

**Hearing Date and Time: January 25, 2022 at 10:00 a.m. (Prevailing Eastern Time)**  
**Objection Date and Time: January 22, 2022 at 12:00 p.m. (Prevailing Eastern Time)**

DAVIS POLK & WARDWELL LLP  
450 Lexington Avenue  
New York, New York 10017  
Telephone: (212) 450-4000  
Facsimile: (212) 701-5800  
Marshall S. Huebner  
Timothy Graulich  
Steven Z. Szanzer  
Joshua Y. Sturm

*Counsel to the Debtors  
and Debtors in Possession*

**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)**

**NOTICE OF HEARING ON DEBTORS' MOTION FOR ENTRY OF AN  
ORDER (I) AUTHORIZING DEBTOR AEROVÍAS DE MÉXICO, S.A. DE  
C.V. TO ASSUME (ON AN AMENDED BASIS) CERTAIN LEASE  
AGREEMENTS AND (II) APPROVING THE CLAIMS SETTLEMENT**

**PLEASE TAKE NOTICE** that, on January 11, 2022, the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) filed the *Debtors’ Motion for Entry of an Order (I) Authorizing Debtor Aerovías de México, S.A. de C.V. To Assume (On an Amended Basis) Certain Lease Agreements and (II) Approving the Claims Settlement* (the “**Motion**”). A hearing

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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 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.

on the Motion is scheduled to be held on **January 25, 2022 at 10:00 a.m. (prevailing Eastern Time)** (the “**Hearing**”) before the Honorable Judge Shelley C. Chapman, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Southern District of New York (the “**Court**”), or at such other time as the Court may determine.

**PLEASE TAKE FURTHER NOTICE** that, in accordance with *General Order M-543*, dated March 20, 2020 (Morris, C.J.) (“**General Order M-543**”),<sup>2</sup> the Hearing will be conducted telephonically. Any parties wishing to participate must do so telephonically by making arrangements through CourtSolutions, LLC ([www.court-solutions.com](http://www.court-solutions.com)). Instructions to register for CourtSolutions, LLC are attached to General Order M-543.

**PLEASE TAKE FURTHER NOTICE** that copies of the Motion may be obtained free of charge by visiting the website of Epiq Corporate Restructuring, LLC at <https://dm.epiq11.com/aeromexico>. You may also obtain copies of any pleadings by visiting the Court’s website at <http://www.nysb.uscourts.gov> in accordance with the procedures and fees set forth therein.

**PLEASE TAKE FURTHER NOTICE** that the Hearing may be continued or adjourned from time to time by an announcement of the adjourned date or dates at the Hearing or a later hearing or by filing a notice with the Court. The Debtors will file an agenda before the Hearing, which may modify or supplement the motion(s) to be heard at the Hearing.

**PLEASE TAKE FURTHER NOTICE** that any responses or objections to the Motion shall be in writing, shall comply with the Federal Rules of Bankruptcy Procedure and the Local

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<sup>2</sup> A copy of the General Order M-543 can be obtained by visiting <http://www.nysb.uscourts.gov/news/general-order-m-543-court-operations-under-exigent-circumstances-created-covid-19>.

Bankruptcy Rules for the Southern District of New York, shall be filed with the Court by (a) attorneys practicing in the Court, including attorneys admitted *pro hac vice*, electronically in accordance with General Order M-399 (which can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov)) and (b) all other parties in interest, in accordance with the customary practices of the Court and General Order M-399, to the extent applicable, and shall be served in accordance with General Order M-399 and the *Order Establishing Certain Notice, Case Management, and Administrative Procedures*, entered on July 8, 2020 [ECF No. 79], so as to be filed and received no later than **January 22, 2022 at 12:00 p.m. (prevailing Eastern Time)** (the “**Objection Deadline**”).

**PLEASE TAKE FURTHER NOTICE** that all objecting parties are required to telephonically attend the Hearing, and failure to appear may result in relief being granted upon default.

**PLEASE TAKE FURTHER NOTICE** that, if no responses or objections are timely filed and served with respect to the Motion, the Debtors may, on or after the Objection Deadline, submit to the Court an order substantially in the form of the proposed order attached to the Motion, under certification of counsel or certification of no objection, which order may be entered by the Court without further notice or opportunity to be heard.

*[Remainder of page intentionally left blank]*

Dated: January 11, 2022  
New York, New York

DAVIS POLK & WARDWELL LLP

By: /s/ Timothy Graulich

450 Lexington Avenue  
New York, New York 10017  
Telephone: (212) 450-4000  
Facsimile: (212) 701-5800  
Marshall S. Huebner  
Timothy Graulich  
Steven Z. Szanzer  
Joshua Y. Sturm

*Counsel to the Debtors  
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450 Lexington Avenue  
New York, New York 10017  
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**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)**

**DEBTORS' MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING  
DEBTOR AEROVÍAS DE MÉXICO, S.A. DE C.V. TO ASSUME (ON  
AN AMENDED BASIS) CERTAIN LEASE AGREEMENTS AND  
(II) APPROVING THE CLAIMS SETTLEMENT**

Grupo Aeroméxico, S.A.B. de C.V. (“**Grupo Aeroméxico**”) and certain of its affiliates (collectively, the “**Debtors**”), each of which is a debtor and debtor in possession in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”), hereby file this motion (this “**Motion**”) seeking the entry of an order (i) authorizing, but not directing, Debtor Aerovías de México, S.A. de C.V. (“**Aerovías**”) to assume the leases relating to four Engines (as defined herein) (collectively, as amended, modified, or otherwise supplemented, the “**Engine Leases**”) on an

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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 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.

amended basis (collectively, the “**Amended Engine Leases**”) on terms substantially consistent with those set forth in the Letter of Intent, dated January 7, 2022, attached to the Proposed Order (as defined herein) as Exhibit 1 (the “**Letter of Intent**”) and (ii) approving the Claims Settlement (as defined herein). A summary of the material terms of the Letter of Intent is attached hereto as **Exhibit B**. This Motion is supported by the *Declaration of Matthew Landess in Support of (A) Debtors’ Motion for Entry of an Order (I) Authorizing Debtor Aerovías de México, 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* (the “**Landess Declaration**”) filed contemporaneously herewith and incorporated herein by reference. In further support of this Motion, the Debtors respectfully state as follows:

#### **Jurisdiction and Venue**

1. The United States Bankruptcy Court for the Southern District of New York (the “**Court**”) has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference M-431*, dated January 31, 2012 (Preska, C.J.). This is a core proceeding pursuant to 28 U.S.C. § 157(b). In addition, the Debtors confirm their consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter a final order or judgment in connection herewith consistent with Article III of the United States Constitution.

2. Venue of the Chapter 11 Cases and related proceedings is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

### **Relief Requested**

3. By this Motion, and pursuant to sections 365 and 105(a) of chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) and Bankruptcy Rules 6004, 6006, 9013, and 9019, the Debtors seek entry of an order, substantially in the form attached hereto as **Exhibit A** (the “**Proposed Order**” and, if entered, the “**Order**”), (a) authorizing (but not directing) Aerovías to assume the Engine Leases on an amended basis on terms substantially consistent with those set forth in the Letter of Intent attached to the Proposed Order as Exhibit 1, and (b) approving the Claims Settlement, each as further detailed herein and in the Proposed Order.

### **Background**

#### **A. General Background**

4. On June 30, 2020 (the “**Petition Date**”), each of the Debtors filed in this Court voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors have continued to operate and manage their businesses and have continued to possess their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. The Chapter 11 Cases are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b) and the *Order Directing Joint Administration of Chapter 11 Cases* [ECF No. 30] entered by the Court on July 1, 2020 in Grupo Aeroméxico’s Chapter 11 Case.<sup>2</sup>

6. On July 13, 2020, the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”) appointed an Official Committee of Unsecured Creditors

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<sup>2</sup> On July 2, 2020, the Court entered similar orders for the other Debtors on their respective case dockets. See *In re Aerovías de México, S.A. de C.V.*, No. 20-11561, ECF No. 4; *In re Aerolitoral, S.A. de C.V.*, No. 20-11565, ECF No. 4; *In re Aerovías Empresa de Cargo, S.A. de C.V.*, No. 20-11566, ECF No. 4.

(the “**Committee**”) pursuant to section 1102 of the Bankruptcy Code. *See Notice of Appointment of Official Committee of Unsecured Creditors* [ECF No. 92]. No trustee or examiner has been appointed in the Chapter 11 Cases.

7. Detailed information regarding the Debtors’ businesses and affairs, capital structure, and the circumstances leading to the commencement of the Chapter 11 Cases can be found in the *Declaration of Ricardo Javier Sánchez Baker in Support of the Debtors’ Chapter 11 Petitions and First Day Pleadings* [ECF No. 20], which is incorporated herein by reference.

#### **B. The Debtors’ Fleet Optimization Process**

8. As the Court is aware, 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.

9. On July 3, 2020, the Debtors filed the *Debtors’ Motion for Entry of an Order (I) Authorizing Debtors To Reject Certain Aircraft Leases Nunc Pro Tunc and (II) Approving Lease Rejection-Return Procedures* [ECF No. 52] (the “**Rejection Motion**”), pursuant to which the Debtors sought approval to reject leases relating to certain aircraft and engines, including a lease (the “**Rejected Aircraft Lease**”) for a Boeing 737-700W aircraft bearing manufacturer’s serial number 28262 (together with the related engines, parts, equipment, and appurtenances, the “**Rejected Aircraft**”) leased to Aerovías by Bank of Utah, not in its individual capacity but solely as owner trustee (the “**Rejected Aircraft Lessor**”). On July 23, 2020, the Court entered an order approving the Rejection Motion [ECF No. 177]. In addition, prior to the Petition Date, the Debtors returned two General Electric model CF34-10E6 engines bearing manufacturer’s serial numbers 424142 and 994995 (collectively, with the related parts, equipment, and appurtenances,



the “**Returned Engines**”) to Wells Fargo Trust Company, National Association, not in its individual capacity but solely as owner trustee (the “**Lessor**”), which Returned Engines were leased (the “**Returned Engine Leases**”) from the Lessor by the Debtor Aerolitoral, S.A. de C.V. (“**Aerolitoral**”). Thereafter the Rejected Aircraft Lessor, the Lessor, and/or their respective affiliates filed one or more proofs of claims asserting claims relating to the Rejected Aircraft, the Rejected Aircraft Lease, the Returned Engines, and the Returned Engine Leases.

10. On September 15, 2020, the Debtors filed their *Motion for Approval of Stipulations and Orders Between Debtors and Counterparties Concerning Certain Aircraft and Engines* [ECF No. 373] (the “**Equipment Stipulation Motion**”), pursuant to which the Debtors sought approval of certain stipulations between certain Debtors and certain counterparties concerning leases of Equipment (as defined in the Equipment Stipulation Motion). These stipulations enabled the Debtors to continue to utilize the Equipment on their operating routes and to maintain the Equipment when not being operated. Broadly speaking, such stipulations provide, with limited variation, for payment of rent calculated based on actual usage of the Equipment (called a “power by the hour” or “PBH” arrangement), rather than a fixed monthly amount. The Court entered an order approving the Equipment Stipulation Motion [ECF No. 396] and so ordered the underlying stipulations [ECF Nos. 399–429, 475, 491, 502].

11. On April 22, 2021, the Debtors filed their *Motion for (I) Approval of Compromises with Boeing and Other Counterparties, (II) Authorization To (A) Enter Into Amended Aircraft Purchase Agreement with Boeing and (B) Enter into Agreements with Other Counterparties related to the Boeing Transaction, (III) Approval of the Assumption of Such Amended Agreements, as Applicable, and (IV) Approval To Settle Certain Prepetition Claims of Counterparties* [ECF No. 1108] (the “**Boeing Motion**”) and their *Motion for (I) Authorization To (A) Enter Into*

*New Aircraft Lease Agreements and (B) Amend and Assume Certain Existing Aircraft Lease Agreements, and (II) Approval of Compromise Regarding Prepetition Claims with Air Lease Corporation* [ECF No. 1113] (the “**Air Lease Motion**”). The Court approved both the Boeing Motion and the Air Lease Motion at a hearing on April 30, 2021,<sup>3</sup> and subsequently entered each of the orders related thereto.<sup>4</sup> Pursuant to such orders, the Debtors (a) added 28 new aircraft to their fleet, (b) assumed agreements relating to 18 existing aircraft, and (c) settled the allowed amounts of unsecured claims of certain counterparties with respect to such equipment.

12. The Court has also entered additional orders authorizing the Debtors to either enter into new leases and/or assume existing leases on an amended basis. *See* ECF Nos. 984, 1100, 1544, 1572–73, 1579, 1659, 1693, 1759, 1891, 1932, 1934, 1939, 1941, 2004, 2006, 2024, 2024, 2068, 2082, 2128, 2144, 2152–54, 2385, 2397, 2399.

### **C. The Amended Engine Leases and the Claims Settlement**

13. Over the last several months, 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.

14. As a result of arm’s length and good faith negotiations, Aerovías has reached an agreement with the Lessor to (a) assume the Engine Leases relating to (i) a CFM56-7B27 engine bearing manufacturer’s serial number 891360, (ii) a CFM56-7B24/3 engine bearing manufacturer’s serial number 874393, (iii) a CFM56-7B24/3 engine bearing manufacturer’s serial

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<sup>3</sup> *See* Hr’g Tr. (April 30, 2021), 29:17–23 and 37:13–16.

<sup>4</sup> *See* ECF Nos. 1141–42, 1145, 1154, 1156–57, 1160–62.

number 876728 and (iv) a CFM56-7B20E engine bearing manufacturer's serial number 961779 (collectively, with the related parts, equipment, and appurtenances, the "**Engines**"), which Aerovías currently operates as part of its existing fleet,<sup>5</sup> on an amended basis on terms substantially consistent with those set forth in the Letter of Intent and (b) resolve any and all claims against the Debtors in the Chapter 11 Cases relating to the Engines, the Engine Leases, the Rejected Aircraft, the Rejected Aircraft Lease, the Returned Engines, and Returned Engine Leases belonging to the Lessor, the Rejected Aircraft Lessor, Willis Lease Finance Corporation, each of their respective affiliates, and certain other parties (collectively, the "**Claimants**"<sup>6</sup>), each as described herein and in the Landess Declaration.

15. The Letter of Intent sets forth the commercial terms between the Lessor and Aerovías. By agreeing to such terms, the Debtors have achieved certainty in maintaining the Engines in their fleet on terms that fit the Debtors' short- and long-term needs and with improved economics, ownership costs, and terms and conditions as compared to the existing Engine Leases. Moreover, the Lessor and Aerovías have agreed that, subject to the Debtors' continued compliance with the terms of the Engine Leases and the Equipment Stipulation, the assumption of the Engine Leases on an amended basis, on terms substantially consistent with those set forth in the Letter of Intent, would not give rise to an obligation to make any cash payment at the time of assumption to cure any defaults under the Engine Leases under section 365(b)(1)(A) of the Bankruptcy Code.

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<sup>5</sup> Pursuant to the *Stipulation and Order Between Certain Debtors and Counterparties Concerning Certain Equipment* [ECF No. 425] (the "**Equipment Stipulation**"), Aerovías and the Lessor agreed to, among other things, enter into the PBH Agreement (as defined in the Equipment Stipulation) governing Aerovías's post-petition use of the Engines.

<sup>6</sup> For the avoidance of doubt, "Claimants" includes, without limitation, holders of claims assigned numbers 12208, 13056, 12207, 13061, 12203, 13489, 12200, 12201, 13942, 13958, 13980, 13996, 12199, or 13460.

16. In conjunction with this transaction, the Debtors seek to resolve any and all claims against the Debtors relating to the Engines, the Engine Leases, the Rejected Aircraft, the Rejected Aircraft Lease, the Returned Engines, and the Returned Engine Leases belonging to the Claimants in the Chapter 11 Cases. To this end, the parties have agreed that the Lessor and the Rejected Aircraft Lessor, on behalf of themselves and all other Claimants, will have allowed non-priority general unsecured prepetition claims against Aerovías's and Aerolitoral's bankruptcy estates, as set forth in the Proposed Order, on account of any and all claims relating to the Engines, the Engine Leases, the Rejected Aircraft, the Rejected Aircraft Lease, the Returned Engines, and the Returned Engine Leases against the Debtors in the Chapter 11 Cases (the "**Claims Settlement**" and, together with the Amended Engine Leases, the "**Willis Transactions**"). Subject to the Debtors' continued compliance with the terms of the Engines Leases and Equipment Stipulation, the claims allowed pursuant to the Claims Settlement shall constitute the only claims of the Claimants relating to the Engines, the Engine Leases, the Rejected Aircraft, the Rejected Aircraft Lease, the Returned Engines, or the Returned Engines Leases allowed in the Chapter 11 Cases.

17. In determining to enter into the Willis Transactions, the Debtors consulted with the respective advisors to Apollo Management Holdings, L.P. (on behalf of one or more affiliates and/or funds or separate accounts managed by it and its affiliates (such lenders collectively,

the “**DIP Lenders**”)), the Committee, the Ad Hoc Group of Senior Noteholders,<sup>7</sup> and the Ad Hoc Group of Unsecured Claimholders.<sup>8</sup>

### **Basis for Relief**

#### **A. The Court Should Authorize the Assumption of the Engine Leases (on an Amended Basis) Under Sections 365(a) and 105(a) of the Bankruptcy Code**

18. Section 365 of the Bankruptcy Code allows a debtor in possession (with bankruptcy court approval) to maximize the value of its estates by, among other things, assuming executory contracts and unexpired leases. 11 U.S.C. § 365(a); *see also NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 521 (1984); *Orion Pictures Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.)*, 4 F.3d 1095, 1098 (2d Cir. 1993). An executory contract is a “contract under which the obligation of both the bankrupt and the other party to the contract are so far unperformed that the failure of either to complete performance would constitute a material breach excusing performance of the other.” *Sharon Steel Corp. v. Nat’l Fuel Gas Distribution Corp.*, 872 F.2d 36, 39 (3d Cir. 1989) (internal citations omitted); *see also In re Keren Ltd. P’ship*, 225 B.R. 303, 307 (S.D.N.Y. 1997), *aff’d*, 189 F.3d 86 (2d Cir. 1999) (same).

19. In determining whether to permit a debtor to assume or reject a contract or lease, “the debtor’s interests are paramount.” *COR Route 5 Co. v. Penn Traffic Co. (In re Penn Traffic Co.)*, 524 F.3d. 373, 383 (2d Cir. 2008). Accordingly, the decision to assume or reject an executory contract or unexpired lease is governed by the business judgment rule, which requires that a debtor

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<sup>7</sup> As used in this Motion, “Ad Hoc Group of Senior Noteholders” refers to the group identified in the *Third Amended Verified Statement of the Ad Hoc Group of Senior Noteholders Pursuant to Bankruptcy Rule 2019* [ECF No. 1731].

<sup>8</sup> As used in this Motion, “Ad Hoc Group of Unsecured Claimholders” refers to the group identified in the *Second Amended Verified Statement of the Ad Hoc Group of Unsecured Claimholders Pursuant to Bankruptcy Rule 2019* [ECF No. 2244].

determine that the requested assumption would be beneficial to its estates. *See Grp. of Institutional Invs. v. Chicago, M., St. P. & P. R. Co.*, 318 U.S. 523, 550 (1943) (finding that the question of assumption “is one of business judgment”); *In re Penn Traffic*, 524 F.3d at 383; *In re Old Carco LLC*, 406 B.R. 180, 188 (Bankr. S.D.N.Y. 2009); *In re Helm*, 335 B.R. 528, 538 (Bankr. S.D.N.Y. 2006); *In re MF Global Inc.*, No. 11-2790, 2011 WL 6792758, at \*2 (Bankr. S.D.N.Y. Dec. 20, 2011) (“The assumption or rejection of an executory contract may be approved if such action would benefit the debtor’s estate and is an exercise of sound business judgment.”); *Sharon Steel*, 872 F.2d at 40.

20. In considering a motion to assume or reject an executory contract or unexpired lease, a debtor “should examine a contract and the surrounding circumstances and apply its best ‘business judgment’ to determine if [assumption] would be beneficial or burdensome to the estate.” *In re Orion Pictures Corp.*, 4 F.3d at 1099; *see also In re Klein Sleep Prods., Inc.*, 78 F.3d 18, 25 (2d Cir. 1996); *In re Gucci*, 193 B.R. 411, 415 (S.D.N.Y. 1996). A debtor’s decision to assume an executory contract or unexpired lease based on its business judgment will generally not be disturbed absent a showing of “bad faith or abuse of business discretion.” *In re Old Carco*, 406 B.R. at 188 (quoting *In re G Survivor Corp.*, 171 B.R. 755, 757 (Bankr. S.D.N.Y. 1994), *aff’d sub nom. John Forsyth Co., Inc. v. G Licensing, Ltd.*, 187 B.R. 111 (S.D.N.Y. 1995)); *see also In re MF Global Inc.*, No. 11-2790, 2011 WL 6792758, at \*2 (Bankr. S.D.N.Y. Dec. 20, 2011) (“The assumption or rejection of an executory contract may be approved if such action would benefit the debtor’s estate and is an exercise of sound business judgment.”); *In re Chipwich, Inc.*, 54 B.R. 427, 430–31 (Bankr. S.D.N.Y. 1985). The party opposing a debtor’s exercise of its business judgment has the burden of rebutting the presumption of validity. *See Official Comm. of Subordinated*

*Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992), *appeal dismissed*, 3 F.3d 49 (2d Cir. 1993).

21. Upon finding that the debtor has exercised its sound business judgment in determining that the assumption of a contract or lease is in the best interests of the debtor, its creditors, and all parties in interest, the court should approve the assumption under section 365(a) of the Bankruptcy Code. *See, e.g., In re Child World, Inc.*, 142 B.R. 87, 89 (Bankr. S.D.N.Y. 1992); *In re Gucci*, 193 B.R. at 417.

22. Moreover, section 105(a) of the Bankruptcy Code confers the Court with broad equitable powers to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a).

23. The Debtors respectfully submit that the relief requested herein is fair, equitable, reasonable, and in the best interests of the Debtors’ estates and is, thus, justified under sections 365(a) and 105(a) of the Bankruptcy Code. As described above and in the Landess Declaration, 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 Engine Leases 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, as memorialized in the Letter of Intent, 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 Engine Leases, the Amended Engine Leases also will create operational flexibility for the Debtors, as they will allow the Debtors to retain and operate four

existing engines in their fleet. Finally, the Debtors have determined (based on the exercise of their sound business judgment) that the terms of the Amended Engine 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 engine leases).

24. In light of the foregoing, the Debtors respectfully submit that the assumption of the Engine Leases on an amended basis, on terms substantially consistent with those set forth in the Letter of Intent, (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. Accordingly, the Debtors respectfully request that the Court authorize, but not direct, Aerovías to assume the Engine Leases on an amended basis on terms substantially consistent with those set forth in the Letter of Intent and to perform all the obligations under the Amended Engine Leases.

**B. The Court Should Approve the Claims Settlement Under Bankruptcy Rule 9019**

25. By this Motion, the Debtors also seek approval of the Claims Settlement between the Claimants and the Debtors for the allowance of claims stemming from the Rejected Aircraft, the Returned Engines, and the amendment of the Engine Leases' terms, while expunging all other claims belonging to the Claimants against the Debtors in the Chapter 11 Cases relating to the Engines, the Engine Leases, the Rejected Aircraft, the Rejected Aircraft Lease, the Returned Engines, or the Returned Engine Leases.

26. A court should exercise its discretion to approve settlements "in light of the general public policy favoring settlements." *In re Hibbard Brown & Co.*, 217 B.R. 41, 46 (Bankr.



S.D.N.Y. 1998). Indeed, courts in this district have made clear that “[a]s a general matter, ‘settlements and compromises are favored in bankruptcy as they minimize costly litigation and further parties’ interests in expediting the administration of the bankruptcy estate.’” *In re Republic Airways Holdings, Inc.*, No. 16-10429 (SHL), 2016 WL 2616717, at \*3 (Bankr. S.D.N.Y. May 4, 2016) (citing *In re Dewey & LeBouef LLP*, 478 B.R. 626, 640 (Bankr. S.D.N.Y. 2012)); *see also Motorola, Inc. v. Official Comm. of Unsecured Creditors (In re Iridium Operating LLC)*, 478 F.3d 452, 455 (2d Cir. 2007).

27. Under Bankruptcy Rule 9019 and governing case law, a court should approve a compromise or settlement where it makes an independent determination that the compromise or settlement is fair and equitable, reasonable, and in the best interests of the debtor’s estate. *See, e.g., In re Republic Airways*, 2016 WL 2616717 at \*3; *Air Line Pilots Ass’n, Int’l v. Am. Nat’l Bank & Trust Co. of Chi. (In re Ionosphere Clubs)*, 156 B.R. 414, 426 (S.D.N.Y. 1993); *Nellis v. Shugrue*, 165 B.R. 115, 122–23 (S.D.N.Y. 1994). In so doing, a court may consider the opinions of the trustee or debtor in possession that the settlement is fair and equitable. *See Nellis*, 165 B.R. at 122; *In re Purofied Down Prods. Corp.*, 150 B.R. 519, 522 (S.D.N.Y. 1993).

28. Furthermore, when assessing whether or not to approve a settlement, “the court need not conduct a ‘mini-trial’ to determine the merits of the underlying litigation” nor decide the issues of law or fact raised by the settlement. *See In re Purofied Down Prods.*, 150 B.R. at 522. Instead, a court should “canvass the issues and see whether the settlement fall[s] below the lowest point in the range of reasonableness.” *Cosoff v. Rodman (In re W.T. Grant Co.)*, 699 F.2d 599, 608 (2d Cir. 1983) (alteration in original) (citations omitted). In this regard, courts have found that “[t]he ‘reasonableness’ of [a] settlement depends upon all factors, including probability of success, the length and cost of the litigation, and the extent to which the settlement is truly the

product of ‘arms-length’ bargaining, and not fraud or collusion.” *In re Ionosphere Clubs, Inc.*, 156 B.R. at 428.

29. The Debtors respectfully submit that the Claims Settlement satisfies the range of reasonableness test described above. Rather than engage in costly and value-destructive litigation over Aerovías’s and Aerolitoral’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 the amounts set forth in the Proposed Order 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 Lessor and the Rejected Aircraft Lessor (on behalf of themselves and all other Claimants) 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 Aerovías and Aerolitoral. 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, and should be approved.

#### **Notice**

30. Notice of this Motion will be provided to the following parties: (a) the entities on the Master Service List (as defined in the *Order Establishing Certain Notice, Case Management,*

*and Administrative Procedures* [ECF No. 79], which is available on the Debtors' case website at <https://dm.epiq11.com/case/aeromexico/info>); (b) the U.S. Trustee; (c) counsel to the Committee; (d) counsel to the DIP Lenders; (e) counsel to the Ad Hoc Group of Senior Noteholders; (f) counsel to the Ad Hoc Group of Unsecured Claimholders; and (g) any person or entity with a particularized interest in the subject matter of this Motion. The Debtors respectfully submit that no other or further notice is required.

**No Prior Request**

31. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

*[Remainder of page intentionally left blank]*

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as the Court deems just and proper.

Dated: January 11, 2022  
New York, New York

DAVIS POLK & WARDWELL LLP

By: /s/ Timothy Graulich

450 Lexington Avenue  
New York, New York 10017  
Telephone: (212) 450-4000  
Facsimile: (212) 701-5800  
Marshall S. Huebner  
Timothy Graulich  
Steven Z. Szanzer  
Joshua Y. Sturm

*Counsel to the Debtors  
and Debtors in Possession*

**Exhibit A**

**Proposed Order**

**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)**

**ORDER (I) AUTHORIZING DEBTOR AEROVÍAS DE MÉXICO, S.A. DE C.V.  
TO ASSUME (ON AN AMENDED BASIS) CERTAIN LEASE  
AGREEMENTS AND (II) APPROVING THE CLAIMS SETTLEMENT**

Upon the motion (the “**Motion**”)<sup>2</sup> of the Debtors for entry of an order (this “**Order**”), (i) authorizing, but not directing, Debtor Aerovías de México, S.A. de C.V. (the “**Debtor Lessee**”) to assume the Engine Leases on an amended basis on terms substantially consistent with those set forth in the Letter of Intent (attached hereto as **Exhibit 1**) and (ii) approving the Claims Settlement, each as set forth more fully in the Motion and the Landess Declaration; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference M-431*, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the relief requested therein being a core proceeding under 28 U.S.C. § 157(b); and venue of the Chapter 11 Cases and related proceedings being proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice

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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 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.

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

of the Motion having been provided to the notice parties identified in the Motion; such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and the Court having reviewed the Motion [and held a hearing to consider the relief requested in the Motion on January 25, 2022 (the “**Hearing**”)]; and upon [the record of the Hearing, and upon] all of the proceedings had before the Court; and after due deliberation the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and the Court having found that the relief granted herein is in the best interests of the Debtors, their creditors, and all other parties in interest; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted to the extent set forth herein.
2. The Willis Transactions are hereby approved and Aerovías is authorized (but not directed), pursuant to section 365 of the Bankruptcy Code, to (a) assume the Engine Leases on an amended basis on terms substantially consistent with those set forth in the Letter of Intent and (b) pay all amounts and otherwise perform all obligations under the Engine Leases in accordance with the terms of the Amended Engine Leases. Each Engine Lease, as amended, shall be deemed assumed by Aerovías upon the effectiveness of the respective Amended Engine Lease in accordance with its terms, and, upon such effectiveness, each Amended Engine Lease shall be in full force and effect and Aerovías shall be obligated to perform all of its obligations thereunder without the need for further notice or action by Aerovías or the Lessor or a further order of the Court.
3. Subject to the Debtors’ continued compliance with the terms of the Engine

Leases and the Equipment Stipulation, Aerovías shall pay \$0.00 to the Lessor in satisfaction of its obligation to cure any pre-assumption defaults under the Engine Leases in accordance with section 365(b)(1)(A) of the Bankruptcy Code.

4. The Debtors and the Lessor are authorized (but not directed) to (a) execute, deliver, provide, implement, and fully perform any and all obligations, instruments, and papers necessary or advisable to implement the Willis Transactions, including, without limitation, executing any and all documentation necessary to assume each Engine Lease on an amended basis on terms substantially consistent with those set forth in the Letter of Intent, and (b) take any and all actions to implement the Willis Transactions without the need for further notice or order of the Court.

5. From and after the effective date of each Amended Engine Lease, the obligations of Aerovías under the respective Engine Lease (as amended in accordance with the Amended Engine Leases) shall constitute administrative expenses of Aerovías's estate pursuant to sections 503(b)(1) and 507(a)(2) of the Bankruptcy Code.

6. The Claims Settlement is (a) integral and necessary to the Willis Transactions, (b) supported by reasonable consideration, (c) fair and equitable and in the best interest of the Debtors' estates, and (d) permitted by the Bankruptcy Code, and thus, is hereby approved pursuant to Bankruptcy Rule 9019(a) and shall be binding on the Debtors, the Lessor, and all other Claimants.

7. The automatic stay under section 362(a) of the Bankruptcy Code is modified to the extent necessary to implement the terms and conditions set forth in the Amended Engine Leases and to allow the Lessor to irrevocably apply, setoff, and take in the security



deposits, advance fees, or advance payments, if any, held under the Engine Leases, Rejected Aircraft Leases, and Returned Engine Leases.

8. In accordance with the Claims Settlement, and subject to paragraph 3 of this Order, and after application and net of any security deposits, advance fees, or advance payments held under the relevant leases, the following non-priority general unsecured claims shall be allowed as general unsecured non-priority claims not subject to reconsideration under section 502 of the Bankruptcy Code against the Debtors in the final amounts listed below in the Chapter 11 Cases (or any subsequent chapter 7 case in the event of conversion) (collectively, the “**Non-Guaranteed Claims**”):

Claimant and Claim Number	Debtor	Treatment	Allowed Claim Amount
Wells Fargo Trust Co., N.A. as Owner Trustee [Claim No. 13996]	Aerovías de México, S.A. de C.V.	Allowed	\$1,256,685.67
Wells Fargo Trust Co., N.A. as Owner Trustee [Claim No. 13958]	Aerovías de México, S.A. de C.V.	Allowed	\$350,500.67
Wells Fargo Trust Co., N.A. as Owner Trustee [Claim No. 13942]	Aerovías de México, S.A. de C.V.	Allowed	\$1,447,861.22
Wells Fargo Trust Co., N.A. as Owner Trustee [Claim No. 13980]	Aerovías de México, S.A. de C.V.	Allowed	\$1,354,263.34
Wells Fargo Trust Co., N.A. as Owner Trustee [Claim No. 13489]	Aerolitoral, S.A. de C.V.	Allowed	\$288,175.51
Bank of Utah, as Owner Trustee [Claim No. 13460]	Aerovías de México, S.A. de C.V.	Allowed	\$2,054,366.74

9. In accordance with the Claims Settlement, and subject to paragraph 3 of this Order, and after application and net of any security deposits, advance fees, or advance payments held under the relevant leases, the following additional non-priority general

unsecured claims shall be allowed as general unsecured non-priority claims not subject to reconsideration under section 502 of the Bankruptcy Code against the Debtors in the final amounts listed below in the Chapter 11 Cases (or any subsequent chapter 7 case in the event of conversion) (collectively, the “**Guaranteed Claims**” and, together with the Non-Guaranteed Claims, the “**Allowed Claims**”):

Claimant	Debtor	Treatment	Allowed Claim Amount
Wells Fargo Trust Co., N.A. as Owner Trustee [Claim No. 13056]	Aerolitoral, S.A. de C.V.	Allowed	\$2,354,277.14
Wells Fargo Trust Co., N.A. as Owner Trustee [Claim No. 13061]	Aerovías de México, S.A. de C.V.	Allowed	\$2,354,277.14

For the avoidance of doubt, the amounts of the Claims Settlement shall constitute the only claims belonging to the Claimants relating to the Engines, the Engines Leases, the Rejected Aircraft, the Rejected Aircraft Lease, the Returned Engines, or the Returned Engine Leases allowed in the Chapter 11 Cases; *provided, however*, that, with respect to the Guaranteed Claims, the Claimant may recover from Aerolitoral and Aerovías until it has received payment in full on account of such Guaranteed Claims, but, for the avoidance of doubt, the Claimant (a) shall only be entitled to recover up to the aggregate amount of \$2,354,277.14 on account of the Guaranteed Claims, (b) shall not be entitled to receive distributions from multiple Debtors on account of the Guaranteed Claims aggregating to more than \$2,354,277.14, and (c) shall promptly return any such excess distributions, if any, to the applicable Debtor if received.

10. In accordance with the Claims Settlement, other than the Allowed Claims, all claims against the Debtors relating to the Engines, the Engines Leases, the Rejected Aircraft, or the Returned Engines belonging to the Claimants in the Chapter 11 Cases are

hereby deemed withdrawn (collectively, the “**Withdrawn Claims**”), including, without limitation, the following claims:

<b>Claim Number</b>	<b>Claimant</b>	<b>Withdrawn Claim Amount</b>
12208	Willis Lease Financing Corporation	\$124,643.60
12207	Willis Mitsui & Co Engine Support Ltd	\$0.00
12203	Willis Mitsui & Co Engine Support Ltd	\$0.00
12200	Willis Engine Structured Trust III	\$0.00
12201	Willis Engine Structured Trust V	\$0.00
12199	Willis Lease Financing Corporation	\$124,643.60

11. The claims numbered 13489 and 13460 and the Guaranteed Claims shall be automatically allowed in the amounts set forth above, and the Withdrawn Claims related to the same engines and aircraft shall be automatically withdrawn, upon the entry of this Order. The claims numbered 13942, 13958, 13980, and 13996 shall be automatically allowed in the amounts set forth above, and the Withdrawn Claims related to the same engines shall be automatically withdrawn, upon the effectiveness of the applicable Amended Engine Lease. No further notice or action shall be required of the Claimants or the Debtors to effectuate the allowance or withdrawal, as applicable, of such claims upon such occurrence. Epiq Corporate Restructuring, LLC is authorized to update the claims register to reflect the terms of this Order, including, among other things, reflecting the allowance of the Allowed Claims and the withdrawal of the Withdrawn Claims as set forth in this Order.

12. None of the Allowed Claims shall be (either directly or indirectly) subject to (a) challenge, objection, counterclaim, or offset for any reason or (b) objection,

avoidance, or recovery action under section 502(d), 542, 544, 547, 548, 549, 550, 551 or 553 of the Bankruptcy Code.

13. Notwithstanding any subsequent appointment of any trustee(s) under any chapter of the Bankruptcy Code, this Order shall be binding in all respects upon, and shall inure to the benefit of, the Debtors, their estates, and their creditors, their respective affiliates, successors, and assigns, and any affected third parties, including, but not limited to, the Claimants and all other persons asserting interests in the Engines, the Engine Leases, the Rejected Aircraft, Rejected Aircraft Lease, the Returned Engines, or the Returned Engine Leases.

14. The Debtors are authorized to take, or refrain from taking, any action necessary or appropriate to implement and effectuate the terms of, and the relief granted in, this Order without seeking further order of the Court.

15. To the extent that there may be any inconsistency between the terms of the Motion and the express terms of this Order, the express terms of this Order shall govern.

16. While the above referenced Chapter 11 Cases are pending, this Court shall retain exclusive jurisdiction over any and all matters arising from or related to the implementation, interpretation, and enforcement of this Order and the Amended Engine Leases.

Dated: \_\_\_\_\_, 2022  
New York, New York

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THE HONORABLE SHELLEY C. CHAPMAN  
UNITED STATES BANKRUPTCY JUDGE

**Exhibit 1**

**Letter of Intent**

**AEROVÍAS DE MÉXICO, S.A. DE C.V.  
ENGINE LEASE AGREEMENT**

**INDICATIVE SUMMARY OF PRINCIPAL TERMS AND CONDITIONS**

January 7, 2022

*This Indicative Summary of Principal Terms and Conditions (this “Summary of Terms”) is for discussion purposes only. No legally binding obligations will be created prior to execution of definitive transaction documents signed by the parties thereto, except for the provisions under the headings “Costs and Expenses” and “Confidentiality” below which are intended by the parties hereto to be legally binding obligations.*

**Transaction Overview** Lessor and Lessee will enter into one or more amended and restated lease agreements (each, a “Lease” and together, the “Leases”) for the engine(s) described in Appendix 1 hereto (each, an “Engine” and together, the “Engines”). Upon signing of this Summary of Terms, the parties will negotiate in good faith to finalize and execute definitive documentation (the “Documentation”) that reflects the terms and conditions specified in this Summary of Terms. Documentation will be prepared by Lessee’s counsel and will amend the existing lease agreements between Lessee and Lessor.

**Lessor** As set out on Appendix 1 hereto.

**Servicer** Willis Lease Finance Corporation

**Lessee** Aerovías de México, S.A. de C.V., as lessee under each Lease (the “Lessee”).

**Engine** Details of the Engines are described in Appendix 1 hereto.  
[REDACTED]

**Basic Rent** Basic Rent for the Engines shall be either the PBH Rent or the Fixed Rent, as described below.

Initially, Basic Rent shall be paid monthly in arrears on a power-by-the-hour basis (the “PBH Rent”) until the earlier of (i) [REDACTED] and (ii) the date that the fleetwide average utilization for the same engine type as the Engine reaches a minimum of [REDACTED] of the monthly utilization for each of the [REDACTED] consecutive months corresponding to the same months from January 2019 through December 2019 (the “PBH Period”).

For each calendar month during the PBH Period, the PBH Rent will be equal [REDACTED] an amount calculated in accordance with the following formula:

$$W = A * B$$

where:

W: [REDACTED]

A: [REDACTED]

B: [REDACTED]

[REDACTED]

For each calendar month (or part thereof) during the PBH Period, the Lessee will provide a utilization report to the Lessor by the [REDACTED] day of the immediately succeeding calendar month and make a payment of the PBH Rent by the later of (x) the [REDACTED] day of such calendar month and (y) three business days after receiving Lessor's invoice in respect of the PBH Rent.

Following the last day of the PBH Period and during the remainder of the Lease Term, Basic Rent shall be paid monthly in advance in a fixed amount per month equal to the "Fixed Rent" described in Appendix 1 hereto ("*Fixed Rent*").

**Lease Term** The last day of the Lease Term shall be the earlier of the "*Expiry Date*" as set out on Appendix 1 hereto and [REDACTED] the ("*Lease Term*").

"Scheduled Performance Restoration Shop Visit" means any shop visit required to be performed on the Engine due to life limited parts expiration, or the degradation and/or deterioration of the Engine's performance and/or mechanical condition due to the normal operation of the Engine in accordance with the engine and aircraft manufacturers published practices, recommendations and procedures, but excluding foreign object damage ("FOD") or negligence, abuse or misuse of the Engine, the operational mishandling of the Engine and the operation of the Engine beyond limits.

For the avoidance of doubt, [REDACTED]. During the Lease Term, Lessee will share trend monitoring data as provided to Lessee by GE, [REDACTED] upon Lessor's request.

**Security Deposit** [REDACTED]

**AD Cost Sharing** Lessee is responsible for all AD incorporation but if Lessee complies on a terminating action basis (or to the highest level of compliance available) with an airworthiness directive applicable to the Engine and the cost of performing such airworthiness directive on the Engine exceeds US\$[REDACTED] (the "*AD Threshold*"), promptly following receipt of an invoice or other documentation supporting the cost of performing such airworthiness directive on the Engine, Lessor will pay to Lessee an amount calculated in accordance with the following formula:

$$A = ((T - R) \div T) \times (C - D)$$

where:

A = [REDACTED]

T = [REDACTED]

R = [REDACTED]

C = [REDACTED]

D = [REDACTED]

**Maintenance  
Redelivery  
Payments**

Lessee shall pay Maintenance Redelivery Payments for each Engine on a mirror-in-mirror-out (“MIMO”) basis, by comparing (i) the maintenance condition of the Engines and Engine LLPs as of July 1, 2020 and (ii) the maintenance condition of the Engines and Engine LLPs as of the last day of the Lease Term. [REDACTED]. The rates used in calculating such Maintenance Redelivery Payments will be based on the amounts specified in the tables set out below:

[REDACTED]

\* Maintenance Redelivery Payments are based on the assumption of an operating environment of medium severity. Maintenance Redelivery Payments are subject to an annual escalation of [REDACTED] per annum commencing on January 1, 2023 and on each January 1st, thereafter and/or at the end of the Expiry Date.

If at any time the Engine becomes damaged due to FOD, or due to the negligence, abuse or misuse of the Engine by Lessee or Lessee's operational mishandling of the Engine or the operation of the Engine beyond limits (“Lessee Responsible Damage”), the Lessee will repair the Engine and the lease will continue.

**Maintenance  
Reserves**

In respect of Lessee’s utilization of the Engines, Lessee will pay Maintenance Redelivery Payments for each Engine as set out in the Maintenance Redelivery Payments section above.

**Redelivery  
Procedure**

At return, the Engine shall comply with the return conditions specified in the relevant Lease.

**Holdover Rent**

In the event any Engines are not returned to Lessor as required by the Documentation, then the Term shall be extended as to such Engine, and Lessee shall pay Lessor Rent at a rate of [REDACTED] for each day thereafter until the relevant Engine is returned to Lessor in the required condition.

**Insurance**

As per current leases.

**Subleasing**

As per current Leases provided that subject to prior written notification by Lessee to Lessor, that no Lessor consent shall be required if (i) the sublease has a current Know Your Customer clearance by Servicer (ii) the sublease is explicitly stated to be subject and subordinate to relevant Lease, (iii) Lessee has provided to Lessor an executed copy of the Aircraft Owner/Mortgagee Acknowledgement in substantially the form attached to Exhibit C of the GTA, prior to such installation and (iv) is to [REDACTED]

**Governing Law**

This Summary of Terms and the Documentation will be governed by the laws of the State of New York.

**Costs and  
Expenses**

Lessee and Lessor will bear their own costs and expenses incurred in the negotiation and completion of the Documentation.



- Confidentiality** This Summary of Terms is strictly confidential and must not be revealed by Lessor or Lessee to any person, without the prior written consent of the other Party, other than those employees, directors, officers, or professional advisers (collectively, “*Related Persons*”) of the parties hereto (as applicable) who are responsible for analyzing, negotiating and approving the transaction and who are made aware of the confidential nature of this Summary of Terms and except where such disclosure is (i) required by applicable law or regulation, in which case the other Party shall be notified (unless prohibited by applicable law or regulation) or (ii) in the case of Lessor, to its financiers and/or prospective financiers. Notwithstanding the foregoing, the Lessee may disclose this Summary of Terms (i) as may be required to obtain the bankruptcy court’s approval of this Summary of Terms or the Documentation; or (ii) to the U.S. Trustee, the Unsecured Creditors Committee or the entities providing the debtor-in-possession financing to the Debtors and any of their respective Related Persons.
- Binding Nature** This Summary of Terms is subject to the execution of the Documentation and creates no legal obligations except for those terms related to the Confidentiality, Entire Agreement, Binding Nature, Validity and Governing Law, which are binding.
- Entire Agreement** This Summary of Terms supersedes all prior proposals and communications made by Lessor and Lessee concerning the subject matter hereof.
- Validity** This Summary of Terms shall expire if (i) this Summary of Terms is not countersigned and returned by Lessee on or before January 18, 2022 or (ii) the Documentation is not executed on or before the January 31, 2022.

**Signature Pages**

**AEROVÍAS DE MÉXICO, S.A. DE C.V.**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**WELLS FARGO TRUST COMPANY, NATIONAL ASSOCIATION, not in its individual capacity,  
but solely as owner trustee, as lessor of ESN 874393**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**WELLS FARGO TRUST COMPANY, NATIONAL ASSOCIATION, not in its individual capacity,  
but solely as owner trustee, as lessor of ESN 891360**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**WELLS FARGO TRUST COMPANY, NATIONAL ASSOCIATION, not in its individual capacity,  
but solely as owner trustee, as lessor of ESN 876728**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**WELLS FARGO TRUST COMPANY, NATIONAL ASSOCIATION, not in its individual capacity,  
but solely as owner trustee, as lessor of ESN 961779**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPENDIX 1**

**CERTAIN TERMS**

**ESN 891360**

Lessor: Wells Fargo Trust Company, National Association, not in its individual capacity, but solely as owner trustee

Engine: One (1) CFM56-7B27 engine bearing manufacturer's serial number 891360

Fixed Rent: [REDACTED]

PBH Hourly Rent: [REDACTED]

Expiry Date: [REDACTED]

**ESN 874393**

Lessor: Wells Fargo Trust Company, National Association, not in its individual capacity, but solely as owner trustee

Engine: One (1) CFM56-7B24/3 engine bearing manufacturer's serial number 874393

Fixed Rent: [REDACTED]

PBH Hourly Rent: [REDACTED]

Expiry Date: [REDACTED]

**ESN 876728**

Lessor: Wells Fargo Trust Company, National Association, not in its individual capacity, but solely as owner trustee

Engine: One (1) CFM56-7B24/3 engine bearing manufacturer's serial number 876728

Fixed Rent: [REDACTED]

PBH Hourly Rent: [REDACTED]

Expiry Date: [REDACTED]

**ESN 961779**

Lessor: Wells Fargo Trust Company, National Association, not in its individual capacity, but solely as owner trustee

Engine: One (1) CFM56-7B20E engine bearing manufacturer's serial number 961779

Fixed Rent: [REDACTED]

PBH Hourly Rent: [REDACTED]

Expiry Date: [REDACTED]

**Exhibit B**

**Summary of Terms of Letter of Intent**

<b>Material Terms: Letter of Intent</b>	
<b>Leased Engines</b>	One CFM56-7B27 engine One CFM56-7B24/3 engine One CFM56-7B24/3 engine One CFM56-7B20E engine
<b>ESNs</b>	891360 874393 876728 961779
<b>Term</b>	The last day of the lease term shall be the earlier of [REDACTED] and [REDACTED].
<b>Power-by-the-Hour Period</b>	Basic Rent shall be paid monthly in arrears on a power-by-the-hour basis until the earlier of [REDACTED].
<b>Power-by-the-Hour Pricing</b>	For each calendar month during the PBH Period, the PBH Rent will be equal [REDACTED] an amount calculated in accordance with the following formula:  $W = [\text{REDACTED}]$ where:  $W: [\text{REDACTED}]$
<b>Monthly Rent</b>	Following the last day of the PBH Period and during the remainder of the lease term, Fixed Rent shall be paid monthly in an amount equal to [REDACTED] per month.