

**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 AUTHORIZING DEBTOR AEROVÍAS DE
MÉXICO, S.A. DE C.V. TO ENTER INTO NEW SIMULATOR PURCHASE
AGREEMENT WITH CAE INC. 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 of my clients that have enabled them to collectively save billions of dollars and successfully restructure their businesses.

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.

3. I submit this declaration (this “**Declaration**”) in support of the Debtors’ Motion for Entry of an Order Authorizing Debtor Aerovías de México, S.A. de C.V. To Enter into New Simulator Purchase Agreement with CAE Inc. (the “**Acquisition Motion**”) and the Debtors’ Motion for Entry of an Order Authorizing the Debtors to Partially Redact Letter of Intent (the “**Sealing Motion**” and, together with the Acquisition 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.

Acquisition Motion

5. As set forth in the Acquisition 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. In that regard, the Debtors’ current business plan is aimed at a greater proportion of Boeing 737NG and 737MAX

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).

aircraft flying. Over the past several months, the Debtors have made substantial progress towards this goal.

- On March 9, 2021, the Debtors filed their *Motion for Authorization to Enter Into Aircraft Lease Agreements with Certain Counterparties* [ECF No. 954] (the “**BBAM-Merx Motion**”). The Court subsequently entered an order approving the BBAM-Merx Motion [ECF No. 1100], pursuant to which the Debtors added six new Boeing 737-800 aircraft (the “**BBAM-Merx Aircraft**”) to their fleet (the “**BBAM-Merx Transaction**”).
- On April 22, 2021, the Debtors filed their *Motion for (I) Approval of Compromises with Boeing and Other Counterparties, (II) Authorization To (A) Enter Into Amended Aircraft Purchase Agreement with Boeing and (B) Enter into Agreements with Other Counterparties related to the Boeing Transaction, (III) Approval of the Assumption of Such Amended Agreements, as Applicable, and (IV) Approval To Settle Certain Prepetition Claims of Counterparties* [ECF No. 1108] (the “**Boeing Motion**”) and their *Motion for (I) Authorization To (A) Enter Into New Aircraft Lease Agreements and (B) Amend and Assume Certain Existing Aircraft Lease Agreements, and (II) Approval of Compromise Regarding Prepetition Claims with Air Lease Corporation* [ECF No. 1113] (the “**Air Lease Motion**”). The Court approved both the Boeing Motion and the Air Lease Motion at a hearing on April 30, 2021,⁴ and subsequently entered each of the orders related thereto.⁵ Pursuant to such orders, the Debtors added, among other things, 24 new Boeing 737MAX

⁴ See Hr’g Tr. (April 30, 2021), 29:17–23 and 37:13–16.

⁵ See ECF Nos. 1141–42, 1145, 1154, 1156–57, 1160–62.

aircraft (collectively, the “**Boeing and ALC Aircraft**” and, together with the BBAM-Merx Aircraft, the “**New Aircraft**”) to their fleet (collectively, the “**Boeing and ALC Transactions**” and, together with the BBAM-Merx Transaction, the “**Aircraft Acquisitions**”).

- July 19, 2021, the Debtors filed their *Motion for (I) Authorization to (A) Enter Into New Aircraft Lease Agreements and (B) Amend and Assume a Certain Existing Aircraft Lease Agreement, and (II) Approval of Compromise Regarding Prepetition Claims with Affiliates of Dubai Aerospace Enterprise (DAE) Ltd.* [ECF No. 1452] seeking to acquire up to 12 Boeing 737MAX aircraft in accordance with their long-term fleet plan (the “**DAE Transaction**”). On August 11, 2021, the Court entered an order [ECF No. 1544] approving the DAE Transaction on an interim basis.

6. The potential induction of the new Boeing MAX aircraft from the DAE Transaction, along with those being added pursuant to the Aircraft Acquisitions, has necessitated a reevaluation of the Debtors’ pilot training needs as more pilots will transition to flying the Boeing 737NG and 737MAX aircraft. After careful consideration, the Debtors determined that they currently require an estimated 12 trained two-pilot crews (which could vary depending upon the training needs and the airline’s schedule) for each additional Boeing 737NG and 737MAX aircraft that the Debtors will operate as part of its long-term fleet. Given that the Debtors are currently unable to meet the projected need for increased Boeing 737 pilot training, the Debtors, in consultation with their advisors, weighed their options to increase simulator capacity to meet the greater demand for training – whether it be purchasing or leasing a simulator or outsourcing the training.

7. Given market conditions, the current lead time to secure a simulator is between 14 and 18 months. The Debtors were alerted to the fact that CAE Inc. (the “**Seller**”) had a new Simulator available for purchase and deployment potentially as early as February 2022. Moreover, the Simulator has the capability to train pilots on the Boeing 737NG and 737MAX aircraft models. Accordingly, in light of the Aircraft Acquisitions and the DAE Transaction, the Debtors believe that acquiring the Simulator at this time would be in the best interests of the estates, as it would allow the Debtors to fully maximize the value and benefits attributed to the inclusion of these additional aircraft in accordance with their fleet optimization and business plans.

8. As a result of arm’s length and good faith negotiations, the Debtors have reached an agreement with the Seller to enter into the Simulator Purchase Documents and take delivery of the Simulator (as described herein, in the Letter of Intent, and in the Landess Declaration). The Letter of Intent sets forth the commercial terms between the Seller and the Debtor Purchaser relating to the Simulator Purchase Documents. As described above, the purchase of this Simulator will enable the Debtors’ pilots to continue most of their required training in-house using state-of-the-art equipment to assure an efficient transition towards the airline’s new fleet structure.

9. The Debtors have a critical need to acquire at least one simulator that is compatible with their expected fleet at emergence from the Chapter 11 Cases. Further, for the reasons set forth above, a time-sensitive need exists to acquire a simulator to provide their pilots with the training necessary to operate the 737NG and 737MAX aircraft that the Debtors have or intend to acquire. In determining to enter into the transactions with the Seller, the Debtors compared the Letter of Intent and the Simulator to available alternatives (while taking into consideration the timing advantages of a transaction with the Seller, as detailed above) and ultimately negotiated (at arm’s length, in good faith, and in consultation with their key stakeholders) economically favorable

terms for the Simulator Purchase Documents, as memorialized in the Letter of Intent, that are in line with the Debtors' long-term business plan. Moreover, the Debtors have determined (based on the exercise of their sound business judgement) that the terms of the Simulator Purchase Documents, including the payment and delivery schedule thereunder, represent the best available transaction under the circumstances, particularly given, among other things, that the Debtors are unable to obtain any alternative Boeing 737MAX simulator in a timely manner and in accordance with the delivery schedule contemplated by the Boeing and ALC Transactions and the DAE Transaction, described above.

10. Lastly, a number of the Debtors' key stakeholders, including the advisors to the DIP Lenders, the Committee, and the Ad Hoc Group, have been consulted regarding the relief requested herein and have not expressed opposition to the relief requested.

Sealing Motion

11. The Debtors are also seeking to partially redact the Letter of Intent and the summary thereof. The Letter of Intent sets forth the commercial terms between the Seller and the Debtor Purchaser relating to the Simulator Purchase Documents. While the Debtors recognize the need to disclose sufficient information and details when seeking the relief requested in the Acquisition Motion, the Debtors must ensure that they protect certain key economic and commercial terms of the Simulator Purchase Documents, as set forth in the Letter of Intent (the "**Confidential Information**").

12. 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. First, disclosure of the Confidential Information would provide rarely disclosed information to the Debtors' industry competitors. Given that equipment and simulator 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' costs and 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.

13. Second, disclosure of the Confidential Information could negatively implicate the relief requested in the Acquisition Motion because the Seller may be unwilling to proceed with the transaction contemplated by the Letter of Intent on its current terms if it is required to publicly disclose certain highly confidential commercial terms in the context of the recent negotiations with the Debtors. The Seller is an active participant in the airline industry and seeks to ensure it is 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 Seller agrees with filing the unredacted Letter of Intent under seal.

14. 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.

15. 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 enter into the Letter of Intent and the Simulator Purchase Documents contemplated thereby (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.

16. 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 20th day of August, 2021
in New York, New York

/s/ Matthew Landess
Matthew Landess