

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	Chapter 11
	:	
AVIANCA HOLDINGS S.A., <i>et al.</i> , ¹	:	Case No. 20-11133 (MG)
	:	
Debtors.	:	(Jointly Administered)
	:	
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**DECLARATION OF RENATO COVELO IN SUPPORT OF
DEBTORS’ MOTION TO PAY WAGES, COMPENSATION,
EMPLOYEE BENEFITS AND RELATED RELIEF**

I, RENATO COVELO, hereby declare under penalty of perjury:

1. I am the Chief People & Legal Officer of Avianca Holdings S.A., one of the above-captioned debtors and debtors-in-possession (each, a “Debtor” and, collectively, the “Debtors”), and have served as Chief Legal Officer since December 2016 and in my current position as Chief People & Legal Officer since September 2019. I have more than nineteen (19) years of experience in the legal sector, and was most recently a Legal Director at Azul Linhas Aéreas Brasileiras S.A. in Brazil. Previously, I was a practicing attorney at Machado, Meyer, Sendacz e Opice Advogados.

¹ The Debtors in these chapter 11 cases, and each Debtor’s federal tax identification number (to the extent applicable), are as follows: Avianca Holdings S.A. (N/A); Aero Transporte de Carga Unión, S.A. de C.V. (N/A); Aeroinversiones de Honduras, S.A. (N/A); Aerovías del Continente Americano S.A. Avianca (N/A); Airlease Holdings One Ltd. (N/A); America Central (Canada) Corp. (00-1071563); America Central Corp. (65-0444665); AV International Holdco S.A. (N/A); AV International Holdings S.A. (N/A); AV International Investments S.A. (N/A); AV International Ventures S.A. (N/A); AV Investments One Colombia S.A.S. (N/A); AV Investments Two Colombia S.A.S. (N/A); AV Taca International Holdco S.A. (N/A); Avianca Costa Rica S.A. (N/A); Avianca Leasing, LLC (47-2628716); Avianca, Inc. (13-1868573); Avianca-Ecuador S.A. (N/A); Aviaservicios, S.A. (N/A); Aviateca, S.A. (N/A); Avifreight Holding Mexico, S.A.P.I. de C.V. (N/A); C.R. Int’l Enterprises, Inc. (59-2240957); Grupo Taca Holdings Limited (N/A); International Trade Marks Agency Inc. (N/A); Inversiones del Caribe, S.A. (N/A); Isleña de Inversiones, S.A. de C.V. (N/A); Latin Airways Corp. (N/A); Latin Logistics, LLC (41-2187926); Nicaraguense de Aviación, Sociedad Anónima (Nica, S.A.) (N/A); Regional Express Américas S.A.S. (N/A); Ronair N.V. (N/A); Servicio Terrestre, Aereo y Rampa S.A. (N/A); Servicios Aeroportuarios Integrados SAI S.A.S. (92-4006439); Taca de Honduras, S.A. de C.V. (N/A); Taca de México, S.A. (N/A); Taca International Airlines S.A. (N/A); Taca S.A. (N/A); Tampa Cargo S.A.S. (N/A); Technical and Training Services, S.A. de C.V. (N/A). The Debtors’ principal offices are located at Avenida Calle 26 # 59 – 15 Bogotá, Colombia.



2. I submit this declaration in support of the *Debtors' Motion for an Order Pursuant to Section 363(b), 507, and 105(a) of the Bankruptcy Code (I) Authorizing, But Not Directing, the Debtors to (A) Pay Prepetition Wages, Compensation and Employee Benefits and (B) Continue Payment of Wages, Compensation, Employee Benefits and Related Administrative Obligations in the Ordinary Course of Business; and (II) Authorizing and Directing Applicable Banks and Financial Institutions to Process and Pay All Checks Presented for Payment and to Honor All Funds Transfer Requests Made by the Debtors* [Docket No. 3] (the "Wages Motion") and in furtherance to the Court's oral directions at the hearing on June 11, 2020 with respect to the *Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to Redact and File Under Seal Their Reply to the Objection of the United States Trustee to Entry of an Order Authorizing the Debtors to Pay Wages, Compensation, Employee Benefits and Related Relief and (II) Granting Related Relief* [Docket No. 239] (the "Sealing Motion"). Except as otherwise indicated, I have personal knowledge of all facts in this declaration, based on my position with Debtors and familiarity with the Debtors' business and compensation practices, including the design of the Debtors' incentive-based plans.

3. By the Wages Motion, the Debtors seek authority to pay the prepetition obligations on account of eight (8) separate incentive plans (the "Incentive Plans"). The Debtors' obligations under each of the Incentive Plans generally accrue at the end of the applicable incentive period (typically twelve months). For seven of the Incentive Plans—specifically, those listed on Exhibits E-2, E-3, E-4, E-5, E-6, E-7, and E-9 to the Debtors' Reply to the U.S. Trustee's Objection to the Wages Motion [Docket No. 238] (the "Reply")—the incentive period for each such Incentive Plan ended between December 1, 2019 and the date the Debtors filed for chapter 11 protection on May 10, 2020 (the "Petition Date"). As a result, it is my belief based on the information that has been

provided to me that all of the Debtors' prepetition obligations for these seven incentive plans accrued within 180 days prior to the Petition Date.

4. Separately, as it relates to the Sealing Motion, annexed hereto as **Exhibit A** is an overview of the amounts due under the Debtors' Non-Insider Retention Plan (as defined in the Reply), and annexed hereto as **Exhibit B** is an overview of the amounts due under the Incentive Plans (including maximums, minimums, and averages as requested by the Court).

5. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Date: June 16, 2020
New York, New York

By: /s/ Renato Covelo
Renato Covelo
Chief People & Legal Officer
Avianca Holdings S.A.

Exhibit A

Overview of Retention Plan Participant Compensation

Number of Participants	Min. Base Salary	Max. Base Salary	Avg. Base Salary	Min. Payment Due (Q3 + Q4)	Max. Payment Due (Q3 + Q4)	Avg. KERP Payment (Q3 + Q4)	Avg. KERP Payment as % of Avg. Base Salary
36	\$82,290	\$284,199	\$183,245	\$20,573	\$60,392	\$33,460	5.47%

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Exhibit B

Overview of Incentive Plans

Non-Insider Incentive Plan / Covered Employees	Current employees		Retired Employees		Minimum Payment	Maximum Payment	Average Payment	Period	Target Bonus Opportunity	Key Individual Achievement Factors
	Headcount	Owed (\$)	Headcount	Owed (\$)						
Tampa Cargo Corporate Incentive Plan (Colombia)	484	\$287,355	11	\$17,628	\$124	\$2,997	\$616	2019	8.5%	OTP (“On Time Performance”) of cargo operations
Cargo Sales (Ecuador, El Salvador, U.S., Colombia, Panamá, Bolivia, Perú, Honduras, Guatemala, Nicaragua, Costa Rica)	60	\$113,349	1	\$868	\$51	\$5,863	\$1,872	2019 (second half)	30%	Sales goals and metrics, as variable per country
Pilots & Co-Pilots Program (Colombia)	1,224	\$2,394,696	0	\$0	\$799	\$3,445	\$1,958	2020 (prepetition period)	6%	Fuel conservation, customer NPS (“Net Promoter Score”)
Pilots & Co-Pilots Program (Costa Rica, Ecuador, El Salvador, Guatemala, Honduras)	386	\$486,232	7	\$9,625	\$330	\$2,666	\$1,262	2019	3.5%	Fuel conservation, stabilized landings, deviations from flight plan
Ticket Office (all countries)	186	\$119,563	3	\$1,144	\$121	\$2,505	\$639	2019 (second half)	Variable	Total sales, total commissions, channel productivity
Sales of Maintenance & Services to Third Parties (Colombia)	3	\$7,571	0	\$0	\$1,917	\$3,133	\$2,523	2019 (second half)	40%	Heavy maintenance, line maintenance, aeronautical shops
Long-Term Incentive Plan (all countries)	95	\$359,742	0	\$0	\$1,178	\$30,508	\$3,787	2018	VP: 45% Director: 14%	EBIT (less tax) and customer net promoter score
Customer Service & Airport Managers (Mexico)	44	\$25,999	0	\$0	\$281	\$1,475	\$591	2019 (second half)	8%	Number of employee absences, turn time performance, mishandled baggage, late departures
TOTAL:	2,482	\$3,795,507	22	\$29,265						

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