

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

TWELFTH 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. On August 23, 2012, Mexicana obtained a ninth stay of period extension order (the “**Ninth Extension Order**”) until November 23, 2012. A copy of the Ninth Extension Order was made available on the Information Officer’s website.
17. 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.
18. This twelfth report of the Information Officer (the “**Twelfth Report**”) has been prepared in view of providing the Canadian Court with information on the status of the Mexican Proceedings. The purpose of this Twelfth 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 Eleventh Report. This Twelfth 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, the Tenth Report and the Eleventh Report of the Information Officer.

TERMS OF REFERENCE

19. In preparing the Twelfth 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.
20. Some of the information referred to in this Twelfth 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.
21. 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 Twelfth Report is based solely on the information (financial or otherwise) made available to Deloitte. Some information provided by Mexicana had yet to be translated from Spanish at the date of the issuance of this report and some facts could be reported differently once an official translation is provided to Deloitte.
22. All references to dollars in this Twelfth Report are in Canadian currency unless otherwise noted. Capitalized terms not defined in this Twelfth 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, the Tenth Report or the Eleventh Report.

UPDATE ON THE MEXICAN PROCEEDINGS

23. 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.
24. 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.
25. On October 1, 2012, the Mexican Court issued an order that required Med Atlantica, a Spanish corporation, to provide legal and financial information on its Mexican partner, Bahia de Banderas S.A. de C.V. by October 3, 2012. Med Atlantica was informed of the coming order on September 20, 2012 according to Mexicana.
26. On October 10, 2012, the Mexican Court issued an order which confirmed that Med Atlantica had failed to comply with the October 1, 2012 order and that Med Atlantica was no longer considered as the "Preferred Investor" in the Mexicana restructuring.
27. On October 15, 2012, the Mexican Court issued an order which announced that a group led by Ivan de Jesus Alex Barona Ramirez ("**Mr. Barona**"), BF International Mining Traders ("**BF International**"), would be granted the "Preferred Investor" status. As mentioned in the Fourth Report, Mr. Barona had already expressed some interest in the recapitalization of Mexicana in early 2012.
28. After Tenedora K, PC Capital and Med Atlantica, BF International will be the fourth group that will attempt to conclude a successful transaction in the Mexicana process.
29. On October 30, 2012, the Mexican Court issued an order that allowed BF International 44 business days, starting November 6, 2012, to complete its due diligence. As per Mexicana's management, several meetings have already been held with the representatives of BF International regarding the recapitalization of the Company and there are other meetings planned for the coming weeks.
30. Mexicana's management informed Deloitte on November 13, 2012 that they could face some challenges in obtaining its Air Operator's Certificate ("**AOC**") from the Ministry of Communications and Transport of Mexico. As per Mexicana's management, the Ministry of Communications and Transport of Mexico is not correctly applying the required criteria to Mexicana. The Company will be appealing the decision should they be unsuccessful in being granted the AOC.

31. As mentioned in the Eleventh Report, on or about August 3, 2012, some of the creditors of Mexicana formulated a formal complaint against the judge, Justice Consuelo Soto, responsible for 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's investigation could take.
32. As mentioned in the Eleventh Report, Justice Edith Alarcon-Meixueiro 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. In addition, Mexico's Communications and Transportation Secretariat proposed the replacement of the Administrator and the Conciliator, Mr. Gerardo Badin, due to a lack of progress in reaching a creditors' agreement. Justice Edith Alarcon-Meixueiro will also be responsible for analyzing if the replacement is necessary.
33. On September 13, 2012, Justice Edith Alarcon-Meixueiro, responsible for analyzing the Conciliator's status update and if the replacement was necessary, issued an order which confirmed that Mr. Badin could remain in his double capacity as Conciliator and as Administrator of Mexicana. Justice Edith Alarcon-Meixueiro described in the order that the information contained in Mr. Badin's report to the Court provided sufficient information on the progress of the restructuring process.
34. The Mexican Court did not modify its position on the temporary suspension of the expiration date for Mexicana to conclude a transaction with a potential investor.
35. On or about October 1, 2012, Mexicana and IATA finally came to an agreement in regard to a process on how to settle Mexicana's outstanding balance with IATA clearing house. This process is to run for approximately eleven (11) weeks and should be completed by December 12, 2012.
36. 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

37. 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

38. 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.
39. The Company notified the Information Officer of its intention to request a further extension of the Stay Period until February 22, 2013 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 Twelfth Report.

DATED AT MONTREAL, this 20th day of November, 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