

**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)

**DECLARATION OF MATTHEW LANDESS IN SUPPORT OF (A) DEBTORS’
MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING DEBTOR AEROLITORAL,
S.A. DE C.V. TO ASSUME (ON AN AMENDED BASIS) THOSE CERTAIN AIRCRAFT
LEASE AGREEMENTS AND (II) APPROVING THE CLAIMS SETTLEMENT WITH
AVIATOR IRELAND AMX 188, DAC AND
AVIATOR IRELAND AMX 216, DAC AND (B) RELATED PLEADINGS**

I, Matthew Landess, declare as follows:

1. I am a partner of SkyWorks Capital, LLC (“**SkyWorks**”), which serves as aircraft fleet restructuring financial advisor to the debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”) and served in such capacity prior to the commencement of these cases. I have been employed by SkyWorks or its affiliates since 2008.

2. As a Partner at SkyWorks, I have advised several airlines during their restructuring processes. I have worked on bankruptcy cases in the airline industry, including TWA, Delta Air Lines, and American Airlines. I have advised multiple industry-leading airlines on matters relating to fleet planning, including aircraft orders, aircraft financing structures, tax leases, operating leases, capital leases and multiple debt structures, and negotiating contracts on behalf

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 Mexico, 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.

of my clients that have enabled them to collectively save billions of dollars and successfully restructure their businesses.

3. I submit this declaration (this “**Declaration**”) in support of the *Debtors’ Motion for Entry of an Order (I) Authorizing Debtor Aerolitoral, S.A. de C.V. To Assume (On an Amended Basis) those Certain Aircraft Lease Agreements and (II) Approving the Claims Settlement with Aviator Ireland AMX 188, DAC and Aviator Ireland AMX 216, DAC* (the “**Assumption Motion**”) and the *Debtors’ Motion for Entry of an Order Authorizing the Debtors To Partially Redact Form of Amended Aircraft Leases* (the “**Sealing Motion**” and, together with the Assumption Motion, the “**Motions**”), which were filed with the Court contemporaneously herewith.²

4. The statements in this declaration are, except where specifically noted, based on my personal knowledge or opinion, on information that I have received from the Debtors’ employees or advisors or professionals of SkyWorks working directly with me or under my supervision, direction, or control, or from the Debtors’ books and records maintained in the ordinary course of their businesses.³

5. I am not being specifically compensated for this testimony other than through payments received by SkyWorks as a professional retained by the Debtors. I am over the age of 18 years and authorized to submit this Declaration on behalf of the Debtors. If I were called upon to testify, I could and would competently testify to the facts set forth herein.

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motions.

³ This declaration is based off of SkyWorks’ knowledge of the Debtors, the Chapter 11 Cases, and their fleet (aside from aircraft number 35311).

Assumption Motion

6. As set forth in the Assumption Motion, the Debtors have been engaged in a multi-step process to (a) analyze their anticipated, long-term fleet and equipment needs, (b) make corresponding adjustments to the size and composition of their current operating fleet, and (c) obtain the most favorable terms for agreements relating to aircraft equipment.

7. Over the last several months, the Debtors have continued negotiating with existing lessors and potential lessors of additional aircraft and equipment to obtain the best terms available for the aircraft that will be necessary for the Debtors to pursue their long-term business plan and to optimize their anticipated fleet upon emergence from the Chapter 11 Cases.

8. As a result of arm's length and good faith negotiations, the Debtors have reached an agreement with (a) Aviator Ireland AMX 188, DAC (the "**188 Lessor**") to assume the 188 Aircraft Lease relating to an Embraer E190 aircraft bearing manufacturer's serial number 19000188 (together with the related engines, parts, equipment, and appurtenances, the "**188 Aircraft**"), which the Debtor Lessee currently operates as part of its existing fleet, on an amended basis in accordance with the terms and conditions set forth in the Amended 188 Aircraft Lease, (b) Aviator Ireland AMX 216, DAC (the "**216 Lessor**" and, together with the 188 Lessor, the "**Lessors**") to assume the 216 Aircraft Lease relating to an Embraer E190 aircraft bearing manufacturer's serial number 19000216 (together with the related engines, parts, equipment, and appurtenances, the "**216 Aircraft**" and, together with the 188 Aircraft, the "**Aircraft**"), which the Debtor Lessee currently operates as part of its existing fleet, on an amended basis in accordance with the terms and conditions set forth in the Amended 216 Aircraft Lease, and (c) with the Lessors to resolve the Lessors' (and their affiliates') claims against the Debtors in the Chapter 11 Cases.

9. The form of the Amended Aircraft Leases⁴ sets forth the commercial terms between each Lessor and the Debtor Lessee. By agreeing to such terms, the Debtors have achieved certainty in maintaining the Aircraft in their fleet on terms that fit the Debtors' short- and long-term needs and at a significant discount to the existing terms under the Aircraft Leases. The Aircraft will come at attractive economics and ownership costs compared to the Debtors' average prepetition lease costs for similar equipment. Moreover, the Lessors and the Debtor Lessee agree that the assumption of the Aircraft Leases on an amended basis, in accordance with the terms and conditions set forth in the form of the Amended Aircraft Leases, would not give rise to an obligation to cure any defaults under the Aircraft Leases under section 365(b)(1)(A) of the Bankruptcy Code.

10. The assumption of the Aircraft Leases on an amended basis, in accordance with the terms and conditions set forth in the form of the Amended Aircraft Leases, (a) would be the result of the Debtors exercising their sound business judgement in accordance with their fiduciary duties, (b) would be in the best interests of their estates and economic stakeholders, and (c) would further serve to maximize value for the benefit of all creditors.

11. Finally, in conjunction with these transactions, the Debtors also seek approval of the Claims Settlement between the Lessors (and their affiliates) and the Debtors for the allowance of certain claims stemming from the amendment of the Aircraft Leases' terms and certain guarantees in connection with the Aircraft Leases, while expunging all other claims belonging to the Lessors and their affiliates in the Chapter 11 Cases. To this end, the parties have agreed that the Lessors, on behalf of themselves and all of their affiliates, will have allowed

⁴ Partially redacted summaries of the principal terms and conditions of the Amended Aircraft Leases are attached to the Assumption Motion as Exhibit B and Exhibit C.

non-priority general unsecured claims in the aggregate amount of \$5,600,000, as allocated in the Proposed Order, on account of all claims (including guarantee claims against the Debtors in the Chapter 11 Cases belonging to the Lessors and their affiliated entities (the “**Claims Settlement**” and, together with the Amended Aircraft Leases, the “**Aviator Transactions**”). The amounts of the Claims Settlement shall constitute the only general unsecured claims of the Lessors and their affiliates allowed in the Chapter 11 Cases.

12. I believe that the Claims Settlement satisfies the range of reasonableness test described above. Rather than engage in costly and value-destructive litigation over the Debtor Lessee’s obligations to the Lessors (and their affiliates), the amounts of the Lessors’ (and their affiliates’) claims, and any amounts mitigating the quantum of those claims, the parties negotiated a consensual resolution settling on \$5,600,000 as the agreed aggregate amount for the Claims Settlement. Any efforts by the Debtors, through litigation or otherwise, to resolve such disputes would be time consuming and expensive, and would delay any distribution to the creditor beneficiaries of the Debtors’ estates. A failure to resolve the matters at issue at this time could negatively impact the Debtors and their estates. The Claims Settlement is the product of arm’s length and good faith bargaining among the separate and independent advisors of the Debtors and the Lessors that will (a) eliminate the need for a costly claims dispute and (b) unlock distributable value for the Debtors’ unsecured creditors by liquidating the Lessors’ (and their affiliates’) claims against the Debtors. Lastly, a number of the Debtors’ key stakeholders, including the advisors to the Committee and the Ad Hoc Group, have no objection to the relief requested.

Sealing Motion

13. The Debtors are also seeking to partially redact the form of the Amended Aircraft Leases and the summaries of the Amended Aircraft Leases. While the Debtors recognize the

need to disclose sufficient information and details when seeking the relief requested in the Assumption Motion, the Debtors must ensure that they protect certain key economic and commercial terms set forth in the form of the Amended Aircraft Leases and the summaries of the Amended Aircraft Leases (the “**Confidential Information**”).

6. Disclosure of the Confidential Information could reasonably be expected to cause harm to the Debtors and jeopardize their goals at a critical juncture in the Chapter 11 Cases in various ways.

7. First, disclosing the Confidential Information would provide other aircraft counterparties insight into the Debtors’ cost structure, negotiating positions, and fleet strategy. Counterparties that are currently negotiating with the Debtors over new long-term leases, some for aircraft or equipment similar to the Aircraft under the Assumption Motion, will insist on obtaining the most favorable economic terms provided to any other lessor. Moreover, the Debtors anticipate further negotiations with equipment and aircraft counterparties (and potential new counterparties) regarding the terms of long-term lease agreements, and the Debtors’ negotiating position would be harmed if equipment and aircraft counterparties know the details of all of the terms in the Amended Aircraft Leases. Further, if the Debtors are not successful in protecting sensitive information and commercial accommodations made by the Lessors, it would hinder the Debtors’ ability to enter into further agreements with, and obtain beneficial economic terms from, the Lessors and other counterparties necessary to the Debtors’ ongoing business.

8. Second, disclosure of the Confidential Information would provide rarely disclosed information to the Debtors’ industry competitors. Given that fleet strategy is a core component of any commercial airline’s business model, disclosure of this sensitive information would provide the Debtors’ competitors with unique insight into the Debtors’ business strategy, which

insight the Debtors themselves do not have respecting their competition. In an already challenging marketplace, this informational asymmetry would leave the Debtors at a competitive disadvantage relative to their peers.

14. Third, disclosure of the Confidential Information could negatively implicate the relief requested in the Assumption Motion because the Lessors may be unwilling to proceed with the transactions contemplated by the form of the Amended Aircraft Leases on their current terms if they are required to publicly disclose certain highly confidential commercial terms in the context of the recent negotiations with the Debtors. The Lessors are active participants in the airline industry and seek to ensure they are not disadvantaged by disclosure of commercial terms in this proceeding that could be used by other customers to disadvantage it in future business negotiations. For this reason, the Lessors have also requested the filing under seal of the Confidential Information.

15. Importantly, the proposed redactions are limited and tailored to protect only specific information whose publication could reasonably be expected to adversely affect the Debtors' ongoing and future negotiations or competition with their peers. The narrowly-tailored nature of the redactions will serve to both minimize the quantity of redacted information while maximizing value for the Debtors' estates and economic stakeholders.

16. For the reasons set forth above, I believe that (a) the relief requested in the Motions is fair, equitable, and reasonable and represents a sound exercise of the Debtors' business judgment and (b) the Court's authorization for the Debtors to assume the Aircraft Leases on an amended basis, (i) is in the best interest of their estates and economic stakeholders and (ii) will further serve to maximize value for the benefit of all creditors. Pursuant to 28 U.S.C. § 1746, I declare under

penalty of perjury that the foregoing is true and correct to the best of my knowledge, information,
and belief.

Executed this 28th day of July, 2021
in New York, New York

Matthew Landess

Matthew Landess