherwise ordered by the Bankruptcy
 9 Court, from and after the Effective Date, no professional shall be required to file fee applications
 10 with the Bankruptcy Court and Reorganized Debtor may pay all professionals in the ordinary
 course for fees and expenses incurred after the Effective Date.

11 **3. DESIGNATION OF CLASSES OF CLAIMS AND EQUITY INTERESTS**

12 Pursuant to this Plan and in accordance with Section 1123(a)(1) of the Bankruptcy Code,
 13 all Claims of Creditors and the Holders of Equity Securities (except unclassified Claims) are
 placed in the Classes described below. A Claim or Equity Security is classified in a particular
 14 Class only to the extent that the Claim or Equity Security qualifies within the description of that
 Class and is classified in other Classes only to the extent that any remainder of the Claim or
 15 Equity Security qualifies within the description of such other Classes. A Claim or Equity
 Security is also classified in a particular Class only to the extent that such Claim or Equity
 16 Security is an Allowed Claim or Allowed Equity Security in that Class and has not been paid,
 released, or otherwise satisfied prior to the Effective Date. With respect to Classes of Claims
 17 described as Unimpaired under this Plan, except as otherwise provided under this Plan, nothing
 shall affect the rights and legal and equitable defenses of Debtor and Reorganized Debtor
 18 regarding such Claims classified as Unimpaired under this Plan, including but not limited to, all
 rights in respect of legal and equitable defenses to setoff or recoupment against such Claims.
 19

20 **3.1. Summary of Classification.**

<u>Class</u>	<u>Description</u>	<u>Treatment</u>
Class 1	Other Secured Claims	Unimpaired. No Solicitation required.
Class 2	Priority Unsecured Claims	Unimpaired. No solicitation required.
Class 3	Convenience Claims	Impaired Solicitation required.

1	Class 4	General Unsecured Claims	Impaired. Solicitation required.
2			
3	Class 5	Residual Governmental Unit Claims	Impaired Solicitation required.
4	Class 6	Governmental Unit Penalty Claims	Impaired. No solicitation required.
5			
6	Class 7	Pre-Effective Date Equity Security	Impaired. No solicitation required.
7			

8 **3.2. Specific Classification.**

9 **3.2.1.** Class 1: Other Secured Claims. Class 1 consists of the Other Secured Claims.
10 Each Holder of an Other Secured Claim shall be considered to be its own separate subclass
11 within Class 1, and each subclass shall be deemed to be a separate class for purposes of this Plan.
12 Debtor may add additional other Secured Creditors as an additional separate subclass.

13 **3.2.2.** Class 2: Priority Unsecured Claims. Class 2 consists of the Priority Unsecured
14 Claims.

15 **3.2.3.** Class 3: Convenience Claims. Class 3 consists of the Convenience Claims.

16 **3.2.4.** Class 4: General Unsecured Claims. Class 4 consists of the General Unsecured
17 Claims but shall not include Holders of General Unsecured Claims which make the Convenience
18 Class Election.

19 **3.2.5.** Class 5: Residual Governmental Unit Claims. Class 5 consists of the Residual
20 Governmental Unit Claims.

21 **3.2.6.** Class 6: Governmental Unit Penalty Claims. Class 6 consists of the
22 Governmental Unit Penalty Claims.

23 **3.2.7.** Class 7: Pre-Effective Date Equity Securities. Class 7 consists of the Equity
24 Securities of Debtor prior to the Effective Date.

25 **4. DESIGNATION OF AND PROVISIONS FOR TREATMENT OF CLASSES OF 26 CLAIMS UNDER THIS PLAN**

27 **4.1. Class 1 – Other Secured Claims.** Each Allowed Other Secured Claim, if any,
28 shall, in full and final satisfaction of such Claim, be left Unimpaired by Reorganized Debtor
upon the latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) such date as may
be fixed by the Bankruptcy Court; (iii) the first Business Day following the fourteenth (14th) day
after such Claim is Allowed; and (iv) such date as agreed upon by the Holder of such Claim and
the Debtor, and after the Effective Date, by Reorganized Debtor.

Creditors in Class 1 are Unimpaired under this Plan, deemed to have accepted this Plan
pursuant to section 1126(f) of the Bankruptcy Code, and are not entitled to vote on this Plan.

1 **4.2. Class 2 – Priority Unsecured Claims.** Each Allowed Priority Unsecured Claim,
2 if any, shall, in full and final satisfaction of such Claims, be paid in full in Cash on the latest of:
3 (i) the Initial Distribution Date, or as soon thereafter as is practical; (ii) such date as may be
4 fixed by the Bankruptcy Court, or as soon thereafter as is practicable; (iii) the fourteenth (14th)
5 Business Day after such Claim is Allowed, or as soon thereafter as is practicable; or (iv) such
6 date as the Holder of such Claim and Debtor or Reorganized Debtor, as applicable, have agreed
7 or shall agree, plus pre-Petition Date interest due under applicable bankruptcy or non-
8 bankruptcy law and claimed in a Proof of Claim by such Holder to the extent approved by the
9 Bankruptcy Court or as included in the Schedules by the Debtor.

10 Class 2 is Unimpaired under this Plan, and therefore, the Holders of Class 2 Claims, if any,
11 are deemed to have accepted this Plan and are not entitled to vote on this Plan.

12 **4.3. Class 3 – Convenience Claims.** Except to the extent that a Holder of an Allowed
13 Convenience Claim agrees to less favorable treatment, each Holder of an Allowed Convenience
14 Claim shall, in full and final satisfaction of such Allowed Convenience Claim be paid in 6 equal
15 monthly installments commencing on the Initial Distribution Date, the lesser of (i) the Allowed
16 amount of such Claim, or (ii) Two Thousand (2,000.00) Dollars.

17 Class 3 is impaired under this Plan, and the Holders of Allowed Convenience Claims are
18 entitled to vote on this Plan.

19 **4.4. Class 4 – General Unsecured Claims.** Except to the extent that a Holder of an
20 Allowed General Unsecured Claim agrees to less favorable treatment;

21 **4.4.1.** Each Holder of an Allowed General Unsecured Claim, shall, in full and final
22 satisfaction of such Claim, be paid in Cash its Pro Rata share of the Class 4 Distribution Amount.

23 **4.4.2.** Deducted from the Class 4 Distribution Amount shall be all costs and expenses of
24 the Disbursing Agent and the Disbursing Agent Account.

25 **4.4.2.** On the Effective Date, provided that the Settlement Agreement is approved and
26 this Plan as confirmed is consistent with the relief provided for in the Settlement Agreement, the
27 Claims of Woolley, Kraus and Jet Midwest and the KMW Cure payments shall be subordinated
28 to the payment of all other Allowed General Unsecured Claims and unclassified Allowed Claims
and shall not receive any Distribution under this Plan.

 Class 4 is Impaired under this Plan. The Holders of the Class 4 Allowed General
Unsecured Claims are entitled to vote on this Plan.

4.5. Class 5 – Governmental Unit Residual Claims. Except to the extent that a
Holder of an Allowed Governmental Unit Residual Claim agrees to less favorable treatment,
each Holder of an Allowed Governmental Unit Residual Claim, shall, in full and final
satisfaction of such Allowed Claim, be paid in Cash in forty-eight (48) equal monthly
installments commencing on the Initial Distribution Date until paid in full, together with pre-
Petition Date interest as allowed by applicable non-bankruptcy law at the Internal Revenue
Service statutory rate up to the Petition Date and post-Petition Date interest at the Plan Rate.

1 Class 5 is Impaired under this Plan. The Holders of the Class 5 Allowed Governmental
2 Unit Residual Claims are entitled to vote on this plan.

3 **4.6. Class 6 – Governmental Unit Penalty Claims.** The Holders of Governmental
4 Unit Penalty Claims shall not receive any Distributions pursuant to this Plan and all such
5 Governmental Penalty Claims shall be discharged as of the Effective Date as provided for in
6 Section 9.3 of this Plan.

7 Class 6 is Impaired under this Plan. The Holders of Class 6 Governmental Unit Penalty
8 Claims are not entitled to vote on this Plan and are deemed to have voted no on this Plan.

9 **4.7. Class 7 – Equity Securities.** On the Effective Date the Equity Securities of the
10 Debtor shall be cancelled and Holders of Class 8 Equity Securities shall not receive any
11 Distribution on account of such Equity Interests.

12 Class 7 is Impaired under this Plan. The Holders of Class 7 Equity Securities are not
13 entitled to vote on this Plan and are deemed to have voted no on this Plan.

14 **5. MEANS FOR IMPLEMENTATION OF PLAN**

15 **5.1. Plan Implementation Occurring on the Effective Date.** On the Effective Date,
16 except as otherwise provided, without any further action by Debtor or Reorganized Debtor, all of
17 Debtor's assets shall vest in Reorganized Debtor and the following events shall occur in the
18 following sequence:

19 **5.1.1.** The Settlement Agreement shall be executed.

20 **5.1.2.** The Exit Loan Documents shall be executed by the Reorganized Debtor and the
21 Exit Loan Lender, as applicable, and the Exit Loan Note shall be delivered to the Exit Loan
22 Lender. The initial funding shall be funded.

23 **5.1.3.** All Litigation Claims shall be assigned and transferred to Reorganized Debtor.

24 **5.1.4.** On the Effective Date the Class 4 Distribution shall be made to the Disbursing
25 Agent for deposit into the Disbursing Agent Account.

26 **5.1.5.** Any additional Distributions required to be made to the Holders of Allowed
27 Claims on the Effective Date shall be made.

28 **5.2. Reorganized Debtor.** From and after the Effective Date shall continue to exist as
a separate entity in accordance with applicable law. Debtor's existing articles of organization,
by-laws, and operating agreements (as amended, supplemented, or modified) will continue in
effect for Reorganized Debtor following the Effective Date, except to the extent that such
documents are amended in conformance with this Plan or by proper governance action after the
Effective Date.

5.3. Articles of Organization, By-laws, Operating Agreement. The articles of
organization, by-laws, and/or operating agreement, as applicable, of Debtor shall be amended as
necessary to satisfy the provisions of this Plan and the Bankruptcy Code and shall include,

1 among other things, pursuant to Section 1123(a)(6) of the Bankruptcy Code, a provision
2 prohibiting the issuance of non-voting equity securities, but only to the extent required by
Section 1123(a)(6) of the Bankruptcy Code

3 **5.4. Post-Effective Date Management of Reorganized Debtor.** From and after the
4 Effective Date, Reorganized Debtor will continue to be managed by Debtor's pre-petition
5 managers, which management may subsequently be modified to the extent provided by
Reorganized Debtor's articles of organization, by-laws, and operating agreement (as amended,
supplemented, or modified).

6 **5.5. Effectuation of Transactions.** On and after the Effective Date, the appropriate
7 managers or members of Debtor are authorized to issue, execute, deliver, and consummate the
8 transactions contemplated by or described in this Plan in the name of and on behalf of
9 Reorganized Debtor without further notice to or order of the Bankruptcy Court, act or action
under applicable law, regulation, order, rule, or any requirements of further action, vote, or other
approval or authorization by any Person

10 **5.6. Notice of Effectiveness.** When all of the steps contemplated by Section 8.2 have
11 been completed or waived, Reorganized Debtor shall file with the Bankruptcy Court and serve
12 upon all Creditors and all potential Holders of Administrative Claims known to Reorganized
13 Debtor (whether or not disputed), a notice of Effective Date of Plan. The notice of Effective
Date of Plan shall include notice of the Administrative Claim Bar Date

14 **5.7. No Governance Action Required.** As of the Effective Date: (i) the adoption,
15 execution, delivery, and implementation or assignment of all contracts, leases, instruments,
16 releases, and other agreements related to or contemplated by this Plan; and (ii) the other matters
17 provided for under or in furtherance of this Plan involving corporate action to be taken by or
required of Debtor shall be deemed to have occurred and be effective as provided herein, and
shall be authorized and approved in all respects without further order of the Bankruptcy Court or
any requirement of further action by the members or managers of Debtor

18 **5.8. Filing with Virginia SOS.** To the extent required by the Virginia Code, on or as
19 soon as reasonably practical after the Effective Date, a certified copy of this Plan and the
20 Confirmation Order shall be filed with the Virginia SOS. Again, to the extent applicable, Debtor,
21 from the Confirmation Date until the Effective Date, is authorized and directed to take any action
or carry out any proceeding necessary to effectuate this Plan pursuant to applicable Virginia
Code provisions.

22 **5.9. Creditor Committee.** On the Effective Date the Creditor Committee shall be
23 disbanded and all authorities granted the Creditor Committee pursuant to Sections 1102 and
24 1103 of the Bankruptcy Code shall be terminated without further order of the Bankruptcy Court.

25 **6. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

26 **6.1. Executory Contracts.** Except for Executory Contracts and Unexpired Leases
27 specifically addressed in this Plan, assumed pursuant to prior order of the Bankruptcy Court, or
28 set forth on the schedule of Rejected Executed Contracts and Unexpired Leases attached as
Schedule 6.1 hereto (which may be supplemented and amended up to the date the Bankruptcy

1 Court enters the Confirmation Order), all Executory Contracts and Unexpired Leases that exist
2 on the Confirmation Date shall be deemed rejected by Debtor on the Effective Date.

3 **6.2. Approval of Assumption or Rejection.** Entry of the Confirmation Order shall
4 constitute as of the Effective Date: (i) approval, pursuant to Bankruptcy Code Section 365, of the
5 rejection by Reorganized Debtor of each Executory Contract and Unexpired Lease to which
6 Debtor is a party that is not listed on Schedule 6.1, not otherwise provided for in this Plan, and
7 neither assigned, assumed and assigned, nor rejected by separate order of the Bankruptcy Court
8 prior to the Effective Date; and (ii) rejection by Debtor of each Executory Contract and
9 Unexpired Lease to which Debtor is a party that is not listed on Schedule 6.1. Upon the
10 Effective Date, each counter party to an assumed Executory Contract or Unexpired Lease listed
11 shall be deemed to have consented to an assumption contemplated by Section 365(c)(1)(B) of the
12 Bankruptcy Code, to the extent such consent is necessary for such assumption. To the extent
13 applicable, all Executory Contracts or Unexpired Leases of Reorganized Debtor assumed
14 pursuant to this Article 6 shall be deemed modified such that the transactions contemplated by
15 this Plan shall not be a “change of control,” regardless of how such term may be defined in the
16 relevant Executory Contract or Unexpired Lease and any required consent under any such
17 Executory Contract or Unexpired Lease shall be deemed satisfied by confirmation of this Plan.

18 **6.3. Cure of Defaults.** Reorganized Debtor shall Cure any defaults respecting each
19 Executory Contract or Unexpired Lease assumed pursuant to Section 6.1 of this Plan upon the
20 latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) such dates as may be fixed
21 by the Bankruptcy Court or agreed upon by Debtor, and after the Effective Date, Reorganized
22 Debtor; or (iii) the fourteenth (14th) Business Day after the entry of a Final Order resolving any
23 dispute regarding: (a) a Cure amount; (b) the ability of Debtor or Reorganized Debtor to provide
24 “adequate assurance of future performance” under the Executory Contract or Unexpired Lease
25 assumed pursuant to this Plan in accordance with Section 365(b)(1) of the Bankruptcy Code; or
26 (c) any matter pertaining to assumption, assignment, or the Cure of a particular Executory
27 Contract or an Unexpired Lease. Notwithstanding, the Cure of the KMW Leases shall be treated
28 in accordance with the Settlement Agreement.

6.4. Objection to Cure Amounts. Any party to an Executory Contract or Unexpired
Lease who objects to the Cure amount determined by Debtor to be due and owing must file and
serve an objection on Debtor’s counsel no later than thirty (30) days after the Effective Date.
Failure to file and serve a timely objection shall be deemed consent to the Cure amounts paid by
Debtor in accordance with Section 6.3 of this Plan. If there is a dispute regarding: (i) the amount
of any Cure payment; (ii) the ability of Reorganized Debtor to provide “adequate assurance of
future performance” under the Executory Contract or Unexpired Lease to be assumed or
assigned; or (iii) any other matter pertaining to assumption, the Cure payments required by
Section 365(b)(1) of the Bankruptcy Code will be made following the entry of a Final Order
resolving the dispute and approving the assumption.

6.5. Confirmation Order. The Confirmation Order will constitute an order of the
Bankruptcy Court approving the assumptions described in this Article 6 pursuant to Section 365
of the Bankruptcy Code as of the Effective Date. Notwithstanding the forgoing, if, as of the date
the Bankruptcy Court enters the Confirmation Order, there is pending before the Bankruptcy
Court a dispute concerning the Cure amount or adequate assurance for any particular Executory
Contract or Unexpired Lease, the assumption of such Executory Contract or Unexpired Lease

1 shall be effective as of the date the Bankruptcy Court enters an order resolving any such dispute
2 and authorizing assumption by Debtor.

3 **6.6. Bar Date.** All proofs of Claims with respect to Claims arising from the rejection
4 of any Executory Contract or Unexpired Lease shall be filed no later than thirty (30) calendar
5 days after the Effective Date. Any Claim not filed within such time shall be forever barred.

6 **7. MANNER OF DISTRIBUTION OF PROPERTY UNDER THIS PLAN**

7 **7.1. Distributions.** Distributions to Holders of Class 4 Allowed Claims shall be the
8 responsibility of the Disbursing Agent, and Reorganized Debtor shall be responsible for making
9 the balance of Distributions described in this Plan. Reorganized Debtor and Disbursing Agent,
10 as applicable, may make such Distributions before the allowance of each Claim has been
11 resolved if Reorganized Debtor has a good faith belief that the Disputed Claims Reserve is
12 sufficient for all Disputed Claims. Except as otherwise provided in this Plan or the Confirmation
13 Order, the Cash necessary for Reorganized Debtor to make payments pursuant to this Plan may
14 be obtained from existing Cash balances or the Exit Loan, and the Cash necessary for Disbursing
15 Agent to make payments pursuant to this Plan shall be obtained from the Disbursing Agent
16 Account.

17 **7.2. Reserves.** Disbursing Agent shall establish and maintain the Disputed Claim
18 Reserve with respect to Class 4 General Unsecured Claims, and Reorganized Debtor shall
19 establish and maintain the Disputed Claim Reserve for the balance of the Claims.

20 **7.3. Statements.** Reorganized Debtor shall maintain a record of the names and
21 addresses of all Holders of Allowed Claims as of the Effective Date for purposes of mailing
22 Distributions to them, and shall provide a copy to the Disbursing Agent. Reorganized Debtor and
23 the Disbursing Agent may rely on the name and address set forth in Debtor's Schedules and/or
24 Proofs of Claim and the ledger and records regarding Holders of Equity Securities as of the
25 Record Date as being true and correct unless and until notified otherwise in writing.
26 Reorganized Debtor shall file all tax returns and other filings with governmental authorities on
27 behalf of Reorganized Debtor and the Assets it holds. The Disbursing Agent shall be responsible
28 for any tax returns and other filings with governmental authorities with regard to the Assets it
holds.

7.4. Further Authorization. Debtor and Reorganized Debtor shall be entitled to seek
such orders, judgments, injunctions, and rulings as it deems necessary to carry out the intentions
and purposes, and to give full effect to the provisions of this Plan.

8. CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE

8.1. Conditions to Confirmation. The Confirmation Order shall have been entered
and be in form and substance reasonable acceptable to Debtor.

8.2. Conditions to Effectiveness. The following are conditions precedent to the
occurrence of the Effective Date:

1 **8.2.1.** The Confirmation Order shall be a Final Order, except that Debtor reserves the
2 right to cause the Effective Date to occur notwithstanding the pendency of an appeal of the
Confirmation Order;

3 **8.2.2.** All documents necessary to implement the transactions contemplated by this Plan
4 shall be in form and substance reasonable acceptable to Debtor;

5 **8.2.3.** The Settlement Agreement shall be in form and substance reasonably acceptable
6 to Solitude, Woolley and the Debtor, and the Settlement Agreement shall have been executed;
and

7 **8.2.4.** The Exit Loan Documents shall be in form and substance reasonably acceptable
8 to Woolley and Solitude, and the Exit Loan Documents shall have been executed;

9 **8.2.5.** The initial advance under the Exit Loan shall have been funded.

10 **8.2.6.** The Class 4 Distribution Amount shall have been distributed to the Disbursing
Agent for deposit into the Disbursing Agent Account.

11 **9. TITLE TO PROPERTY; DISCHARGE; INJUNCTION**

12 **9.1. Vesting of Assets.** Subject to the provisions of this Plan and as permitted by
13 Section 1123(a)(5)(B) of the Bankruptcy Code, the Assets, including the Litigation Claims and
14 right, title, and interest being assumed by Reorganized Debtor in the assumed Executory
Contracts, shall be transferred to Reorganized Debtor on the Effective Date. As of the Effective
15 Date, all such property shall be free and clear of all Liens, Claims, and Equity Securities except
16 as otherwise provided herein. On and after the Effective Date, Reorganized Debtor may operate
its business and may use, acquire, and dispose of property and compromise or settle any Claim
17 without the supervision of or approval of the Bankruptcy Court and free and clear of any
restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly
18 imposed by this Plan or the Confirmation Order.

19 **9.2. Preservation of Litigation Claims.** In accordance with Section 1123(b)(3) of the
Bankruptcy Code, and except as otherwise expressly provided herein, all Litigation Claims shall
20 be assigned and transferred to Reorganized Debtor pursuant to Section 5.1 of this Plan.
Reorganized Debtor, as the successor in interest to Debtor and the Estate, may and shall have the
21 exclusive right to sue on, settle, or compromise any and all Litigation Claims, including
derivative actions existing against Debtor on the Effective Date. Notwithstanding, however, all
22 Avoidance Actions are waived and extinguished as of the Effective Date.

23 **9.3 Discharge.** On the Effective Date, except as otherwise provided in this Plan, the
24 Debtor shall be discharged from any and all unclassified Claims and Claims in Classes 1, 2, 3, 4,
5, 6, and 7 to the fullest extent provided in sections 524 and 1141 of the Bankruptcy Code. The
25 Discharge shall be to the fullest extent provided under section 1141(d)(1)(A) and other
applicable provisions of the Bankruptcy Code, and, except as otherwise expressly provided by
26 this Plan or the Confirmation Order, all consideration distributed under this Plan and shall be in
exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims of
27 any kind or nature whatsoever against the Debtor or any of its assets or properties, and regardless
of whether any property shall have been distributed or retained pursuant to this Plan on account
28

1 of such Claims. Except as otherwise expressly provided by this Plan or the Confirmation Order,
2 upon the Effective Date as to unclassified Claims and Claims in Classes 1, 2, 3, 4, 5, 6, and 7, the
3 Debtor shall be deemed discharged and released under and to the fullest extent provided under
4 section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims of any kind or nature
5 whatsoever, including, but not limited to, demands and liabilities that arose before the
6 Confirmation Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the
7 Bankruptcy Code.

8 **9.4. Compromise and Settlement.** The allowance, classification, and treatment of all
9 Allowed Claims and their respective Distributions under this Plan take into account and/or
10 conform to the relative priority and rights of the Claims in each Class in connection with any
11 contractual, legal, and equitable subordination rights relating thereto whether arising under
12 general principles of equitable subordination, section 510(c) of the Bankruptcy Code, or
13 otherwise. As of the Effective Date, any and all such rights described in the preceding sentence
14 will be settled, compromised, and released pursuant to this Plan and any and all such Causes of
15 Action related thereto are settled, compromised, and released pursuant hereto.

16 **9.5. Injunction.** From and after the Effective Date, and except as provided in this
17 Plan and the Confirmation Order, all entities that have held, currently hold, or may hold a Claim
18 or an Equity Security or other right of an Equity Security Holder that is terminated pursuant to
19 the terms of this Plan are permanently enjoined from taking any of the following actions on
20 account of any such Claims or terminated Equity Securities or rights: (i) commencing or
21 continuing in any manner any action or other proceeding against Reorganized Debtor or its
22 property; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award,
23 decree, or order against Reorganized Debtor or its property; (iii) creating, perfecting, or
24 enforcing any Lien or encumbrance against Reorganized Debtor or its property; (iv) asserting a
25 right of subrogation of any kind against any debt, liability, or obligation due to Reorganized
26 Debtor or its property; and (v) commencing or continuing any action, in any manner or any
27 place, that does not comply with or is inconsistent with the provisions of this Plan or the
28 Bankruptcy Code.

9.6. Releases by Debtor. Pursuant to section 1123(b) of the Bankruptcy Code, for
good and valuable consideration, including the release of Claims by and treatment of the
KMW Leases, the Released Parties' facilitation of the expeditious reorganization of Debtor
and the implementation of the restructuring contemplated by this Plan, on and after the
Effective Date, the Released Parties are deemed released and discharged by Debtor, the
Reorganized Debtor, and the Estate from any and all claims, obligations, rights, suits,
damages, Causes of Action, remedies and liabilities whatsoever, including any derivative
claims asserted or which could be asserted on behalf of the Debtor, whether known or
unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or
otherwise, that the Debtor, the Reorganized Debtor, or and the Estate would have been
legally entitled to assert in their own right (whether individually or collectively), based on
or relating to, or in any manner arising from, in whole or in part, Debtor, Debtor's
restructuring, Debtor's Chapter 11 Case, the purchase, sale or rescission of the purchase or
sale of any security of the Debtor or the Reorganized Debtor, the subject matter of, or the
transactions or events giving rise to, any Claim or Equity Security that is treated in this
Plan, the business or contractual arrangements between Debtor and any Released Party,
the restructuring of Claims and Equity Securities before or during the Chapter 11 Case,

1 the negotiation, formulation or preparation of this Plan, the Disclosure Statement or
2 related agreements, instruments or other documents, or any other act or omission,
3 transaction, agreement, event or other occurrence relating to the Debtor taking place on or
relating to any act or omission of a Released Party.

4 **9.7. Exculpation.** From and after the Effective Date, neither the Debtor, Reorganized
5 Debtor, Creditor Committee, KMW, Solitude, Jet Midwest, the professionals employed on behalf
6 of the Estate or the Creditor Committee, nor any of their respective present or former members,
7 directors, officers, managers, employees, advisors, attorneys, or agents, shall have or incur any
8 liability, including derivative claims, but excluding direct claims, to any Holder of a Claim or
9 Equity Security or any other party-in-interest, or any of their respective agents, employees,
10 representatives, financial advisors, attorneys, or Affiliates, or any of their successors or assigns,
11 for any act or omission in connection with, relating to, or arising out of (from the Petition Date
12 forward), the Chapter 11 Case, Reorganized Debtor, the pursuit of confirmation of this Plan, or
13 the consummation of this Plan, except for gross negligence and willful misconduct, and in all
14 respects shall be entitled to reasonably rely upon the advice of counsel with respect to their
15 duties and responsibilities under this Plan or in the context of the Chapter 11 Case

12 **10. RETENTION OF JURISDICTION**

13 **10.1. Jurisdiction.** Notwithstanding the entry of the Confirmation Order and the
14 occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the
15 Chapter 11 Case and Reorganized Debtor after the Effective Date as is legally permissible,
including jurisdiction to:

16 **10.1.1.** Allow, disallow, determine, liquidate, classify, estimate, or establish the priority
17 or secured or unsecured status of any Claim or Disputed Claim, including the resolution of any
18 request for payment of any Administrative Claim and the resolution of any and all objections to
19 the allowance or priority of Claims or Disputed Claims;

20 **10.1.2.** Grant or deny any applications for allowance of compensation or reimbursement
21 of expenses authorized pursuant to the Bankruptcy Code or this Plan for periods ending on or
22 before the Effective Date;

23 **10.1.3.** Resolve any matters related to the assumption, assignment, or rejection of any
24 Executory Contract or Unexpired Lease to which Debtor or Reorganized Debtor are party and to
25 hear, determine, and, if necessary, liquidate any Claims arising there from or Cure amounts
26 related thereto;

27 **10.1.4.** Insure that Distributions to Holders of Allowed Claims, or if applicable, Equity
28 Securities are accomplished pursuant to the provisions of this Plan;

10.1.5. Decide or resolve any motions, adversary proceedings, contested or litigated
matters, and any other matters and grant or deny any applications or motions involving Debtor or
Reorganized Debtor that may be pending on the Effective Date or commenced thereafter as
provided for by this Plan;

1 **10.1.6.** Enter such orders as may be necessary or appropriate to implement or
2 consummate the provisions of this Plan and all contracts, instruments, releases, and other
3 agreements or documents created in connection with this Plan or the Disclosure Statement or the
Confirmation Order, except as otherwise provided herein;

4 **10.1.7.** Decide or resolve any cases, controversies, suits, or disputes that may arise in
5 connection with the consummation, interpretation, or enforcement of any Final Order, this Plan,
6 the Confirmation Order, or any Person's obligations incurred in connection with this Plan or the
Confirmation Order;

7 **10.1.8.** Modify this Plan before or after the Effective Date pursuant to Section 1127 of the
8 Bankruptcy Code and Section 11.1 of this Plan or modify any contract, instrument, release or
9 other agreement or document created in connection with this Plan, the Disclosure Statement, or
10 the Confirmation Order or the Reorganized Debtor; or remedy any defect or omission or
11 reconcile any inconsistency in any Final Order, this Plan, the Confirmation Order, or any
contract, instrument, release or other agreement or document created in connection with this
Plan, the Disclosure Statement, or the Confirmation Order, in such manner as may be necessary
or appropriate to consummate this Plan, to the extent authorized by the Bankruptcy Code;

12 **10.1.9.** Issue injunctions, enter and implement other orders, or take such other actions as
13 may be necessary or appropriate to restrain interference by any person with consummation,
14 implementation, or enforcement of any Final Order, this Plan, or the Confirmation Order, except
as otherwise provided herein;

15 **10.1.10.** Enter and implement such orders as are necessary or appropriate if a Final Order
or the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

16 **10.1.11.** Determine any other matters that may arise in connection with or relate to this
17 Plan, any Final Order, the Disclosure Statement, the Confirmation Order, or any contract,
18 instrument, release, or other agreement or document created in connection with this Plan, the
Disclosure Statement, any Final Order, or Confirmation Order, except as otherwise provided
herein;

19 **10.1.12.** Enter an order closing the Chapter 11 Case;

20 **10.1.13.** Hear and decide Litigation Claims and continue to hear and decide pending
21 Litigation Claims and any other claim or cause of action of Debtor and Reorganized Debtor; and

22 **10.1.14.** Decide or resolve any matter over which the Bankruptcy Court has jurisdiction
23 pursuant to Section 505 of the Bankruptcy Code

24 **11. MODIFICATION AND AMENDMENT OF PLAN**

25 **11.1. Modification and Amendment.** Prior to Confirmation, Debtor may alter, amend,
26 or modify this Plan under Section 1127(a) of the Bankruptcy Code at any time. After the
Confirmation Date and prior to substantial consummation of this Plan as defined in Section
27 1101(2) of the Bankruptcy Code, Debtor may, under Section 1127(b), (c), and (d) of the
Bankruptcy Code, alter, amend, or modify this Plan or institute proceedings in the Bankruptcy
28 Court to remedy any defect or omission or reconcile any inconsistencies in this Plan, the

1 Disclosure Statement, or the Confirmation Order, to make appropriate adjustments and
2 modifications to this Plan or the Confirmation Order as may be necessary to carry out the
3 purposes and effects of this Plan so long as such proceedings do not materially adversely affect
4 the treatment of Holders of Claims under this Plan.

5 **12. MISCELLANEOUS**

6 **12.1. Filing of Objections to Claims.** After the Effective Date, objections to Claims
7 shall be made and objections to Claims made previous thereto shall be pursued by Reorganized
8 Debtor or any other party properly entitled to do so under the Bankruptcy Code. Any objections
9 to Claims made after the Effective Date shall be filed and served not later than the first Business
10 Day that is thirty (30) calendar days after the Effective Date; provided, however, that such period
11 may be extended by order of the Bankruptcy Court.

12 **12.1.1. Resolution of Objections After Effective Date.** From and after the Effective
13 Date, Reorganized Debtor may litigate to judgment, propose settlements of, or withdraw
14 objections to, all pending or filed Disputed Claims and may settle or compromise any Disputed
15 Claim without notice and a hearing and without approval of the Bankruptcy Court.

16 **12.1.2. Distributions and Disputed Claims Reserve.** In order to facilitate Distributions
17 to Holders of Allowed Claims, and if and to the extent there are Disputed Claims or Disputed
18 Equity Securities in any Class, Reorganized Debtor or the Disbursing Agent, as applicable, shall
19 set aside in a designated reserve account the payments or Distributions applicable to such
20 Disputed Claims as if such Disputed Claims were Allowed Claims, pending the allowance or
21 disallowance of such Disputed Claims. In the event Reorganized Debtor or the Disbursing
22 Agent, as applicable, wishes to deposit or hold a lesser amount than required herein and is unable
23 to reach an agreement with the Holder of the Disputed Claim on the amount to be deposited or
24 held, the Bankruptcy Court shall fix the amount after notice and hearing. Upon Final Order with
25 respect to a Disputed Claim, the Holder of such Disputed Claim, to the extent it has been
26 determined to be an Allowed Claim, shall receive as soon as reasonably practical that payment or
27 Distribution to which it would have been entitled if the portion of the Claim so allowed had been
28 allowed as of the Effective Date.

12.1.3. Late-Filed Claims. No Claim filed after the Bar Date or, as applicable, the
Administrative Claim Bar Date, shall be allowed, and all such Claims are hereby disallowed in
full. After the Bar Date or the Administrative Bar Date, as applicable, no Creditor shall be
permitted to amend any claim to increase the claimed amount and any such amendment shall be
disallowed to the extent of the late-filed increase in the claimed amount.

12.2. Effectuating Documents; Further Transactions; Timing. Debtor and
Reorganized Debtor are each authorized to execute, deliver, file, or record such contracts,
instruments, releases, and other agreements or documents and to take such actions as may be
necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan
and any securities issued, transferred, or canceled pursuant to this Plan. All transactions that are
required to occur on the Effective Date under the terms of this Plan shall be deemed to have
occurred simultaneously. Debtor and Reorganized Debtor are authorized and directed to do such
acts and execute such documents as are necessary to implement this Plan.

1 **12.3. Exemption from Transfer Taxes.** Pursuant to Section 1146 of the Bankruptcy
2 Code: (i) the issuance, distribution, transfer, or exchange of Estate property; (ii) the creation,
3 modification, consolidation, or recording of any deed of trust or other security interest, the
4 securing of additional indebtedness by such means or by other means in furtherance of, or
5 connection with this Plan or the Confirmation Order; (iii) the making, assignment, modification,
6 or recording of any lease or sublease; or (iv) the making, delivery, or recording of a deed or other
7 instrument of transfer under, in furtherance of, or in connection with, this Plan, Confirmation
8 Order, or any transaction contemplated above, or any transactions arising out of, contemplated
9 by, or in any way related to the foregoing shall not be subject to any document recording tax,
10 stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act or real estate
11 transfer tax, mortgage recording tax, or other similar tax or governmental assessment and the
12 appropriate state of local government officials or agents shall be, and hereby are, directed to
13 forego the collection of any such tax or assessment and to accept for filing or recordation any of
14 the foregoing instruments or other documents without the payment of any such tax or assessment

10 **12.4. Revocation or Withdrawal of this Plan.** Debtor reserves the right to revoke or
11 withdraw this Plan at any time prior to its substantial consummation. If this Plan is withdrawn or
12 revoked, then this Plan shall be deemed null and void and nothing contained herein shall be
13 deemed to constitute a waiver or release of any Claims by or against Debtor or any other Person
14 nor shall the withdrawal or revocation of this Plan prejudice in any manner the rights of Debtor
15 or any Person in any further proceedings involving Debtor. In the event this Plan is withdrawn
16 or revoked, nothing set forth herein shall be deemed an admission of any sort and this Plan and
17 any transaction contemplated thereby shall be inadmissible into evidence in any proceeding

15 **12.5. Binding Effect.** This Plan shall be binding upon, and shall inure to the benefit of
16 Debtor, Reorganized Debtor, and the Holders of all Claims and Equity Securities and their
17 respective successors and assigns.

17 **12.6. Governing Law.** Except to the extent that the Bankruptcy Code or other federal
18 law is applicable or as provided in any contract, instrument, release, or other agreement entered
19 into in connection with this Plan or in any document which remains unaltered by this Plan, the
20 rights, duties, and obligations of Debtor, Reorganized Debtor, and any other Person arising under
21 this Plan shall be governed by, and construed and enforced in accordance with, the internal laws
22 of the State of North Carolina without giving effect to North Carolina's choice of law provisions.

21 **12.7. Modification of Payment Terms.** Reorganized Debtor reserves the right to
22 modify the treatment of any Allowed Claim in any manner adverse only to the Holder of such
23 Allowed Claim at any time after the Effective Date upon the prior written consent of the Holder
24 whose Allowed Claim treatment is being adversely affected.

24 **12.8. Providing for Claims Payments.** Distributions to Holders of Allowed Claims
25 shall be made by Reorganized Debtor or the Disbursing Agent, as applicable,: (i) at the addresses
26 set forth on the proofs of Claim filed by such Holders (or at the last known addresses of such
27 Holders if no proof of Claim is filed or if Debtor has been notified of a change of address); (ii) at
28 the addresses set forth in any written notices of address changes delivered to Reorganized Debtor
after the date of any related proof of Claim; or (iii) at the addresses reflected in the Schedules if
no proof of Claim has been filed and Reorganized Debtor has not received a written notice of a
change of address. If any Holder's Distribution is returned as undeliverable, no further

1 Distributions to such Holder shall be made unless and until Reorganized Debtor or the
2 Disbursing Agent, as applicable, is notified of such Holder's then-current address, at which time
3 all missed Distributions shall be made to such Holder without interest. Amounts in respect of
4 undeliverable Distributions made through Reorganized Debtor or the Disbursing Agent, as
5 applicable, shall be paid to the Clerk of the Bankruptcy Court pursuant to Bankruptcy Rule 3011,
6 as in the case of a Chapter 7 liquidation. Nothing contained in this Plan shall require Debtor or
7 Reorganized Debtor to attempt to locate any Holder of an Allowed Claim.

8 **12.9. Set Offs.** Debtor and Reorganized Debtor may, but shall not be required to, set
9 off or recoup against any Claim and the payments or other Distributions to be made pursuant to
10 this Plan in respect of such Claim (before any Distribution is made on account of such Claim or
11 Equity Security), claims of any nature whatsoever that the applicable Debtor or Reorganized
12 Debtor may have against the Holder of such Claim to the extent such Claims may be set off or
13 recouped under applicable law, but neither the failure to do so nor the allowance of any Claim
14 hereunder shall constitute a waiver or release by Debtor or Reorganized Debtor of any such
15 Claim that it may have against such Holder.

16 **12.10. Notices.** Any notice required or permitted to be provided under this Plan shall be
17 in writing and served by either: (i) certified mail, return receipt requested, postage prepaid; (ii)
18 hand delivery; or (iii) reputable overnight courier service, freight prepaid, to be addressed as

19 If to Debtor:

20 Dynamic International Airways, LLC
21 Attn: Raymond Lawlor
22 4310 Regency Drive, Suite 100
23 High Point, NC 27265
24 Tel: (262) 521-1100
25 Email: rlawlor@flydya.com
26
27
28

1 With a copy to:

Garman Turner Gordon
Attn: Gerald M. Gordon, Esq.
650 White Drive, Suite 100
Las Vegas, NV 89119
Tel: (725) 777-3000
Email: ggordon@gtg.legal

5 and

6 Bell, Davis & Pitt,
7 Attn: Walter Pitt, Esq.
8 PO Box 21029
9 Winston-Salem, NC 27120-1029
10 Tel: (336) 714-4110
11 Email: WPitt@belldavispitt.com

12 and

13 Northern Blue, LLP
14 Attn: John A. Northen, Esq.
15 1414 Raleigh Road, Suite 435
16 Chapel Hill, NC 27517
17 Tel: (919) 968-4441
18 Email: jan@nbfirm.com

19 **12.11. Severability.** If any provision of this Plan is determined by the Bankruptcy Court
20 to be invalid, illegal, or unenforceable or this Plan is determined to be not confirmable pursuant
21 to Section 1129 of the Bankruptcy Code, the Bankruptcy Court, at the request of Debtor shall
22 have the power to alter and interpret such term to make it valid or enforceable to the maximum
23 extent practicable, consistent with the original purpose of the term or provision held to be
24 invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or
25 interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the
26 terms and provisions of this Plan shall remain in full force and effect and will in no way be
27 affected, impaired, or invalidated by such holding, alteration, or interpretation. The
28 Confirmation Order shall constitute a judicial determination and shall provide that each term and
provision of this Plan, as it may have been altered or interpreted in accordance with the
foregoing, is valid and enforceable pursuant to its terms.

12.12. Withholding and Reporting Requirements. In connection with this Plan and all
instruments and securities issued in connection therewith and Distributions thereon, Reorganized
Debtor shall comply with all withholding and reporting requirements imposed by any federal,
state, local, or foreign taxing authority and all Distributions hereunder shall be subject to any
such withholding and reporting requirements. Reorganized Debtor shall be authorized to take
any and all action that may be necessary to comply with such withholding and recording
requirements. Notwithstanding any other provision of this Plan, each Holder of an Allowed
Claim that has received a Distribution pursuant to this Plan shall have sole and exclusive
responsibility for the satisfaction or payment of any tax obligation imposed by any governmental
unit, including income, withholding, and other tax obligation on account of such Distribution.

1 **12.13. Post-Confirmation Reporting.** Until the entry of the final decree closing the
2 Chapter 11 Case, Reorganized Debtor shall comply with the Bankruptcy Code and Bankruptcy
3 Rules post-confirmation reporting requirements. Additionally, Reorganized Debtor shall file
4 post-confirmation quarterly operating reports detailing receipts and disbursements (along with
5 ending cash balance) for each calendar quarter from the date of confirmation until dismissal,
6 conversion, or entry of a final decree closing the case no later than 20 days after the expiration of
7 the reported quarter.

8 **12.14. Cramdown.** In the event that any Impaired Class is determined to have rejected
9 this Plan in accordance with Section 1126 of the Bankruptcy Code, Debtor may invoke the
10 provisions of Section 1129(b) of the Bankruptcy Code to satisfy the requirements for
11 confirmation of this Plan. Debtor reserves the right to modify this Plan to the extent, if any, that
12 Confirmation pursuant to Section 1129(b) of the Bankruptcy Code requires modification.

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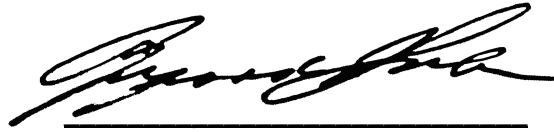
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12.15. Quarterly Fees. Prior to the Effective Date, Debtor, and after the Effective Date, Reorganized Debtor, shall pay all quarterly fees payable to the Office of the Bankruptcy Administrator consistent with the sliding scale set forth in 28 U.S.C. § 1930(a)(6), and the applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

DATED this 8th day of November, 2017.

DYNAMIC INTERNATIONAL AIRWAYS, LLC
A Virginia limited liability company,



By:
Its: Chief Executive Officer

Prepared and Submitted:

GARMAN TURNER GORDON

By: _____
GERALD M. GORDON, ESQ
NV Bar No. 229
TERESA PILATOWICZ, ESQ
NV Bar No.
650 White Drive, Suite 100
Las Vegas, NV 89119

and

BELL, DAVIS & PITT, PA
WALTER PITT, ESQ.
NC Bar No. 3467
DANIEL C. BRUTON, ESQ.
NC Bar No. 22440
PO Box 21029
Winston-Salem, NC 27120-1029
Telephone 336-714-4110

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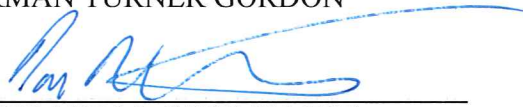
DATED this day of November, 2017.

DYNAMIC INTERNATIONAL AIRWAYS, LLC
A Virginia limited liability company,

By:
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Prepared and Submitted:

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SCHEDULE 1.1.64
TO PLAN OF REORGANIZATION
CERTAIN PRESERVED POTENTIAL CAUSES OF ACTION

All defined terms used herein shall have the meanings set forth in the Plan. The following is a non-exhaustive list of potential parties against whom Debtor and/or Reorganized Debtor may hold a claim or cause of action. Debtor and Reorganized Debtor reserve their right to modify this list to amend or add parties or causes of action, but disclaim any obligation to do so. In addition to the possible causes of action and claims listed below, Debtor and Reorganized Debtor have or may have, in the ordinary course of their business, numerous causes of action and Claims or rights against contractors, subcontractors, vendors, suppliers, and others with whom they deal in the ordinary course of their business (the "Ordinary Course Claims"). Debtor and Reorganized Debtor reserve their right to enforce, sue on, settle, or compromise (or decline to do any of the foregoing) the Ordinary Course Claims, as well as the claims and causes of action listed below and all other claims and causes of action. Debtor and Reorganized Debtor also have, or may have, and are retaining, various claims or causes of action arising under or pursuant to its insurance policies, and all rights arising under, relating to, or in connection with such policies are expressly reserved and retained.

1. Litigation Claims arising out of or in connection with Debtor's business, property, or operations, including the pending actions against Air India Limited before the United States District Court for the District of New York, The Second Circuit Court of Appeals and the High Court of Delhi.
2. Litigation Claims arising out of transactions involving, concerning, or related to Debtor; and
3. All other rights, privileges, claims, actions, or remedies of Debtor and/or Reorganized Debtor existing on the Effective Date, whether arising at law or in equity.

There may also be other Litigation Claims which currently exist or may subsequently arise that are not set forth herein because the facts underlying such Litigation Claims are not currently known or sufficiently known by Debtor. The failure to list any such unknown Litigation Claim herein is not intended to limit the rights of Reorganized Debtor to pursue any unknown Litigation Claim to the extent the facts underlying such unknown Litigation Claim become more fully known in the future.

Unless Litigation Claims against any individual or entity are expressly waived, relinquished, released, compromised, or settled by the Plan or any Final Order, Debtor expressly reserves for its benefit, and the benefit of Reorganized Debtor, all Litigation Claims, including, without limitation, all unknown Litigation Claims for later adjudication and therefore no preclusion doctrine (including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches) shall apply to such Litigation Claims after the confirmation or consummation of the Plan. In addition, Debtor expressly reserves for its benefit and the benefit of Reorganized Debtor, the right to pursue or adopt any claims alleged in any lawsuit in which Debtor is a defendant or an interested party, against any individual or entity, including plaintiffs and co-defendants in such lawsuits.

**SCHEDULE 6.1
TO
PLAN OF REORGANIZATION
ASSUMED EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

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EXHIBIT 2

[TO BE PROVIDED IN SUPPLEMENT]

EXHIBIT 2

EXHIBIT 3

[TO BE PROVIDED IN SUPPLEMENT]

EXHIBIT 3

EXHIBIT 4

[TO BE PROVIDED IN SUPPLEMENT]

EXHIBIT 4