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Proposed Counsel to the Official Committee of Unsecured Creditors

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
In re:)	Chapter 11
)	
GRUPO AEROMÉXICO, S.A.B. de C.V., <i>et al.</i> ,)	Case No. 20-11563 (SCC)
)	
Debtors. ¹)	(Jointly Administered)
_____)	

**STATEMENT OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS IN
SUPPORT OF THE DEBTORS' THIRD MOTION FOR ENTRY OF AN ORDER
EXTENDING THE EXCLUSIVE PERIODS WITHIN WHICH TO FILE A
CHAPTER 11 PLAN AND SOLICIT ACCEPTANCES THEREOF**

¹ The Debtors in these cases, along with each Debtor's registration number in the applicable jurisdiction, are as follows: Grupo Aeroméxico, S.A.B. de C.V. 286676; Aerovías de México, S.A. de C.V. 108984; Aerolitoral, S.A. de C.V. 217315; and Aerovías Empresa de Cargo, S.A. de C.V. 437094-1. The Debtors' corporate headquarters is located at Paseo de la Reforma No. 243, piso 25 Colonia Cuauhtémoc, Mexico City, C.P. 06500.

**TO THE HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE:**

The Official Committee of Unsecured Creditors (the “Committee”) of Grupo Aeroméxico, S.A.B. de C.V., *et al.* (collectively, the “Debtors”), by and through its undersigned counsel, submits this statement in support of the *Debtors’ Third Motion for Entry of an Order Extending the Exclusive Periods Within Which to File a Chapter 11 Plan and Solicit Acceptances Thereof* [Docket No. 1291] (the “Third Exclusivity Motion”), and respectfully represents as follows:

BACKGROUND

1. On June 30, 2020, each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code.² The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these chapter 11 cases.

2. These chapter 11 cases are being jointly administered pursuant to rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the Court’s *Order Directing Joint Administration of Chapter 11 Cases* [Docket No. 30].

3. The factual background regarding the Debtors, including their business operations, their capital and debt structure, and the events leading to the filing of these chapter 11 cases is set forth in the *Declaration of Ricardo Javier Sánchez Baker in Support of the Debtors’ Chapter 11 Petitions and First Day Pleadings* [Docket No. 20].

² Pursuant to Rule 9006(a)(1)(C) of the Federal Rules of Bankruptcy Procedure, because the 75th day following the expiration of the Debtors’ exclusive period to solicit acceptances of a chapter 11 plan falls on Sunday, November 7, 2021, the extended exclusivity period would run to the end of the following Monday, November 8, 2021.

4. The Office of the United States Trustee selected the members of the Committee pursuant to section 1102 of the Bankruptcy Code and filed a notice of appointment on July 13, 2020 [Docket No. 92].³

5. On October 14, 2020, the Debtors filed the *Motion of Debtors for Entry of an Order Extending the Exclusive Periods Within Which to File a Chapter 11 Plan and Solicit Acceptances Thereof* [Docket No. 530], seeking a 120-day extension of the Debtors' exclusive periods to file a chapter 11 plan and solicit acceptances thereof. On October 26, 2020, the Court entered an order [Docket No. 577] extending those periods through February 15, 2021, and April 26, 2021, respectively.

6. On February 3, 2021, the Debtors filed the *Second Motion for Entry of an Order Extending the Exclusive Periods Within Which to File a Chapter 11 Plan and Solicit Acceptances Thereof* [Docket No. 877], seeking an additional 120-day extension of the Debtors' exclusive periods to file a chapter 11 plan and solicit acceptances thereof. On February 17, 2021, the Court entered an order [Docket No. 905] extending those periods through June 25, 2021, and August 24, 2021, respectively.

STATEMENT

7. Since the Petition Date, the Committee has worked closely with the Debtors, the ad hoc group of holders of 7.000% Senior Notes due 2025, and other stakeholders to guide the Debtors towards consummation of a value-maximizing transaction. While the Debtors have made significant progress in these cases—including by obtaining DIP financing, formulating an initial proposed business plan, and reaching agreements with aircraft lessors and other contract

³ The current members of the Committee are as follows: (a) The Bank of New York Mellon, (b) Asociación Sindical de Pilotos Aviadores, (c) Nordic Aviation Capital, (d) Falko Regional Aircraft Limited, and (e) Sabre GLOB Inc.

counterparties—a robust exit financing process is ongoing, and completing that process is still necessary to bring these cases to a successful conclusion. Although the Committee understands the Debtors’ need to extend the Exclusive Periods to conduct a full and fair financing process, the Committee believed the extensions originally requested in the Third Exclusivity Motion were inappropriately long. Following discussions with the Committee and other stakeholders regarding the Third Exclusivity Motion, the Debtors agreed to reduce the requested extensions of their Exclusive Periods to seventy-five (75) days each, through and including September 8, 2021, and November 8, 2021, respectively,⁴ which the Committee supports.

8. The Debtors’ exit financing process has already yielded a legitimate proposal which, if it becomes actionable, would be sufficient to repay the DIP loan in full. The Committee expects that the Debtors, in consultation with the Committee, will fully and fairly evaluate this proposal, along with any other proposals that they receive. While work still remains to be done on this proposal, the Committee believes it will potentially result in a better recovery for unsecured creditors than the scenario in which the DIP facility converts into equity (particularly in the absence of any competing proposals). The Committee assumes that, during the extended Exclusive Periods, the Debtors will continue to explore this proposal to its conclusion and actively negotiate with other interested parties with the goal of obtaining the most favorable economic terms possible with respect to their exit financing. However, the Committee also believes that limiting the extension of the Exclusive Periods to seventy-five (75) days protects its rights in the event that the Debtors fail to engage with interested parties in a manner that will maximize the Debtors’ value for the benefit of their unsecured creditors and other stakeholders.

⁴ Pursuant to Bankruptcy Rule 9006(a)(1)(C), because the 75th day following the expiration of the Debtors’ exclusive period to solicit acceptances of a chapter 11 plan falls on Sunday, November 7, 2021, the extended exclusivity period would run to the end of the following Monday, November 8, 2021.

9. As part of a value maximizing transaction, the Committee also believes that the Debtors should update their business plan, which interested parties are using to formulate their exit financing bids. Since the Committee was first provided with a draft of the Debtors' business plan, it has actively engaged with the Debtors regarding the Committee's concerns. The Committee believes that the current business plan is not reflective of the Debtors' likely improving financial performance over the next several years and has shared detailed written feedback with the Debtors on numerous occasions. The Debtors have very recently indicated willingness to engage with the Committee on updating the business plan.

10. The Committee also notes that the Debtors have significantly outperformed the business plan in each of the three months since the business plan was prepared (and the Committee expects the Debtors will again significantly outperform the business plan in June). It is not clear what changes the Debtors intend to make to the business plan, but in light of this performance, the Committee believes that the business plan must be comprehensively revised. Not only should the business plan reflect the Committee's feedback, but it should also reflect any positive developments with respect to the Debtors' operations and fleet (as well as the airline industry generally). Additionally, the Debtors must provide the business plan to potential exit financing sources well in advance of any deadline for committed financing to ensure that such parties have sufficient time to review and account for the revised business plan in their investment decisions.

11. The Committee is hopeful that its concerns can be rectified or mooted through an acceptable plan of reorganization proposal. However, in the absence of modifications to the business plan with adequate time for potential bidders to review and understand the updated business plan or an otherwise value-maximizing plan of reorganization, the consensus that has marked these cases to date could quickly devolve into a morass of litigation. The Committee, for

its part, will continue to work cooperatively with the Debtors to attempt to achieve a value maximizing and consensual exit from bankruptcy.

12. The Committee believes that extending the Exclusive Periods by seventy-five (75) days will satisfy the Debtors' need for additional time and encourage them to continue engaging in a thorough, good faith and vigorously negotiated exit financing process, while simultaneously protecting against the risk that the Debtors enjoy the advantages of significantly extended Exclusive Periods only to propose a reorganization plan that is not in the best interests of their creditors and other stakeholders.

13. The Committee reserves all rights, including its right to seek to terminate the Debtors' extended Exclusive Periods should circumstances warrant.

Dated: June 18, 2021

By: /s/ Brett H. Miller
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