

**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 JEFFREY S. CRAINE IN SUPPORT OF (A) DEBTORS' MOTION
FOR ENTRY OF AN ORDER AUTHORIZING CERTAIN OF THE DEBTORS TO
IMPLEMENT CERTAIN TRANSACTIONS WITH EX-IM BANK, INCLUDING
(I) ENTRY INTO OMNIBUS AMENDMENT AGREEMENTS, (II) ASSUMPTION (ON
AN AMENDED BASIS) OF CERTAIN AIRCRAFT LEASES, AND (III) CLAIMS
SETTLEMENT AND (B) RELATED PLEADINGS**

I, Jeffrey S. Craine, 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 (collectively, the "**Debtors**") in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**"), and served in such capacity prior to the commencement of the Chapter 11 Cases. I have been employed by SkyWorks or its affiliates since 2002.

2. In my 19 years at SkyWorks, I have provided financial advice to multiple airline clients, including Spirit Airlines, Aeroméxico, American Airlines, Atlas Air, Finnair, Japan Airlines, TUI Travel Group, and GOL Linhas Aéreas. I have extensive experience structuring and arranging aircraft-backed lease and loan transactions, negotiating aircraft and engine orders and order amendments, and working on both consensual and bankruptcy-related airline restructurings.

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. As a Partner at SkyWorks, I have advised several airlines during their restructuring processes, as well as numerous aircraft lenders or lessors to airlines that are or were in bankruptcy or other restructurings. I have worked on bankruptcy cases in the airline industry, including American Airlines, Delta Air Lines, and Air Canada. I have advised multiple industry-leading airlines on matters relating to fleet planning, including aircraft orders, aircraft financing structures (including tax leases, operating and capital leases, pre-delivery payment financings, and multiple types of aircraft-backed debt structures), and have negotiated contracts on behalf of my clients that have enabled them to collectively save billions of dollars and successfully restructure or otherwise improve their businesses.

4. I submit this declaration (this “**Declaration**”) in support of the *Debtors’ Motion for Entry of an Order Authorizing Certain of the Debtors To Implement Certain Transactions with Ex-Im Bank, Including (I) Entry Into Omnibus Amendment Agreements, (II) Assumption (on an Amended Basis) of Certain Aircraft Leases, and (III) Claims Settlement* (the “**Ex-Im Motion**”) and the *Debtors’ Motion for Entry of an Order Authorizing the Debtors To Partially Redact Omnibus Amendment Agreements* (the “**Sealing Motion**” and, together with the Ex-Im Motion, the “**Motions**”), each filed with the Court contemporaneously herewith.²

5. 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, and/or from the Debtors’ books and records maintained in the ordinary course of their businesses.

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

6. 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.

Ex-Im Motion

6. As set forth in the Ex-Im Motion, the Debtors have been and continue to be 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. To that end, the Debtors have continued negotiating with existing aircraft finance parties to obtain the best terms available for the financing of the aircraft and equipment that will be necessary for the Debtors to pursue their long-term business plan and optimize their anticipated fleet at emergence from the Chapter 11 Cases. As a result of arm's length and good faith negotiations, the Debtors have reached agreements with the Counterparties (as defined below) to (a) enter into the Omnibus Amendment Agreements, (b) assume the Aircraft Leases on an amended basis, and (c) resolve claims against the Debtors in the Chapter 11 Cases held by Ex-Im or the Security Trustees.

7. Collectively, Aeroméxico currently leases six Boeing 737-800 aircraft and two Boeing B787-8 aircraft (collectively, the "**Aircraft**")³ from the Lessors pursuant to that certain (a) Lease Agreement, dated as of August 9, 2012 (as supplemented, amended, and/or modified from time to time, the "**MAF III Aircraft Lease**"), (b) Lease Agreement, dated as of June 11, 2013 (as supplemented, amended, and/or modified from time to time, the "**MAF IV Aircraft**

³ The Boeing 737-800 aircraft bearing manufacturer's serial numbers 36700, 36701, 36702, 36703, 36704, and 36708, and the Boeing B787-8 aircraft bearing manufacturer's serial numbers 36843 and 36844.

Lease”), and (c) Lease Agreement, dated as of December 18, 2014 (as supplemented, amended, and/or modified from time to time, the “**MAF V Aircraft Lease**” and, together with the MAF III Aircraft Lease and the MAF IV Aircraft Lease, the “**Aircraft Leases**”).

8. The Lessors are also borrowers or issuers, as applicable, under certain loan agreements or indentures in connection with the Aircraft (collectively, the “**Aircraft Financing Documents**”) between and among, *inter alia*, the Lessors, the Security Trustees, and Ex-Im (collectively, the “**Aircraft Counterparties**” and, together with the CGF Counterparties, the “**Counterparties**”). The Aircraft are pledged as collateral securing obligations under, among other things, the Aircraft Financing Documents. Aerovías and Grupo Aeroméxico are guarantors under each Aircraft Financing Document with the Lessors, and Aerolitoral is a guarantor only under the Aircraft Financing Document with the MAF V Lessor (collectively, the “**AMX Guarantees**”). In addition, certain of the Lessors’ obligations under the Aircraft Financing Documents associated with the Aircraft are supported by guarantees by Ex-Im (the “**Ex-Im Guarantees**”).

9. The Aircraft Counterparties are also parties to certain participation agreements with respect to the leasing and financing transactions of the Aircraft (the “**Participation Agreements**” and, together with the Aircraft Leases, the Aircraft Financing Documents, the AMX Guarantees, the Ex-Im Guarantees, and other related transaction documents associated with the Aircraft, the “**Aircraft Transaction Documents**”).

10. The Aircraft Omnibus Amendment Agreements set forth the commercial terms agreed between the Aircraft Counterparties and Aeroméxico amending the Aircraft Leases, the Participation Agreements, and certain other Aircraft Transaction Documents (the “**Amended Aircraft Transaction Documents**”). Through the Aircraft Omnibus Amendment Agreements,

Aeroméxico and the Aircraft Counterparties will mutually amend their relationship to better align with Debtors' long-term business plan. 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 with improved terms, conditions, and near-term cash flow projections as compared to the existing Aircraft Transaction Documents. Specifically, the terms of the Aircraft Omnibus Amendment Agreements include, among other things, amendments to the repayment schedules and extensions of the maturity dates of the Aircraft Leases and the corresponding loans.

11. Furthermore, the Aircraft Counterparties and the Debtors agree that, subject to the Debtors' compliance with the terms of Aircraft Leases (as amended in accordance with the terms and conditions set forth in the Aircraft Omnibus Amendment Agreements), the Aircraft Omnibus Amendment Agreements, and the applicable Equipment Stipulations, the assumption of the Aircraft Leases, each on an amended basis in accordance with the terms and conditions set forth in the Aircraft Omnibus Amendment Agreements (and to be set forth in the Amended Aircraft Leases), will not give rise to an obligation to make any cash payments at the time of assumption to cure any defaults under the Aircraft Leases under section 365(b)(1)(A) of the Bankruptcy Code.

12. Additionally, Aerovías is the borrower under each of the CGF Credit Agreements and, Grupo Aeroméxico is a guarantor under each of the CGF Credit Agreements (the "**AMX CGF Guarantees**"). Each lender under a CGF Credit Agreement previously entered into a Master Guarantee Agreement with Ex-Im (the "**MGAs**"), pursuant to which each lender assigned to Ex-Im all of such lender's rights, title, and interest in and to the CGF Credit Agreements and the AMX CGF Guarantees (the "**Assignments**" and, together with the MGAs, the CGF Credit Agreements, the AMX CGF Guarantees, any and all other documents relating to the CGF Credit Agreements, and any amendments, supplements, side letters, novations, or assignments pertaining to any of the

forgoing, the “**CGF Transaction Documents**” and, together with the Aircraft Transaction Documents, the “**Transaction Documents**”). Similar to the Aircraft Financing Documents, the Aircraft likewise serves as collateral securing obligations under the CGF Credit Agreements.

13. The CGF Omnibus Amendment Agreements set forth the commercial terms agreed between the CGF Counterparties, Aerovías, and Grupo Aeroméxico amending certain of the CGF Transaction Documents (the “**Amended CGF Transaction Documents**” and, together with the Amended Aircraft Transaction Documents, the “**Amended Transaction Documents**”). Through the CGF Omnibus Amendment Agreements, Aerovías, Grupo Aeroméxico, and the CGF Counterparties will mutually amend their relationship to better align with Debtors’ near-term and long-term business plans. Specifically, the terms of the CGF Omnibus Amendment Agreements include, among other things, amendments to the repayment schedules and extensions of the maturity dates of the CGF Credit Agreements.

14. The Debtors are seeking to reset their fleet and attendant costs to a market level. As part of this process, the Debtors are evaluating their fleet of aircraft and equipment, reviewing the relevant underlying leases and agreements, and, to the extent prudent, negotiating amendments to such leases and agreements for aircraft and equipment that the Debtors desire to maintain. In doing so, the Debtors compared the Transaction Documents (including the Aircraft Leases) and the Aircraft to available alternatives and ultimately negotiated (at arm’s length, in good faith, and in consultation with their key stakeholders) new economically favorable terms, as set forth in the Omnibus Amendment Agreements that are in line with the Debtors’ long-term business plan. In addition, the Omnibus Amendment Agreements, and the amendments to the Transaction Documents contemplated therein, also will (a) create operational flexibility for the Debtors, as they contemplate, among other things, a deferral of fixed rental payments that affords the Debtors an

improved cash flow profile during the remainder of the amended leasing terms for each Aircraft Lease, (b) allow the Debtors to retain and operate eight existing aircraft in their fleet, and (c) position the Debtors to potentially reject other costly aircraft or equipment that are not as attractive for the long term fleet. Lastly, entry into the Omnibus Amendment Agreements further benefits the Debtors, their estates, and the Debtors' economic stakeholders, as it will preserve the Debtors' equity value in the Aircraft by keeping intact Aeroméxico's rights under the Aircraft Leases to acquire the remaining ownership interests in the Aircraft from the non-Debtor Lessors – each a limited purpose trust of which Aeroméxico is the primary beneficiary.

15. Accordingly, I believe that entry into the Omnibus Amendment Agreements and the assumption of the Amended Aircraft Leases, each in accordance with the terms and conditions set forth in the Omnibus Amendment Agreements, (a) would be the result of the Debtors exercising their sound business judgment in accordance with their fiduciary duties, (b) would be in the best interests of their estates and economic stakeholders, (c) would further serve to maximize value for the benefit of all creditors, and (d) represent the best available transactions under the circumstances of the Chapter 11 Cases.

16. Finally, in conjunction with the transactions contemplated by the Omnibus Amendment Agreements, the Debtors seek to resolve all claims against the Debtors belonging to Ex-Im and/or the Security Trustees in the Chapter 11 Cases. To this end, Aeroméxico, Ex-Im, and the Security Trustees have agreed that Ex-Im shall be entitled Allowed Claims (which are prepetition non-priority general unsecured claims) in the aggregate amount of \$196,852.26 on account and in resolution of the Vendor Claims. Notably, allowance of the Vendor Claims in accordance with the Claims Settlement will not create any additional claims against the Debtors'

estates.⁴ In addition, in accordance with the Claims Settlement, all other claims against the Debtors in the Chapter 11 Cases belonging to Ex-Im and/or the Security Trustees shall be deemed withdrawn. The Allowed Claims shall constitute the only prepetition claims of Ex-Im and/or the Security Trustees in the Chapter 11 Cases.

17. I believe that the Claims Settlement satisfies the range of reasonableness test. Rather than engage in costly and value-destructive litigation over Aeroméxico's obligations under the Transaction Documents and in connection with the Vendor Claims, the amounts of Ex-Im's and/or the Security Trustees' claims, and any amounts mitigating the quantum of those claims, the parties negotiated consensual resolutions settling on \$196,852.26 with respect to the prepetition claims held by Ex-Im and the Security Trustees as the agreed aggregate amount of 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 parties that will (a) eliminate the need for a costly claims dispute and (b) unlock distributable value for the Debtors' unsecured creditors by liquidating Ex-Im's and/or the Security Trustees' claims against the Debtors.

⁴ Ex-Im previously filed claims resulting from their payments to the Insureds on account of insurance claims submitted by such Insureds under their respective insurance policies with Ex-Im. *See* Claim Nos. 537–40, 572. The Ex-Im Motion seeks to modify such claims previously filed by Ex-Im in accordance with the Claims Settlement. *See* Ex-Im Mot. at ¶ 19(a). Moreover, by the *Debtors' Seventeenth Omnibus Claims Objection to Proofs of Claim (Misclassified Unliquidated, Wrong Debtor, Incorrectly Classified, No Liability, Satisfied, Amended, Duplicate, Reduced, and/or Foreign Currency Claims)* [ECF No. 1593], the Debtors objected to certain claims filed by the Insureds that have been satisfied by Ex-Im.

18. Lastly, a number of the Debtors' key stakeholders, including the respective advisors to the Committee and the Ad Hoc Group, have no objection to the relief requested. Accordingly, I believe that the proposed Claims Settlement is fair and equitable, would be in the best interests of the Debtors' estates, creditors, and other stakeholders, and should be approved.

Sealing Motion

19. The Debtors are also seeking to partially redact the Omnibus Amendment Agreements. While the Debtors recognize the need to disclose sufficient information and details when seeking the relief requested in the Ex-Im Motion, the Debtors must ensure that they protect certain key economic and commercial terms of the Omnibus Amendment Agreements (the "**Confidential Information**").

20. 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.

21. First, disclosing the Confidential Information would provide other aircraft lessors and aircraft finance 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 similar to the Aircraft) or aircraft financing amendments will insist on obtaining the most favorable economic terms provided to any other lessor or aircraft finance counterparty. Moreover, the Debtors anticipate further negotiations with equipment, aircraft, or aircraft finance counterparties (and potential new counterparties) regarding the terms of new or amended aircraft leases or aircraft financing agreements, and the Debtors' negotiating position would be harmed if such counterparties know the details of all of the terms in the Omnibus Amendment Agreements. Further, if the Debtors are not successful in protecting sensitive information and commercial accommodations made by the Counterparties, it would hinder the

Debtors' ability to enter into further agreements with, and obtain beneficial economic terms from, the Counterparties and other counterparties necessary to the Debtors' ongoing business.

22. Second, disclosure of the Confidential Information would provide rarely disclosed information to the Debtors' industry competitors. Given that fleet strategy and aircraft finance are core components of any commercial airline's business model, disclosure of this sensitive information would provide the Debtors' competitors with unique insight into the Debtors' business and financial strategy, which insight the Debtors themselves do not possess with respect to their competition. In an already challenging marketplace, this informational asymmetry would leave the Debtors at a competitive disadvantage relative to their peers.

23. Third, disclosure of the Confidential Information could negatively implicate the relief requested in the Ex-Im Motion because the Counterparties may be unwilling to proceed with the Omnibus Amendment Agreements 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 Counterparties seek to ensure that they are not disadvantaged by disclosure of commercial terms in this proceeding that could be used by other parties to disadvantage them in future business negotiations. For this reason, the Counterparties agree with filing the Confidential Information under seal.

24. 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.

25. 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, but not direction, of the Debtors' entry into the Omnibus Amendment Agreements and assumption of the Amended Aircraft Leases, (i) is in the best interests of the Debtors, their estates, and the Debtors' 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 3rd day of September, 2021
in New York, New York

/s/ Jeffrey S. Craine
Jeffrey S. Craine