

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL  
COURT No.: 500-11-039418-104

SUPERIOR COURT  
Commercial Division

**IN THE MATTER OF THE JUDICIAL  
REORGANIZATION PROCEEDINGS OF:**

**COMPANÍA MEXICANA DE AVIACIÓN, S.A. DE  
C.V.**, a legal person incorporated under the laws of  
Mexico, having its head office at av. Xola 535 Col.,  
Del Valle, Mexico D.F., Mexico 03100 and a place of  
business at 975 Romeo-Vachon Street North, Suite 413,  
Dorval, Quebec, H4Y 1H1

Debtor

– and –

**SAMSON BÉLAIR/DELOITTE & TOUCHE INC.**,  
having a place of business at 1 Place Ville Marie,  
Suite 3000, Montreal, Quebec, H3B 4T9

Information Officer

## ELEVENTH INFORMATION OFFICER'S REPORT

### INTRODUCTION

1. On August 2, 2010, Compañía Mexicana de Aviación, S.A. de C.V. ("**Mexicana**" or the "**Company**") commenced proceedings under Mexico's *Ley de Concursos Mercantiles* ("**Mexican Proceedings**").
2. On August 2, 2010, Maru E. Johansen (the "**Foreign Representative**") sought certain protections in the United States pursuant to Chapter 15 of Title 11 of the United States Bankruptcy Code ("**Bankruptcy Code**"). On August 3, 2010, the U.S. Bankruptcy Court granted an interim recognition order recognizing the Foreign Representative and the Mexican Proceedings as a foreign main proceeding pursuant to Chapter 15 of the U.S. Bankruptcy Code ("**Chapter 15 Proceedings**").
3. On August 5, 2010, the Foreign Representative brought an application (the "**CCAA Proceedings**") before the Canadian Court pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 195, c. C-36, as amended ("**CCAA**"), and obtained an order (the "**Canadian Recognition Order**"), which among other things: (i) recognized the Mexican Proceedings as a "foreign main proceedings"; (ii) recognized Maru E. Johansen as a foreign representative as defined in section 45 of the amended CCAA; (iii) granted a stay of proceedings

against the Company until November 10, 2010; (iv) appointed Samson Bélair/Deloitte & Touche Inc. ("**Deloitte**") as Information Officer; and (v) declared an administrative charge of \$250,000.

4. On November 5, 2010, in accordance with the Canadian Recognition Order of August 5, 2010, the Information Officer filed a First Report to the Court. A copy of the First Report was made available on the Information Officer's website.
5. On November 10, 2010, Mexicana obtained an interim first stay of period extension order (the "**Interim First Stay Extension Order**") until November 16, 2010. A copy of the Interim First Stay Extension Order was made available on the Information Officer's website.
6. On November 16, 2010, in accordance with the Canadian Recognition Order of August 5, 2010, the Information Officer filed a Second Report to the Court. A copy of the Second Report was made available on the Information Officer's website.
7. On November 16, 2010, Mexicana obtained a first stay of period extension order (the "**First Stay Extension Order**") until January 14, 2011. A copy of the First Stay Extension Order was made available on the Information Officer's website.
8. On January 13, 2011, Mexicana obtained a second stay of period extension order (the "**Second Extension Order**") until April 15, 2011. A copy of the Second Extension Order was made available on the Information Officer's website.
9. On April 14, 2011, Mexicana obtained a third stay of period extension order (the "**Third Extension Order**") until July 15, 2011. A copy of the Third Extension Order was made available on the Information Officer's website.
10. On July 8, 2011, Mexicana obtained a fourth stay of period extension order (the "**Fourth Extension Order**") until September 20, 2011. A copy of the Fourth Extension Order was made available on the Information Officer's website.
11. On July 27, 2011, the Mexican Court overseeing the Mexican Proceedings suspended, temporarily, the 90-day stay period. Consequently, a Sixth Report was filed and was made available on the Information Officer's website.
12. On September 20, 2011, Mexicana obtained a fifth stay of period extension order (the "**Fifth Extension Order**") until November 30, 2011. A copy of the Fifth Extension Order was made available on the Information Officer's website.
13. On November 28, 2011, Mexicana obtained a sixth stay of period extension order (the "**Sixth Extension Order**") until February 20, 2012. A copy of the Sixth Extension Order was made available on the Information Officer's website.
14. On February 15, 2012, Mexicana obtained a seventh stay of period extension order (the "**Seventh Extension Order**") until May 21, 2012. A copy of the Seventh Extension Order was made available on the Information Officer's website.

15. On May 17, 2012, Mexicana obtained an eighth stay of period extension order (the “**Eighth Extension Order**”) until August 22, 2012. A copy of the Eighth Extension Order was made available on the Information Officer’s website.
16. The Canadian Recognition Order requires that the Information Officer deliver a report to the Court at such times and intervals as it deems appropriate and, in any event, at least once every three months on the status of the proceedings, the foreign proceedings and such other information that the Information Officer deem to be material. This report is filed pursuant to the requirements of the Canadian Recognition Order.
17. This eleventh report of the Information Officer (the “**Eleventh Report**”) has been prepared in view of providing the Canadian Court with information on the status of the Mexican Proceedings. The purpose of this Eleventh Report is to provide the Canadian Court and Mexicana’s stakeholders with an update on the Mexican Proceedings since the filing of the Information Officer’s Tenth Report. This Eleventh Report is to be read in conjunction with the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report, the Sixth Report, the Seventh Report, the Eighth Report, the Ninth Report and the Tenth Report of the Information Officer.

#### **TERMS OF REFERENCE**

18. In preparing the Eleventh Report, Deloitte has relied upon unaudited financial information, the Company’s books and records, financial information prepared by the Company and its advisors, discussions with management of Mexicana and its representatives and advisors. In addition, Deloitte has reviewed the publicly available information filed in the Mexican Proceedings and the CCAA Proceedings. Deloitte has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, Deloitte expresses no opinion or other form of assurance on the information contained in this report.
19. Some of the information referred to in this Eleventh Report may consist of or include forecasts and/or projections. An examination or review of financial forecasts and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
20. Deloitte has requested that Mexicana bring to its attention any significant matters that were not addressed in the course of its specific inquiries. Accordingly, this Eleventh Report is based solely on the information (financial or otherwise) made available to Deloitte.
21. All references to dollars in this Eleventh Report are in Canadian currency unless otherwise noted. Capitalized terms not defined in this Eleventh Report are defined in the Initial Order, the Gonzales Affidavit, the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report, the Sixth Report, the Seventh Report, the Eighth Report, the Ninth Report or the Tenth Report.

## **UPDATE ON THE MEXICAN PROCEEDINGS**

22. As mentioned in the Ninth Report, on February 8, 2012, the Mexican Court announced it has temporarily suspended the expiration date for Mexicana to conclude a transaction with a potential investor. The suspension was to allow, amongst others, Group Med Atlantica to demonstrate to the Mexican Court that the funds were deposited.
23. As mentioned in the Tenth Report, on May 11, 2012, Mexicana issued a press release confirming that a signed agreement has been reached between Group Med Atlantica and Tenedora K in regard to the transfer of Mexicana's shares. As a result, Group Med Atlantica is now the new owner of the shares of Mexicana. The Information Officer has not been provided with a copy of the signed agreement.
24. Mexicana has not provided the Information Officer with new information in regard to Mexicana resuming its operations or filing to the Mexican Court a debt reduction agreement since the Tenth Report.
25. On or about August 3, 2012, some of the creditors of Mexicana formulated a formal complaint against the judge, Justice Consuelo Soto, responsible of overseeing the restructuring process. These creditors argue that Justice Consuelo Soto has acted in a partial manner and that the lack of development and the length of the restructuring procedures should constitute sufficient grounds for having him revoked from his functions. Consequently while the Judiciary Council investigates the complaint, Justice Edith Alarcon-Meixueiro was temporarily appointed on August 13, 2012, to replace Justice Consuelo Soto. There is presently no indication on how long the Judiciary Council investigation could take.
26. In light of this replacement, Justice Edith Alarcon-Meixueiro has requested from the Conciliador a status update on what has been achieved so far in the restructuring process and what are the required steps to complete the successful restructuring of the Company. Mexicana's understanding of this request is that following this status update, the Mexican Court will decide on the course of action going forward. Justice Edith Alarcon-Meixueiro could maintain or lift the February 8, 2012 Mexican Court issued order suspending indefinitely the deadline of February 10, 2012 for the conciliation period, which allowed Mexicana to pursue its restructuring efforts. Should the Mexican Court decide to lift the order suspending indefinitely the deadline of February 10, 2012 for the conciliation period, Mexicana could be forced into bankruptcy.
27. In addition, Mexico's Communications and Transportation Secretariat proposed the replacement of the Administrator and the Conciliator, Mr. Badin, due to a lack of progress in reaching a creditors' agreement. Justice Edith Alarcon-Meixueiro will also be responsible of analyzing if the replacement is necessary.
28. Mexicana was not able to confirm that it presently has the financial capabilities to pay the Post-filing debt and ongoing costs. Mexicana was not able to advise the Information Officer that the Company is processing payments to suppliers presently, providing post-filing goods and services.

## **ACTIVITIES OF THE INFORMATION OFFICER**

29. Since August 5, 2010, the Information Officer's activities have included:

- Reviewing the draft materials for the CCAA Proceedings and communicating with Mexicana's Canadian counsel, BLG, regarding same;
- Posting a copy of the Court-filed documents in these CCAA Proceedings to the Information Officer's website at <http://www.deloitte.com/ca/mexicana-airlines>;
- Various discussions and correspondence with BLG;
- Responding to inquiries of Mexicana's stakeholders;
- Preparing and mailing a notice to creditors entitled *Supplemental Disclosure Regarding the Credit Recognition Application Process*;
- Preparing and updating the service list and posting same to the Information Officer's website;
- Participating in conference calls with management of the Company, BLG, the Foreign Representative and the Company's management and advisors to discuss matters relevant to the Mexican Proceedings and CCAA Proceedings;
- Preparing the Information Officer's reports and communicating with BLG regarding the same; and
- Attending at Court hearings.

## **CONCLUSION**

30. Since the Company was not able to provide the Information Officer with any financial information, the Information Officer is not in a position to conclude on the financial and liquidity situation of the Company.

31. The Company notified the Information Officer of its intention to request a further extension of the Stay Period until October 24, 2012 or for an indefinite time period ending ten (10) days following the new termination date to be established by the Mexican Court, to allow the Company to conclude a transaction.

The Information Officer respectfully submits to the Court, this, its Eleventh Report.

*Eleventh Information Officer's Report*

August 21, 2012

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DATED AT MONTREAL, this 21<sup>th</sup> day of August,  
2012.

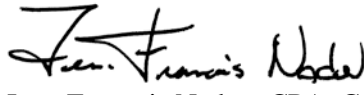
SAMSON BÉLAIR/DELOITTE & TOUCHE INC.

In its capacity as Information Officer of Compañía Mexicana De Aviación, S.A. de C.V.

Per:



Pierre Laporte, CPA, CA, CIRP  
President



Jean-François Nadon, CPA, CA, CIRP  
Senior Vice-President