

**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 CERTAIN OF THE  
DEBTORS TO (I) IMPLEMENT CERTAIN TRANSACTIONS WITH RESPECT TO  
JAPANESE OPERATING LEASES, INCLUDING (A) AMEND AND ASSUME  
CERTAIN AIRCRAFT LEASE AGREEMENTS (MSN 44426 AND MSN 44427), (B)  
ENTER INTO A NEW AIRCRAFT LEASE (MSN 43860), (C) PROVIDE THE  
CORRESPONDING GUARANTEES, AND (II) APPROVING THE RELATED CLAIMS  
SETTLEMENT AND (B) RELATED PLEADINGS**

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 (I) Implement Certain Transactions with Respect to Japanese Operating Leases, Including (A) Amend and Assume Certain Aircraft Lease Agreements (MSN 44426 and MSN 44427), (B) Enter into a New Aircraft Lease (MSN 43860), (C) Provide the Corresponding Guarantees, and (II) Approving the Related Claims Settlement* (the “**JOLCOs 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 JOLCOs 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.

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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).

**JOLCOs Motion**

6. As set forth in the JOLCOs 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, 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 an agreement with entities that control the SPVs and JOLCO Lenders to (a) amend and assume the Amended and Assumed Leases related to the MSN 44426 Aircraft and the MSN 44427 Aircraft, (b) enter into the New Aircraft Lease related to the MSN 43860 Aircraft, which Aerovías currently operates or has operated as part of the Debtors' existing fleet each on terms and conditions substantially consistent with the Term Sheet, (c) provide the Guarantees, and (d) enter into the Claims Settlement. By agreeing to such terms, the Debtors have achieved certainty in maintaining the Aircraft in their fleet on attractive 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 Pre-Petition Leases.

8. Furthermore, an assumption of the Amended and Assumed Leases and entering into the New Aircraft Lease will result in a substantially lower amount of unsecured claims against the Debtors than a rejection of the Aircraft Leases.

9. The Debtors are seeking to reset their fleet and attendant costs to a market level. As part of this process, the Debtors have evaluated 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 Term Sheet, that are in line with the Operating Fleet Plan. In addition, the Aircraft Leases, will (a) create operational flexibility for the Debtors, as they allow the Debtors to retain and operate the 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 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 comparable prepetition aircraft leases).

10. Moreover, the Guarantees are a necessary and critical component of the Aircraft Leases that, as discussed above, will provide substantial value to the Debtors' estates through (i) the attractive economic terms, (ii) dramatic reduction in anticipated associated rejection damages claims against the Debtors' estates, and (iii) resolution of potential litigation with JOLCO counterparties.

11. Accordingly, I believe that the approval of assumption of the Amended and Assumed Leases and entry into the New Aircraft Lease and associated Guarantees, substantially in accordance with the terms and conditions set forth in the Term Sheet (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.

12. Finally, in conjunction with the transactions contemplated by the Aircraft Leases and related financings and other transactions under these JOLCO transactions (collectively, such transactions relating to the Aircraft, including, without limitation, the Aircraft Leases, the related financings and the Guarantees are referred to herein as the “**JOLCO Transactions**”), the Debtors sought to resolve any and all claims (including guarantee claims) against the Debtors relating to the Aircraft or the Pre-Petition Leases belonging to the Lessors, JOLCO Lenders or any of their affiliates in connection with such JOLCO Transactions (collectively, all such parties entitled to assert claims under the JOLCO Transactions, the “**Claimants**”) in the Chapter 11 Cases. To this end, (a) the Debtors, on the one hand, and (b) the parties controlling (through their claim ownership, beneficial ownership, contractual control and otherwise) the claims asserted by the Claimants, on the other, entered into a claims settlement (the “**Claims Settlement**”) reflected in certain *Stipulation and Order by and between Certain Debtors and Counterparties Related to Claims Associated with Original Aircraft Leases for MSNs 43860, 44426 and 44427*, dated December 1, 2021 (the “**Claims Stipulation & Order**”), pursuant to which the parties thereto have agreed that the Majority Lenders (as defined in the Claims Stipulation and Order, the “**Majority Lenders**”) or their permitted designees will hold all of claims allowed under the Claims Stipulation & Order. Specifically, with respect to all claims asserted by the Lessors and JOLCO Lenders, on behalf of themselves and all other Claimants, the following listed parties (or their permitted assignees) (collectively, the “**Claim Holders**” and each a “**Claim Holder**”), as the designated nominees of the Majority Lenders, will hold and possess the following aggregate allowed non-priority general unsecured prepetition claims

against each of Aerovías and Grupo Aeroméxico on account of all claims belonging to the Claimants in respect of the Aircraft or the Pre-Petition Leases against the Debtors in the Chapter 11 Cases as follows (the “**Allowed Claims**”):

<b>Claimant</b>	<b>MSN</b>	<b>Debtor</b>	<b>Allowed Claim Amount</b>	<b>Claim Treatment</b>
Thomand Park S.à r.l.	43860	Aerovías	\$57,000,000	Allowed
Thomand Park S.à r.l.	43860	Grupo Aeroméxico	\$57,000,000	Allowed
Casement Park S.à r.l.	44426	Aerovías	\$57,000,000	Allowed
Casement Park S.à r.l.	44426	Grupo Aeroméxico	\$57,000,000	Allowed
Musgrave Park S.à r.l.	44427	Aerovías	\$57,000,000	Allowed
Musgrave Park S.à r.l.	44427	Grupo Aeroméxico	\$57,000,000	Allowed

13. Subject to the terms of the Term Sheet (and the Aircraft Leases, as applicable) and the Claims Stipulation & Order and the Debtors continued compliance with their post-petition obligations under the Stipulations, the amounts of the Allowed Claims under Claims Settlement shall constitute the only claims of the Claimants against the Debtors relating to the Aircraft or the Pre-Petition Leases in the Chapter 11 Cases. Notably, these claim amounts resolve the disputes with JOLCO Lenders described in the Motion, and are calculated based solely on the value of adjustments to economic terms from the Pre-Petition Leases to the Aircraft Leases (*i.e.*, the settlement does not result in any additional claim amounts allowed against the Debtors or their estates based on duplicate claims for Lessors and JOLCO Lenders, additional claim amounts relating to any of JOLCO Lenders’ asserted arguments regarding defaults under the Pre-Petition Leases or premiums resulting from acceleration of the JOLCO Loans, entry into the Aircraft Leases or the Claims Settlement).

14. I believe that the Claims Settlement negotiated with the Lessors is reasonable. Rather than engage in costly, uncertain and value-destructive litigation over the Aerovías and

Grupo Aeroméxico's obligations to the Claimants under the Pre-Petition Leases, or whether the JOLCO Lenders are entitled to duplicate claims upon assumption of the Pre-Petition Leases or any additional claim amounts based on alleged default of the Pre-Petition Leases and acceleration of the JOLCO Loans, the amounts of the Claimants' claims, and any amounts mitigating the quantum of those claims, the parties negotiated consensual resolutions settling on a total aggregate claim amount of \$171,000,000 against each of Aerovías (under the three Pre-Petition Leases) and Grupo Aeroméxico (under the three guarantees) with respect to the claims held by the Claimants as the agreed aggregate amount of the Claims Settlement. The calculation of these claim amounts corresponds to only two claims for each aircraft, one against Aerovías and one against Grupo Aeroméxico (i.e., no separate duplicative claims for Lessors and JOLCO Lenders against each Debtor) and does not provide value for the JOLCO Lender who asserted claims relating to alleged default of the Pre-Petition Leases and acceleration of the JOLCO Loans.

15. Any efforts by the Debtors, through litigation or otherwise, to resolve such disputes would be time consuming, speculative and expensive – and potentially lead to materially higher administrative/cure claims and/or prepetition general unsecured claims against the Debtors' estates. Such litigation would also delay, and potentially reduce significantly, 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 Claimant's 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 herein. Accordingly, the Debtors respectfully submit that the proposed Claims Settlement is fair and equitable, would be in the best interests of the Debtors' estates, creditors, and other stakeholders. 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**

16. The Debtors are also seeking to partially redact the Term Sheet. While the Debtors recognize the need to disclose sufficient information and details when seeking the relief requested in the JOLCOs Motion, the Debtors must ensure that they protect certain key economic and commercial terms of the Term Sheet (the “**Confidential Information**”).

17. 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.

18. 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.

19. 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.

20. Finally, disclosure of the Confidential Information could negatively implicate the relief requested in the JOLCOs Motion because the Lessors may be unwilling to proceed with the transactions contemplated by the Term Sheet 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.

21. 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.

22. 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 (i) amend and assume the Amended and Assumed Leases related to the MSN 44426 Aircraft and the MSN 44427 Aircraft, (ii) enter into the New Aircraft Lease related to the MSN 43860 Aircraft, which Aerovías currently operates or has operated as part of the Debtors' existing fleet each on terms and conditions substantially consistent with the Term Sheet, (iii) provide the Guarantees, and (iv) enter into the Claims Settlement is in the best interest of their estates and economic stakeholders and will further serve to maximize value for the benefit of all creditors.

23. 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 December 10, 2021  
in Castle Rock, Colorado

/s/ Matthew Landess  
Matthew Landess