

**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) CERTAIN LEASE
AGREEMENTS AND (II) APPROVING THE CLAIMS SETTLEMENT 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 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 (I) Authorizing Debtor Aerolitoral, S.A. de C.V. To Assume (On an Amended Basis) Certain Lease Agreements and (II) Approving the Claims Settlement* (the “**Assumption 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 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.

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 and equipment. In doing so,

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).

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. As part of these efforts, Debtor Aerolitoral, S.A. de C.V. (the “**Debtor Lessee**”) has reached an agreement with the Lessors to (a) assume the Aircraft Leases on an amended basis, substantially in accordance with the terms and conditions set forth in the Exhibits, (b) resolve any and all prepetition claims against the Debtors in the Chapter 11 Cases relating to the Aircraft belonging to the Claimants, and (c) reaffirm Debtor Aerovías de México, S.A. de C.V.’s (“**Aerovías**”) guaranty of the Debtor Lessee’s obligations under the Amended Aircraft Leases by issuance of a guaranty (the “**Guaranty**”).

8. The Amended Aircraft Leases set forth the commercial terms between the Lessors 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 with improved economics and terms and conditions as compared to the existing Aircraft Leases. The Aircraft will come at attractive economics and ownership costs. 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 Amended Aircraft Leases, would not give rise to any obligations to make any cash payments at the time of assumption (other than payments for post-petition obligations of the Debtors to the Lessors) to cure any defaults under the Aircraft Leases under section 365(b)(1)(A) of the Bankruptcy Code.

9. 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 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 memorialized in the Amended Aircraft Leases, that are in line with the Debtors' long-term business plan. In addition to the improved costs and better terms and conditions as compared to the Aircraft Leases, the Amended Aircraft Leases also will create operational flexibility for the Debtors, as they will allow the Debtors to retain and operate three 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 Leases represent the best available transactions under the circumstances (*i.e.*, the Chapter 11 Cases), but also would be commercially beneficial transactions irrespective of such circumstances (and are superior to at least some of their prepetition aircraft leases).

10. Accordingly, I believe that the assumption of the Aircraft Leases, each on an amended basis, on terms substantially consistent with those set forth in the Amended Aircraft Leases, (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, and (c) would further serve to maximize value for the benefit of all creditors.

11. Finally, in conjunction with this transaction, the Debtors seek to resolve any and all prepetition claims (including guaranty claims) against the Debtors relating to the Aircraft in the Chapter 11 Cases (collectively, the “**Claims Settlement**” and, together with the Amended Aircraft

Leases and the Guaranty, the “**Chorus Transactions**”). To this end, the parties have agreed that the Lessors, on behalf of themselves and all other Claimants, will have allowed non-priority, net general unsecured, prepetition claims against the Debtor Lessee on account of all prepetition claims belonging to the Claimants in respect of the Aircraft against the Debtors in the Chapter 11 Cases as follows:

<u>Aircraft</u>	<u>Surviving Claimant</u>	<u>Allowed Claim Amount</u>
19000200 Aircraft	Commuter Aircraft Leasing 2017 VI Limited	\$2,005,543
19000208 Aircraft	Commuter Aircraft Leasing 2017 VI Limited	\$4,987,928
19000664 Aircraft	Commuter Aircraft Leasing 2017 V Limited	\$7,762,734
Total		\$14,756,205

Such claims will be guaranteed by Aerovías de México, S.A. de C.V. as set forth in the Proposed Order. The amount of the Claims Settlement shall constitute the only prepetition general unsecured claims belonging to the Claimants relating to the Aircraft allowed in the Chapter 11 Cases.

12. I believe that the Claims Settlement negotiated with the Lessors 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 \$14,756,205 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 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

13. The Debtors are also seeking to partially redact the agreed form of the Amended Aircraft Leases and the Summaries thereof. 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 of the Aircraft Leases, as set forth in the Amended Aircraft Leases and the Summaries (the “**Confidential Information**”).

14. 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.

15. 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 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.

16. 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.

17. Finally, 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 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 that 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 agree with filing the Confidential Information under seal.

18. 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.

19. 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, each 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 7th day of October, 2021
in Greenwich, Connecticut

/s/ Matthew Landess

Matthew Landess