

**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 RICARDO JAVIER SÁNCHEZ BAKER IN SUPPORT OF THE
DEBTORS' MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING DEBTORS TO
(A) CONTINUE HONORING PREPETITION OBLIGATIONS TO CUSTOMERS AND
RELATED THIRD PARTIES IN ACCORDANCE WITH THE CUSTOMER
PROGRAMS ORDER AND THE CUSTOMER CLAIMS PROCEDURES AND (B)
OTHERWISE CONTINUE THEIR CUSTOMER PROGRAMS AND (II) APPROVING
THE CUSTOMER CLAIMS PROCEDURES**

I, Ricardo Javier Sánchez Baker, hereby declare that the following is true to the best of my knowledge, information and belief:

Background

1. I am the Chief Financial Officer of Grupo Aeroméxico, S.A.B. de C.V. (“**Grupo Aeroméxico**”), and its affiliates that are debtors and debtors in possession in these proceedings (collectively, the “**Debtors**,” the Debtors collectively with their direct and indirect non-Debtor subsidiaries, the “**Company**”). I have held several other positions at the Company since 2006, including serving as advisor to the Chief Executive Officer and Director of Revenue Management. I have been the chairman of the board of directors of the SABRE Corporation, a member of the SEAT Technical Committee, and a member of the Aeromexpress, CECAM, and PLM boards of directors. I have held various positions within the Federal Public Administration

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 México, 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.

(*Administración Pública Federal*), including deputy director general of public debt for the Ministry of Finance and Public Credit in 2003 and 2005. I hold a bachelor's degree in economics from the Universidad Iberoamericana, a diploma in finance from Instituto Tecnológico Autónomo de México, and master's and doctorate degrees in economics from the University of California, Los Angeles. I am familiar with the day-to-day operations, business, and financial affairs of the Debtors.

2. I submitted the *Declaration of Ricardo Javier Sánchez Baker in Support of the Debtors' Chapter 11 Petitions and First Day Pleadings* [ECF No. 20] (the "**Sánchez First Day Declaration**"). I make this declaration (the "**Declaration**") in support of the *Debtors' Motion for Entry of an Order (I) Authorizing Debtors To (A) Continue Honoring Prepetition Obligations to Customers and Related Third Parties in Accordance With the Customer Programs Order and the Customer Claims Procedures and (B) Otherwise Continue Their Customer Programs and (II) Approving the Customer Claims Procedures* (the "**Motion**").² I have reviewed the Motion or have otherwise had its contents explained to me, and the Motion is, to the best of my knowledge, accurate.

3. Except as otherwise indicated, all facts set forth in the Motion and this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees working under my supervision, or my opinion based upon experience, knowledge, and information concerning the operations of the Debtors and the aviation industry as a whole. If I were called upon to testify, I could and would testify to each of the facts set forth herein.

² Each capitalized term used herein but not otherwise defined herein shall have the meaning ascribed to it in the Motion.

4. I am generally familiar with the Debtors' day-to-day operations, financing arrangements, business affairs, and books and records that reflect, among other things, the Debtors' liabilities, and the amount thereof owed to their creditors as of the Petition Date. I have read the Motion and the Customer Claims Procedures attached as and Customer Claims Procedures, each exhibited to the Motion.

5. 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.

Declaration

6. Maintaining current customers and positioning itself to attract new customers are of paramount importance to Aeroméxico and the success of its business. One of the Debtors' key goals in the Chapter 11 Cases has been and continues to be preserving Aeroméxico's goodwill and ongoing business relationships with its customers. Toward this end, the Debtors have previously sought relief from the Court via the Customer Programs Order, as well as implemented and continued several operational initiatives pursuant to such relief, in furtherance of this goal. It is Aeroméxico's priority, and has been a priority throughout these Chapter 11 Cases, to ensure that all customers that purchased flights that were canceled or otherwise affected by the pandemic receive commensurate value for those purchases.

7. On the first day of the Chapter 11 Cases, the Debtors filed the Customer Programs Motion, which, on July 29, 2020, was granted by the Court on a final basis [ECF No. 205] authorizing, among other things, the Debtors to "fulfill and honor their obligations to customers as they deem appropriate." Customer Programs Order, ¶ 2 [ECF No. 205].

8. Shortly after the Petition Date, Aeroméxico offered vouchers to customers that

purchased a ticket for travel between March 1, 2020 and June 30, 2020 that did not occur as a result of the COVID-19 pandemic and the resulting travel restrictions, including the outright closure of borders in certain instances, that were instituted (the “**Initial Customer Outreach**”). Through this Initial Customer Outreach, Aeroméxico offered impacted customers a voucher to be used in an amount equal to the purchase price of their airfare ticket(s). In large part, the Customer Claims of Customer Claimants that accepted a voucher pursuant to the Initial Customer Outreach have been withdrawn or expunged from the Claims Register on the basis that such Customer Claims have been satisfied.

9. Throughout the pendency of the Chapter 11 Cases, the Debtors and their advisors have comprehensively reviewed and reconciled (and continue to review and reconcile) Customer Claims, including a review of any supporting documentation submitted in connection with each Customer Claim. Further, this review and reconciliation process included (and continues to include) identifying Customer Claims that should be modified, reduced, reclassified, disallowed, and/or expunged. To avoid a possible double or otherwise inaccurate recovery by certain Customer Claimants, the Debtors have filed omnibus objections to certain Customer Claims if and where warranted. In addition to seeking to expunge satisfied Customer Claims as discussed above, the Debtors’ claims reconciliation process has resulted in the modification and/or reclassification (but not expungement) of hundreds of other Customer Claims.

10. Mindful of Aeroméxico’s large, worldwide customer base, the Debtors have remained steadfast in conducting their claims reconciliation process in a communicative and transparent manner. In an effort to avoid filing an objection to Customer Claims on the basis that such Customer Claims (i) fail to include sufficient documentation to establish their validity and/or (ii) are not supported by or are inconsistent with the Debtors’ books and records, in

August 2021, the Debtors notified hundreds of Customer Claimants that their Customer Claims were deficient and unverifiable, and requested that such Customer Claimants provide further documentation and/or information (the “**Insufficient Documentation Request**”). Customer Claimants that acknowledged the Debtors’ Insufficient Documentation Request in any way continue to hold Customer Claims in the Chapter 11 Cases (even where such acknowledgement lacked sufficient information to permit the Debtors’ verification of their Customer Claim). Nearly two months after the Insufficient Documentation Request was sent, the Debtors filed objections to the Customer Claims of those Customer Claimants that did not acknowledge the Debtors’ Insufficient Documentation Request. However, in the event that documentation and/or information is provided by such Customer Claimants at a later time, the Debtors have expressly reserved their rights to withdraw the claims objections and/or seek relief from any order that sustains an objection to a Customer Claim for failure to provide sufficient documentation.

11. In addition, in October 2021, the Debtors initiated an additional outreach program to Customer Claimants that continue to hold a Customer Claim in the Chapter 11 Cases (the “**Additional Customer Outreach**”), this time through Epiq, the Debtors’ Court-approved claims agent, offering a voucher to such Customer Claimants in the amount of the corresponding ticket’s purchase price to be used in consideration and satisfaction of the respective customer’s Customer Claim.

12. Moreover, each Customer Claimant received notice of the Disclosure Statement Motion [ECF Nos. 1843, 1866]. Following approval of the Disclosure Statement (currently scheduled for a hearing on November 10, 2021), each Customer Claimant will receive solicitation materials, including the Plan Summary, the Confirmation Hearing Notice, and the

applicable Notice of Non-Voting Status (each as defined in the Disclosure Statement Motion).

13. The Debtors anticipate that approximately 3,000 Customer Claims in the approximate amount of \$3.6 million will remain in the Chapter 11 Cases on the Effective Date (as defined in the Chapter 11 Plan) of the Debtors' Chapter 11 Plan.

14. Prior to the Petition Date, as well as throughout the pendency of the Chapter 11 Cases pursuant to the Customer Programs Order, in the ordinary course of their business, the Debtors offered and engaged in certain customer and other programs and practices to develop and sustain a positive reputation in the marketplace for their services and to engender customer loyalty (the "**Customer Programs**"). The Customer Programs include, among others, ticket vouchers, ticket refunds, and travel agency and tour operator programs. The Customer Programs ensure customer satisfaction, generate goodwill, and address competitive pressures so that the Debtors can retain current customers, attract new customers, and ultimately enhance net revenue, which became increasingly critical to the Debtors' operations as more and more flights were cancelled over the course of the COVID-19 pandemic.

15. By the Motion, the Debtors are seeking authorization to honor Prepetition Tickets and otherwise continue their Customers Programs. In fact, the Debtors believe that the Customer Programs Order already provides for the relief requested in the Motion. However, the Debtors file this Motion out of an abundance of caution, for the avoidance of doubt, and to clearly set forth the proposed construct for addressing Prepetition Tickets, and to preemptively address any ambiguities with regards to Customer Claims in connection with the solicitation and confirmation of a Chapter 11 Plan.

16. Such relief is necessary to preserve the Debtors' critical business relationships and customer goodwill as they confirm a Plan and emerge from these Chapter 11 Cases.

Maintaining the loyalty and goodwill of the Debtors' customers is fundamental to the Debtors' reorganization. In particular, the Debtors' goodwill and ongoing business relationships may erode if their customers perceive that the Debtors are unable or unwilling to fulfill the prepetition promises they have made through the Customer Programs. The same would be true if customers perceived that the Debtors will no longer be offering the types of services or quality of services they have come to expect and upon which they likely relied when purchasing the Debtors' services.

17. Moreover, airlines routinely offer flights to many of the same locations as their competitors. This competition makes retaining loyal customers and attracting new customers critically important. Without winning and preserving the loyalty of their customers, the Debtors' business could not be maintained. It is essential, therefore, that the Debtors maintain their current customers and position themselves to attract new customers, especially during this extraordinarily difficult period as a result of the COVID-19 pandemic. The Customer Programs accomplish this goal by generating valuable goodwill, repeat business, and net revenue increases.

18. The Debtors seek authority to honor all Prepetition Tickets, as well as continue all other Customer Programs pursuant to the Customer Programs Order. The Debtors propose honoring all Prepetition Tickets pursuant to the Customer Claims Procedures, including by providing the air transportation service purchased. To effectuate the same, in accordance with the Customer Claims Procedures, the Debtors will offer certain Customer Claimants a voucher in the full amount their respective Customer Claims, which will be redeemable for a period of 12 months. Notably, while a voucher must be used to book a flight within such 12-month period, the flight(s) booked using the voucher does not have to occur within such period. Generally, the Debtors' flight schedules are published approximately eleven months in advance. Accordingly,

in most instances, customers receiving a 12-month voucher have approximately 23 months for their desired flight to occur.

19. Pursuant to the Customer Claims Procedures, Customer Claimants may elect not to receive a voucher on account of their Customer Claim. In accordance with the Customer Claims Procedures, in the event that Customer Claimants that receive a Voucher Election Form (as defined in the Customer Claims Procedures) elect to receive a cash refund rather than a voucher, such Customer Claimants will receive a cash refund in an amount that is consistent with other general unsecured creditors under the Debtors' Chapter 11 Plan. Customer Claimants that are entitled to a cash refund pursuant to the Bankruptcy Code or other applicable law will not receive a Voucher Election Form, and will receive a cash refund in accordance with the Customer Claims Procedures, the Bankruptcy Code and other applicable law.

20. The failure to honor Prepetition Tickets would have a deleterious effect on the confidence in the Debtors' airline and the Debtors' ability to fulfill obligations to passengers, which would be severely damaging to the reorganization of the Debtors. Throughout these Chapter 11 Cases, as described above, the Debtors have employed several customer outreach programs to facilitate honoring the Prepetition Tickets. By the Motion, the Debtors seek to continue and complete this effort. If the Debtors are prevented from honoring the Prepetition Tickets, I believe that it could be nearly impossible for the Debtors to retain customer relationships, and customer confidence and goodwill will be severely, and perhaps irreparably, harmed. Moreover, by continuing to honor their obligations pursuant to the Customer Programs and the Customer Claims Procedures, the Debtors will ensure that each Customer Claimant has the opportunity to receive the full value of their Customer Claim.

21. Furthermore, having filed proofs of claim in the Chapter 11 Cases, the Customer

Claimants have received, and will continue to receive, substantial documentation related to the Plan and Disclosure Statement as required by the Bankruptcy Code. The relief requested will be immensely helpful to the Debtors in managing questions and assuaging concerns from Customer Claimants in connection with the receipt of the solicitation materials and other documentation related to the Chapter 11 Plan confirmation process.

22. I believe that the relief requested in the Motion reflects the Debtors' exercise of their sound business judgment. If the Debtors cannot maintain the Customer Programs, or if there is any ambiguity regarding their ability to do the same, customers will likely lose confidence in the Debtors. Ultimately, the damage from a refusal, real or apparent, to honor these obligations far exceeds the cost associated with honoring prepetition obligations and continuing these practices. Moreover, the relief requested permits the Debtors to treat Customer Claimants superior or equal to how such claimants would have otherwise been treated as general unsecured claimants under the Debtors' Chapter 11 Plan. The relief requested will protect the Debtors' goodwill during this critical time and enhance the Debtors' ability to generate revenue. Consequently, as the relief maintains and maximizes the value of the Debtors' estates, all of the Debtors' creditors will benefit if the requested relief is granted. Accordingly, I believe that the relief requested in the Motion is

Conclusion

23. I am authorized to submit this Declaration on behalf of the Debtors. In my opinion, and for the reasons set forth in this Declaration and in the Motion, the Debtors should be authorized to honor Prepetition Tickets and otherwise continue their Customers Program as doing so is in the best interests of all Customer Claimants, the Debtors, their estates and all other creditors.

24. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Executed: October 27, 2021

By: /s/ Ricardo Javier Sánchez Baker
Ricardo Javier Sánchez Baker
Chief Financial Officer