

Hearing Date and Time: August 12, 2021, at 10:00 a.m. (prevailing Eastern Time)
Objection Date and Time: August 5, 2021, at 4:00 p.m. (prevailing Eastern Time)

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and Debtors in Possession*

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

In re:

**GRUPO AEROMÉXICO, S.A.B. de C.V., et
al.,
Debtors.¹**

Chapter 11

Case No. 20-11563 (SCC)

(Jointly Administered)

**COVER SHEET TO THE THIRD INTERIM APPLICATION OF DAVIS POLK &
WARDWELL LLP FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED AS COUNSEL TO
THE DEBTORS AND DEBTORS IN POSSESSION FOR THE PERIOD
FROM JANUARY 1, 2021 THROUGH APRIL 30, 2021**

In accordance with Rule 2016-1 of the Local Rules of Bankruptcy Procedure, incorporating the *Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York Bankruptcy Cases* [General Order M-447], among other guidelines (the “**Local Guidelines**”) and the *Order Pursuant to 11 U.S.C. §§ 105(a) and 331*

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; 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.

Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals, dated September 8, 2020 [ECF No. 360] (the “**Interim Compensation Order**”), Davis Polk & Wardwell LLP (“**Davis Polk**”), counsel for the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”), submits this summary (this “**Summary**”) of fees and expenses sought as actual and necessary in the fee application to which this Summary is attached (the “**Application**”) for the period of January 1, 2021 through April 30, 2021 (the “**Fee Period**”).

General Information

Name of Applicant:	Davis Polk & Wardwell LLP Counsel to the Debtors and Debtors in Possession
Authorized to Provide Services to:	Grupo Aeroméxico, S.A.B. de C.V., <i>et al.</i>
Petition Date:	June 30, 2020
Retention Date:	September 8, 2020 <i>nunc pro tunc</i> to June 30, 2020
Date of Order Approving Retention:	September 8, 2020 [ECF No. 361]

Summary of Fees and Expenses Requested for the Fee Period

Time Period Covered by This Application:	January 1, 2021 through April 30, 2021
Total Compensation Requested:	\$5,558,249.50
Total Expenses Requested:	\$56,114.48 ²

² This amount reflects a reduction in expenses in the amount of \$6,362.00 on account of certain expenses that were inadvertently included in Davis Polk’s *Sixth Monthly Statement of Services Rendered and Expenses Incurred for the Period from January 1, 2021 Through January 31, 2021* [ECF No. 924] and uncovered during a system reconciliation.

Total Compensation and Expenses Requested: \$5,614,363.98

Summary of Past Requests for Compensation and Prior Payments³

Compensation Sought in This Application Already Paid Pursuant to a Compensation Order but Not yet Allowed: \$4,446,599.60

Expenses Sought in This Application Already Paid Pursuant to a Compensation Order but Not yet Allowed: \$62,476.48

Total Compensation and Expenses Sought in This Application Already Paid Pursuant to a Compensation Order but Not yet Allowed: \$4,509,076.08

Summary of Rates and Other Related Information for the Fee Period

Blended Rate in This Application for All Partners, of Counsel, and Associates: \$1,185.98

Blended Rate in This Application for All Timekeepers: \$1,166.74

Number of Professionals Included in This Application: 49

Difference Between Fees Budgeted and Compensation Sought for This Period: -

Number of Professionals Billing Fewer Than 15 Hours During This Period: 22

³ Pursuant to the Interim Compensation Order, objections to the *Ninth Monthly Fee Statement of Davis Polk & Wardwell LLP for Compensation for Services and Reimbursement of Expenses Incurred as Counsel to the Debtors and Debtors in Possession for the Period from April 1, 2021 through April 30, 2021* [ECF No. 1236] (the “**April Monthly Fee Statement**”) were to be filed no later than June 14, 2021. No objection or other responsive pleading to the April Monthly Fee Statement has been (a) filed with the Court on the docket of the above-captioned chapter 11 cases or (b) served on the Debtors or Davis Polk. Accordingly, Davis Polk anticipates that, prior to the hearing with respect to this Application, it will receive compensation in the amount of \$1,325,772.00, which is equal to 80% of the total amount of reasonable compensation for actual, necessary legal services that Davis Polk incurred in connection with such services during the period from April 1, 2021 through and including April 30, 2021 (the “**April Fee Period**”) and payment of \$7,568.88 for the actual, necessary expenses of Davis Polk incurred in connection with such services during the April Fee Period.

Increase in Rates Since Date of Retention: The Application includes a customary annual rate increase for all time keepers since Davis Polk's retention in the Chapter 11 Cases, which was disclosed on the Court docket in the *Third Supplemental Declaration of Timothy Graulich in Support of the Application of Debtors for Authority to Employ and Retain Davis Polk & Wardwell LLP as Attorneys for the Debtors Nunc Pro Tunc to the Petition Date* [ECF No. 752].

This is a(n): ___ monthly x interim ___ final application

Summary of Prior Monthly Fee Statements of Davis Polk & Wardwell LLP

Period Covered and ECF No.	Total Fees Requested	Total Expenses Requested	Total Fees and Expenses	Fees Paid	Expenses Paid	Total Balance Remaining
01/1/2021 – 01/31/2021 ECF No. 924	\$1,160,165.50	\$32,190.06	\$1,192,355.56	\$928,132.40	\$32,190.06	\$232,033.10
02/1/2021 – 02/28/2021 ECF No. 1036	\$1,275,109.50	\$5,558.11	\$1,280,667.61	\$1,020,087.60	\$5,558.11	\$255,021.90
03/1/2021 – 03/31/2021 ECF No. 1143	\$1,465,759.50	\$17,159.43	\$1,482,918.93	\$1,172,607.60	\$17,159.43	\$293,151.90
04/1/2021 – 04/30/2021 ECF No. 1236 ⁴	\$1,657,215.00	\$7,568.88	\$1,664,783.88	\$1,325,772.00	\$7,568.88	\$325,081.00 ⁵

⁴ Pursuant to the Interim Compensation Order, objections to the *Ninth Monthly Fee Statement of Davis Polk & Wardwell LLP for Compensation for Services and Reimbursement of Expenses Incurred as Counsel to the Debtors and Debtors in Possession for the Period from April 1, 2021 through April 30, 2021* [ECF No. 1236] (the “**April Monthly Fee Statement**”) were to be filed no later than June 14, 2021. No objection or other responsive pleading to the April Monthly Fee Statement has been (a) filed with the Court on the docket of the above-captioned chapter 11 cases or (b) served on the Debtors or Davis Polk. Accordingly, Davis Polk anticipates that, prior to the hearing with respect to this Application, it will receive compensation in the amount of \$1,325,772.00, which is equal to 80% of the total amount of reasonable compensation for actual, necessary legal services that Davis Polk incurred in connection with such services during the period from April 1, 2021 through and including April 30, 2021 (the “**April Fee Period**”) and payment of \$7,568.88 for the actual, necessary expenses of Davis Polk incurred in connection with such services during the April Fee Period.

⁵ This amount reflects a reduction in expenses in the amount of \$6,362.00 on account of certain expenses that were inadvertently included in Davis Polk’s *Sixth Monthly Statement of Services Rendered and Expenses Incurred for the Period from January 1, 2021 Through January 31, 2021* [ECF No. 924] and uncovered during a system reconciliation.

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**UNITED STATES BANKRUPTCY COURT
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In re:

**GRUPO AEROMÉXICO, S.A.B. de C.V., et
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Debtors.¹

Chapter 11

Case No. 20-11563 (SCC)

(Jointly Administered)

**THIRD INTERIM APPLICATION OF DAVIS POLK & WARDWELL LLP FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES INCURRED AS COUNSEL TO THE DEBTORS AND DEBTORS IN
POSSESSION FOR THE PERIOD FROM JANUARY 1, 2021
THROUGH APRIL 30, 2021**

Pursuant to sections 327, 330, and 331 of chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), Rule 2016-1 of the Local Rules of Bankruptcy Procedure, incorporating the *Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York Bankruptcy Cases* [General Order M-447], among other guidelines (the “**Local**

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Guidelines”), the United States Trustee’s Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 for Attorneys in Larger Chapter 11 Cases effective as of November 1, 2013 (the “**U.S. Trustee Guidelines**,” and together with the Local Guidelines, the “**Fee Guidelines**”), and the *Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* [ECF No. 360] (the “**Interim Compensation Order**”), Davis Polk & Wardwell LLP (“**Davis Polk**”), counsel for the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”), submits this *Third Interim Application for Compensation for Services Rendered and Reimbursement of Expenses Incurred for the Period from January 1, 2021 through April 30, 2021* (this “**Application**”). By this Application, Davis Polk seeks allowance of compensation for actual and necessary professional services rendered for the Debtors in the total amount of \$5,558,249.50, and for reimbursement of actual, necessary disbursements that Davis Polk incurred in connection with such services in the total amount of \$56,114.48, for an aggregate total of \$5,614,363.98 during the period of January 1, 2021 through April 30, 2021 (the “**Fee Period**”).

Jurisdiction

1. The United States Bankruptcy Court for the Southern District of New York (the “**Court**”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

3. On June 30, 2020, (the “**Petition Date**”), the Debtors each commenced in this Court a voluntary case (the “**Chapter 11 Cases**”) under chapter 11 the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors-in-possession

pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On July 1, 2020, the Court entered an order [ECF No. 30] authorizing the joint administration and procedural consolidation of the Debtors' Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b). No entity has requested the appointment of a trustee or examiner in these Chapter 11 Cases. On July 13, 2020, the United States Trustee for the Southern District of New York (the "**U.S. Trustee**") appointed an official committee of unsecured creditors (the "**Committee**") pursuant to section 1102 of the Bankruptcy Code [ECF No. 92].

4. Detailed information regarding the Debtors' business, capital structure, and the circumstances leading to the commencement 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* (ECF No. 20), filed with the Court on the Petition Date.

5. On September 8, 2020, the Court entered the Interim Compensation Order, which sets forth the procedures for interim compensation and reimbursement of expenses for all professionals in these cases.

The Debtors' Retention of Davis Polk

6. On September 8, 2020, the Court entered the *Order Approving Application of Debtors for Authority to Employ and Retain Davis Polk & Wardwell LLP as Attorneys for the Debtors Nunc Pro Tunc to the Petition Date* [ECF No. 361] (the "**Retention Order**"), authorizing Davis Polk's retention by the Debtors. The Retention Order attached hereto as **Exhibit B** and incorporated by reference allows the Debtors to compensate and reimburse Davis Polk in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Guidelines, and the Interim Compensation Order.

7. The Retention Order also authorizes the Debtors to compensate Davis Polk at its hourly rates charged for services of this type and for the firm's actual, necessary expenses

incurred in connection such services rendered during the Fee Period. Among other things, it permits Davis Polk to render the following services:

- a. Providing advice, representation and preparation of necessary documentation and pleadings and taking all necessary or appropriate actions in connection with statutory bankruptcy issues, strategic transactions, asset sale transactions, real estate, intellectual property, employee benefits, business and tort commercial and governmental litigation and corporate and tax matters;
- b. Counseling the Debtors with regard to their rights and obligations as debtors in possession, and their powers and duties in the continued management and operation of their businesses and properties;
- c. Taking all necessary or appropriate actions to protect and preserve the Debtors' estates, including the prosecution of actions on the Debtors' behalf, the defense of any actions commenced against the Debtors, the negotiation of disputes in which the Debtors are involved and the preparation of objections to claims filed against the Debtors' estates;
- d. Taking all necessary or appropriate actions in connection with any chapter 11 plan, all related disclosure statements and all related documents and such further actions as may be required in connection with the administration of the Debtors' estates; and
- e. Acting as restructuring counsel for the Debtors and performing all other necessary or appropriate legal services in connection with the Chapter 11 Cases.

Compensation Paid and Its Sources

8. All services during the Fee Period for which compensation is requested by Davis Polk were performed for or on behalf of the Debtors. Additionally, Davis Polk has not received any payment or promises of payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with matters covered by this Fee Application. A certification confirming Davis Polk's compliance with the Fee Guidelines is annexed hereto as **Exhibit A.**

9. To the extent that billable time or disbursement charges for services rendered or expenses incurred relate to the Fee Period, but were not processed prior to the preparation of this Fee Application, Davis Polk reserves the right to request compensation for such services and reimbursement of such expenses in a future fee application.

10. These professional services were rendered by Davis Polk's partners, counsel, associates and paraprofessionals from its various practice groups, including restructuring, litigation, corporate, intellectual property, executive compensation and benefits, and tax.

Summary of Professional Compensation and Reimbursement of Expenses Requested

11. During the Fee Period, Davis Polk's professionals and paraprofessionals expended a total of 4,763.9 hours in connection with providing necessary services. Davis Polk has been able to efficiently provide services by utilizing the expertise of professionals and paraprofessionals within relevant practice groups to effectively advise the Debtors regarding discrete issues and ensuring that the level of seniority is commensurate with the assignment. Davis Polk, in connection with services rendered on behalf of the Debtors, respectfully requests allowance of reasonable compensation of such services rendered in the total amount of \$5,558,249.50 and reimbursement of actual and necessary expenses incurred in the amount of \$56,114.48, for an aggregate total of \$5,614,363.98 for the Fee Period. Annexed hereto as **Exhibit C** is a list of Davis Polk Professionals and paraprofessionals, their position with the firm, the department in which the individual practices, the hourly rate charged for their services, the number of hours worked on this matter, and other pertinent information. **Exhibit D** annexed hereto is a list of the various categories and the total fees and total hours expended by subject matter category. Davis Polk engaged in ongoing discussions with the Debtors regarding budgeting and staffing issues. In addition to those discussions, annexed hereto as **Exhibit G** and **Exhibit H**, respectively, are Davis Polk's budget and its staffing plan in connection with services

rendered to the Debtors. Davis Polk maintained computerized, detailed time records for the Compensation Period organized by project category with a daily time log describing the time spent by each timekeeper, as well as an itemization of all disbursements incurred. The detailed records for the Compensation Period are annexed hereto as **Exhibit I**.

Case Status

12. The Debtors commenced these Chapter 11 Cases in the throes of an unprecedented pandemic that has dramatically affected the Debtors' business and the entire global aviation industry. Aeroméxico is the leading airline in Mexico and, pre-pandemic, was sufficiently capitalized to continue its operational initiatives and take advantage of its strategic partnerships. However, among many other things, the pandemic caused and continues to cause severe travel restrictions, including the outright closure of borders, a severe decline in passenger demand and significantly reduced flight operations. Notwithstanding the Debtors undertaking significant cost reduction and liquidity preservation measures to protect their business, the negative effects of the pandemic led to the filing of these Chapter 11 Cases. The Debtors commenced these Chapter 11 Cases to, among other things, preserve value, reduce costs, negotiate key lease and collective bargaining agreements, and rationalize their fleet.

13. Since the Petition Date, the Debtors have made significant progress toward their restructuring goals including:

- (a) obtaining court approval of the Debtors' DIP Facility, negotiating with various parties relating to the same, and closing the DIP Facility;
- (b) meeting conditions precedent for full availability under the DIP Facility;
- (c) seeking and obtaining authority to reject certain aircraft-related leases that were not necessary for the Debtors' continued operation or successful reorganization;
- (d) negotiating finance stipulations with various lessors to Debtors' aircraft and related equipment;

- (e) negotiating, and obtaining approval for, numerous agreements with various aircraft counterparties, resulting in the addition of new aircraft to the Debtors' fleet and the assumption of amended leases related to additional aircraft already in the Debtors' fleet;
- (f) obtaining approval of a comprehensive settlements in connection with various facilities and bond issuances (CEBURES Mexican Bonds) relating to the Debtors' credit card receivables;
- (g) finalizing negotiations and comprehensive settlements with all of the Debtors' unionized labor groups to ensure a successful reorganization is possible and obtaining court approval to enter into agreements relating to such negotiations and settlements;
- (h) extensively negotiating, and obtaining approval for, severance packages for terminated employees, as required by Mexican law;
- (i) setting the Debtors' bar date for prepetition claims, drafting related documentation and notices, and commencing the Debtors' claims analysis, including expunging hundreds of claims from the claims registers and communications with stakeholders related thereto;
- (j) negotiating the assumption of certain essential agreements with improved terms, including in relation to certain airport, fuel and related service providers;
- (k) progressing negotiations with several of the Debtors creditors and stakeholders in hopes of reaching resolution without the need for litigation;
- (l) structuring and drafting a confirmable plan of reorganization and related disclosure statement;
- (m) working towards satisfying the conditions precedent to filing a plan of reorganization set forth in the DIP Loan Agreement;
- (n) analyzing issues and responding to filings related to the Debtors' loyalty program, and extensive negotiations with various constituencies in connection therewith;
- (o) preparing for and successfully arguing numerous motions and applications at multiple hearings; and
- (p) addressing, and continue to address, extremely in-depth issues surrounding numerous diligence requests from various parties in interest while providing ever-increasing volume of relevant information.

14. As the foregoing summary demonstrates, the Debtors have accomplished a great deal during the Fee Period, and continue to make progress on many different fronts.

Summary of Services Rendered

15. Davis Polk provided extensive and critical professional advice and other services in connection with the key developments described above and on myriad other important issues, often on an urgent basis and within a limited time frame. Summaries of significant services are detailed below in accordance with Davis Polk's internal system of project categories:

Aircraft/Engines

Fees: \$1,363,872.50, Total Hours: 1,074.7

- Under this project category, Davis Polk assisted the Debtors with the fleet rationalization process among other things. Specifically, Davis Polk:
 - Prepared motions to reject certain equipment and negotiated the terms of the return of various rejected equipment with certain equipment counterparties;
 - Assisted in negotiating and filing various aircraft financing and usage stipulations, and non-disclosure agreements relating to the same;
 - Assisted in negotiating agreements with various aircraft counterparties for the addition of new aircraft to the Debtors' fleet and the assumption of amended leases related to additional aircraft already in the Debtors' fleet, including negotiating Non-Disclosure Agreements and preparing and filing numerous motions, orders and other filings related thereto;
 - Participated in weekly calls with the Debtors and their advisors, answered legal questions for the fleet team, and discussed fleet rationalization workstreams; and
 - Negotiated various other issues with fleet counterparties.

Automatic Stay/Litigation

Fees: \$204,259.00, Total Hours: 215.1

- Under this project category, Davis Polk assisted the Debtors with issues related to current and potential litigation and related automatic stay issues. Specifically, Davis Polk:
 - Undertook research and analysis relating to, among other things, potential litigation, proofs of claim, and automatic stay issues;
 - Drafted pleadings, subpoenas, and memoranda in connection with the

Newrest litigation including, among other things, memoranda regarding service of process and contempt sanctions issues, the contempt motion and declarations in support of the same, the motion for entry of default judgment, and participated in settlement negotiations in connection with the Newrest litigation; and

- Discussed and corresponded with the Debtors and the Debtors' various professionals regarding the cross-border effects of the automatic stay, and specifically its impact on-going vendor relationships.

Bar Date/Estimation/Claims Allowance Issues

Fees: \$455,632.00, Total Hours: 411.9

- Under this project category, Davis Polk assisted the Debtors' with Bar Date pleadings and related materials. Specifically, Davis Polk:
 - Researched and analyzed claims objection procedure issues and drafted, negotiated, and filed the claims objection procedures motion;
 - Drafted and filed numerous omnibus claims objections;
 - Corresponded with creditors and creditors' counsels regarding proofs of claim and claims objections;
 - Researched issues related to claims methodology and claim calculations, and corresponded with Debtors, Debtors' advisors, and the Committee's advisors in relation thereto; and
 - Researched and analyzed issues regarding discharging claims.

Corporate Governance, Board Matters and Communications

Fees: \$185,465.00, Total Hours: 125.3

- Under this project category, Davis Polk assisted the Debtors' board of directors (the "**Board**") and management team with analysis and advice regarding corporate governance issues, legal issues and interaction with the press, among other things. Specifically, Davis Polk:
 - Advised, prepared materials for, and participated in numerous meeting and calls with the Board and various committees, including on issues regarding DIP Facility, compensation, pending litigation, and Chapter 11 case status and strategy;
 - Drafted and filed the Motion to Divest from Gran Plan; and
 - Attended various calls with the management team and Board to provide legal updates in connection with the Chapter 11 Cases.

Creditor/UCC/AHC

Fees: \$390,531.00, Total Hours: 328.3

- Under this project category, Davis Polk assisted the Debtors with coordinating and communicating with creditors, including the Committee and the Ad Hoc Committee on a variety of issues. Specifically, Davis Polk:
 - Prepared, reviewed, and revised materials for, corresponded with, and participated in meetings with the Committee, the Ad Hoc Committee and other creditor groups regarding all aspects of the Chapter 11 Cases;
 - Analyzed issues and responded to filings related to the Debtors' loyalty program, and extensive negotiations with various constituencies in connection therewith; and
 - Provided information, analyses and presentations to the Committee's advisors and responded to inquiries and comments.

Customer/Vendor/Non-Aircraft Lease/ Non-Aircraft Contract Issues

Fees: \$277,514.50, Total Hours: 272.5

- Under this project category, Davis Polk assisted the Debtors with issues related to the Debtors' customers and vendors, negotiations with lease and contract parties and preparation of pleadings and litigation regarding the Debtors' agreements, among other things. Specifically, Davis Polk:
 - Advised and strategized with the Debtors' management and other advisors regarding critical vendor issues and processes to stabilize the business and ensure uninterrupted operations;
 - Prepared and reviewed various pleadings regarding the assumption, assignment or rejection of certain executory contracts and unexpired leases;
 - Conducted research and reviewed and analyzed numerous executory and other contracts, leases, and agreements in response to inquiries from the Debtors and the Debtors' other advisors; and
 - Conducted various conferences and negotiations with contractual counterparties and parties in interest regarding certain executory contracts and leases and potential transactions.

Employee/Pension Issues

Fees: \$841,752.00, Total Hours: 660.3

- Under this project category, Davis Polk assisted the Debtors with the review and analysis of employee-related issues including compensation, bonuses, incentive plans, severance, union related issues, insurance benefits and retirement plan issues, among other things. Specifically, Davis Polk:
 - Researched various issues related to the Key Employee Retention Program and other potential compensation programs;
 - Negotiated comprehensive settlements with all of the Debtors' unionized labor groups to ensure a successful reorganization is possible, drafted the

Collective Bargaining Agreement motion and declarations in support of the same, and obtained court approval to enter into agreements relating to such negotiations and settlements;

- Negotiated, drafted numerous filings, and obtained approval for severance packages for terminated employees; and
- Drafted and revised resolutions and other ancillary documents relating to employee compensation issues.

Financing

Fees: \$418,064.50, Total Hours: 328.4

- Under this project category, Davis Polk assisted the Debtors with issues related to the Debtors' DIP Facility. Specifically, Davis Polk:
 - Reviewed and analyzed issues related to DIP Facility milestones and equity conversion schedule;
 - Prepared schedules, financing statements, borrowing notice, and other ancillary documents to the DIP Facility;
 - Coordinated satisfaction of conditions precedent to full availability under the DIP Facility and drawing the remaining availability under the DIP Facility;
 - Attended various calls with the Debtors' management and other advisors regarding the DIP Facility; and
 - Reviewed documents related to the DIP Facility, including amendments to the DIP Facility.

General Case Administration

Fees: \$425,363.50, Total Hours: 421.9

- Under this project category, Davis Polk assisted the Debtors with general matters related to case administration, including case coordination, case calendaring, preparation of schedules, the filing of court papers, and tasks that do not fall within the other project categories. Specifically, Davis Polk:
 - Prepared for, coordinated, and attended weekly internal call on case status in order to develop and efficiently manage workstreams;
 - Engaged in small-group correspondences and calls amongst the Davis Polk team to coordinate workstreams and provide updates;
 - Attended update and coordination calls with the Debtors' other advisors;
 - Drafted numerous Certificates of No Objection and various other notices; and
 - Filed, among other things, monthly operating reports, stipulations, motions, notices, orders, and declarations.

Non-DPW Retention and Fee Issues

Fees: \$102,251.00, Total Hours: 93.8

- Under this project category, Davis Polk assisted the Debtors with the preparation and review of retention materials for the Debtors' non-Davis Polk professionals. Specifically, Davis Polk:
 - Assisted and responded to inquiries from the Debtors' other professionals with respect to retention;
 - Attended multiple calls and corresponded with the Debtors, Debtors' other professionals, and the U.S. Trustee regarding retention updates;
 - Corresponded with the Debtors and Debtors' other professionals regarding review of parties in interest list and related supplement declarations identifying additional parties in interest who were not included as part of the initial disclosure;
 - Corresponded with the Debtors and Debtors' other professionals regarding interim fee applications;
 - Responded to inquiries from ordinary course professionals; and
 - Prepared court filings seeking authority for the Debtors to employ, retain, and compensate certain professionals in the ordinary course of business.

Plan/Disclosure Statement

Fees: \$372,809.00, Total Hours: 356.1

- Under this project category, Davis Polk assisted the Debtors with drafting a Chapter 11 plan and accompanying disclosure statement. Specifically, Davis Polk:
 - Reviewed, revised, and filed Second Motion to Extend Exclusivity Periods;
 - Attended multiple calls and corresponded with the Debtors and Debtors' other professionals regarding Plan timeline and Plan structural issues;
 - Drafted and revised a potential Plan and Plan term sheet;
 - Researched various Plan-related issues; and
 - Drafted and revised Disclosure Statement and solicitation materials.

DPW Retention/Preparation of Fee Statements/Applications Budget

Fees: \$71,783.00, Total Hours: 91.4

- Under this project category, Davis Polk assisted the Debtors with issues related to Davis Polk's retention, including the preparation and review of Davis Polk's monthly fee applications and interim fee application. Specifically, Davis Polk:
 - Drafted and prepared various monthly fee statements;
 - Drafted and prepared the Second Interim Fee Application;

- Drafted and prepared the Fourth Supplemental Declaration to Davis Polk Retention Application;
- Performed supplemental conflicts review; and
- Prepared budget and staffing plan for ongoing compensation period.

IP, Regulatory and Tax

Fees: \$304,413.50, Total Hours: 258.0

- Under this project category, Davis Polk assisted the Debtors with regulatory and tax issues, monthly operating reports, and other reporting and accounting activities, among other things. Specifically, Davis Polk:
 - Reviewed and advised on various tax matters in connection with the DIP Facility;
 - Analyzed antitrust issues under the Hart-Scott-Rodino Act, including review of data room document and regulatory filings; and
 - Corresponded with the Debtors' other advisors regarding the Debtors' monthly operating reports and other reporting requirements and prepared drafts of the same.

Hearing Preparation/Attendance

Fees: \$109,979.00, Total Hours: 98.3

- Under this project category, Davis Polk Davis Polk performed services related to preparations for and attendance of various hearings. Specifically, Davis Polk:
 - Drafted and filed numerous court papers relating to hearing administration, including notices of hearing dates, adjournments, and hearing agendas;
 - Prepared talking points, witnesses, and other materials, and otherwise prepared for various hearings; and
 - Telephonically attended:
 - The Enforcement of Automatic Stay and Preliminary Injunction Hearing on February 10, 2021;
 - The Interim Fee Application Hearing on March 17, 2021; and
 - The Boeing Hearing on April 30, 2021.

Credit Card Receivables

Fees: \$34,560.00, Total Hours: 27.9

- Under this project category, Davis Polk assisted the Debtors with issues relating to their credit card processing agreements and receivables securitization trusts.

Actual and Necessary Expenses

16. As set forth in **Exhibit E** hereto, Davis Polk has incurred or disbursed \$56,114.48 in expenses in providing professional services to the Debtors during the Fee Period. These expense amounts are intended to cover Davis Polk's direct operating costs, which costs are not incorporated into the Davis Polk hourly billing rates. Only clients for whom the services are actually used are separately charged for such services. The effect of including such expenses as part of the hourly billing rates would unfairly impose additional costs upon clients who do not require extensive photocopying, delivery, and other services. Davis Polk charges all of its bankruptcy clients \$0.10 per page for photocopying and printing job expenses. On several occasions, overnight delivery of documents and other materials were required as a result of circumstances necessitating the use of such express services.

17. Regarding providers of online legal research (e.g., LexisNexis and Westlaw), Davis Polk charges all of its clients the standard usage rates these providers charge, which, due to contractual flat fees, may not always equal Davis Polk's actual cost. Davis Polk currently is under contract to pay these providers a flat fee every month. Charging its clients the online providers' standard usage rates allows Davis Polk to cover adequately the monthly flat fees it must pay to these types of providers.

18. Davis Polk has made every effort to minimize its expenses in the Chapter 11 Cases. The actual expenses incurred in providing professional services to the Debtors were necessary, reasonable, and justified under the circumstances to serve the needs of the Debtors, their estates, and other parties in interest.

Davis Polk's Requested Compensation and Reimbursement Should Be Allowed

19. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 of the Bankruptcy Code to

govern the Court's award of such compensation. Section 330 of the Bankruptcy Code provides that a court may award a professional employed under section 327 of the Bankruptcy Code "reasonable compensation for actual necessary services rendered ... and reimbursement for actual, necessary expenses." 11 U.S.C. § 330(a)(1). Section 330 also sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded, the court should consider the nature, extent, and the value of such services, taking into account all relevant factors, including –

- (a) the time spent on such services;
- (b) the rates charged for such services;
- (c) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (d) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and
- (e) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. § 330(a)(3).

20. The foregoing professional services were performed by Davis Polk in an efficient manner, were necessary and appropriate to the administration of the Chapter 11 Cases, and were in the best interests of the Debtors, their estates, and other parties in interest. Compensation for the foregoing services as requested is commensurate with the complexity, importance, and nature of the problems, issues, and tasks involved. As required by the U.S. Trustee guidelines, annexed hereto as **Exhibit F** is a chart setting forth the comparative blended rates of the professionals and paraprofessionals who rendered services with a corresponding comparison of rates for professionals and paraprofessionals not involved in these Chapter 11 Cases.

Notice

21. The Debtors will provide notice of this Application in accordance with the Interim Compensation Order. The Debtors submit that no other or further notice be given.

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WHEREFORE, Davis Polk, in connection with services rendered on behalf of the Debtors, respectfully requests allowance of reasonable compensation of such services rendered in the total amount of \$5,558,249.50 and reimbursement of actual and necessary expenses incurred in the amount of \$56,114.48, for an aggregate total of \$5,614,363.98 for the Fee Period.

Dated: June 23, 2021
New York, New York

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