

**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 TRANSACTIONS WITH TOTAL ENGINE
ASSET MANAGEMENT PTE. LTD. 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 Authorizing Debtor Aerovías de México, S.A. de C.V. To Enter into Transactions with Total Engine Asset Management Pte. Ltd.* (the “**TEAM 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 TEAM 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.

TEAM Motion

6. As set forth in the TEAM 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 and 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. In conjunction with the entry of the orders approving the relief requested under the Boeing Motion and the Air Lease Motion, the Court also entered the *Order Authorizing the Debtors To Enter into Amended Engine Maintenance Agreements with GE Engine Services, LLC and Granting Related Relief* (the “**Engine Maintenance Order**”) [ECF No. 1142]. In entering the Engine Maintenance Order, the Court approved the Debtors’ entry into certain amended agreements, which, among other things, obligated the Debtors to purchase five aircraft engines from CFM. The TEAM Motion addresses two of these engines.

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 agreements with TEAM (or such other entity or trust designated by TEAM) to enter the Transactions, pursuant to which the Debtor Lessee will either (a) acquire the Engines from CFM, sell such Engines to TEAM (or such other entity or trust designated by TEAM), and subsequently lease the Engines back from TEAM (or such other entity or trust designated by TEAM), or (b) transfer its obligation to purchase the Engines to TEAM (or such other entity or trust designated by TEAM), who will then purchase the Engines from CFM and lease them to the Debtor Lessee.

9. The Letter of Intent sets forth the commercial terms between TEAM and the Debtor Lessee. The Transactions provide attractive and competitive financing for the Engines, which the Debtor Lessee is obligated to purchase.

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 Transactions and the Engines 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 Transactions, as memorialized in the Letter of Intent, that are in line with the Operating Fleet Plan. The Transactions also will create operational flexibility for the Debtors, as they will allow the Debtors to enter into attractive financing on two engines the Debtors are compelled to acquire. Finally, the Debtors have determined (based on the exercise of their sound business judgment) that the terms of the Transactions, including the payment and delivery schedules thereunder, 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. The terms of the Transactions are even superior to some of the Debtors' existing leases.

11. Accordingly, I believe that the Debtor Lessee's entry into the Transactions (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.

Sealing Motion

12. The Debtors are also seeking to partially redact the Exhibits to the TEAM Motion, namely the Letter of Intent and the Summary thereof. While the Debtors recognize the need to disclose sufficient information and details when seeking the relief requested in the TEAM Motion,

the Debtors must ensure that they protect certain key economic and commercial terms of the Transactions, as set forth in the Letter of Intent and the Summary (the “**Confidential Information**”).

13. 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.

14. First, disclosing the Confidential Information would provide other equipment 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 equipment similar to the Engines, will insist on obtaining the most favorable economic terms provided to any other lessor. Moreover, the Debtors anticipate further negotiations with equipment counterparties (and potential new counterparties) regarding the terms of long-term lease agreements, and the Debtors’ negotiating position would be harmed if equipment counterparties know the details of all of the terms in the Letter of Intent. Further, if the Debtors are not successful in protecting sensitive economic terms, it would hinder the Debtors’ ability to enter into further agreements with, and obtain beneficial economic terms from, those parties and other counterparties necessary to the Debtors’ ongoing business.

15. 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.

16. Third, disclosure of the Confidential Information could negatively implicate the relief requested in the TEAM Motion because TEAM may be unwilling to proceed with the Transactions on their current terms if it is required to publicly disclose certain of the Transactions' highly confidential economic terms. TEAM is an active participants in the airline industry and seeks to ensure that it is not disadvantaged by disclosure of economic terms in this proceeding that could be used by other customers to disadvantage it in future business negotiations. For this reason, TEAM agrees with filing the Confidential Information under seal.

17. 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.

18. 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 Transactions, (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