

**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
AEROVÍAS DE MÉXICO, S.A. DE C.V. TO ENTER INTO AN AMENDED
AND RESTATED AIRCRAFT LEASE AGREEMENT AND (II) APPROVING
THE CLAIMS SETTLEMENT WITH WILMINGTON TRUST SP SERVICES
(DUBLIN) LIMITED AND (B) RELATED SEALING MOTION**

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

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.

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 Aerovías de México, S.A. de C.V. To Enter into an Amended and Restated Aircraft Lease Agreement and (II) Approving the Claims Settlement with Wilmington Trust SP Services (Dublin) Limited* (the “**BBAM Motion**”) and the *Debtors’ Motion for Entry of an Order Authorizing the Debtors To Redact Commercially Sensitive Information* (the “**Sealing Motion**” and, together with the BBAM 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 ascribed to them in the applicable Motion.

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

BBAM Motion

6. As set forth in the BBAM 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. Over the last several months, the Debtors have continued negotiating with existing lessors and potential lessors of additional aircraft equipment to obtain the best terms available for the aircraft and equipment 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.

7. On July 23, 2020, the Court entered the Rejection Order authorizing the Debtors to reject several aircraft leases, including the then-existing lease relating to the Aircraft. On March 16, 2021, the Court entered the Interim Lease Order authorizing the Debtors to enter into the Interim Lease (as defined in the Interim Lease Order) relating to the Aircraft. In entering into the Interim Lease, the parties contemplated negotiating an amended and restated lease agreement for the long-term use and operation of the Aircraft.

8. As a result of arm's length and good faith negotiations, Debtor Aerovías de México, S.A. de C.V. (the "**Debtor Lessee**") has reached an agreement with the Lessor to (a) enter into the Amended Aircraft Lease for the Aircraft and (b) resolve any and all prepetition claims against the Debtors in the Chapter 11 Cases relating to the Aircraft belonging to the Claimants.

9. The form of the Amended Aircraft Lease attached as Exhibit 1 to the Proposed Order sets forth the commercial terms agreed between the Lessor and the Debtor Lessee and a summary of the material terms thereof is attached to the BBAM Motion as Exhibit B. 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. The Aircraft will come at attractive economics and ownership costs.

10. 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, negotiating acquisitions of additional new or used aircraft and equipment, reviewing the underlying leases and agreements for the aircraft and equipment currently in their fleet, 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 Interim Lease and the Aircraft to available alternatives and ultimately negotiated (at arm's length, in good faith, and in consultation with their key stakeholders) economically favorable terms for the Amended Aircraft Lease, as memorialized in the form of the Amended Aircraft Lease attached to the Proposed Order as Exhibit 1, that are in line with the Debtors' long-term operating fleet plan. The Amended Aircraft Lease also will create operational flexibility for the Debtors, as it will allow the Debtors to retain and operate an existing aircraft in their fleet and would position the Debtors to potentially reject other aircraft or equipment that are not as attractive for the long-term fleet. Finally, the Debtors have determined (based on the exercise of their sound business judgment) that the terms of the Amended Aircraft Lease represent the best available transaction under the circumstances (*i.e.*, the Chapter 11 Cases), but also would be a commercially beneficial transaction irrespective of such circumstances.

11. Accordingly, I believe that entering into the Amended Aircraft Lease, as memorialized in the form of the Amended Aircraft Lease attached to the Proposed Order as Exhibit 1, (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.

12. Finally, in conjunction with this transaction, the Debtors seek to resolve any and all prepetition claims against the Debtors relating to the Aircraft—including, among others, claims stemming from the initial rejection of the lease related to the Aircraft pursuant to the Rejection Order—belonging to the Claimants in the Chapter 11 Cases. To this end, the parties have agreed that the Lessor, on behalf of itself and all other Claimants, will have an allowed non-priority general unsecured prepetition claim in the amount of \$3,600,000 against the estate of the Debtor Lessee on account of all prepetition claims in respect of the Aircraft against the Debtors in the Chapter 11 Cases belonging to the Claimants (the “**Claims Settlement**” and, together with the Amended Aircraft Lease, the “**BBAM Transactions**”). The amount of the Claims Settlement shall constitute the only prepetition general unsecured claim of the Claimants in respect of the Aircraft allowed in the Chapter 11 Cases.

13. I believe that the Claims Settlement negotiated with the Lessor is reasonable. Rather than engage in costly and value-destructive litigation over the Debtor Lessee’s obligations to the Claimants, the amounts of the Claimants’ claims, and any amounts mitigating the quantum of those claims, the parties negotiated a consensual resolution settling on \$3,600,000 as the agreed aggregate amount for the Claims Settlement.⁴ 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

⁴ Pursuant to the Claims Settlement, claims in the aggregate amount of at least \$7,139,705.55 will be withdrawn. Furthermore, certain of the Withdrawn Claims (as defined in the Proposed Order) also assert secured and unliquidated amounts.

the product of arm's length and good faith bargaining among the separate and independent advisors of the Debtors and the Lessor that will (a) eliminate the need for a costly claims dispute and (b) unlock distributable value for the Debtors' unsecured creditors by liquidating the Claimants' prepetition claims against the Debtors. Lastly, a number of the Debtors' key stakeholders, including the respective advisors to the Committee and the Ad Hoc Group of Senior Noteholders 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

14. The Debtors are also seeking to partially redact the agreed form of the Amended Aircraft Lease and the Summary. While the Debtors recognize the need to disclose sufficient information and details when seeking the relief requested in the BBAM Motion, the Debtors must ensure that they protect certain key economic and commercial terms of the Amended Aircraft Lease and the Summary (the "**Confidential Information**").

15. 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.

16. 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 equipment similar to the Aircraft, will insist on obtaining the most favorable economic terms provided to any other lessor. Moreover, the Debtors anticipate further negotiations with existing 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 Confidential Information. Further, if the Debtors are not successful in protecting sensitive information and commercial accommodations made by the Lessor, it would hinder the Debtors' ability to enter into further agreements with, and obtain beneficial economic terms from, the Lessor and other counterparties necessary to the Debtors' ongoing business.

17. 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' 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.

18. Finally, disclosure of the Confidential Information could negatively implicate the relief requested in the BBAM Motion because the Lessor may be unwilling to proceed with the transactions contemplated by the Amended Aircraft Lease on their 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 Lessor is an active participant in the airline industry and seeks to ensure that 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 Lessor agrees with filing the Confidential Information under seal.

19. 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.

20. 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 Amended Aircraft Lease, (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 7th day of October, 2021
in Greenwich, Connecticut

/s/ Matthew Landess

Matthew Landess