

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re:**

**GRUPO AEROMÉXICO, S.A.B. de C.V., *et al.*,  
Debtors.<sup>1</sup>**

**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  
THE DEBTORS TO IMPLEMENT CERTAIN TRANSACTIONS WITH  
NAC, INCLUDING (I) ENTRY INTO OMNIBUS AMENDMENT  
AGREEMENTS, (II) ASSUMPTION (ON AN AMENDED BASIS) OF  
CERTAIN AIRCRAFT LEASES, AND (III) CLAIMS SETTLEMENT**

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

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<sup>1</sup> 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.

negotiating contracts on behalf of my clients that 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 Authorizing Certain of the Debtors to Implement Certain Transactions with NAC, Including (I) Entry into Omnibus Amendment Agreements, (II) Assumption (on an Amended Basis) of Certain Aircraft Leases, and (III) Claims Settlement* (the “**NAC 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 NAC Motion, the “**Motions**”), which were filed with the Court contemporaneously herewith.<sup>2</sup>

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.<sup>3</sup>

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.

#### **NAC Motion**

6. As set forth in the NAC Motion, the Debtors have been engaged in a multi-step process to (a) analyze their anticipated, long-term fleet and equipment needs, (b) make

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the applicable Motion.

<sup>3</sup> 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).

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, 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 a result of arm's length and good faith negotiations, the Debtors have reached agreements with the Lessors to (a) assume the Aircraft Leases relating to the Aircraft, which the Debtor Lessees currently operate as part of the Debtors' existing fleet, each on an amended basis on terms and conditions substantially consistent with (i) the applicable Omnibus Amendment Agreement and the Form of Amended Aircraft Lease, and (ii) the summaries of the material terms of the Amended Aircraft Leases attached to the NAC Motion as Exhibit B and (b) reaffirm Aerovías' guaranty of Aerolitoral's obligations under its Aircraft Leases. 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 Leases.

8. Furthermore, the Lessors and the Debtor Lessees agree that, subject to the applicable Debtor Lessee's continued compliance with the terms of its Aircraft Leases and the corresponding Equipment Stipulation, the assumption of the Aircraft Leases, each on an amended basis substantially in accordance with the terms and conditions set forth in the applicable Omnibus Amendment Agreement and the Form of Amended Lease (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.

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 set forth in the Omnibus Amendment Agreements and the Form of Amended Aircraft Lease, that are in line with the long term fleet plan. In addition, the Omnibus Amendment Agreements, and the amendments to the Aircraft Leases contemplated therein, will (a) create operational flexibility for the Debtors, as they allow the Debtors to retain and operate 18 existing aircraft in their fleet, and (b) position the Debtors to potentially reject other costly 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 approval of the Omnibus Amendment Agreements and the assumption of the Aircraft Leases on an amended basis, substantially in accordance with the terms and conditions set forth in the applicable Omnibus Amendment Agreement and the Form of Amended Aircraft Lease, (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.

11. Finally, in conjunction with the transactions contemplated by the Omnibus Amendment Agreements, the Debtors seek to resolve any and all claims (including guaranty claims) against the Debtors relating to the Aircraft, the Aircraft Leases, or the Rejected Equipment belonging to the Lessors or any of their affiliates (collectively, the “**Claimants**”) in the Chapter 11 Cases (collectively, the “**Claims Settlement**” and, together with the Omnibus Amendment Agreements and the Guaranty, the “**NAC Transactions**”). To this end, the parties have agreed that the Lessors, on behalf of themselves and all other Claimants, will have allowed non-priority general unsecured prepetition claims against the Debtor Lessees on account of all claims belonging to the Claimants in respect of the Aircraft, the Aircraft Leases, or the Rejected Equipment against the Debtors in the Chapter 11 Cases as follows:

<b><u>Claimant</u></b>	<b><u>Debtor</u></b>	<b><u>Claim Treatment</u></b>	<b><u>Allowed Claim Amount</u></b>
Aldus Portfolio Leasing Limited	Aerolitoral	Allowed	\$4,845,693.14
Aldus Portfolio Leasing Limited	Aerovías	Allowed	\$4,845,693.14
Aldus Portfolio Leasing Limited	Aerolitoral	Allowed	\$3,440,651.03
Aldus Portfolio Leasing Limited	Aerovías	Allowed	\$3,440,651.03
NAC Aviation 29 Designated Activity Company	Aerolitoral	Allowed	\$5,186,145.72
NAC Aviation 29 Designated Activity Company	Aerovías	Allowed	\$5,186,145.72
NAC Aviation 29 Designated Activity Company	Aerolitoral	Allowed	\$5,045,978.77
NAC Aviation 29 Designated Activity Company	Aerovías	Allowed	\$5,045,978.77
NAC Aviation 19 Limited	Aerolitoral	Allowed	\$4,825,578.33
NAC Aviation 25 Limited	Aerolitoral	Allowed	\$5,177,954.63
NAC Aviation 25 Limited	Aerovías	Allowed	\$5,177,954.63
NAC Aviation 25 Limited	Aerolitoral	Allowed	\$2,701,866.50
NAC Aviation 25 Limited	Aerovías	Allowed	\$2,701,866.50
NAC Aviation 25 Limited	Aerolitoral	Allowed	\$2,510,284.28
NAC Aviation 25 Limited	Aerovías	Allowed	\$2,510,284.28

NAC Aviation 25 Limited	Aerolitoral	Allowed	\$3,364,175.30
NAC Aviation 25 Limited	Aerovías	Allowed	\$3,364,175.30
NAC Aviation 25 Limited	Aerolitoral	Allowed	\$6,473,627.91
NAC Aviation 25 Limited	Aerovías	Allowed	\$6,473,627.91
NAC Aviation 25 Limited	Aerolitoral	Allowed	\$6,087,849.50
NAC Aviation 25 Limited	Aerovías	Allowed	\$6,087,849.50
Aldus Portfolio Leasing Limited	Aerovías	Allowed	\$3,151,049.79
Aldus Portfolio Leasing Limited	Aerolitoral	Allowed	\$3,151,049.79
Aldus Portfolio Leasing Limited	Aerovías	Allowed	\$6,251,882.18
Aldus Portfolio Leasing Limited	Aerolitoral	Allowed	\$6,251,882.18
NAC Aviation 29 Designated Activity Company	Aerolitoral	Allowed	\$9,560,265.86
NAC Aviation 29 Designated Activity Company	Aerovías	Allowed	\$9,560,265.86
NAC Aviation 19 Limited	Aerolitoral	Allowed	\$6,729,341.86
NAC Aviation 19 Limited	Aerovías	Allowed	\$6,729,341.86
NAC Aviation 29 Designated Activity Company	Aerolitoral	Allowed	\$3,470,415.12
NAC Aviation 29 Designated Activity Company	Aerovías	Allowed	\$3,470,415.12
NAC Aviation 29 Designated Activity Company	Aerolitoral	Allowed	\$8,002,811.28
NAC Aviation 29 Designated Activity Company	Aerovías	Allowed	\$8,002,811.28
NAC Aviation 33 Limited	Aerovías	Allowed	\$6,370,291.14
NAC Aviation 33 Limited	Aerovías	Allowed	\$10,494,363.91
NAC Aviation 33 Limited	Aerovías	Allowed	\$5,742,046.12
NAC Aviation 32 Limited	Aerovías	Allowed	\$2,532,036.66
NAC Aviation 32 Limited	Aerolitoral	Allowed	\$2,532,036.66
NAC Aviation 32 Limited	Aerovías	Allowed	\$2,244,155.38
NAC Aviation 32 Limited	Aerolitoral	Allowed	\$2,244,155.38
<b>Total</b>			\$200,984,649.32

12. The amounts of the Claims Settlement shall constitute the only claims of the Claimants against the Debtors relating to the Aircraft, the Aircraft Leases, or the Rejected Equipment in the Chapter 11 Cases, subject to the applicable Debtor Lessee's continued compliance with the Equipment Stipulation pending the assumption of the Aircraft Lease on an amended basis. Notably, entry into the Omnibus Amendment Agreements and the Claims

Settlement does not result in any additional claim amounts being asserted or allowed against the Debtors or their estates.

13. I believe that the Claims Settlement negotiated with the Lessors is reasonable. Rather than engage in costly and value-destructive litigation over the applicable Debtor Lessee's obligations to the Claimants under the respective Aircraft Leases and the leases relating to the Rejected Equipment, the amounts of the Claimants' claims, and any amounts mitigating the quantum of those claims, the parties negotiated a consensual resolution settling on \$200,984,649.32 with respect to the claims held by the Claimants 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 parties 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' claims against the Debtors. Lastly, a number of the Debtors' key stakeholders, including the respective advisors to the Committee, the Ad Hoc Group of Senior Noteholders, and the Ad Hoc group of Unsecured Claimholders, have no objection to the relief requested in the Motion. 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 Omnibus Amendment Agreements, the Form of Amended Aircraft Lease, and the summaries of the material terms of the Amended Aircraft Leases. While the Debtors recognize the need to disclose sufficient

information and details when seeking the relief requested in the NAC Motion, the Debtors must ensure that they protect certain key economic and commercial terms of the Omnibus Amendment Agreements, the Form of Amended Aircraft Lease, and the summaries of the material terms of the Amended Aircraft Leases (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 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.

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 NAC Motion because the Lessors may be unwilling to proceed with the transactions contemplated by 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 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 them in future business negotiations. For this reason, the Lessors agree 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 Omnibus Amendment Agreements and assume the Aircraft Leases 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.

21. 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 November day of 2, 2021  
in Castle Rock, Colorado

/s/ Matthew Landess  
Matthew Landess