

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

## FOURTH 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 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 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 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 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**”). A copy of the Second Extension Order is attached in Exhibit “A”. A copy of the Second Extension Order was made available on the Information Officer’s website.
9. 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 deems to be material. This report is filed pursuant to the requirements of the Canadian Recognition Order.
10. This fourth report of the Information Officer (the “**Fourth Report**”) has been prepared in connection with the Company’s motion to be heard on April 14, 2011, in which it is seeking an extension of the time under the Recognition Order (the “**Third Extension Motion**”). The purpose of this Fourth Report is to provide the Canadian Court and Mexicana’s stakeholders with an update on the Mexican Proceedings and the Chapter 15 Proceedings since the filing of the Information Officer’s First Report, Second Report and Third Report. This Fourth Report is to be read in conjunction with the First Report, the Second Report and the Third Report of the Information Officer.

## **TERMS OF REFERENCE**

11. In preparing the Fourth 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.
12. Some of the information referred to in this Fourth 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.

13. 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 report is based solely on the information (financial or otherwise) made available to Deloitte.
14. All references to dollars in this Fourth Report are in Canadian currency unless otherwise noted. Capitalized terms not defined in this Fourth Report are defined in the Initial Order, in the Gonzales Affidavit, in the First Report, in the Second Report or in the Third Report.

#### **UPDATE ON MEXICAN PROCEEDINGS**

15. As described in the Second Report, the Conciliador and the Administrator of Mexicana announced by Press Release that they had accepted a proposal by PC Capital to become the new investor of Mexicana that would allow the re-launch of the airline.
16. However, PC Capital felt short of providing the necessary funds by March 1, 2011 in order to complete the transaction that would have allowed Mexicana to resume its operations.
17. Consequently, in an effort of attracting new investors that could be interested in taking over Mexicana's operations, the Conciliador re-opened the bidding process to all other potential interested parties.
18. On March 9, 2011, few days after the bidding process was re-opened, Mexicana announced by press release that it had received six official offers. The interested parties were: TG Group, BMC, Avanza Capital, Ivan Varona, Ahcore Int'l and Logistica International.
19. The list of potential investors has been reduced from nine to three, which represents the final potential investors list ("Final Potential Investors").
20. From the Final Potential Investors, one group, TG Group, has made a good faith deposit of \$1,000,000 and has declared that their due diligence is completed and satisfied with. The two other Final Potential Investors have yet to do the same.
21. On April 3, 2011, Mexicana issued a press release declaring that they are still receiving documents from the Final Potential Investors. According to Mexicana's press release, all three groups have complied with most of Mexicana's financial and other requirements set forth to varying degrees, but none of them completely yet.
22. Mexicana advised the Information Officer that the new investor would have to adopt the business plan previously elaborated with PC Capital which, amongst other things, includes the agreements that have been reached with its three unions, namely, pilots, flight attendants and ground personnel, concerning new collective agreements.
23. The Information Officer has requested from the Company that it be provided with a copy of the potential investor proposals. The Company has advised that it could not provide a copy of these proposals as a result of a confidentiality clause contained in such document, until such time as a

formal agreement has been reached. Therefore, the Information Officer has not been able to review any agreements or correspondence regarding these proposals. Moreover, the Information Officer was not provided with any of the proposed financial terms.

24. The situation regarding the Post-filing debt remains unchanged since the filing of the Information Officer's Third Report. Moreover, Mexicana was not able to confirm that they presently have the financial capabilities to pay the Post-filing debt and ongoing costs. Mexicana advised the Information Officer that Mexicana is processing payments to suppliers presently, providing post-filing goods and services.

## ACTIVITIES OF THE INFORMATION OFFICER

25. Since the date of the First Report, the Information Officer's activities have included:

- Reviewing the draft materials for the CCAA Proceedings and communicating with Mexicana's Canadian counsel Borden Ladner Gervais ("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

26. 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.
27. The Company notified the Information Officer of its intention to request a further extension of the Stay Period until July 15, 2011 to allow the Company to conclude a transaction with a Final Potential Investors.

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

DATED AT MONTREAL, this 12<sup>th</sup> day  
of April, 2011.

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.

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

Per:

A handwritten signature in black ink, appearing to read "Pierre Laporte". The signature is fluid and cursive, with a large initial "P" and "L".

Pierre Laporte, CA, CIRP  
President

A handwritten signature in black ink, appearing to read "Jean-François Nadon". The signature is cursive and includes a large initial "J" and "N".

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