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Counsel for Debtors and Debtors-In-Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
AVIANCA HOLDINGS S.A., *et al.*,[1]	:	Case No. 20-11133 (MG)
Debtors.	:	(Jointly Administered)

NOTICE OF FILING OF REVISED DISCLOSURE STATEMENT FOR JOINT CHAPTER 11 PLAN OF AVIANCA HOLDINGS S.A. AND ITS AFFILIATED DEBTORS

[1] The Debtors in these chapter 11 cases (the "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 Loyalty Bermuda Ltd. (N/A); AV Taca International Holdco S.A. (N/A); Aviacorp Enterprises 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); Nicaragüense de Aviación, Sociedad Anónima (N/A); Regional Express Américas S.A.S. (N/A); Ronair N.V. (N/A); Servicio Terrestre, Aéreo 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.

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PLEASE TAKE NOTICE that on August 10, 2021, the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed their proposed *Disclosure Statement for Joint Chapter 11 Plan of Avianca Holdings S.A. and Its Affiliated Debtors* [Docket No. 1982] (as amended from time to time and including all exhibits thereto, the "Disclosure Statement"), as well as the *Debtors' Motion for Entry of an Order (I) Approving the Disclosure Statement; (II) Approving Solicitation and Voting Procedures; (III) Approving Forms of Ballots; (IV) Establishing Procedures for Allowing Certain Claims for Voting Purposes; (V) Scheduling a Confirmation Hearing; and (VI) Establishing Notice and Objection Procedures* [Docket No. 1983] (the "Disclosure Statement Motion").

PLEASE TAKE FURTHER NOTICE that the Debtors have made certain modifications to the Disclosure Statement, a copy of which is attached as **Exhibit A-1** hereto. A blackline comparison (changed pages only) of such modified Disclosure Statement marked against the version of the Disclosure Statement filed on August 10, 2021 at Docket No. 1982 is attached hereto as **Exhibit A-2**.

PLEASE TAKE FURTHER NOTICE that the Debtors reserve the right to make further changes to the Disclosure Statement, subject to the terms and conditions thereof.

PLEASE TAKE FURTHER NOTICE that all filed versions of the Disclosure Statement, the Disclosure Statement Motion, and other documents filed in the Chapter 11 Cases may be viewed for free at the website of the Debtors' claims and solicitation agent, at http://www.kccllc.net/avianca. You may also obtain copies of any pleadings by visiting http://www.nysb.uscourts.gov in accordance with the procedures and fees set forth therein.

PLEASE TAKE FURTHER NOTICE that a hearing to consider the Disclosure Statement Motion is scheduled for September 14, 2021 at 10:00 a.m. (prevailing Eastern Time)

before the Honorable Martin Glenn, United States Bankruptcy Judge, in the Bankruptcy Court for the Southern District of New York.

New York, New York
Dated: September 3, 2021

/s/ Evan R. Fleck

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Counsel for Debtors and
Debtors in Possession

Exhibit A-1 to Notice of Filing

Revised Disclosure Statement

THIS IS NOT A SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN. VOTES TO ACCEPT OR REJECT THE PLAN MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED TO THE BANKRUPTCY COURT FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
AVIANCA HOLDINGS S.A. *et al.*,[1]	:	Case No. 20-11133 (MG)
Debtors.	:	(Jointly Administered)

DISCLOSURE STATEMENT FOR JOINT CHAPTER 11 PLAN OF AVIANCA HOLDINGS S.A. AND ITS AFFILIATED DEBTORS

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Counsel for Debtors and Debtors-In-Possession

Dated: September 3, 2021
New York, New York

[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. International 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); Nicaragüense de Aviación, Sociedad Anónima (N/A); Regional Express Américas S.A.S. (N/A); Ronair N.V. (N/A); Servicio Terrestre, Aéreo 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); AV Loyalty Bermuda Ltd. (N/A); Aviacorp Enterprises S.A. (N/A). The Debtors' principal offices are located at Avenida Calle 26 # 59 – 15 Bogotá D.C., Colombia.

DISCLOSURE STATEMENT
DATED SEPTEMBER 3, 2021

FOR THE SOLICITATION OF VOTES ON THE PLAN OF REORGANIZATION OF AVIANCA HOLDINGS S.A. *ET AL.*

This solicitation of votes (the "Solicitation") is being conducted to obtain sufficient votes for confirmation of the chapter 11 plan of Avianca Holdings S.A. and its affiliated debtors in the above-captioned chapter 11 cases (collectively, the "Debtors"). The proposed chapter 11 plan (the "Plan") is attached to this Disclosure Statement as Exhibit A.

The deadline to vote to accept or reject the Plan is 4:00 p.m. (Eastern Time) on [_____], 2021, unless extended by the Debtors.

The record date for determining which holders of claims or interests may vote on the Plan is September 9, 2021 (the "Voting Record Date").

RECOMMENDATION: VOTE TO ACCEPT

Each of the Debtors, through their respective corporate governance processes, have approved the transactions contemplated by the Plan. The Debtors believe the Plan is in the best interests of all stakeholders and recommend that all eligible creditors **vote to accept** the Plan.

Further, the majority of holders of Tranche B DIP Facility Claims (as defined herein) have agreed to support the Plan.

[Please note that the Official Committee of Unsecured Creditors (the "Committee") recommends that all unsecured creditors **vote to accept** the Plan. A copy of the Committee's letter to that effect is attached to this Disclosure Statement as [**Exhibit E**] (the "Committee Recommendation Letter").]

IMPORTANT NOTICES

A hearing to consider confirmation of the Plan (the "Confirmation Hearing") will be held before the Honorable Martin Glenn, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, Courtroom 523, New York, NY 10004 on [_____], 2021 at [__]:00 [a].m. (prevailing Eastern Time), or as soon thereafter as counsel may be heard.

Please read this Disclosure Statement, including the Plan, in its entirety. A copy of the Plan is annexed hereto as Exhibit A. This Disclosure Statement summarizes the terms of the Plan, but such summary is qualified in its entirety by the actual provisions of the Plan. Accordingly, if there are any inconsistencies between the Plan and this Disclosure Statement, the terms of the Plan shall control.

Holders of Claims and Interests should not construe the contents of this Disclosure Statement as providing any legal, business, financial or tax advice, and should consult with their own advisers before casting a vote on the Plan.

The issuance and distribution of New Common Equity and Warrants pursuant to the Plan will be exempt from registration under the Securities Act of 1933 (as amended, the "Securities Act") and any other applicable securities laws pursuant to Section 1145 of the Bankruptcy Code. Subject to the applicable provisions of the Shareholder Agreement, these securities may be resold without registration (i) under the Securities Act or other U.S. federal securities laws pursuant to the exemption provided by Section 4(a)(1) of the Securities Act, unless the holder is an "underwriter" with respect to such securities, as that term is defined in Section 1145(b) of the Bankruptcy Code, and (ii) under state securities laws pursuant to various exemptions provided by the laws of the respective U.S. states.

The securities to be issued pursuant to the Plan have not been approved or disapproved by the Securities and Exchange Commission (the "SEC") or by any state securities commission, non-U.S. securities regulator, or similar public, governmental or regulatory authority. Neither the SEC nor any other authority has passed upon the accuracy or adequacy of this Disclosure Statement or upon the merits of the Plan. Any representation to the contrary is a criminal offense.

Certain statements and information contained in this Disclosure Statement, including statements incorporated by reference, financial projections, and other forward-looking statements, are based on estimates and assumptions. Forward-looking statements in this Disclosure Statement, including any financial projections, are subject to assumptions, risks, and uncertainties, many of which are beyond the control of the Debtors. Important assumptions and other factors that could cause actual results to differ materially include, but are not limited to, those risks and uncertainties described under the heading "Risk Factors." All forward-looking statements are as of the date made, are based on the Debtors' beliefs, intentions, and expectations as of such date, and are not guarantees of future performance. Actual results or developments may differ materially from the expectations expressed or implied in the forward-looking statements, and the Debtors and Reorganized Debtors undertake no duty to update any such statements. The Debtors and Reorganized Debtors do not intend to update or otherwise revise any forward-looking statements, including any projections contained in this Disclosure Statement, to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events or otherwise, unless instructed to do so by the Bankruptcy Court.

No independent auditor or accountant has reviewed or approved the financial projections or the liquidation analysis contained in or attached to this Disclosure Statement.

The Debtors have not authorized any person to give any information or advice, or to make any representation, in connection with the Plan or the Disclosure Statement.

The statements contained in the Disclosure Statement are made as of the date of the Disclosure Statement unless otherwise specified. The terms of the Plan govern in the event of any inconsistency between the Plan and this Disclosure Statement. The English text is the authoritative text of this Disclosure Statement. All exhibits to this Disclosure Statement are incorporated into and made a part of this Disclosure Statement as if set forth in full herein.

This Disclosure Statement is provided solely to assist Holders of Claims and Interests to determine whether to vote to accept or reject the Plan (where applicable) and whether to object to confirmation of the Plan. Nothing in the Disclosure Statement may be used by any person for any other purpose.

RELEASES

The Plan provides that certain Entities and Persons will be deemed to have granted the releases contained in Article IX.E thereunder. FOR MORE INFORMATION ABOUT SUCH RELEASES, PLEASE REFER TO SECTION V.G.5 OF THIS DISCLOSURE STATEMENT.

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SECTION I.
INTRODUCTION

Avianca Holdings S.A. ("AVH") and its debtor affiliates (each, a "Debtor" and, collectively, the "Debtors" and, together with their non-Debtor affiliates, "Avianca" or the "Company") submit this disclosure statement (as may be amended from time to time, the "Disclosure Statement") in connection with the Solicitation of votes on the *Joint Chapter 11 Plan of Avianca Holdings S.A. and Its Affiliated Debtors* dated September 3, 2021 attached hereto as **Exhibit A**. [2]

The primary purpose of this Disclosure Statement is to enable the Debtors' creditors that are entitled to vote on the Plan to make an informed decision on whether to vote to accept or reject the Plan. This Disclosure Statement contains summaries of the Plan, certain documents related to the Plan, relevant statutory provisions, and events in the chapter 11 cases (the "Chapter 11 Cases"). This Disclosure Statement is part of the "Solicitation Package" distributed to all holders of Claims in the voting Classes, which contains the following:

- this Disclosure Statement;
- the Plan (Exhibit A to this Disclosure Statement);
- an organizational chart of the Debtors and certain of their affiliates (Exhibit B to this Disclosure Statement);
- the Liquidation Analysis (Exhibit C to this Disclosure Statement);
- the Projections (Exhibit D to this Disclosure Statement); and
- for those creditors entitled to vote to accept or reject the Plan, one or more ballots (the "Ballots"), which include instructions describing the acceptable methods to submit votes.

If you are a holder of a Claim entitled to vote on the Plan and you did not receive a Ballot, received a damaged Ballot, or lost your Ballot, please contact KCC LLC ("KCC" or the "Voting Agent") by email at AviancaInfo@kccllc.com or by phone at (866) 967-1780 (U.S./Canada) or +1 (310) 751-2680 (International).

An Eligible Holder (as defined below) holding 2020 Notes Claims and/or 2023 Notes Claims in "street name" through a Nominee (as defined below) may vote through a Nominee. If you must return your ballot to your Nominee (as defined below), you must return your ballot to them in sufficient time for them to process it and return the master ballot to the Voting Agent before the Voting Deadline (as defined below), as further described below.

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[2] Capitalized terms used in the Disclosure Statement, but not defined herein, have the meanings ascribed to them in the Plan. To the extent any inconsistencies exist between the Disclosure Statement and the Plan, the Plan will govern.

For your vote to be counted, the Ballot(s) reflecting your vote and/or the Master Ballot reflecting the vote of your nominee must be **actually received** by the Voting Agent not later than [_____], prevailing [_____] Time, on [_____], 2021 (the "Voting Deadline"). To be counted as votes to accept or reject the Plan, each Ballot or Master Ballot must be properly executed, completed, and delivered to the Voting Agent in accordance with the instructions set forth on the applicable Ballot or Master Ballot. Copies, faxes, and emails will not be accepted or counted as votes. **The Debtors encourage all holders of Claims to use the Voting Agent's e-ballot platform, available at http://www.kccllc.net/avianca.** If a holder elects to deliver by mail, it is recommended to use an air courier with a guaranteed next day delivery or registered mail, properly insured, with return receipt requested. In all cases, sufficient time should be allowed to ensure timely delivery.

A. *Overview of Proposed Restructuring*

As described in greater detail below, Avianca faced financial difficulties during the COVID-19 pandemic and commenced these Chapter 11 Cases to accomplish a comprehensive restructuring of their business. The Debtors believe that the post-emergence enterprise will have the ability to withstand the challenges and volatility of the airline industry and to succeed as a leading carrier in Latin America.

The Plan is the result of extensive good faith negotiations, overseen by AVH's board of directors, among the Debtors and several of their key economic stakeholders. The Plan is supported by, among others, [the Committee]; the Consenting Noteholders (as defined below), which collectively held a majority of the Debtors' 9.000% Senior Secured Notes due 2023 prior to giving effect to the DIP Roll-Up (as defined below); and a majority of the holders of Tranche B DIP Facility Claims.

The Plan provides for a comprehensive restructuring of the Company's balance sheet and a significant investment of new capital in the Company's business. The transactions contemplated in the Plan will strengthen the Company by substantially reducing its debt and increasing its cash flow and will preserve over 10,000 jobs. More specifically, in connection with the Plan:

- The Debtors have determined to exercise their right, pursuant to the DIP Facility Documents, to convert the Tranche A-1 DIP Facility Claims and Tranche A-2 DIP Facility Claims to seven (7)-year exit financing upon emergence. Subject to satisfaction of certain conditions precedent, Tranche A-1 DIP Facility Claims and Tranche A-2 DIP Facility Claims will convert into indebtedness under the Exit Facility pursuant to the Plan.

- As discussed in more detail below, the Debtors engaged in a competitive marketing process (the "Equity Solicitation Process") to determine whether an alternative investor (an "Alternative Sponsor") would be willing to provide capital to the Reorganized Debtors on terms superior to those offered by the Tranche B DIP Lenders, which, as part of the DIP Credit Agreement, committed to convert all of the Tranche B DIP Facility Claims to at least 72% of fully diluted equity securities of a new corporation or other legal entity that may be formed on or prior to the Effective Date to, among other things, directly or

indirectly acquire substantially all of the assets and/or stock of AVH (as defined in the Plan, "Reorganized AVH").

- Ultimately, and as discussed further below, the Equity Solicitation Process yielded one indication of interest, which did not aggregate sufficient value to satisfy all Tranche B DIP Facility Claims in full in Cash. Accordingly, the Debtors, in their business judgment, determined that the terms of the indication of interest were not superior to those offered by the Tranche B DIP Lenders. Therefore, the Debtors have elected to exercise their option under the DIP Credit Agreement to convert the Tranche B DIP Facility Claims to equity in Reorganized AVH (as defined in the Plan, the "New Common Equity") as part of the Plan. Additionally, certain holders of Tranche B DIP Facility Claims have agreed to contribute cash and/or assets to the Reorganized Debtors in an aggregate amount of $200 million in exchange for New Common Equity.

- As set forth in further detail in the Plan, holders of General Unsecured Avianca Claims will receive the cash equivalent of their Pro Rata share of (a) 1.75% of the New Common Equity and (b) warrants to purchase 5.0% of the New Common Equity, with a cashless exercise price of $1.48 billion and a five (5) year term (as defined in the Plan, the "Warrants"); provided, that, in the event that the Class of General Unsecured Avianca Claims votes to *accept* the Plan, holders of General Unsecured Avianca Claims will receive the cash equivalent of their Pro Rata share of an *additional* 0.75% of the New Common Equity (i.e., 2.5% of the New Common Equity in the aggregate) and the Warrants. In lieu of receiving cash, holders of General Unsecured Claims may elect to receive their Pro Rata share of the applicable percentage of New Common Equity and the Warrants by making a written election on a timely and properly delivered and completed Ballot to receive the Unsecured Claimholder Equity Package.[3]

- These recoveries are being carved out of the value of the collateral securing the Tranche B DIP Facility Claims and would not otherwise be available to holders of such unsecured Claims without the consent of holders of Tranche B DIP Facility Claims, which consent was obtained in connection with good-faith, arms'-length negotiations among the Debtors, the Committee, and holders of Tranche B DIP Facility Claims. Such negotiations resulted in a global settlement (the "Global Plan Settlement"), pursuant to which the Debtors resolved all issues that may have been raised by the Committee with respect to the Plan, including, among other things, disputes on enterprise value.

- On the Effective Date or as soon as reasonably practicable thereafter, all Interests in AVH will be cancelled, released, extinguished, or receive economically similar treatment, to the extent permitted by applicable law as determined by the Debtors in their business judgment. Holders of Interests in AVH will not receive any distributions, nor retain any property, under the Plan.

[3] The New Common Equity that will be issued in exchange for Claims under the Plan will be subject to dilution by other issuances of New Common Equity. **Please refer to Section V.C.13 of this Disclosure Statement for a summary of the dilutive effect that other issuances of New Common Equity will have on the New Common Equity that will be issued pursuant to the Plan.**

- The foregoing transactions will eliminate approximately $3.0 billion of debt from the Debtors' consolidated balance sheet.

In developing the Plan, the Debtors conducted a careful review of their existing business operations and compared their projected value as an ongoing business enterprise with their projected value in a liquidation scenario, as well as the estimated recoveries to holders of Allowed Claims in each of these scenarios. The Debtors concluded that the potential recoveries to holders of Allowed Claims would be maximized by the Debtors' continued operation as a going concern through implementation of the Plan and the Global Plan Settlement. The Debtors believe that their businesses and assets have significant value that would not be realized in a liquidation. Moreover, the Debtors believe that any alternative to the Plan, such as an asset sale, or attempts by another party to file an alternative plan of reorganization, could result in significant delay, litigation, execution risk, and additional costs, ultimately lowering the recoveries to holders of Allowed Claims that are achieved pursuant to the Global Plan Settlement. **Accordingly, it is the Debtors' opinion that confirmation and implementation of the Plan is in the best interests of the Debtors' estates, creditors, and equity interest holders. Therefore, the Debtors recommend that, to the extent they are entitled to vote, creditors and interest holders vote to accept the Plan.**

B. *Summary of Classification and Estimated Recoveries of Claims and Interests Under the Plan*

The following table summarizes the classification of Allowed Claims and Interests and the estimated recoveries of their holders under the Plan. Although every reasonable effort was made to be accurate, the projections of recoveries are only estimates. The final amounts of Claims allowed by the Bankruptcy Court may vary from the estimates in this Disclosure Statement. As a result of the foregoing and other uncertainties inherent in the estimates, the estimated recoveries in this Disclosure Statement may vary from the actual recoveries realized. In addition, the ability of holders to receive distributions under the Plan depends upon, among other things, the ability of the Debtors to obtain confirmation of the Plan and to meet the conditions to confirmation and effectiveness of the Plan. **For additional explanation regarding the terms of the Plan and the treatment of Allowed Claims and Interests thereunder, please refer to the discussion in Section V, entitled "Summary of the Plan," as well as the Plan itself, attached to this Disclosure Statement as Exhibit A. The below table is qualified in its entirety by reference to the full text of the Plan.**

Class	Description	Status	Voting Rights	Estimated Recovery
1	Priority Non-Tax Claims	Unimpaired	Presumed to accept	100%
2	Other Secured Claims	Unimpaired	Presumed to accept	100%
3	Engine Loan Claims	Impaired	**Entitled to vote**	100%
4	Secured RCF Claims	Impaired	**Entitled to vote**	100%
5	USAV Receivable Facility Claims	Unimpaired	Presumed to accept	100%

Class	Description	Status	Voting Rights	Estimated Recovery
6	Grupo Aval Receivable Facility Claims	Unimpaired	Presumed to accept	100%
7	Grupo Aval Lines of Credit Claims	Impaired	**Entitled to vote**	100%
8	Grupo Aval Promissory Note Claims	Unimpaired	Presumed to accept	100%
9	Cargo Receivable Facility Claims	Unimpaired	Presumed to accept	100%
10	Pension Claims	Unimpaired	Presumed to accept	100%
11	General Unsecured Avianca Claims	Impaired	**Entitled to vote**	1.0% – 1.4%[4]
12	General Unsecured Avifreight Claims	Unimpaired	Presumed to accept	100%
13	General Unsecured Aerounión Claims	Unimpaired	Presumed to accept	100%
14	General Unsecured SAI Claims	Unimpaired	Presumed to accept	100%
15	General Unsecured Convenience Claims	Impaired	**Entitled to vote**	1.0%
16	Subordinated Claims	Impaired	Deemed to reject	0%
17	Intercompany Claims	Impaired/ Unimpaired	Deemed to reject/ presumed to accept	0%
18	Existing AVH Non-Voting Equity Interests	Impaired	Deemed to reject	0%
19	Existing AVH Common Equity Interests	Impaired	Deemed to reject	N/A
20	Existing Avifreight Equity Interests	Unimpaired	Presumed to accept	N/A
21	Existing SAI Equity Interests	Unimpaired	Presumed to accept	N/A
22	Other Existing Equity Interests	Impaired	Deemed to reject	N/A
23	Intercompany Interests	Impaired/ Unimpaired	Deemed to reject/ presumed to accept	N/A

[4] These estimated recoveries assume that Class 11 votes to accept the Plan.

C. *Inquiries*

If you have questions about the Solicitation Package you have received, please contact the Voting Agent, at (866) 967-1780 (U.S./Canada) or +1 (310) 751-2680 (International). Additional copies of this Disclosure Statement, the Plan, and the Plan Supplement (when filed) are available upon written request made to the Voting Agent at the following address:

Avianca Ballot Processing
c/o KCC LLC
222 N. Pacific Coast Hwy., Ste. 300
El Segundo, CA 90245
United States

Copies of this Disclosure Statement, which includes the Plan and the Plan Supplement (when filed) are also available on the Voting Agent's website, https://www.kccllc.net/avianca. **Please do not direct inquiries to the Bankruptcy Court.**

D. *Additional Information*

The Company currently files foreign private issuer reports with, and furnishes other information to, the SEC. Copies of any document filed with the SEC may be obtained by visiting the SEC website at http://www.sec.gov and performing a search for "Avianca" under the "Company Filings" link.

Additionally, the Company also files financial reports with, and furnishes other information to, the Superintendencia Financiera de Colombia (the "SFC"). Copies of any document filed with the SFC may be obtained by visiting the SFC website at https://www.superfinanciera.gov.co and performing a search for "Avianca" on the tab "*Información Relevante*."

SECTION II.
OVERVIEW OF THE DEBTORS' OPERATIONS

A. *Business Overview*

1. General Overview

Established in 1919 as the Colombian-German Air Transport Company, Avianca proudly claims a 100-year legacy as a leading provider of air travel and cargo services in Latin America and around the globe.

Today, Avianca is the second-largest airline group in Latin America and the most important carrier in the Republic of Colombia and in the Republic of El Salvador. In Colombia (Latin America's third largest economy), Avianca enjoyed a consolidated market share of 50.3% in the domestic market in 2019. Avianca is also a codeshare partner of United Airlines and a member of Star Alliance, which, with 26 members, is the world's largest global airline alliance. Avianca is well respected throughout Latin America and maintains significant customer brand equity and market share in the regions it serves.

Latin American countries have separate aeronautical regulators, route rights, employment legislation, corporate legislation, and tax regulation. Over the years, Avianca has developed itself as a combined network of several holders of Air Operator Certificates (AOCs). In effect, Avianca operates several different airlines while presenting a unified brand and customer experience to consumers. Unlike many other airlines and complex businesses, Avianca's separate businesses are organized as separate corporate entities, most of which are Debtors in these Chapter 11 Cases. Avianca believes that this structure gives it a competitive advantage in connecting its core domestic and international markets.

In addition to its passenger business, Avianca operates a cargo and package delivery business, using eleven dedicated freight aircraft as well as space in the bellies of Avianca's passenger aircraft.

2. The Debtors' Route Network

Avianca operates an extensive route network, including its strategically located hubs in Colombia and El Salvador. Before the outbreak of COVID-19, Avianca operated passenger and cargo service with over 5,000 weekly scheduled flights to more than 76 destinations in over 27 countries. Furthermore, Avianca's codeshare agreements and its membership in Star Alliance provided Avianca's customers with access to a worldwide network of over 1,300 destinations. In 2019, Avianca transported approximately 30.5 million passengers and 602,000 metric tons of cargo.

As of March 31, 2021, Avianca operated a fleet of 141 aircraft (119 jet passenger aircraft, 11 cargo aircraft, and 11 turboprop aircraft). Of these, 82 were owned and 59 were subject to long-term operating leases. As of May 31, 2021, the average age of Avianca's operative jet passenger fleet was 8.35 years.

Avianca also provides other products and services that complement its passenger and cargo businesses and diversify its sources of revenue. Its LifeMiles loyalty program is one of the largest and most recognized coalition loyalty programs in Latin America, particularly in Avianca's core markets of Colombia and Central America (excluding Panama). As of March 31, 2021, LifeMiles had approximately 10.1 million members and 742 active commercial partners. LifeMiles is a source of profits and cash flow for Avianca and is important to building and maintaining a loyal customer base. Although AVH is an indirect majority owner of LifeMiles Ltd., LifeMiles Ltd. is not a Debtor in these Chapter 11 Cases.

3. Employees

As of March 31, 2021, Avianca had a total of 14,110 employees. Approximately 69.6% of its employees were located in Colombia, 12.9% in El Salvador, 5.3% in Ecuador, 3.3% in Costa Rica, and 8.9% elsewhere.

In Colombia, approximately 26% of Avianca's employees were members of unions as of December 31, 2020. In addition, Avianca's employees were members of three different unions in two countries outside Colombia. Typically, Avianca's collective bargaining agreements have terms between two and five years. Avianca's non-unionized employees are also beneficiaries of a voluntary benefits plan, and Avianca provides employees in those countries with benefits

plans and arrangements that grant bonuses, seniority and retirement benefits, partial medical benefits, disability coverage, and other benefits.

4. The Debtors' Operations

Avianca's principal product is the scheduled air transportation of customers, which generates passenger revenue. Avianca targets both business travelers and leisure travelers. Leisure travel constitutes the majority of Avianca's Colombian and Latin American traffic. Leisure travel tends to coincide with holidays, school vacations, and cultural events. As such, leisure travel typically peaks in July and August, in December and January, and during the Easter holiday.

In addition, Avianca generates revenue through its LifeMiles loyalty program, cargo and courier transportation operations, services provided to other carriers (such as maintenance and ground handling), marketing rebates, duty-free sales, charter flights, and service charges and ticket penalties.

a. Passenger Operations

As of December 31, 2020, Avianca took passengers to 65 destinations. For the months of January, February, and March 2021, Avianca operated 91, 83 and 65 routes, respectively, and served 66, 63 and 53 destinations, respectively, which represented 58%, 54%, and 43% of the capacity we offered during the same period last year, before the COVID-19 pandemic. Passenger revenue primarily comprises ticket sales (including revenue from redemption of miles under its LifeMiles loyalty program). Ancillary revenue contributes to passenger revenue and includes additional charges that are billed to passengers, such as excess baggage fees, cancellation and change fees, and special services relating to empty seats, unaccompanied minors, and lounge passes.

Passenger revenue represented 58.7%, 84.5%, and 83.3% of Avianca's total revenue in 2020, 2019, and 2018, respectively. Further, passenger revenue represented 51.3% of Avianca's total revenue for the first quarter of 2021.

(1) International Passenger Revenue

Avianca provides international passenger flights through Aerovías del Continente Americano S.A. Avianca (based in Colombia), Taca International Airlines S.A. (based in El Salvador), Avianca Costa Rica S.A. (based in Costa Rica), and Avianca-Ecuador S.A. (based in Ecuador). Two other entities, Aviateca S.A. (based in Guatemala) and Isleña de Inversiones S.A. de C.V. (based in Honduras), have suspended their international passenger routes and related authorizations due to the COVID-19 pandemic. All of these entities are Debtors in these Chapter 11 Cases.

International passenger revenue represented approximately 49.0%, 48.8%, and 50.9% of Avianca's total passenger revenue in 2020, 2019, and 2018, respectively. Further, international passenger revenue represented 34.4% of Avianca's total passenger revenue for the first quarter of 2021.

(2) Regional Operations in Central America

Avianca formerly provided regional passenger flights within Central America through Aviateca S.A. (based in Guatemala) and Isleña de Inversiones S.A. de C.V. (based in Honduras), both of which are Debtors in these Chapter 11 Cases. Avianca continues to provide regional passenger flights within Central America through Avianca Costa Rica S.A. and Taca International Airlines S.A.

Passenger revenue from regional operations in Central America accounted for 0.03%, 0.03%, and 0.23% of Avianca's total passenger revenue in 2020, 2019, and 2018, respectively. Further, passenger revenue from regional operations in Central America represented 0.07% for the first quarter of 2021.

b. Route Network and Schedules

Avianca has historically operated approximately 768 daily scheduled flights (including domestic flights) to 76 different destinations in North America, Central America, South America, and Europe.[5] Its network combines strategically located hubs in Bogotá and San Salvador, as well as strong point-to-point service from and to different major destinations in North America, Central America, South America, and Europe. Avianca also provides its passengers with access to flights to approximately 140 destinations and approximately 216 additional routes worldwide through codeshare arrangements with United Airlines, Aeroméxico, All Nippon Airways, Air China, Air India, Air Canada, Azul, Copa, Etihad, EVA Airways, Gol Linheas Aereas, Iberia, Lufthansa, Silver Airways, Singapore Airlines, and Turkish Airlines. Additionally, by joining Star Alliance in 2012, Avianca extended the reach of its frequent flyer program, gaining access for its frequent flyer program members to more than 1,000 VIP lounges around the world, as well as mileage accruals and redemptions with the 26 Star Alliance members.

For international connections at its two hubs, Avianca utilizes a morning bank, an evening bank, and, for some of its connections, a midday bank of flights, with flights timed to arrive at the corresponding hub at approximately the same time and to depart a short time later. This coordinated approach to flight scheduling allows Avianca to provide more frequent services to many destinations and gives passengers more convenient connections. However, as Avianca continues to implement its strategy centered on cost leadership, certain connections through its hubs could be reduced.

The following table shows the distribution of Avianca's passenger revenue generated in each of the different regions described above, for the periods indicated therein.

[5] The summary that follows is provided as of December 31, 2019. Since then, Avianca has taken measures to manage the impact of reduced demand for global air transport resulting from the COVID-19 pandemic and related government travel restrictions, and has implemented a short-term plan to adjust capacity, reduce expenses, and protect the Company's liquidity. In accordance with this plan, and in line with the decisions taken across the airline industry, Avianca has decreased its capacity while maintaining its cargo freighter operations.

			Year Ended December 31,		
Region	**1Q21**	**2020**	**2019**	**2018**	**2017**
Domestic Colombia	42.9%	26.6%	23.0%	23.9%	23.1%
Central America & Caribbean	7.9%	9.7%	11.9%	12.1%	12.7%
North America	33.9%	31.8%	29.0%	27.1%	26.0%
South America	11.5%	20.1%	22.1%	23.5%	26.1%
OTHERS	3.8%	11.8%	13.9%	13.4%	12.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Bogotá Hub

As of March 31, 2021, through its Bogotá hub, Avianca operated approximately 1,386 weekly scheduled flights to 23 destinations in Colombia, 5 in North America, 4 in South America, 8 in Central America and the Caribbean, and 1 in Europe. Avianca's domestic terminal at El Dorado International Airport allows it to efficiently manage its large volumes of domestic traffic. For its domestic operations, Avianca utilizes a "rolling hub" system whereby its inbound and outbound connecting flights operate throughout the day, instead of during designated time banks.

(2) San Salvador Hub

The San Salvador hub connects, principally, passengers from different destinations in North America, Central America, and South America. As of March 31, 2021, through its San Salvador hub, Avianca operated approximately 130 weekly scheduled flights to seven destinations in North America, one in South America, and five in Central America and the Caribbean.

(3) San José

As of March 31, 2021, through a mini-hub in San José, Costa Rica, Avianca operated approximately 21 weekly scheduled flights to one destination in South America and one in Central America and the Caribbean. The San José mini-hub mainly connects passengers from different destinations in South America and Central America.

(4) Ecuador

As of March 31, 2021, Avianca operated approximately 87 weekly scheduled flights to five destinations in Ecuador and one in South America through its subsidiary Avianca-Ecuador S.A., which is a Debtor in these Chapter 11 Cases.

(5) Perú

As of December 31, 2020, Avianca had no operations in Perú, and Avianca Perú S.A. is in liquidation.

(6) Point-to-Point Service

In addition to the destinations served through its hubs, Avianca provides domestic and international point-to-point service between different destinations, including North, Central and South America as well as Europe.[6]

c. Cargo and Courier Operations

In addition to providing passenger transportation services, Avianca generates revenue from its cargo and courier transportation operations. Cargo and courier revenue derive primarily from the air transportation of goods, on an airport-to-airport basis, and other complementary services. In addition, Avianca generates cargo and courier revenues from domestic and international shipments of small parcels, on a door-to-door basis and with defined transit time commitments.

(1) Cargo

Avianca offers cargo service throughout most of its passenger route network. In addition, it offers cargo service to many other destinations through ninety-two interline agreements with other cargo airlines. To offer these services, Avianca uses some freighter aircraft and also efficiently uses the belly capacity of its passenger fleet. Avianca carries cargo for a variety of customers, including other international air carriers, freight-forwarding companies, export-oriented companies, and individual consumers. The cargo business is operated by Tampa Cargo S.A.S. d/b/a Avianca Cargo and Aero Transporte de Carga Unión S.A. de C.V. d/b/a Aerounión (collectively, "Avianca Cargo"). In the first quarter of 2021, Avianca Cargo was the largest cargo carrier in Colombia by gross tons, with 33.54% of market share. Additionally, Avianca Cargo was the third largest carrier of international freight to and from Miami, with a 14.95% market share.

Avianca's international cargo operations are headquartered in Bogotá, with other significant operations in Medellín, Mexico City, and Miami. The United States accounts for the majority of Avianca's international cargo traffic to and from Latin America. Within Latin America, Avianca's cargo operations focus on Colombia, Ecuador, Peru, Brazil, Mexico, Argentina, and Chile. Avianca Cargo operates to and from Europe through Avianca's scheduled passenger services to Madrid and Barcelona and through a dedicated freight service to Madrid and Amsterdam. It also offers other destinations for cargo transportation around the world through special agreements.

The cargo business is an important revenue source to the Debtors. Cargo sales accounted for 30.8%, 10.9% and 11.4% of the Debtors' operating revenues for the years ending

[6] Currently, Avianca provides point-to-point service between the following destinations: Cali–Medellín, Guayaquil–Quito, Cartagena–Medellín, Cali–Tumaco, Barranquilla–Medellín, Manta–Quito, Baltra–Guayaquil, Cali–Pasto, Managua–Miami, Cali–Cartagena, Medellín–Santa Marta, Guayaquil–San Cristobal, Medellín–Miami, Medellín–New York, Barranquilla–Miami, Barranquilla–Cali, Bucaramanga–Cartagena, Medellín–Montería, Cali–Santa Marta, Bucaramanga–Santa Marta, Cartagena–Pereira, Pereira–Santa Marta, Cartagena–San Andrés, Asunción–Medellín, Quito–Santiago de Chile.

December 31, 2020, 2019, and 2018, respectively. During 2020, the cargo business thrived while the passenger revenue dramatically decreased because of the COVID-19 pandemic.

(2) Courier

In addition to its cargo operations, Avianca also offers domestic and international courier services. Under its DEPRISA brand, which is operated through Aerovías del Continente Americano S.A. Avianca and Latin Logistics Colombia S.A.S. (which is not a Debtor in these Chapter 11 Cases) and is widely recognized throughout Colombia, Avianca provides logistics solutions in the context of sending and receiving documents, packages, and other merchandise domestically and internationally. DEPRISA is a significant player in the courier industry with more than 225 sales branches in Colombia and more than 50 abroad, and with 1,200 domestic destinations and 220 international destinations (as a result of Avianca Cargo's alliance with UPS). DEPRISA offers a wide portfolio of products and superior delivery times, including premium delivery in less than 24 hours.

DEPRISA also offers Avianca third-party logistics services complementary to transportation, such as storage, inventory control, and global distribution of employee uniforms.

Courier revenue represented 2.1%, 1.3% and 1.3% of Avianca's total revenue for the years ending December 31, 2020, 2019, and 2018, respectively. Further, courier revenue represented 3.6% of Avianca's total revenue for the first quarter of 2021.

d. LifeMiles and Other Ancillary Services

Avianca also provides several other services that complement its passenger and cargo businesses and further diversify its sources of revenue. The main other source of revenue consists of sales of LifeMiles program rewards to commercial partners and members of the program (net of the value of the underlying rewards which, when redeemed, are recognized as passenger revenue). Other categories of revenue include services provided to other carriers (such as maintenance and ground handling), aircraft and property leases, marketing rebates, duty-free sales, charter flights, service charges, and ticket penalties.

In 2011, following a merger with TACA Airlines, Avianca launched LifeMiles as a consolidated and improved frequent flyer program. As of December 31, 2020, LifeMiles had approximately 10.1 million members. Avianca's international flights and strategic partnerships with international carriers, in addition to its extensive network of 754 commercial partners, including banks, hotels, car rental agencies, and retail stores, provide LifeMiles members with a broad range of attractive options to accrue and redeem miles. As a result of a securities purchase agreement that was approved by the Bankruptcy Court, AVH now holds, indirectly, (i) an 89.9% ownership stake in LifeMiles Ltd. (the company that operates LifeMiles) and (ii) a call option to purchase the remaining 10.1% stake.

Avianca believes that its strong loyalty program enhances customer loyalty and brand recognition and is one of its key strengths in terms of improving profitability. LifeMiles' business model benefits from strong operating margins, positive working capital dynamics, and minimal capital expenditure requirements, which provides a unique ability to gain scale quickly. This business model includes an attractive cash flow cycle, with cash inflows from the sale of

miles well in advance of the cash outflows corresponding to the redemption of those miles, making it possible for LifeMiles to earn interest on such cash. In addition, LifeMiles' unit costs are largely contracted with its main partners for extended periods, providing visibility and stability to a significant portion of its total costs and gross margins.

LifeMiles Ltd. is not a Debtor in these Chapter 11 Cases.

e. Fleet Plan

As part of the Avianca 2021 Plan (which is further described below), Avianca took significant steps to streamline its fleet. In late 2019 and early 2020, Avianca renegotiated its aircraft purchase orders to align them with its adjusted strategic plans. It reduced firm commitments with Airbus from 108 A320neo aircraft to 88, and cancelled or deferred A320neo deliveries in 2020 through 2024. Avianca also entered into operating leases for 10 new A320neo aircraft with BOC Aviation and reached agreement with Boeing to postpone until 2024 the outstanding deliveries of 787-9 aircraft.

Since the onset of COVID-19, Avianca has taken further steps to streamline its fleet profile and reduce the number of future deliveries. As to future deliveries, as part of these Chapter 11 Cases, Avianca currently is undertaking negotiations with Airbus and Boeing to assume and amend or reject these purchase agreements. Avianca also has rejected aircraft leases of all 10 new A320neo aircraft that would have been leased from BOC Aviation starting in 2023.

The following table sets forth Avianca's firm contractual deliveries that are still scheduled through 2029, taking into account the potential rejection of the 10 new A320neo aircraft:[7]

Aircraft Type	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Boeing 787-9	—	—	—	—	2	—	—	—	—	—	**2**
Airbus A320 neo	—	—	—	—	—	20	20	20	20	**8**	**88**
Total	**—**	**—**	**—**		**2**	**20**	**20**	**20**	**20**	**8**	**90**

In addition to reducing the number of future deliveries, Avianca rejected leases with respect to 12 aircraft almost immediately after commencement of the Chapter 11 Cases and has rejected or may reject leases with respect to approximately 47 additional existing aircraft. As part of these Chapter 11 Cases, Avianca has commenced a process of amending and assuming, as so amended, its remaining aircraft leases on improved economic terms and entering into approximately 58 new leases with deliveries between 2021 and 2023. Additionally, Avianca is entering into approximately 15 new leases for aircraft previously subject to leases that Avianca is concurrently rejecting, which with respect to each aircraft will provide Avianca a simplified lease structure and better economic terms beneficial to the estate Many of the new and amended leases include "power by the hour" arrangements that will allow Avianca to adjust its expenses depending on the level of demand for passenger travel. The net effect of Avianca's lease rejections,

[7] The information reflected in the below table is subject to material change, pending the results of ongoing negotiations.

negotiation of lease amendments, and entry into new leases is set forth in the following table, which compares Avianca's fleet profile immediately before the Petition Date and the number of aircraft that are projected to be subject to long-term leasing arrangements upon emergence from chapter 11:

Fleet Comparison

	Petition Date	Emergence (Projected)
Passenger Fleet	**147**	**98**
Freighter Fleet	**11**	**11**
TOTAL	**158**	**109**

f. Competition

Avianca faces intense passenger and cargo air transportation competition on domestic and international routes from competing airlines, charter airlines and potential new entrants in its market, as well as in the loyalty points market with regards to its LifeMiles loyalty program. Airlines compete primarily in the areas of pricing, scheduling (frequency and flight times), on-time performance, on-board experience, frequent flyer programs, and other services.

Avianca has already faced, and may in the future face, increased competition from existing and new participants in the markets in which it operates, including full-service and low-cost carriers. The air transportation sector is highly sensitive to price discounting and the use of aggressive pricing policies. Other factors, such as flight frequency, schedule availability, brand recognition, and quality of services offered (such as loyalty programs, VIP airport lounges, in-flight entertainment, and other amenities) also have a significant impact on market competitiveness.

Low-cost carrier business models have been gaining increasing momentum in the Latin American aviation market in recent years, particularly as challenging macroeconomic conditions in Latin America persist with the effect of limiting consumer purchasing power. Low-cost carriers' operations are typically characterized by point-to-point route networks focusing on the highest-demand city pairs, high aircraft utilization, single-class service, and fewer in-flight amenities. These low-cost carriers' penetration of Avianca's home markets has driven significant and lasting downward pressure on fares, which, when taken together with evolving passenger preferences, has compelled Avianca to further adapt its business model. Thus, Avianca is in the process of densifying its narrow-body Airbus A320 fleet, allowing for an increase of approximately 24% in seating capacity per aircraft. The Company believes that the implementation of this strategy, in conjunction with the execution of over 300 cost-saving initiatives, will enable Avianca to achieve a best-in-class cost structure.

Thus, Avianca expects to build on its core strengths, including its strong operational performance, increased capacity, brand recognition, its market leadership position in the vibrant Latin American airline market, optionality with more point-to-point routes, its membership in Star Alliance, and the strength of its LifeMiles program, while becoming a more cost-efficient airline, in order to emerge from these Chapter 11 Cases as an elite competitor for years to come.

B. *Debtors' Corporate and Governance Structure*

AVH, a Panama corporation, is the direct and indirect parent company of the Debtors' entire corporate enterprise. A chart illustrating the current organizational structure of AVH and its 40 affiliated Debtors is attached to this Disclosure Statement as **Exhibit B**.

AVH's board of directors functions as the Company's governing board. AVH's board consists of the following ten directors:

Name	Position
Óscar Darío Morales	Independent Director
Richard Schifter	Independent Director
Jairo Burgos	Independent Director
Fabio Villegas	Independent Director
James Leshaw	Independent Director
Álvaro Jaramillo	Independent Director
Rodrigo Salcedo	Independent Director
José Ofilio Gurdián	Non-Independent Director
Roberto Kriete	Non-Independent Director
Anko van der Werff	Non-Independent Director

Avianca has highly experienced managers for its operations, including a core management team consisting of the following individuals:

Name	Position
Adrian Neuhauser	President and Chief Executive Officer
Rohit Philip	Chief Financial Officer
Renato Covelo	Chief People Officer
Frederico Pedreira	Chief Operating Officer
Michael Swiatek	Chief Planning Officer
Manuel Ambriz	Chief Commercial Officer
Michael Ruplitsch	Chief Information Officer
Richard Galindo	Secretary / General Counsel

C. *Equity Ownership*

AVH is a public reporting company under section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act").[8] AVH's shares of non-voting common stock are traded under the symbol "PFAVH" on the Colombian Stock Exchange. Despite being shares of common stock, these shares have dividend and liquidation preferences, and are therefore known in local markets as "preferred shares." Effective November 13, 2013, AVH also issued American Depository

[8] While AVH files certain periodic reports with the SEC as a "foreign issuer" under Section 12(b) of the Exchange Act (e.g., Form 6-F and Form 29-K), AVH does not currently prepare and maintain financial reports in the form required by Bankruptcy Rule 2015.3 for any of AVH's non-Debtor affiliates.

Receipts ("ADRs")[9] in the United States through The Bank of New York Mellon, as depositary bank. The ADRs represent non-voting common shares and were traded under the symbol "AVH" on the New York Stock Exchange. As of March 31, 2021, and including the ADRs, AVH had 660,800,003 shares of common stock outstanding and 340,507,917 shares of non-voting common stock outstanding (including 4,320,632 non-voting common shares held by Fiduciaria Bogotá on behalf of AVH).

Kingsland Holdings Limited ("Kingsland") currently controls the majority of voting shares of AVH. On November 9, 2018, Synergy Aerospace Corp. ("Synergy"), which was then AVH's controlling shareholder and which, in turn, is indirectly controlled by José Efromovich and his brother Germán Efromovich, transferred common shares, comprising 78.1% of AVH's voting share capital, to BRW Aviation LLC, a Delaware limited liability company ("BRW"). BRW is owned by BRW Aviation Holding LLC, a Delaware limited liability company ("BRW Holding"), which is wholly owned by Synergy. On November 29, 2018, BRW, as borrower, and BRW Holding, as guarantor, entered into a loan agreement (the "United Loan Agreement") with United Airlines, Inc. ("United"), as lender, and Wilmington Trust, National Association, as administrative and collateral agent ("Wilmington Trust"). In connection with such loan, BRW pledged to Wilmington Trust, for the benefit of United, all of the common shares of AVH owned by BRW (which represented 78.1% of AVH's voting share capital) as security for BRW's obligations under the United Loan Agreement (the "Pledged Shares").

Following certain defaults by BRW under the United Loan Agreement, United commenced the exercise of certain remedies under the United Loan Agreement and related documents against BRW and BRW Holding on May 24, 2019. In connection with such remedies, Kingsland was appointed as an independent third party and was granted independent authority to act as proxy and empowered agent of Wilmington Trust under the United Loan Agreement to act as the manager of BRW and exercise voting control over the Pledged Shares. As a result, BRW Holding and Synergy lost their ability to direct the manner in which BRW votes the Pledged Shares. Through its ownership of AVH's common shares and its authority as manager of BRW (with the right to direct the voting of the Pledged Shares), Kingsland assumed voting control over AVH. In September 2019, a New York state court granted summary judgment authorizing the foreclosure on the Pledged Shares, and enjoined BRW Holding from interfering with the ability of Kingsland to exercise voting and other rights in certain equity interests in BRW. Further judicial consideration of this case, including the foreclosure process on the Pledged Shares, has been stayed since the beginning of the COVID-19 pandemic.

D. *Prepetition Indebtedness*

As of March 31, 2020, on a consolidated basis, Avianca had approximately $5,356,880,678 of outstanding indebtedness, of which approximately $5,238,077,567 (or 97.78%), was secured by certain assets of the Debtors. The secured indebtedness included both long-term indebtedness (generally incurred to finance or refinance the acquisition of aircraft), indebtedness under secured credit facilities, and indebtedness under secured notes. The amount of debt on Avianca's balance sheet that is secured by aircraft and engines is almost $3.7 billion and requires substantial payments on a periodic basis. Avianca's secured financings encumber a substantial

[9] Each ADR represents eight (8) preferred shares with a par value of $0.125 per share.

portion of their assets, including (i) certain collections of revenue from passenger travel and cargo services, (ii) certain aircraft, aircraft engines and spare parts, (iii) certain real estate, (iv) slots at certain airports, (v) cash and cash equivalents pledged in deposit or security accounts, and (vi) certain trademarks owned by the Debtors. The weighted average interest rate paid as of March 2020 under Avianca's indebtedness was 5.16% per annum.

An overview of the Debtors' funded indebtedness as of the Petition Date is as follows. The descriptions of the Debtors' prepetition indebtedness are for informational purposes only and are qualified in their entirety by reference to the specific agreements evidencing such indebtedness.

Facility or Description	Principal Amount (approximate) (as of Petition Date)	Collateral
Secured- Debt		
Engine Loan	$58,671,190	Spare parts and engines
Secured RCF	$100,000,000	Spare parts, slots and cargo receivables
USAVflow Receivable Facility	$100,000,000	Certain credit card receivables
Grupo Aval Receivable Facility	$134,750,000	Certain credit card receivables; residual aircraft value
Grupo Aval Lines of Credit	$25,747,787	Headquarters building and aircraft residual value
NordLB Aircraft Loans	$23,062,222	Three aircraft
Stakeholder Facility and Citadel Notes	$375,000,000	Equity in LifeMiles and other Avianca subsidiaries; certain credit card receivables
2023 Notes	$484,419,000	Residual aircraft value and intellectual property
Aircraft and Export Credit Agency Loans	$3,409,405,830	Various aircraft and engines
Various working capital credit lines	$61,326,649	Headquarters building and aircraft residual value
Unsecured Debt		
2020 Senior Notes	$65,580,999	N/A
Various working capital credit lines	$53,269,999	N/A
Total	**$4,891,233,677**	

In connection with the Final DIP Order, the Bankruptcy Court approved the "roll-up" of 100% of the loans and commitments under the Stakeholder Facility, the Citadel Notes, and approximately $354.5 million of the 2023 Notes (each as defined below) into the DIP Facility (collectively, the "DIP Roll-Up"). Accordingly, no amounts are outstanding under the Stakeholder Facility and the Citadel Notes, and approximately $129.9 million in principal of the 2023 Notes remains outstanding. Furthermore, pursuant to the Final DIP Order, the liens securing the 2023

Notes are subordinated to the liens securing the DIP Obligations, such that the remaining 2023 Notes are effectively unsecured claims pursuant to section 506(a) of the Bankruptcy Code.

1. Secured Debt

a. Financed Aircraft Bank Loans and Export Credit Agency Guarantees

The vast majority of the Debtors' fleet of aircraft and engines is operated pursuant to lease arrangements under which the relevant Debtor makes periodic rent payments to the relevant lessors. Approximately half of the leased fleet is subject to financing arrangements involving one of the following structures: (i) export credit agency guaranteed debt; (ii) commercial debt; (iii) loan or note facilities provided pursuant to private placements; and (iv) loan facilities provided by commercial lenders and sponsored by Japanese investors. These fleet-related financings are provided by various commercial banks and private investors in the United States, Europe and Asia, including, among others, JPMorgan, Citibank, MUFG, New York Life, Natixis and BNP Paribas.

b. Syndicated Loans Secured by Credit Card Receivables

The Debtors are parties to two syndicated loans, each of which is secured by certain credit card receivables.

- Syndicated Loan with Banco de Bogotá S.A., New York Agency, as Initial Lender, Sole Lead Arranger and Bookrunner, and Fiduciaria Bogotá S.A., as Administrative Agent, in the principal amount of $245,000,000, bearing interest at 3-Month LIBOR + 3.9% per annum. The syndicated loan is secured by certain credit card receivables processed and collected by Credomatic. As of March 31, 2020, the syndicated loan had an outstanding balance of $134,750,000.

- Syndicated Loan with the lenders thereunder, including Deutsche Bank, AG and Citibank, N.A., as Administrative and Collateral Agent, in the principal amount of $150,000,000, bearing interest at One-Month LIBOR + 4.75% per annum (the "USAVflow Facility"). The loan is secured by collections rights under certain credit card processing agreements. As of March 31, 2020, the syndicated loan had an outstanding balance of $103,125,000.

c. Revolving Credit Facility

The Debtors are borrowers under a $100 million revolving credit facility with Citibank, N.A. as agent, secured by spare parts inventories, along with airport slots, cargo receivables, and one aircraft. As of March 31, 2020, the revolving credit facility had an outstanding balance of approximately $100,000,000.

d. Senior Secured Notes due 2023

As part of Avianca's efforts to reprofile its financial debt, Avianca launched an offer in August 2019 to exchange any and all of their outstanding unsecured 8.375% Senior Notes

due 2020 (the "2020 Notes") for a new issuance of senior secured Notes, which, subject to the satisfaction of certain conditions precedent, were further subject to an automatic mandatory exchange for an equivalent principal amount of 9.00% Senior Secured Notes due 2023 (the "2023 Notes"). Holders of $484,419,000 in aggregate principal amount of the 2020 Notes tendered their notes in exchange for 2020 Secured Notes, which were further exchanged for 2023 Notes on December 31, 2019.

As of the Petition Date, the aggregate principal amount outstanding of the 2023 Secured Notes was $484,419,000. However, following the DIP Roll-Up, the outstanding principal amount of 2023 Notes is approximately $129,916,501.

e. Grupo Aval Loan Agreement

The Debtors are also borrowers under a loan agreement with Banco de Bogotá, New York Agency in the principal amount of $50,600,000, bearing interest at the 1-month LIBOR + 3.5% per annum and maturing July 30, 2024. The loan is secured by certain real property in Colombia. As of the Petition Date, the loan had an outstanding balance of approximately $25,747,787.

f. NordLB Aircraft Loan Agreements

The Debtors are also parties to multiple loan agreements with Nord/LB, which are secured by certain aircraft and, as of the Petition Date, had an outstanding balance of approximately $23.1 million.

g. Convertible Secured Stakeholder Facility and Citadel Notes

In December 2019, United Airlines, Inc. and an affiliate of Kingsland Holdings Limited funded $250 million in convertible secured loans (the "Stakeholder Loans") under a senior secured convertible term loan agreement (the "Stakeholder Loan Agreement"). The Stakeholder Loans had a four-year tenor and were subject to an interest rate of 3% per annum, payable in kind. The Stakeholder Loans were convertible into AVH equity (common shares or preferred shares at the lenders' option) at any time and, after the first anniversary of their disbursement, they were also subject to mandatory conversion in Avianca's discretion, subject to certain conditions. The obligations of AVH and the other obligors were secured by pledge agreements in respect of AVH equity interest in certain of its subsidiaries (including LifeMiles Ltd.), a New York law security agreement in respect of certain rights assigned to the lenders under the Stakeholder Loan Agreement, credit card receivables and a trust collection account in respect of certain receivables from sales, and a pledge over fiduciary rights subject to Colombian law.

Additionally, in December 2019, certain investors joined as additional lenders under the Stakeholder Loan Agreement and, in December 2019 and January 2020, collectively loaned to the Debtors (x) an additional $50 million, on substantially the same economic terms (and collateral security) as the Stakeholder Loan, and (y) an additional $25 million, also on substantially the same economic terms as the Stakeholder Loan, except that any voluntary prepayment by the Debtors on or before the earlier to occur of June 5, 2020 or the completion of a contemplated convertible bond offering to preferred shareholders by the Debtors (the "Incremental Bonds") would trigger a cash interest payment at 12% per annum in respect of the prepaid amount (such

additional loans under the Stakeholder Loan Agreement, the "Incremental Loans" and, together with the Stakeholder Loans, the "Stakeholder Facility").

Further, in January 2020, the Debtors issued certain senior secured convertible notes in an aggregate principal amount of $50 million to an investment vehicle managed by Citadel Advisors LLC (the "Citadel Notes"). The Citadel Notes had a one-year tenor and were subject to an initial interest rate of 9% per annum, payable in kind (PIK). Upon the issuance of at least $140 million aggregate principal amount of Incremental Bonds, the annual interest rate on the Citadel Notes would have been subject to reduction to 3% (while it would remain payable in kind), and the Debtors would automatically have had the right, at their discretion, to optionally prepay the Citadel Notes at par. The Citadel Notes were convertible at the election of their holders to ADRs, preferred shares of AVH, or Incremental Bonds. The obligations of AVH and the obligors under the Citadel Notes were secured by pledge agreements in respect of AVH's equity interest in certain of its subsidiaries, a New York Law governed security agreement in respect of certain rights assigned Citadel and any purchasers under the Citadel Notes, credit card receivables and a trust collection account in respect of certain receivables from sales, a cash collateral account, and a pledge over fiduciary rights subject to Colombian law.

The full amounts of the Stakeholder Facility and the Citadel Notes were outstanding on the Petition Date. However, following the DIP Roll-Up, the Stakeholder Facility and the Citadel Notes are no longer outstanding.

h. Other Secured Debt

The Debtors are borrowers under a loan agreement with Credit Agricole NY in the principal amount of $80,562,900, bearing interest at 3-month LIBOR + 1.85% per annum and maturing March 31, 2022. The loan is secured by certain spare engine units and, as of the Petition Date, the loan had an outstanding balance of approximately $58,671,190.

2. Unsecured Debt

a. Senior Notes

In May 2013, the Debtors issued $300 million in aggregate principal amount of 2020 Notes, which was the Debtors' first offering in the international capital markets. In April 2014, the Debtors issued $250 million in aggregate principal amount of additional 2020 Notes. The 2020 Notes are unsecured and matured on May 10, 2020, payable on May 11, 2020. As described above, the 2020 Notes were subject to an exchange offer conducted by the Debtors, pursuant to which holders of 2020 Notes representing more than 88.1% of the original aggregate principal amount thereof exchanged their 2020 Notes for Secured 2023 Notes. Consequently, as of the Petition Date, the aggregate principal of the 2020 Notes still outstanding was $65,581,000.

b. Unsecured Revolving Lines of Credit

The Debtors have unsecured revolving lines of credit with a range of financial institutions. As of the Petition Date, $53.2 million was outstanding, in the aggregate, under these various lines of credit.

c. Trade Payables

The Debtors estimate that in the aggregate, they owed approximately $251,898,018 in unsecured trade payables as of the Petition Date. However, the Debtors have reduced a substantial amount of these pre-petition trade payables as a result of payments under the First Day Motions described below.

Since the Petition Date, the Debtors have incurred and paid new trade debt in the ordinary course of business.

d. New Aircraft Commitments

Prior to the Petition Date, the Debtors were obligated to take delivery of two purchased Boeing 787-9 aircraft in 2024 and 88 purchased Airbus A320neo aircraft between 2025 and 2029. As of the Petition Date, the Debtors' financed aircraft obligations for new aircraft aggregated to over $5.69 billion dollars.

e. Other Contractual Obligations

As of June 30, 2020, the Debtors operated 62 aircraft under long-term lease agreements, pursuant to which the Debtors are required to make monthly lease payments and to bear the maintenance, servicing, insurance, repair, and overhaul expenses of the leased aircraft. As of June 30, 2020, the Debtors' aircraft lease obligations aggregated to more than $1.54 billion, with approximately $824.1 million due and payable through 2023.

f. Other Claims

The Company has other claims against it that do not consist of long-term funded debt. In the ordinary course of their business, the Debtors incur trade debt with numerous vendors in connection with their operations. The Company has a number of unsecured prepetition obligations to certain of its vendors that do not benefit from state-law lien rights or setoff rights. However, a significant number of the Debtors' prepetition trade obligations have been satisfied by the Debtors in accordance with first day relief granted by the Bankruptcy Court (as described below).

Certain Debtors are named as defendants from time to time in routine litigation proceedings including, but not limited to, personal injury and breach of contract disputes. In management's view, Claims made in connection with the legal proceedings will be Allowed in an amount that is less than the claimed amount, and the outcome of these proceedings will not have a material adverse effect on the Debtors' financial position, results of operations, or cash flows. The Debtors, however, cannot predict with certainty the outcome or effect of pending or threatened litigation or legal proceedings, and the eventual outcome could materially differ from their current estimates.

On September 8, 2020, 39 of the 41 Debtors filed their schedules of assets and liabilities (the "Schedules") and statements of financial affairs (the "Statements") detailing known claims against the Debtors. The remaining two Debtors, AV Loyalty Bermuda Ltd. and Aviacorp Enterprises S.A., filed their Schedules and Statements on October 29, 2020. Since the expiration

of the Claims Bar Date (as defined below), the Debtors have been analyzing the approximately 8,800 proofs of claim filed in these Chapter 11 Cases. The Debtors estimate that the aggregate face value of General Unsecured Avianca Claims is approximately $2.5 billion to $3.5 billion.

g. Intercompany Claims

In the ordinary course of business, the Debtors enter into intercompany transactions with one another ("Intercompany Transactions," and any intercompany receivable and payable generated pursuant to an Intercompany Transaction, "Intercompany Claim"). Intercompany Transactions and Intercompany Claims between Debtors are not generally settled by actual transfers of cash among the Debtors. Instead, the Debtors track all Intercompany Transactions and Intercompany Claims electronically in their centralized accounting system, the results of which are recorded concurrently on the applicable Debtor's balance sheets and regularly reconciled. The accounting system requires that all general ledger entries be balanced at the legal-entity level; therefore, when the accounting system enters an intercompany receivable on one entity's balance sheet, it also automatically creates a corresponding intercompany payable on the applicable affiliate's balance sheet. This results in a net balance of zero when consolidating all intercompany accounts.

The Debtors maintain records of all transactions processed through their cash management system. During these Chapter 11 Cases, the Debtors have kept and will continue to keep records of any postpetition Intercompany Transactions and Intercompany Claims.

SECTION III.
KEY EVENTS LEADING TO
THE CHAPTER 11 CASES

The Debtors filed their Chapter 11 Cases for one reason: the COVID-19 pandemic. As a result of the pandemic and its consequences, the Debtors faced significantly reduced revenues from ticket sales and ancillary revenues, government prohibitions around the world on international flights, substantial ongoing contractual obligations to their employees, lessors, lenders, and other creditors, and as of the Petition Date, a nearly complete standstill of the airline industry and, more generally, the global economy.

On March 20, 2020, the Republic of Colombia, like many other governments around the world, announced that it would close its airspace to restrict the spread of COVID-19. Consistent with this decision and similar closures in other of the Debtors' primary markets, Avianca announced on March 24, 2020 that it was suspending all scheduled passenger flights. The Republic of Colombia kept its airspace closed to domestic and international passenger travel until September 2020, longer than nearly all other countries in the world, when it began to permit a phased reopening. The Debtors slowly began to resume passenger travel shortly thereafter. As a result of these circumstances, the Debtors were in possession of a significant surplus of owned and leased aircraft at the outset of the Chapter 11 Cases.

In addition to the impacts of COVID-19, under previous management and going back a number of years, the Debtors and their controlling shareholders incurred substantial leverage to increase capacity which ultimately outpaced demand in Colombia and other principal

markets and resulted in an unsustainable level of debt service. Concurrently, defaults by BRW under the United Loan Agreement (which were unrelated to AVH's operations), triggered alleged cross-defaults under certain of the Debtors' indebtedness beginning in mid-May 2019. This situation limited the Debtors' access to the financing markets, resulting in ratings downgrades, and, together with other factors, contributed to the Debtors' financial distress, preventing them from consummating certain transactions that they had expected to result in a significant improvement in liquidity and severely impacting their efforts to refinance near-term maturities of existing debt and their ability to finance capital expenditures.

Upon the default under the United Loan Agreement by the then-controlling shareholder, BRW, United appointed Kingsland as an independent third party to initiate a foreclosure action against BRW and BRW Holding to enforce a share pledge granted as collateral for the United Loan Agreement, seeking to sell the Pledged Shares. During the foreclosure process, Kingsland, in its capacity as an independent third party, was entitled to exercise voting control over BRW, and, as a result, BRW Holding and Synergy lost their ability to direct the manner in which BRW votes the Pledged Shares. After these transactions, Kingsland appointed itself as BRW's manager.

In July 2019, in response to the headwinds facing the Company, AVH's new board of directors adopted a transformation plan named the "Avianca 2021 Plan," which contained three key elements: (1) the naming of a new, experienced airline leadership team with Mr. Anko van der Werff as Chief Executive Officer, Mr. Adrian Neuhauser as Chief Financial Officer, and additional executives in other key positions; (2) the launching of a comprehensive multi-year process to significantly enhance the Debtors' business and drive an annual profitability improvement of $500-plus million; and (3) the implementation of various restructuring initiatives, including the successful reprofiling of over $4.5 billion in debt, the restructuring of its long-term aircraft-related commitments and critical vendor relationships, the sale of certain non-core assets (especially excess aircraft), and the strengthening of its balance sheet to support liquidity requirements and deleveraging going forward. With respect to the third element, Avianca's debt reprofiling consisted of: (i) the extension of the maturity on the 2020 Notes (as discussed above); (ii) securing $375 million of new long-term capital financing in the form of a convertible debt financing by Avianca's stakeholders and other financing parties; and (iii) deferrals or other consents or waivers from creditors holding approximately $4.5 billion in debt and lease obligations. In addition, the Debtors raised approximately $159 million of additional cash over the course of first quarter of 2020 via sale/leaseback transactions with respect to nine mid-life A320 aircraft.

The Avianca 2021 Plan also contained comprehensive initiatives to provide for significant improvements across the business commercially and operationally. The Avianca 2021 Plan eliminated unprofitable flying, grew the strategic Bogotá hub through an improved flight schedule, expanded international service (including code-sharing), enhanced customer choice through actions such as branded fares and the sale of ancillary products, implemented improved technology, and accelerated the growth of the LifeMiles program. Additionally, the Avianca 2021 Plan implemented greater efficiency in scheduling aircraft, expanded productivity in airport and flight operations, facilitated purchasing savings, reduced fuel consumption, simplified Avianca's operating model, and significantly reduced management and back-office overhead.

In keeping with the Avianca 2021 Plan, the Debtors and their new leadership team made substantial progress on all of the foregoing key objectives during the second half of 2019 and the first quarter of 2020. The debt reprofiling plan was substantially completed by December 2019, which resulted in significantly improved liquidity for the Debtors. By January 2020, Avianca's business model transformation milestones had been achieved and the Avianca 2021 Plan had been translated into 12 and 24-month budgets with a detailed implementation roadmap. In addition, the price of jet fuel had trended below plan assumptions, yielding further projected cost savings. Operating results were also strong, with indications of year-over-year performance improvements and exceptional execution by Avianca's entire team of employees. In total, Avianca's first quarter 2020 results (pre-COVID-19) were consistent with its detailed strategy and financial outlook contained within the Avianca 2021 Plan and 2020 budget.

COVID-19, however, substantially changed the Company's performance beginning in March 2020. Despite an effective debt reprofiling, a significant improvement in Avianca's liquidity position in early 2020, and the successful 2019 launch of the "Avianca 2021" transformation plan, the reduction in travel due to the pandemic and the measures undertaken to combat the virus (including restrictions on commercial flights and on travel) had a material adverse impact on the Debtors. Indeed, as of the Petition Date, an estimated 70% of the world's passenger fleet had been grounded (including Avianca's entire passenger fleet), thereby reducing revenues and cash flow drastically and necessitating the filing for chapter 11.

SECTION IV.
OVERVIEW OF THE CHAPTER 11 CASES

A. *Commencement of Chapter 11 Cases and First Day Motions*

On May 10, 2020, thirty-nine of the Debtors commenced their Chapter 11 Cases. Two additional Debtors commenced their Chapter 11 Cases on September 21, 2020. The Debtors continue managing their properties and operating their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. *First Day Motions*

On the Petition Date, the Debtors filed multiple motions seeking various relief from the Bankruptcy Court to facilitate a smooth transition into chapter 11 and minimize any disruptions to the Debtors' operations (the "First Day Motions"). The Bankruptcy Court granted substantially all of the relief requested in the First Day Motions and entered various orders authorizing the Debtors to, among other things:

- Pay certain prepetition taxes and assessments [Docket No. 253];
- Continue paying employee wages and benefits [Docket Nos. 291, 735];
- Enforce the automatic stay with respect to international creditors [Docket No. 46];
- Pay the prepetition claims of certain foreign vendors, fuel vendors, and lien claimants [Docket Nos. 248, 249, 250];

- Maintain various customer programs and interline agreements [Docket Nos. 252, 257];
- Continue insurance and surety bond programs [Docket No. 266];
- Continue the use of the Debtors' cash management system, bank accounts, and business forms [Docket Nos. 247, 385];
- Reject certain burdensome aircraft leases [Docket No. 277].[10]

C. *Procedural Motions and Retention of Professionals*

The Debtors have filed various motions regarding procedural issues that are common to chapter 11 cases of similar size and complexity as these Chapter 11 Cases. The Bankruptcy Court granted substantially all of the relief requested in such motions and entered various orders authorizing the Debtors to, among other things:

- Jointly administer the Debtors' estates [Docket No. 73]
- File a consolidated creditor matrix and list of 30 largest unsecured creditors and modify the requirement to file a list of equity security holders [Docket No. 41];
- Establish procedures for the interim compensation and reimbursement of expenses of chapter 11 professionals [Docket No. 256]; and
- Employ professionals in the ordinary course of business [Docket No. 260].

D. *Retention of Chapter 11 Professionals*

The Debtors filed several applications and obtained authority to retain various professionals to assist the Debtors in carrying out their duties under the Bankruptcy Code during the Chapter 11 Cases. These professionals include, but are not limited to: (i) FTI Consulting, Inc. ("FTI"), as financial advisor; (ii) Seabury Securities, LLC ("Seabury"), as financial advisor and investment banker; (iii) Oliver Wyman, Inc. and Oliver Wyman Services Limited (together, "OW"), as strategic advisor; (iv) Milbank LLP ("Milbank"), as counsel to the Debtors; (v) KCC as claims, noticing, and solicitation agent; (vi) Smith, Gambrell & Russell LLP ("SGR"), as special aircraft counsel; and (vii) Quinn Emanuel Urquhart & Sullivan LLP ("Quinn"), as special litigation counsel. The Bankruptcy Court entered orders authorizing the retention of these professionals [Docket Nos. 254 (FTI), 262, 766 (Seabury), 1258 (OW), 259 (Milbank), 52 (KCC), 263 (SGR), and 1178 (Quinn)]. Those orders, as well as the professionals' engagement letters and related filings, can be found at http://www.kccllc.net/avianca.

[10] Since the Petition Date, the Debtors filed motions and notices seeking to reject other burdensome contracts and leases.

E. *Execution of RSA with Holders of 2023 Notes*

On August 28, 2020, the Debtors entered into the Restructuring Support Agreement (the "Noteholder RSA") with a majority of the holders of the 2023 Notes (the "Consenting Noteholders"). Through the Noteholder RSA, the Consenting Noteholders agreed, among other things, to backstop $200,000,000 of new-money loans under the DIP Facility, to support the Debtors' motion to approve the DIP Facility, and to accept and support the Debtors' eventual chapter 11 plan. The Consenting Noteholders also agreed to direct Wilmington Savings Fund Society, FSB, as trustee and collateral trustee for the Existing Notes ("WSFS"), to consent and not object to (i) the Debtors' use of the Shared Collateral (as defined in the Noteholder RSA, and all other "Collateral" under the Existing Notes Indenture) as collateral to secure the DIP Facility, and (ii) the Debtors' granting of liens on the Collateral and Shared Collateral that are senior to and which prime the liens securing the 2023 Notes and all other instruments that are covered by the Collateral Sharing Agreement. The Consenting Holders also agreed to waive any deficiency claims with respect to their 2023 Notes.

In exchange for these agreements and concessions, the Debtors agreed, among other things, to (i) stipulate to the validity and priority of the 2023 Notes in the order approving the DIP Facility, and (ii) convert approximately $220 million of the 2023 Notes into loans under the DIP Facility, for the benefit of all holders of 2023 Notes (including holders of 2023 Notes who did not provide new-money loans under the DIP Facility).

F. *Approval of DIP Facility*

On October 5, 2020, the Bankruptcy Court entered an order approving the Debtors' $2 billion DIP Facility on a final basis. The DIP Facility provided the Debtors with approximately $1.2 billion in new liquidity, and ensures the Debtors' ability to pay operating expenses, finance the Chapter 11 Cases and, ultimately, restructure their debts, right-size their operations, and successfully reorganize. The DIP Facility is structured as a customary "Tranche A" facility and a convertible "Tranche B" facility secured by the same pool of collateral, including the Debtors' intellectual property, owned aircraft, and their stake in Avianca's passenger loyalty program, LifeMiles.

As part of the DIP Facility, the Debtors agreed to (i) roll up all principal and accumulated interest outstanding under the Stakeholder Facility and Citadel Notes, as well as provide a release of claims against the Stakeholder Facility lenders and the holder of the Citadel Notes, and (ii) consistent with the Noteholder RSA, roll up $220 million of the 2023 Notes. The participation of certain of the DIP Lenders in the DIP Facility fully and finally resolves the prepetition claims against the estates arising in connection with the Stakeholder Facility, and reflects the Noteholder RSA's settlement of a majority of the 2023 Notes Claims against the estates.

The DIP Facility is secured, in part, by the same collateral securing the 2023 Notes (the "Shared Collateral"); however, pursuant to the Final DIP Order, DIP Facility Claims shall be satisfied first from proceeds of the Shared Collateral (the "DIP Marshaling Provision"). As a result of the DIP Roll-Up and the DIP Marshaling Provision, no value with respect to the Shared Collateral will be available to satisfy 2023 Notes Claims after DIP Facility Claims are satisfied, thereby rendering the 2023 Notes effectively unsecured pursuant to section 506(a) of the

Bankruptcy Code. Further, pursuant to the Final DIP Order, holders of 2023 Notes Claims have no claims against any Debtor for, arising out of, or related to adequate protection (including on account of the priming liens in respect of the Shared Collateral).

The DIP Credit Agreement provides that the entire principal amount of Tranche B DIP Obligations (together with paid-in-kind and accrued interest and applicable exit fees) could, at the Debtors' option and subject to certain conditions precedent, be converted into at least 72% of the fully diluted equity securities of the Reorganized AVH at a discounted valuation. As explained below, following a thorough market test of other exit strategies, the Debtors have elected to exercise their option under the DIP Credit Agreement to convert the Tranche B DIP Facility Claims to New Common Equity as part of the Plan.

Pursuant to the DIP Facility, the Debtors agreed to comply with certain milestones, including the following milestones which remain outstanding:

- The Debtors must file a Company Approved Reorganization Plan and attach the Approved Equity Term Sheet (each as defined in the DIP Credit Agreement), no later than August 10, 2021; and

- The Bankruptcy Court must enter an order approving the disclosure statement for the Company Approved Reorganization Plan reasonably acceptable to the Majority DIP Lenders (as defined in the DIP Credit Agreement), no later than sixty (60) days after the filing of the Company Approved Reorganization Plan.

The DIP Facility provided the financing for the Debtors to consolidate ownership of their preeminent loyalty program, LifeMiles, at an accretive purchase price of approximately $200 million. The transaction was effected by the acquisition of a 19.9% minority equity stake and an option to acquire an additional 10.1% equity stake at a later date for a nominal price. This transaction adds to the 70% stake the Debtors owned as of the Petition Date, thereby permitting the Debtors to pledge their 89.9% ownership stake and the call option as collateral under the DIP Facility.

The Final DIP Order also approved and ratified the Debtors' assumption of the Assumed United Agreements (as defined below) pursuant to the United Omnibus Amendment, as well as United's option to receive repayment of its Tranche B DIP Facility Claims in cash or equity and payment of the UA Liquidated Damages Claim (as defined below) if certain conditions in the United Omnibus Amendment are not satisfied through the Plan.

G. *Appointment of Creditors' Committee*

On May 22, 2020, the Office of the United States Trustee for Region 2 (the "U.S. Trustee") appointed the Committee, pursuant to section 1102 of the Bankruptcy Code, to represent the interests of unsecured creditors in these Chapter 11 Cases [Docket No. 154]. The members of the Committee are: (i) *Caja de Auxilios y de Prestaciones de ACDAC* ("CAXDAC"); (ii) the Boeing Company; (iii) Puma Energy; (iv) SMBC Aviation Capital, Ltd.; (v) KGAL Investment

Management GmbH & Co KG; (vi) Delaware Trust Company; and (vii) the Colombian Pilots Union, *Asociación Colombiana de Aviadores Civiles* ("ACDAC").

The Committee retained Morrison & Foerster LLP as counsel ("Morrison & Foerster"), Alvarez & Marsal North America, LLC ("A&M") as its financial advisor, Alton Aviation Consultancy LLC ("Alton") as special aviation advisor, Jefferies Group LLC ("Jefferies") as its investment banker, and Arrieta, Mantilla & Asociados ("AMYA") as Colombian counsel. Lead counsel for the Committee later moved to the law firm Willkie Farr & Gallagher LLP ("Willkie"). The Bankruptcy Court entered orders authorizing the Committee's retention of these professionals [Docket Nos. 460 (Morrison & Foerster), 459 (A&M), 461 (Alton), 462 (Jefferies), 1147 (AMYA), and 1802 (Willkie)].

[The Committee supports the Plan and recommends that unsecured creditors vote in favor of the Plan.]

H. *USAVflow Litigation and Settlement*

Since late 2017, the Debtors have been party to a series of intertwined agreements (the "USAV Agreements") with USAVflow Limited ("USAV"), certain secured lenders (the "USAV Lenders," and together with USAV, the "USAV Parties"), and Citibank, N.A. ("Citibank"), pursuant to which the Debtors agreed to provide to USAV, on an ongoing basis, certain credit card receivables generated in the United States pursuant to credit card processing agreements in exchange for an initial purchase price of $150 million plus continuing monthly installments of additional purchase price. Pursuant to the USAV Agreements, USAV directly collects all payments made by Credomatic and AMEX on the credit card receivables and reserves from them the amount for USAV's debt service to the USAV Lenders, remitting the balance to the Debtors as additional purchase price.

On June 23, 2020, the Debtors filed a motion to reject the USAV Agreements [Docket No. 306] (the "Rejection Motion"). At the same time, the Debtors filed an adversary complaint (Adv. Pro. No. 20-01189) seeking to recharacterize the USAV Agreements as a financing and seeking a declaration that USAV had no security interest in postpetition receivables. On October 16, 2020, the Debtors filed a separate adversary complaint (Adv. Pro. No. 20-01244) against Citibank and USAV seeking to enforce the automatic stay and halt postpetition sweeps of cash from certain receivables accounts. The Bankruptcy Court issued an opinion on September 4, 2020 [Docket No. 850] granting in part and denying in part the Rejection Motion, which the USAV Parties appealed to the U.S. District Court for the Southern District of New York.

On October 28, 2020, the Bankruptcy Court ordered the Debtors, the USAV Parties, Citibank, and the Committee to participate in a confidential mediation with United States Bankruptcy Judge Shelley Chapman and stayed all of the aforementioned ongoing litigation. Following extensive negotiations, the parties reached a settlement. As reflected in an agreement dated February 18, 2021 (the "USAV Settlement Agreement"), the existing loan facility has been restructured to include, among other things, (i) an extended amortization schedule; (ii) substantially reduced contractual interest; and (iii) reinstated payments of additional purchase price to the Debtors. In exchange, the Debtors agreed to allow, among other things, a secured claim of approximately $66.9 million in favor of the USAV Lenders. The USAV Settlement

Agreement also provides for the dismissal, with prejudice, of all of the aforementioned litigation, and the release of all other claims and causes of action between the parties. The Bankruptcy Court approved the USAV Settlement Agreement on March 17, 2021 [Docket Nos. 1468, 1480], and the Debtors and USAV Parties entered into definitive documentation memorializing the USAV Settlement Agreement on June 3, 2021.

I. *G4S Adversary Proceeding*

On July 14, 2020, the Debtors filed an adversary complaint (Adv. Pro. 20-01194) and motion for a temporary restraining order ("TRO") and preliminary injunction against various foreign and U.S. affiliates of G4S (collectively, "G4S")—a company that provides cleaning and maintenance services to the Debtors in Ecuador—for violations of the automatic stay, including the attempted termination of the G4S services agreement and acts to collect money from the Debtors. The Debtors' request for a TRO was heard at an emergency hearing on July 17, 2020 at which the Bankruptcy Court denied the Debtors' TRO request on the basis that (i) the Bankruptcy Court may not have personal jurisdiction over the Ecuadorian G4S entity ("G4S Ecuador"); and (ii) the U.S. G4S entity ("G4S International") maintained sufficient corporate separateness from the actions of G4S Ecuador. The Bankruptcy Court did authorize the Debtors to take expedited discovery, however, to determine if the actions of the Ecuadorian and U.S. G4S entities were sufficiently intertwined such that G4S International could be held liable for the alleged stay violations by G4S Ecuador.

After further litigation, including the denial of a motion to dismiss, the Debtors and G4S reached a settlement, as reflected in a Settlement Agreement dated December 17, 2020 (the "G4S Settlement Agreement"), pursuant to which G4S agreed not to take further steps to collect prepetition amounts, the Debtors released G4S from claims for violations of the automatic stay, and G4S was permitted to file a proof of claim. The Court approved the G4S Settlement Agreement on January 19, 2021 [Docket No. 29 in Adv. Pro. 20-01194].

J. *Exclusivity*

Section 1121(b) of the Bankruptcy Code provides for a period of 120 days after the commencement of a chapter 11 case during which time a debtor has the exclusive right to file a plan of reorganization (the "Exclusive Plan Period"). In addition, section 1121(c)(3) of the Bankruptcy Code provides that if a debtor files a plan within the Exclusive Plan Period, it has a period of 180 days after commencement of the chapter 11 case to obtain acceptances of such plan (the "Exclusive Solicitation Period" and, together with the Exclusive Plan Period, the "Exclusive Periods"). Pursuant to section 1121(d) of the Bankruptcy Code, the Bankruptcy Court may, upon a showing of cause, extend the Exclusive Periods. By Order dated August 7, 2020 [Docket No. 678], the Court granted the Debtors' first motion [Docket No. 638] to extend the Exclusive Periods to January 5, 2021 and March 6, 2021, respectively. By Order dated December 16, 2020 [Docket No. 1260], the Court granted the Debtors' second motion [Docket No. 1215] to extend the Exclusive Periods to May 5, 2021 and July 5, 2021, respectively. By Order dated April 26, 2021 [Docket No. 1573], the Court granted the Debtors' third motion [Docket No. 1534] to extend the Exclusive Periods to September 2, 2021 and November 2, 2021, respectively. On August 4, 2021, the Debtors filed a fourth motion [Docket No. 1969] to extend the Exclusive Periods to November 10, 2021 and January 10, 2022, respectively.

K. *Statements and Schedules, and Claims Bar Dates*

On September 8, 2020, 39 of the 41 Debtors filed their Schedules and Statements detailing known claims against the Debtors. The remaining two Debtors, AV Loyalty Bermuda Ltd. and Aviacorp Enterprises S.A., filed their Schedules and Statements on October 29, 2020. Amended Schedules and Statements for several Debtors were filed on May 11, 2021.

On November 16, 2020, the Bankruptcy Court entered an order [Docket No. 1180] (the "Claims Bar Date Order") approving (i) January 20, 2021 as the deadline for all creditors or other parties in interest to file proofs of Claim (the "General Bar Date"); and (ii) February 5, 2021 as the deadline for all governmental units to file a proof of Claim (the "Governmental Bar Date" and, together with the General Bar Date and the Special Bar Date (as defined below), the "Claims Bar Date").

On May 19, 2021, the Debtors, in accordance with the procedures set forth in the Claims Bar Date Order, filed a notice on the Bankruptcy Court docket [Docket No. 1706] (the "Special Bar Date Notice") establishing a special bar date of June 10, 2021 solely with respect to those Persons and Entities identified on Exhibit A of the Special Bar Date Notice.

The Debtors provided notice of the Claims Bar Date and published notice of the General Bar Date and Governmental Bar Date (i) in the United States, via the national edition of the *New York Times* and *USA Today*, (ii) in Colombia, via *El Tiempo* and *La República*, (iii) in Ecuador, via *El Comercio*, (iv) in El Salvador, via *El Diario de Hoy*, and (v) in Costa Rica, via *La República*.

L. *Labor Unions and Collective Bargaining Agreements*

The Debtors have successfully reached an agreement for the next four (4) years (and, in respect of certain aspects, the next six (6) years) with the pilots from ACDAC, the Association of Aviators of Avianca (ODEAA), the Association of Pilots of Avianca (ADPA), and the flight attendants from the Colombian Association of Flight Attendants, as well as other industrial workers in the Colombian aviation sector (ACAV). The Company signed final agreements with (i) ACDAC on October 27, 2020, (ii) ACAV on December 2, 2020, and (iii) ODEAA and ADPA on November 25, 2020. Discussions remain ongoing with other labor unions.

M. *Equity Solicitation Process*

As detailed above, the Debtors secured commitments from the Tranche B DIP Lenders to convert, subject to the terms of the DIP Credit Agreement and the DIP Orders, all of the Tranche B DIP Facility Claims to at least 72% of the fully diluted New Common Equity under the Plan. To determine whether an Alternative Sponsor would be willing to provide capital to the Reorganized Debtors on terms superior to those offered by the Tranche B DIP Lenders, the Debtors engaged in the Equity Solicitation Process.

As part of the Equity Solicitation Process, the Debtors initially contacted over 120 potentially interested parties. Many of these parties, such as current DIP Lenders, were already highly familiar with the Debtors' business, and over 30 parties accessed a virtual data room

containing comprehensive information on the Debtors' business plan, cash-flow projections, and other pertinent materials. Many of these potential investors also participated in focused diligence sessions with Avianca's management team and professional advisors. The Equity Solicitation Process was overseen by an independent equity committee (the "Independent Equity Committee") empowered by AVH's board of directors to supervise the Equity Solicitation Process in all respects.

The Equity Solicitation Process yielded one indication of interest, which did not aggregate sufficient value to satisfy all Tranche B DIP Facility Claims in full in Cash. Accordingly, following review and analysis of the terms of this indication of interest, the Debtors, in their business judgment and in consultation with the Independent Equity Committee, determined that its terms were not superior to those offered by the Tranche B DIP Lenders. Therefore, the Debtors have elected to exercise their option under the DIP Credit Agreement to convert the Tranche B DIP Facility Claims to New Common Equity as part of the Plan.

Although the DIP Credit Agreement provided for the mechanic by which to convert Tranche B DIP Facility Claims to New Common Equity, the DIP Credit Agreement did not fix the percentage of the New Common Equity into which the Tranche B DIP Facility Claims would be converted. Rather, the DIP Credit Agreement provides that, at the option of the Debtors, under the Plan, Tranche B DIP Facility Claims may be converted to *at least* 72% of the fully diluted New Common Equity. At the time that the DIP Credit Agreement was negotiated, the parties did not contemplate that the Debtors would require additional equity capital to consummate the Plan. This requirement added an additional dimension to the Debtors' subsequent negotiations with the Tranche B DIP Lenders regarding the percentage of the New Common Equity into which the Tranche B DIP Facility Claims would be converted.

As part of the Global Plan Settlement, holders of Tranche B DIP Facility Claims consented to a carve out of the value of the collateral securing the Tranche B DIP Facility Claims in order to provide recoveries to holders of General Unsecured Avianca Claims. Specifically, as part of the Global Plan Settlement, holders of General Unsecured Avianca Claims will receive the cash equivalent of their Pro Rata share of (a) 1.75% of the New Common Equity and (b) the Warrants; provided, that, in the event that the Class of General Unsecured Avianca Claims votes to *accept* the Plan, holders of General Unsecured Avianca Claims will receive the cash equivalent of their Pro Rata share of an *additional* 0.75% of the New Common Equity (i.e., 2.5% of the New Common Equity in the aggregate) and the Warrants. In lieu of receiving cash, holders of General Unsecured Claims may elect to receive their Pro Rata share of the applicable percentage of New Common Equity and the Warrants by making a written election on a timely and properly delivered and completed Ballot to receive the Unsecured Claimholder Equity Package

Additionally, certain holders of Tranche B DIP Facility Claims have agreed to contribute cash and/or assets to the Reorganized Debtors in an aggregate amount of up to $200 million in exchange for an incremental allocation of New Common Equity, in accordance with and subject to the Tranche B Equity Conversion Agreement and the United Asset Contribution Agreement.

N. *Business Plan*

In formulating the Plan, the Debtors' management and advisors, under the direction of an independent committee of AVH's board of directors, reached closure on a long-term business plan (the "Business Plan"). This long-term Business Plan was essential to the development of the Plan, and its formulation required the concerted efforts of the Debtors' management and restructuring advisors. The unprecedented challenges and uncertainties currently facing the airline industry slowed progress on this front, but the Debtors were able, during the current Exclusive Filing Period, to finalize and obtain board approval for a long-term post-pandemic Business Plan that will provide a platform for the Debtors to seek new capital and propose a feasible, value-maximizing plan of reorganization. The Business Plan forms the basis of the Financial Projections, which are attached to this Disclosure Statement as **Exhibit D**.

The Business Plan is predicated on the Debtors maintaining their long-term strategic partnership with United Airlines and other airlines in the Star Alliance. To that end, the Debtors have negotiated an amendment to their joint business agreement with United Airlines and certain other Star Alliance partners. That joint business agreement and other commercial agreements will be assumed under the Plan with the agreed modifications, as described more fully below.

O. *Executory Contracts*

Over the course of the Chapter 11 Cases, the Debtors have taken steps to improve efficiencies across all of their operations. Key to this initiative has been an in-depth review of the Debtors' many executory contracts and other business arrangements. The Debtors expect that using the tools afforded by the Bankruptcy Code to reject or renegotiate burdensome contracts will be an important step towards emergence as a profitable enterprise. With this in mind, the Debtors expanded the scope of the initial OW retention to include additional tasks important to the transformation of the Debtors' business, including, but not limited to, (i) triaging existing contracts into beneficial and non-beneficial buckets; (ii) negotiating potential modifications of procurement-related contracts, including (without limitation) with respect to pilot training contracts, catering contracts, and airport services contracts; and (iii) seeking to reduce costs and expenses in the process—all to prepare the Debtors to exit their Chapter 11 Cases.

P. *United Agreements*

In connection with their entry into the DIP Facility, certain Debtors entered into the United Omnibus Amendment, whereby the Debtors and United agreed to amend ten total agreements comprised of five bilateral alliance agreements, two codeshare agreements, two frequent flyer program agreements, and one special prorate agreement (an interline agreement in which the distribution of fees and the settlement of ticket costs between carriers are precisely defined) (collectively, the "Assumed United Agreements"), and the Debtors agreed to assume the Assumed United Agreements as so amended. Together, these Assumed United Agreements and the United Omnibus Amendment govern the Debtors' important business relationship with United—including in their capacities as members of the Star Alliance—and the assumption of the Assumed United Agreements will inure to the Debtors' benefit upon their emergence from chapter 11 by preserving this relationship.

Pursuant to the United Omnibus Amendment, the Debtors agreed to (i) further amend the Assumed United Agreements to provide for an incremental seven (7) year extension and no-termination provision for the Debtors (with an exception permitting termination in the case of an uncured material breach by United or certain adverse events with respect to the Debtors' air operator's certificates), thus extending those agreements until September 2030, and (ii) amend and assume the JBA. If the Debtors had failed to comply with the terms of the United Omnibus Amendment, then (a) United would have been permitted to require repayment of its Tranche B DIP Loans in cash, and (b) the Debtors would have been required to pay liquidated damages of $35 million to United as an administrative expense (the "UA Liquidated Damages Claim"). These provisions were approved and ratified by the Bankruptcy Court as part of the Final DIP Order. Further, United's obligations under the Tranche B Equity Conversion Agreement and the United Asset Contribution Agreement are predicated upon the Debtors' satisfaction of the requirements in the United Omnibus Agreement, as approved by the Final DIP Order.

Accordingly, the Debtors have negotiated the JBA Letter Agreement, as described above in Section IV.N, and the Second United Omnibus Amendment, pursuant to which the Debtors agreed to amend the JBA and the Assumed United Agreements, respectively, and to assume such agreements in connection with the Plan.

Q. *Rejection of SAI Shareholders' Agreement*

On June 4, 2021, the Debtors filed a notice [Docket No. 1766] (the "SAI Shareholder Agreement Rejection Notice") on the Bankruptcy Court docket to reject the shareholders' agreement by and among AV Investments Two Colombia S.A.S. ("AV Investments"), Gabriel Serrano, and Gloria Serrano (together, the "Serranos") with respect to the equity ownership of SAI (the "SAI Shareholders' Agreement"), a Debtor in these Chapter 11 Cases. The Debtors are seeking to reject the SAI Shareholders' Agreement to relieve themselves and any future buyer of SAI from the burden of complying with its provisions—most significantly among these, a put option that may arguably require AV Investments or a purchaser to buy out the Serranos' 10% equity stake in SAI for a fixed amount of approximately $5 million, which amount was based on financial projections that are no longer reasonable. The hearing to consider any objections with respect to the SAI Shareholder Agreement Rejection Notice has been adjourned most recently to October 13, 2021.

R. *DIP Refinancing and Exit Financing*

On July 26, 2021, the Bankruptcy Court entered an order [Docket No. 1938] granting the Debtors' motion [Docket No. 1919] for authority to, among other things, execute and enter into certain commitment letters with respect to the refinancing of the "Tranche A" portion of the DIP Facility. Upon the Bankruptcy Court's entry of an order granting a motion [Docket No. 1972] (the "DIP Amendment Motion") for approval of a corresponding amendment to the DIP Facility Documents (the "DIP Amendment"), the "Tranche A" portion of the DIP Facility will be refinanced by virtue of the Debtors' incurrence of the new Tranche A-1 DIP Obligations and Tranche A-2 DIP Obligations, which will convert, subject to satisfaction of certain conditions precedent, to seven (7)-year exit financing on the Effective Date. Accordingly, pursuant to the treatment set forth in the Plan, holders of Allowed Tranche A-1 DIP Facility Claims will receive their Pro Rata share of the Exit A-1 Notes, and holders of Allowed Tranche A-2 DIP Facility

Claims will receive their Pro Rata share of the Exit A-2 Notes. On August 18, 2021, the Bankruptcy Court entered an order granting the DIP Amendment Motion [Docket No. 2032], and on August 27, 2021, the Debtors executed the DIP Amendment.

S. *Grupo Aval Settlement*

Since at least 1984, the Debtors have been party to a series of agreements (the "BdB Agreements") with Banco de Bogotá S.A. ("Banco de Bogotá"), BAC Credomatic ("Credomatic"), BAC International Bank ("BAC"), and certain related subsidiaries and affiliates (together, the "Grupo Aval Entities"). The agreements include a number of credit card processing agreements, pursuant to which certain of the Grupo Aval Entities provide credit card processing services for the Debtors' airline ticket sales, in exchange for the Debtors' pledge of certain of these credit card receivables in connection with a $245 million term loan (the "Credit Card Securitization"). The agreements also include several additional financing arrangements, including, among others, (i) several working capital lines of credit and loans that provided roughly $23.5 million to the Debtors, (ii) a lease agreement and related trust agreement under which the Debtors lease their Bogotá -based headquarters from Fiduciaria Bogotá S.A., and (iii) an agreement with Credomatic governing Credomatic's ongoing and systematic purchase of the currency of the Debtors' LifeMiles loyalty program.

The Debtors and the Grupo Aval Entities have engaged in extensive confidential negotiations since the inception of these chapter 11 cases to resolve certain disputes with respect to the BdB Agreements and to preserve the commercial relationship amongst the parties on a go-froward basis. Following those negotiations, the parties reached a settlement. As reflected in an agreement dated August 25, 2021 (as defined in the Plan, the "Grupo Aval Settlement Agreement"), the Credit Card Securitization and the working capital lines of credit will each be rolled-up into the Grupo Aval Exit Facility, and the $245 million term loan will be restructured to include, among other things, (i) an extended amortization schedule, (ii) reduced contractual interest, and (iii) reinstated flow of funds to the Debtors, including the immediate release of approximately $60.1 million. Additionally, the Grupo Aval Settlement Agreement sets certain minimum revenue guarantees for the Debtors related to the Grupo Aval Entities' purchase of LifeMiles and restructures certain working capital loans with a lower interest rate and an extended maturity date. In exchange, the Debtors agreed to Allow, among other things, Claims totaling approximately $154 million in favor of the Grupo Aval Entities. On August 25, 2021, the Debtors filed a motion seeking the Bankruptcy Court's approval of the Grupo Aval Settlement Agreement [Docket No. 2048].

SECTION V.
SUMMARY OF THE PLAN

This section of the Disclosure Statement summarizes the Plan, a copy of which is annexed hereto as **Exhibit A**. The Plan constitutes a separate chapter 11 plan of reorganization for the Avianca Debtors and each Unconsolidated Debtor. The Plan serves as a motion seeking, and entry of the Confirmation Order will constitute, the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the Avianca Plan Consolidation. This summary is qualified in its entirety by reference to the provisions of the full Plan, which is attached hereto as **Exhibit A**.

As detailed above, the Debtors have elected to exercise their option under the DIP Credit Agreement to convert Tranche B DIP Facility Claims to New Common Equity as part of the Plan. However, if the Debtors determine, in their business judgment and in the exercise of their fiduciary duties, to proceed to Confirmation under a different structure than currently contained in the Plan, then the Debtors will amend the Plan accordingly, and, pursuant to Bankruptcy Rule 3019, the Debtors may proceed to Confirmation under such a modified Plan without resoliciting votes on the Plan so long as the modified Plan does not adversely change the treatment of the Claim or Interest of any holder thereof.

A. *Classification and Treatment of Claims and Interests*

1. Administrative Expenses and Other Unclassified Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expenses, DIP Facility Claims, and Priority Tax Claims have not been classified. The treatment of unclassified Claims is summarized below.

a. General Administrative Expenses

Each holder of an Allowed General Administrative Expense, to the extent such Allowed General Administrative Expense has not already been paid during the Chapter 11 Cases and without any further action by such holder, will receive, in full and final satisfaction of its General Administrative Expense, Cash equal to the Allowed amount of such General Administrative Expense on the Effective Date (or, if payment is not then due, when such payment otherwise becomes due in the applicable Reorganized Debtor's ordinary course of business without further notice to or order of the Bankruptcy Court), unless otherwise agreed by the holder of such General Administrative Expense and the applicable Debtor or Reorganized Debtor. For the avoidance of doubt, holders of General Administrative Expenses will not be required to file a request for payment with the Bankruptcy Court.

b. Restructuring Expenses

The Restructuring Expenses incurred, or estimated to be incurred, up to and including the Effective Date will be paid in full in Cash on the Effective Date (to the extent not previously paid during the course of the Chapter 11 Cases) without the requirement to file a fee application with the Bankruptcy Court or comply with the guidelines of the U.S. Trustee, and without any requirement for review or approval by the Bankruptcy Court or any other party. All Restructuring Expenses to be paid on the Effective Date will be estimated prior to the Effective Date and such estimates will be delivered to the Debtors at least five (5) Business Days before the anticipated Effective Date; provided, that such estimate will not be considered an admission or limitation with respect to such Restructuring Expenses. In addition, the Reorganized Debtors (as applicable) will continue to pay the Restructuring Expenses related to implementation, consummation, and defense of the Plan after the Effective Date when due and payable in the ordinary course, whether incurred before, on or after the Effective Date.

c. Professional Fees

i. *Final Fee Applications*

All final requests for payment of Professional Fees incurred prior to the Effective Date must be filed with the Bankruptcy Court and served on the Reorganized Debtors, the U.S. Trustee, counsel to the Committee, and all other parties that have requested notice in these Chapter 11 Cases by no later than forty-five (45) days after the Effective Date, unless the Reorganized Debtors agree otherwise in writing. Objections to Professional Fees must be filed with the Bankruptcy Court and served on the Reorganized Debtors and the applicable Professional within thirty (30) days after the filing of the applicable final fee application. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and any prior orders of the Bankruptcy Court in the Chapter 11 Cases, the Allowed amounts of all Professional Fees will be determined by the Bankruptcy Court and, once approved by the Bankruptcy Court, will be paid in full in Cash from the Professional Fees Escrow Account as promptly as practicable; provided, however, that if the funds in the Professional Fees Escrow Account are insufficient to pay the full Allowed amounts of the Professional Fees, the Reorganized Debtors will promptly pay any remaining Allowed amounts from their Cash on hand.

For the avoidance of doubt, the immediately preceding paragraph will not affect any professional-service Entity that the Debtors are permitted to pay without seeking authority from the Bankruptcy Court in the ordinary course of the Debtors' businesses (and in accordance with any relevant prior order of the Bankruptcy Court), which payments may continue notwithstanding the occurrence of Confirmation and the Effective Date.

ii. *Professional Fees Escrow Account*

Professionals must estimate their unpaid Claims for Professional Fees incurred in rendering services to the Debtors, their Estates or the Committee (if any), as applicable, as of the Effective Date and must deliver such estimate to counsel for the Debtors no later than five (5) Business Days before the anticipated Effective Date; provided, that such estimate will not be deemed to limit the Allowed Professional Fees of any Professional. If a Professional does not provide an estimate, the Debtors will estimate the unpaid and unbilled fees and expenses of such Professional for the purposes of funding the Professional Fees Escrow Account.

On the Effective Date, the Reorganized Debtors will fund the Professional Fees Escrow Account in an amount equal to all asserted Claims for Professional Fees incurred but unpaid as of the Effective Date (including, for the avoidance of doubt, any reasonable estimates for unbilled amounts provided prior to the Effective Date). The Professional Fees Escrow Account may be an interest-bearing account. Amounts held in the Professional Fees Escrow Account will not constitute property of the Reorganized Debtors. In the event there is a remaining balance in the Professional Fees Escrow Account following payment to all holders of Allowed Claims for Professional Fees, any such amounts will be promptly returned to, and constitute property of, the Reorganized Debtors.

iii. *Post-Effective Date Fees and Expenses*

From and after the Effective Date, the Reorganized Debtors may, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, promptly pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Reorganized Debtors on and

after the Effective Date. On the Effective Date, any requirement that professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Reorganized Debtors may employ and pay any professional in the ordinary course of business without any further notice to or action, order or approval of the Bankruptcy Court.

d. DIP Facility Claims

On the Effective Date, the DIP Facility Claims will be Allowed in the full amount due and owing under the DIP Facility Documents, including, for the avoidance of doubt, (a) the principal amounts outstanding under the DIP Facility on such date; (b) all interest accrued and unpaid thereon through and including the date of payment; and (c) all premiums, fees (including, without limitation, back-end fees and exit fees), expenses, and indemnification obligations payable under the DIP Facility Documents. For the avoidance of doubt, the DIP Facility Claims will not be subject to any avoidance, reduction, setoff, recoupment, recharacterization, subordination (equitable or contractual or otherwise), counter-claim, defense, disallowance, impairment, objection or any challenges under applicable law or regulation.

Tranche A-1 DIP Facility Claims. On the Effective Date, in full and final satisfaction of the Tranche A-1 DIP Facility Claims, each holder of an Allowed Tranche A-1 DIP Facility Claim will, in accordance with and subject to the terms of the DIP Facility Documents, receive either (i) at the election of the Debtors, its Pro Rata share of the Exit A-1 Notes, in accordance with and subject to the Exit Facility Documents and the DIP Facility Documents, or (ii) payment in full in Cash. In addition, the Debtors will pay, on the Effective Date, in full in Cash, all accrued and unpaid DIP Facility Claims arising under section 11.04 of the DIP Credit Agreement and all accrued and unpaid DIP Facility Fees and Expenses in accordance with Article II.E of the Plan; provided, that if any Tranche A-1 DIP Facility Claims are held by the Fronting Lender (as defined in the DIP Credit Agreement) on the Effective Date, such Tranche A-1 DIP Facility Claims will be paid in full in Cash in accordance with the terms of the DIP Facility Documents.

Tranche A-2 DIP Facility Claims. On the Effective Date, in full and final satisfaction of the Tranche A-2 DIP Facility Claims, each holder of an Allowed Tranche A-2 DIP Facility Claim will in accordance with and subject to the terms of the DIP Facility Documents, receive either (i) at the election of the Debtors, its Pro Rata share of the Exit A-2 Notes, in accordance with and subject to the Exit Facility Documents and the DIP Credit Agreement, or (ii) payment in full in Cash. In addition, the Debtors will pay, on the Effective Date, in full in Cash, all accrued and unpaid DIP Facility Claims arising under section 11.04 of the DIP Credit Agreement, including DIP Facility Fees and Expenses as set forth in Article II.E of the Plan..

Tranche B DIP Facility Claims. On the Effective Date, in accordance with and subject to the Tranche B Equity Conversion Agreement (unless otherwise provided therein or in the DIP Orders), each holder of an Allowed Tranche B DIP Facility Claim will receive, in full and final satisfaction of its Tranche B DIP Facility Claim, its respective allocation of New Common Equity (consisting of Claims-Based New Common Equity and, as applicable, Contribution-Based New Common Equity) set forth on the Tranche B Equity Allocation Schedule, in exchange for such holder's Allowed Tranche B DIP Facility Claim and, as applicable, its Tranche B Equity

Contribution and/or Tranche B Asset Contribution. In addition, the Debtors will pay, on the Effective Date, in full in Cash, all accrued and unpaid DIP Facility Claims arising under section 11.04 of the DIP Credit Agreement, including DIP Facility Fees and Expenses as set forth in Article II.E of the Plan. For the avoidance of doubt, to the extent any holder of an Allowed Tranche B DIP Facility Claim has (a) a Claim for deficiency arising out of, or related to, the Tranche B DIP Obligations or (b) a Claim for adequate protection arising out of, or related to, the Tranche B DIP Obligations against any Debtor, such Claims will be deemed waived as of the Effective Date, and such holder will not be entitled to any distributions under the Plan on account of such Claims.

Notwithstanding anything to the contrary in the Plan, upon the occurrence of the Effective Date, the DIP Agent and its sub-agents will be relieved of all further duties and responsibilities under the DIP Facility Documents and will be deemed to have resigned, pursuant to section 9.05 of the DIP Credit Agreement, on the Effective Date; provided, that any provisions of the DIP Facility Documents that by their terms survive the termination of the DIP Loan Documents will survive in accordance with the terms of the DIP Facility Documents.

e. DIP Facility Fees and Expenses

To the extent not previously paid during the course of the Chapter 11 Cases, the DIP Facility Fees and Expenses incurred, or estimated to be incurred, up to and including the Effective Date, will be paid in full in Cash on the Effective Date in accordance with, and subject to, the terms of the DIP Facility Documents, without any requirement to file a fee application with the Bankruptcy Court, without the need for itemized time detail, or without any requirement for Bankruptcy Court review or approval. All DIP Facility Fees and Expenses to be paid on the Effective Date will be estimated prior to and as of the Effective Date, and such estimates must be delivered to the Debtors at least five (5) Business Days before the anticipated Effective Date; provided, that such estimates will not be considered an admission or limitation with respect to such DIP Facility Fees and Expenses. On or as soon as practicable after the Effective Date, final invoices for all DIP Facility Fees and Expenses incurred prior to and as of the Effective Date must be submitted to the Debtors. In addition, the Debtors and the Reorganized Debtors (as applicable) will continue to pay when due pre- and post-Effective Date any DIP Facility Fees and Expenses related to the DIP Facility in accordance with, and subject to, the terms of the DIP Orders and the DIP Facility Documents, whether incurred before, on, or after the Effective Date.

Prior to the Effective Date, the Debtors will pay DIP Facility Fees and Expenses in accordance with, and subject to, the terms of the DIP Orders and the DIP Facility Documents, within ten (10) calendar days (which time period may be extended by the applicable professional in its discretion) after delivery of an invoice therefor to the Debtors, the Committee, and the U.S. Trustee, subject to the objection procedures set forth below. None of such invoices will be required to comply with the U.S. Trustee fee guidelines and (i) may be redacted to protect privileged, confidential, or proprietary information and (ii) will not be required to contain individual time detail. The Debtors, the Committee, and the U.S. Trustee (the "Fee Notice Parties") will have ten (10) calendar days following their receipt of such invoices to file objections with the Bankruptcy Court with respect to the reasonableness of the fees and expenses included therein. Within ten (10) calendar days after delivery of such invoices (the "Fee Objection Period"), without further order of, or application to, the Court or notice to any other party, such fees and expenses will be promptly paid by the Debtors unless a written objection is made by any of the Fee Notice Parties.

If a written objection is made by any of the Fee Notice Parties within the Fee Objection Period to the reasonableness of the requested fees and expenses, then only the disputed portion of such fees and expenses will be withheld until the objection is resolved by the applicable parties in good faith or by order of the Bankruptcy Court, and the undisputed portion will be promptly paid by the Debtors.

In addition, the Debtors and the Reorganized Debtors (as applicable) will continue to pay post-Effective Date, when due and payable in the ordinary course, the DIP Facility Fees and Expenses in accordance with, and subject to, the terms of the DIP Facility Documents. For the avoidance of doubt, such post-Effective Date payments will not be subject to the review and objection procedures described in Article II.E of the Plan.

f. Priority Tax Claims

Except to the extent that an Allowed Priority Tax Claim has not been previously paid in full or its holder agrees to a less favorable treatment, in full and final satisfaction of each Priority Tax Claim, each holder of an Allowed Priority Tax Claim will be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code. In the event an Allowed Priority Tax Claim is Allowed as a Secured Claim, it will be classified and treated as an Allowed Other Secured Claim.

2. Classified Claims

a. Manner of Classification

The classification of Claims and Interests, except for the foregoing unclassified Claims, is set forth in Article III of the Plan.

If a Class does not have any Allowed Claims or Allowed Interests (as applicable), then that Class will be deemed not to exist as to that Debtor.

b. Treatment of Claims and Interests

The classification and proposed treatment of Claims and Interests are as follows.

i. *Class 1 – Priority Non-Tax Claims*

Classification: Class 1 consists of all Priority Non-Tax Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of an Allowed Priority Non-Tax Claim will (i) receive from the applicable Reorganized Debtor, in full and final satisfaction of its Priority Non-Tax Claim, payment, in Cash, equal to the Allowed amount of such Claim, on the later of the Effective Date and the date when its Priority Non-Tax Claim becomes due and payable in the ordinary course or (ii) be otherwise rendered Unimpaired.

Voting: Class 1 is Unimpaired under the Plan. Holders of Priority Non-Tax Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

ii. *Class 2 – Other Secured Claims*

Classification: Class 2 consists of all Other Secured Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of an Allowed Other Secured Claim, at the option of the Debtors, (a) will receive Cash in an amount equal to the Allowed amount of such Claim on the later of the Effective Date and the date that is ten (10) Business Days after the date such Other Secured Claim becomes an Allowed Claim; (b) on the Effective Date, such holder's Allowed Other Secured Claim will be Reinstated; (c) on the Effective Date, such holder will receive such other treatment sufficient to render such holder's Allowed Other Secured Claim Unimpaired; or (d) on the Effective Date or as soon as reasonably practicable thereafter, such holder will receive delivery of, or will retain, the applicable collateral securing any such Claim up to the secured amount of such Claim pursuant to section 506(a) of the Bankruptcy Code and payment of any interest required under section 506(b) of the Bankruptcy Code in satisfaction of the Allowed amount of such Other Secured Claim.

Voting: Class 2 is Unimpaired under the Plan. Holders of Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

iii. *Class 3 – Engine Loan Claims*

Classification: Class 3 consists of all Engine Loan Claims.

Allowance: The Engine Loan Claims will be Allowed in the aggregate amount of $[52,967,149.35], plus accrued and unpaid interest (at the revised non-default rate) and all applicable fees, costs, expenses, and other amounts due under the terms of the Engine Loan Agreement, subject to reduction for payments made by the Debtors.

Treatment: The Engine Loan Agreement will be amended as of the Effective Date in accordance with an amendment to be included in the Plan Supplement. The amendment will provide for, among other things, no reduction in the outstanding amount of principal, payment of accrued interest (at the revised non-default rate) on regular interest payment dates, and an amended amortization schedule.

Voting: Class 3 Claims are Impaired under the Plan. Holders of Engine Loan Claims are entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

iv. *Class 4 – Secured RCF Claims*

Classification: Class 4 consists of all Secured RCF Claims.

Allowance: The Secured RCF Claims will be Allowed in the aggregate amount of $100,000,000.00, plus accrued and unpaid interest (at the revised non-default rate) due under the terms of the existing Secured RCF Agreement.

Treatment: The Secured RCF Agreement will be amended as of the Effective Date to provide for, among other things, no reduction in the outstanding amount of principal, continuation of the loan commitments, payment of accrued interest (at the revised non-default rate) and fees on regular interest payment dates, an amended amortization schedule, and retention of the existing collateral package, in accordance with an amendment to be included in the Plan Supplement.

Voting: Class 4 is Impaired under the Plan. Holders of Secured RCF Claims are entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

v. *Class 5 – USAV Receivable Facility Claims*

Classification: Class 5 consists of all USAV Receivable Facility Claims.

Allowance: The USAV Receivable Facility Claims will be Allowed in the aggregate amount of $66,962,332.85, pursuant to the USAV Settlement Agreement.

Treatment: The USAV Receivable Facility Claims will be Reinstated, as amended pursuant to the USAV Settlement Agreement.

Voting: Class 5 is Unimpaired under the Plan. Holders of USAV Receivable Facility Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

vi. *Class 6 – Grupo Aval Receivable Facility Claims*

Classification: Class 6 consists of all Grupo Aval Receivable Facility Claims.

Allowance: The Grupo Aval Receivable Facility Claims will be Allowed in the amount of $128,552,032.00, pursuant to the Grupo Aval Settlement Agreement.

Treatment: Pursuant to the Grupo Aval Settlement Agreement and on the schedule set forth therein, each holder of an Allowed Grupo Aval Receivable Facility Claim will receive, in full and final satisfaction of its Grupo Aval Receivable Facility Claim, the consideration set forth in the Grupo Aval Settlement Agreement, namely: (i) its Pro Rata share of the Grupo Aval Exit Facility; (ii) its Pro Rata share of the Grupo Aval LifeMiles Consideration; and (iii) equal Cash payments on the first Business Day of each month on or after the Effective Date through January 2024, in an amount equal to non-default interest accrued and unpaid under the Grupo Aval Receivable Facility through the Grupo Aval Settlement Date.

Voting: Class 6 is Unimpaired under the Plan. Holders of Grupo Aval Receivable Facility Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

vii. *Class 7 – Grupo Aval Lines of Credit Claims*

Classification: Class 7 consists of all Grupo Aval Lines of Credit Claims.

Allowance: The Grupo Aval Lines of Credit Claims will be Allowed in the aggregate amount of $11,651,000, allocated as $1,000,000.00 to Banco de Bogotá S.A. and $10,651,000.00 to Banco de América Central S.A. El Salvador.

Treatment: On the Effective Date, pursuant to the Grupo Aval Settlement Agreement, each holder of an Allowed Grupo Aval Lines of Credit Claim will receive, in full and final satisfaction of its Grupo Aval Lines of Credit Claim, (i) its Pro Rata share of the Grupo Aval Exit Facility; (ii) its Pro Rata share of the Grupo Aval LifeMiles Consideration; and (iii) equal Cash payments on the first Business Day of each month on or after the Effective Date through January 2024, in an amount equal to non-default interest accrued and unpaid under the Grupo Aval Lines of Credit through the Effective Date.

Voting: Class 7 is Impaired under the Plan. Holders of Grupo Aval Lines of Credit Claims are entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

viii. *Class 8 – Grupo Aval Promissory Note Claims*

Classification: Class 8 consists of all Grupo Aval Promissory Note Claims.

Allowance: The Grupo Aval Promissory Note Claims will be Allowed in the aggregate amount of $9,999,997.28.

Treatment: Pursuant to the Grupo Aval Settlement Agreement and on the schedule set forth therein, each holder of an Allowed Grupo Aval Promissory Note Claim will receive, in full and final satisfaction of its Grupo Aval Promissory Note Claim, the consideration set forth in the Grupo Aval Settlement Agreement, namely: (i) its Pro Rata share of the New Grupo Aval Promissory Notes, which will have the same terms and conditions as the Existing Grupo Aval Promissory Notes and (ii) equal Cash payments on the first Business Day of each month on or after the Effective Date through January 2024, in an amount equal to non-default interest accrued and unpaid under the Grupo Aval Promissory Notes through the Grupo Aval Settlement Date.

Voting: Class 8 is Unimpaired under the Plan. Holders of Grupo Aval Promissory Note Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

ix. *Class 9 – Cargo Receivable Facility Claims*

Classification: Class 9 consists of all Cargo Receivable Facility Claims.

Allowance: The Cargo Receivable Facility Claims will be Allowed in the aggregate amount of $3,176,468.00, plus accrued and unpaid interest (at the applicable non-default rate) due under the terms of the existing Cargo Receivable Facility Agreement.

Treatment: On the Effective Date, all Cargo Receivable Facility Claims will be Reinstated.

Voting: Class 9 is Unimpaired under the Plan. Holders of Cargo Receivable Facility Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

x. *Class 10 – Pension Claims*

Classification: Class 10 consists of all Pension Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of an Allowed Pension Claim will be fully Reinstated and continue as an ongoing obligation of the applicable Reorganized Debtor(s) to the extent provided for under the Colombian Pension Regime, the holder of such Claim being unaffected by the Chapter 11 Cases or the Plan. In addition, on the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors will pay in full in Cash, without application to or approval of the Bankruptcy Court and without a deduction from distributions made to holders of Pension Claims, any and all unpaid CAXDAC Fee Claims.

Voting: Class 10 is Unimpaired under the Plan. Holders of Pension Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

xi. *Class 11 – General Unsecured Avianca Claims*[11]

Classification: Class 11 consists of all General Unsecured Avianca Claims.

Treatment: On the Initial General Unsecured Claims Distribution Date (or on the next distribution date following Allowance, if later), each holder of an Allowed General Unsecured Avianca Claim will receive its Pro Rata share of either (A) the Unsecured Claimholder Cash Pool or (B) if such holder makes a written election on a timely and properly delivered and completed Ballot or other writing reasonably acceptable to the Debtors or Reorganized Debtors to receive the Unsecured Claimholder Equity Package, (1) the Unsecured Claimholder Equity Pool and (2) the Warrants;

provided, that, **if Class 11 votes to accept the Plan**, in addition to the treatment set forth above, each holder of an Allowed General Unsecured Avianca Claim will also receive its Pro Rata Share of either (x) the Unsecured Claimholder Enhanced Cash Pool or (y) if such holder duly elects to receive the Unsecured Claimholder Equity Package, the Unsecured Claimholder Enhanced Equity Pool.

For the avoidance of doubt, if a holder of an Allowed General Unsecured Avianca Claim does not duly elect to receive the Unsecured Claimholder Equity Package, such holder will automatically receive its distribution in Cash (i.e., its Pro Rata share of the Unsecured Claimholder Cash Pool and, as applicable, the Unsecured Claimholder Enhanced Cash Pool).

[11] The DIP Facility is secured, in part, by the same collateral securing the 2023 Notes (the "Shared Collateral"); however, pursuant to the Final DIP Order, DIP Facility Claims shall be satisfied first from proceeds of the Shared Collateral (the "DIP Marshaling Provision"). As a result of the DIP Roll-Up and the DIP Marshaling Provision, no value with respect to the Shared Collateral will be available to satisfy 2023 Notes Claims after DIP Facility Claims are satisfied, thereby rendering the 2023 Notes, as well as any other indebtedness secured by the Shared Collateral on equal footing with the 2023 Notes, effectively unsecured pursuant to section 506(a) of the Bankruptcy Code. Further, pursuant to the Final DIP Order, holders of 2023 Notes Claims (and holders of other indebtedness secured by the Shared Collateral) have no claims against any Debtor for, arising out of, or related to adequate protection (including on account of the priming liens in respect of the Shared Collateral). For the avoidance of doubt, 2023 Notes Claims will not include any unsecured deficiency claim held by a Consenting Noteholder on account of, arising out of, or relating to the 2023 Notes.

Voting: Class 11 is Impaired under the Plan. Holders of General Unsecured Avianca Claims are entitled to vote to accept or reject the Plan.

Projected recoveries: 1.0% – 1.4%.[12]

xii. *Class 12 – General Unsecured Avifreight Claims*

Classification: Class 12 consists of all General Unsecured *Avifreight* Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of a General Unsecured Avifreight Claim will (i) receive from Reorganized Avifreight, in full and final satisfaction of its General Unsecured Avifreight Claim, payment, in Cash, equal to the Allowed amount of such Claim, on the later of the Effective Date and the date when its General Unsecured Avifreight Claim becomes due and payable in the ordinary course or (ii) be otherwise rendered Unimpaired.

Voting: Class 12 is Unimpaired under the Plan. Holders of General *Unsecured* Avifreight Claims are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

xiii. *Class 13 – General Unsecured Aerounión Claims*

Classification: Class 13 consists of all General Unsecured Aerounión *Claims*.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of a General Unsecured Aerounión Claim will (i) receive from Reorganized Aerounión, in full and final satisfaction of its General Unsecured Aerounión Claim, payment, in Cash, equal to the Allowed amount of such Claim, on the later of the Effective Date and the date when its General Unsecured Aerounión Claim becomes due and payable in the ordinary course or (ii) be otherwise rendered Unimpaired.

[12] These estimated recoveries assume that Class 11 votes to accept the Plan.

Voting: Class 13 is Unimpaired under the Plan. Holders of General Unsecured Aerounión Claims are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

xiv. *Class 14 – General Unsecured SAI Claims*

Classification: Class 14 consists of all General Unsecured SAI Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of a General Unsecured SAI Claim will (i) receive from Reorganized SAI, in full and final satisfaction of its General Unsecured SAI Claim, payment, in Cash, equal to the Allowed amount of such Claim, on the later of the Effective Date and the date when its General Unsecured SAI Claim becomes due and payable in the ordinary course or (ii) be otherwise rendered Unimpaired.

Voting: Class 14 is Unimpaired under the Plan. Holders of General Unsecured SAI Claims are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

xv. *Class 15 – General Unsecured Convenience Claims*

Classification: Class 15 consists of all General Unsecured Convenience Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or such holder agrees to less favorable treatment, each holder of an Allowed General Unsecured Convenience Claim will receive, in full and final satisfaction of its *General* Unsecured Convenience Claim, Cash in an amount equal to 1.0% of the amount of such Allowed General Unsecured Convenience Claim.

Voting: Class 15 is Impaired under the Plan. Holders of General Unsecured *Convenience* Claims are entitled to vote to accept or reject the Plan.

Projected recoveries: 1.0%.

xvi. *Class 16 – Subordinated Claims*

Classification: Class 16 consists of all Subordinated Claims, if any.

Treatment: All Subordinated Claims, if any, will be discharged, cancelled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and holders of Subordinated Claims will not receive any distribution on account of such Subordinated Claims.

Voting: Class 16 is Impaired under the Plan. Holders of Subordinated Claims are deemed to have rejected the Plan pursuant to section *1126*(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 0%.

xvii. *Class 17 – Intercompany Claims*

Classification: Class 17 consists of all Intercompany Claims.

Treatment: No property will be distributed to holders of Intercompany Claims. Each Intercompany Claim will be either Reinstated or *released* and cancelled, as determined appropriate by the Debtors.

Voting: Depending on the treatment accorded, Intercompany Claims are either Unimpaired or Impaired under the Plan. Holders of Intercompany Claims are conclusively presumed to have accepted or deemed to have rejected the Plan pursuant to section 1126(f) or 1126(g) of the Bankruptcy Code and, in either case, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 0% or 100%.

xviii. *Class 18 – Existing AVH Non-Voting Equity Interests*

Classification: Class 18 consists of all Existing AVH Non-Voting Equity Interests.

Treatment: Holders of Existing AVH Non-Voting Equity Interests will retain such Interests, which will be cancelled, released, or extinguished, or will receive economically similar treatment, as of the Effective Date or as soon as reasonably practicable thereafter, to the extent permitted by applicable law as determined by the Debtors in their business judgment, and holders of Existing AVH Non-Voting Equity Interests will not receive any distributions on account of such Interests.

Voting: Class 18 is Impaired under the Plan. Holders of Existing AVH Non-Voting Equity Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, *therefore*, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 0%.

xix. *Class 19 – Existing AVH Common Equity Interests*

Classification: Class 19 consists of all Existing AVH Common Equity Interests.

Treatment: Holders of Existing AVH Common Equity Interests will retain such Interests, which will be cancelled, released, or extinguished, or will receive economically similar treatment, as of the Effective Date or as soon as reasonably practicable thereafter, to the extent permitted by applicable law as determined by the Debtors in their business judgment, and holders of Existing AVH Common Equity Interests will not receive any distributions on account of such Interests.

Voting: Class 19 is Impaired under the Plan. Holders of Existing AVH Common Equity Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 0%.

xx. *Class 20 –Existing Avifreight Equity Interests*

Classification: Class 20 consists of all Existing Avifreight Equity Interests.

Treatment: Each holder of an Allowed Existing Avifreight Equity Interest will have its Interest Reinstated.

Voting: Class 20 is Unimpaired under the Plan. Holders of Existing Avifreight Equity Interests are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: N/A.

xxi. *Class 21 – Existing SAI Equity Interests*

Classification: Class 21 consists of all Existing SAI Equity Interests.

Treatment: Each holder of an Allowed Existing SAI Equity Interest will have its Interest Reinstated.

Voting: Class 21 is Unimpaired under the Plan. Holders of Existing SAI Equity Interests are conclusively presumed to have accepted the *Plan* pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: N/A.

xxii. *Class 22 – Other Existing Equity Interests*

Classification: Class 22 consists of all Other Existing Equity Interests.

Treatment: Holders of Other Existing Equity Interests will not receive any distribution on account of such Interests, which will be cancelled, released, extinguished, or receive economically similar treatment as of the Effective Date or as soon as reasonably practicable thereafter, to the extent permitted by applicable law as determined by the Debtors in their business judgment, and holders of Other Existing Equity Interests will not receive or retain any property under the Plan on account of such Other Existing Equity Interests.

Voting: Class 22 is Impaired under the Plan. Holders of Other Existing Equity Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: N/A.

xxiii. *Class 23 – Intercompany Interests*

Classification: Class 23 consists of all Intercompany Interests.

Treatment: No property will be distributed to holders of Intercompany Interests. Each Intercompany Interest will either be (i) *Reinstated* solely to the extent necessary to maintain the Reorganized Debtors' corporate structure or (ii) transferred to a newly formed holding entity in conformance with the Transaction Steps.

Voting: Depending on the treatment accorded, Intercompany Claims are either Unimpaired or Impaired under the Plan. *Holders* of Intercompany Interests are conclusively presumed to have accepted or deemed to have rejected the Plan pursuant to section 1126(f) or 1126(g) of the Bankruptcy Code and, in either case, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 0% or 100%.

3. Special Provision Governing Unimpaired Claims

Except as otherwise specifically provided in the Plan, nothing in the Plan will be deemed to affect, diminish, or impair the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Reinstated Claim or Unimpaired Claim, including legal and equitable defenses to setoffs or recoupment against Reinstated Claims or Unimpaired Claims, and, except as otherwise specifically provided in the Plan, nothing in the Plan will be deemed to be a waiver or relinquishment of any Claim, Cause of Action, right of setoff, or other legal or equitable defense that the Debtors had immediately prior to the Petition Date against or with respect to any Claim that is Unimpaired by the Plan. Except as otherwise specifically provided in the Plan, the Debtors and the Reorganized Debtors will have, retain, reserve, and be entitled to assert all such Claims, Causes of Action, rights of setoff, and other legal or equitable defenses that the Debtors had immediately prior to the Petition Date fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' and Reorganized Debtors' legal and equitable rights with respect to any Reinstated Claim or Claim that is Unimpaired by the Plan may be asserted after the Confirmation Date and the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

4. Pension Claims

Under the laws of the Republic of Colombia ("Colombia"), pension obligations owed to civil aviators are entitled to several specific legal protections. Certain of these legal protections historically stem from the fact that due to the harsh and mountainous geography of Colombia, the only feasible way to connect the economic activity and the citizens of different areas of the country was through air travel. Unfortunately, during the 1950s and1960s, air travel in Colombia was notoriously dangerous, leading to high rates of crashes and accidents. As a result, *Caja de Auxilios y Prestaciones de la Asociacion Colombiana de Aviadores Civiles ACDAC* ("CAXDAC") was created to assist the families of civil aviators who were injured or killed. In 1994, pursuant to the ratification of various pension decrees,[13] CAXDAC was transformed from a

[13] Among the decrees enacted by Colombia with respect to civil aviators are Decree Law 1282 of 1994, Decree Law 1283 of 1994 and Law 100 of 1993. In addition, CAXDAC asserts that its administered pensions are part of the existing social security system in Colombia and are, among other protections, entitled to a privileged position under Colombian law pursuant to Articles 2494 and 2495 of the Colombian Civil Code, in accordance with Article 157 of the Code Substantive of Colombian Labor, Article 17 of Colombian Law 100 of 1993, and Article 34 of Law 1116 of 2006 "Business Insolvency Regime in the Republic of Colombia." Further, CAXDAC asserts that the Colombian Constitutional Court has granted constitutional protection to pension obligations, with such obligations entitled to first priority in any Colombian insolvency proceeding, and CAXDAC asserts that

social service entity to a pension administrator. Currently, CAXDAC is a private entity that manages public resources of certain pensions and/or resources that fund certain pension obligations. Thus, the pension obligations owed to CAXDAC that support the pensions that it administers are parafiscal in nature. CAXDAC administers the pensions of many of the Debtors' civil aviator employees.

The Debtors, Aerovías del Continente Americano S.A. Avianca ("Aerovías Avianca") and Tampa Cargo S.A.S. ("Tampa Cargo"), are employers of approximately 562 civil aviators in Colombia or their beneficiaries that are entitled to pensions administered by CAXDAC. CAXDAC asserts that, in addition to Aerovías Avianca and Tampa Cargo, any entities that directly or indirectly own Aerovías Avianca and Tampa Cargo are obligated to comply with the laws in Colombia governing pensions. In addition, CAXDAC asserts that all of the Debtors are jointly and severely liable to CAXDAC under Colombian law under the principal of (i) "enterprise unity," which provides that not only are the companies who directly employ civil aviators and the direct or indirect owners of such companies obligated to CAXDAC for the relevant pension obligations, but the entire employer company's corporate structure also can be held liable under Colombian law for the full amounts due to CAXDAC or (ii) "employer substitution," which provides that any merger, acquisition, or reorganization of the Debtors' corporate structure will not relieve the Debtors of their obligations to CAXDAC, and any new or merged entity will also be obligated to CAXDAC for all of the pension obligations due to CAXDAC.

Accordingly, the Plan provides treatment for Pension Claims, including Pension Claims held by CAXDAC, such that Pension Claims will be Unimpaired.

5. Subordination of Claims

Except as expressly provided in the Plan, the Allowance, classification, and treatment of all Allowed Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors and the Reorganized Debtors reserve the right to reclassify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

such pension rights are a fundamental constitutional right as it relates to Articles 11 (Right to Life), 49 (Health), 25 (Work), 48 (Social Security), and 53 (Payment of Wages) of the Colombian Constitution. Moreover, CAXDAC asserts that under Colombian law, labor claims (including pension claims) have priority over all other claims, whether secured or unsecured, and any recovery to secured creditors can only be made if labor claims (including pension obligations) have been paid in full or if the debtor can prove that other assets of the estate are sufficient to satisfy such outstanding labor claims. CAXDAC asserts that any chapter 11 plan that did not comply with Colombian law as outlined above likely would not be recognized in Colombia, which is the Debtors' primary market.

B. *Acceptance or Rejection of Plan*

1. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code will be satisfied for purposes of Confirmation by acceptance of the Plan by any Impaired Class of Claims. The Debtors will seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests.

2. Voting Classes

Holders of Claims in the following Classes as of the Voting Record Date are entitled to vote to accept or reject the Plan: Classes 3, 4, 7, 11, and 15.

The Bankruptcy Code defines "acceptance" of a plan by a class of (i) Impaired Claims as acceptance by creditors in that class that hold at least two-thirds (⅔) in dollar amount and more than one-half (½) in number of the Claims that cast ballots for acceptance or rejection of the Plan and (ii) Impaired Interests as acceptance by Interest holders in that Class that hold at least two-thirds (⅔) in amount of the Interests that cast ballots for acceptance or rejection of the Plan.

3. Presumed Acceptance by Non-Voting Classes

If a Class contains Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan will be presumed accepted by the holders of such Claims or Interests in such Class.

4. Presumed Acceptance by Unimpaired Classes

Classes 1, 2, 5, 6, 8, 9, 10, 12, 13, 14, 20, 21, and, depending on their respective treatment, Classes 17 and 23, are Unimpaired under the Plan. Holders of Claims or Interests in such Classes are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.]

5. Elimination of Vacant Classes

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing will be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

6. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court will, after notice and a hearing, determine such controversy on or before the Confirmation Date.

C. *Means for Implementation of Plan*

1. General Settlement of Claims and Interests

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan will constitute an arms' length and good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan, and all distributions made to holders of Allowed Claims and Interests in any Class in accordance with the Plan are intended to be, and will be, final. Among other things, the Plan provides for a global settlement among the Debtors and various creditors of the Debtors (the "Global Plan Settlement"), which provides substantial value to the Debtors' Estates.

2. Substantive Consolidation

a. Avianca Plan Consolidation

The Plan serves as a motion seeking, and entry of the Confirmation Order will constitute, the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the Avianca Plan Consolidation.

In chapter 11 cases with multiple affiliated debtors, bankruptcy courts may exercise their equitable powers to "substantively consolidate" the assets and liabilities of two or more of the debtors' estates to create a single common pool of assets to which the creditors of the consolidated debtors can look for recovery on their claims. The Plan is premised upon the substantive consolidation of the Estates of the Avianca Debtors with one another, solely for purposes of the Plan, including voting, Confirmation, the occurrence of the Effective Date, and distribution. Consequently, a creditor of one of the substantively consolidated Avianca Debtors will be treated as a creditor of the substantively consolidated group of Avianca Debtors. The Avianca Debtors are all of the Debtors except Aerounión, Avifreight, and SAI.

The Debtors believe that substantive consolidation of the Avianca Debtors is appropriate and warranted in these Chapter 11 Cases as a component of the Global Settlement of all Claims and Interests. As a general matter, the Avianca Debtors have operated in a manner consistent with substantive consolidation. Many of the most significant General Unsecured Avianca Claims are subject to cross-entity guarantees, and the separate corporate existence of many of the Avianca Debtors was driven principally by local regulatory requirements.

The operations of the Avianca Debtors are also so complex and tightly integrated that untangling each Avianca Debtor's separate operations would be difficult, time-consuming and expensive. This exercise would provide little benefit to any stakeholder, because the Debtors estimate that no holder of a General Unsecured Avianca Claim would receive materially superior recoveries if the Avianca Debtors were each required to propose separate plans of reorganization or liquidation. Furthermore, the Supporting Tranche B Lenders may be unwilling to contribute additional capital as set forth in the Plan if the Plan does not incorporate the Global Plan Settlement, including the Avianca Plan Consolidation. Without those additional capital contributions, the Debtors believe that the value of distributions (if any) to holders of General Unsecured Avianca Claims would likely be significantly less than the value of the distributions set forth in the Plan.

As set forth more fully in Article V.B of the Plan, in the event that the Bankruptcy Court orders only partial, or does not order, Avianca Plan Consolidation, the Debtors reserve the right to (i) proceed with no or partial Avianca Plan Consolidation, (ii) propose one or more Sub-Plans, (iii) proceed with confirmation of one or more Sub-Plans to the exclusion of the other Sub-Plans, (iv) withdraw some or all of the Sub-Plans, or (v) withdraw the Plan. Subject to the immediately preceding sentence, the Debtors' inability to obtain approval of the Avianca Plan Consolidation or confirm any Sub-Plan, or the Debtors' election to withdraw the Avianca Plan Consolidation or any Sub-Plan, will not impair confirmation or consummation of any other Sub-Plan. In the event that the Bankruptcy Court does not order the Avianca Plan Consolidation, (i) Claims against a particular Debtor will be treated as Claims against solely such Debtor's Estate for all purposes and administered as provided in the applicable Sub-Plan and (ii) the Debtors will not be required to resolicit votes with respect to the Plan or the applicable Sub-Plan.

Except as otherwise provided in the Plan, solely for voting, Confirmation, and distribution purposes hereunder, and subject to the following sentence, (i) all assets and all liabilities of the Avianca Debtors will be treated as though they were merged; (ii) all guarantees of any Avianca Debtor of the payment, performance, or collection of obligations of another Avianca Debtor will be eliminated and cancelled; (iii) all joint obligations of two or more Avianca Debtors and multiple Claims against such Entities on account of such joint obligations will be treated and allowed as a single Claim against the consolidated Avianca Debtors; (iv) all Claims between any Avianca Debtors will be deemed cancelled; and (v) each Claim filed in the Chapter 11 Case of any Avianca Debtor will be deemed filed against the consolidated Avianca Debtors and a single obligation of the consolidated Avianca Debtors' Estate. The substantive consolidation and deemed merger effected pursuant to Article V.B of the Plan will not affect (other than for purposes of the Plan as set forth in Article V.B of the Plan) (i) the legal and organizational structure of the Reorganized Avianca Debtors, except as provided in the Restructuring Transactions; (ii) defenses to any Causes of Action or requirements for any third party to establish mutuality to assert a right of setoff; (iii) the claims, rights, or remedies of the DIP Agent and each of the DIP Lenders under the DIP Facility Documents until the satisfaction and discharge of all obligations under the DIP Facility Documents in accordance with the Plan on the Effective Date; and (iv) distributions out of any insurance policies or proceeds of such policies.

b. Confirmation in the Event of Partial or No Avianca Plan Consolidation

In the event that the Bankruptcy Court orders partial, or does not order, the Avianca Plan Consolidation, the Debtors reserve the right to (i) proceed with no or partial Avianca Plan Consolidation, (ii) propose one or more Sub-Plans, (iii) proceed with confirmation of one or more Sub-Plans to the exclusion of other Sub-Plans, (iv) withdraw some or all of the Sub-Plans, or (v) withdraw the Plan. The Debtors' inability to obtain approval of the Avianca Plan Consolidation or confirm any Sub-Plan, or the Debtors' election to withdraw the Avianca Plan Consolidation or any Sub-Plan, will not impair confirmation or consummation of any other Sub-Plan. In the event that the Bankruptcy Court does not order the Avianca Plan Consolidation, (i) Claims against a particular Debtor will be treated as Claims against solely such Debtor's Estate for all purposes and administered as provided in the applicable Sub-Plan and (ii) the Debtors will not be required to resolicit votes with respect to the Plan or the applicable Sub-Plan.

c. Claims Against Avianca Debtors and Unconsolidated Debtors

If one or more Avianca Debtors and one or more Unconsolidated Debtors are obligated on a particular Claim, the holder of such Claim will be deemed to have no Claim against the Avianca Debtors and one Claim against each applicable Unconsolidated Debtor for purposes of Confirmation and distribution. For the avoidance of doubt, no such holder will receive distributions totaling an amount in excess of 100% of its Allowed Claim.

3. Restructuring Transactions

Prior to, on, or after the Effective Date, subject to and consistent with the terms of their obligations under the Plan, the Debtors and the Reorganized Debtors will be authorized to enter into such transactions and take such other actions as may be necessary or appropriate to effect a corporate and other Entity restructuring of their businesses, to otherwise simplify the overall corporate and other Entity structure of the Debtors, and/or to reincorporate or reorganize certain of the Debtors under the laws of jurisdictions other than the laws under which such Debtors currently are incorporated or formed, which restructuring may include one or more mergers, consolidations, dispositions, transfers, assignments, contributions, liquidations or dissolutions, as may be determined by the Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties and obligations of certain of the Debtors vesting in one or more surviving, resulting or acquiring entities (collectively, the "Restructuring Transactions"). Subject to the terms of the Plan, in each case in which the surviving, resulting or acquiring Entity in any such transaction is a successor to a Debtor, such surviving, resulting or acquiring Entity will perform the obligations of such Debtor pursuant to the Plan to pay or otherwise satisfy the Allowed Claims against and Interests in such Debtor, except as provided in any contract, instrument or other agreement or document effecting a disposition to such surviving, resulting or acquiring Entity, which may provide that another Debtor will perform such obligations.

In effecting the Restructuring Transactions, the Debtors and the Reorganized Debtors will implement the Transaction Steps and be permitted to: (1) execute and deliver appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation, or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable non-bankruptcy law and such other terms to which the applicable Entities may agree; (2) form new Entities, execute and deliver appropriate documents in connection therewith containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable non-bankruptcy law, and issue equity in such newly formed Entities; (3) execute and deliver appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable Entities may agree and effectuate such transfers, assignments, assumptions, or delegations in accordance with such instruments, including to any Entities formed in accordance with the Restructuring Transactions and the Plan; (4) file appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable non-bankruptcy law; and (5) take all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings, or vacating previously filed filings or recordings, that may be required by applicable non-bankruptcy law in connection with such transactions. Each agent of the Debtors and other Persons authorized to make filings with respect to the Debtors (including, without limitation, each resident agent) will

be directed to cooperate with and to take direction from the Debtors and the Reorganized Debtors as to the foregoing. To the extent known, any such Restructuring Transactions will be summarized in the Description of Restructuring Transactions, and in all cases, such transactions will be subject to the terms and conditions of the Plan and any consents or approvals required under the Plan or the Tranche B Equity Conversion Agreement.

On the Effective Date or as soon as reasonably practicable thereafter, all Interests in AVH will be cancelled, released, extinguished, or receive economically similar treatment, to the extent permitted by applicable law as determined by the Debtors in their business judgment.

4. Sources of Consideration for Plan Distributions

a. Cash

The Reorganized Debtors will fund distributions under the Plan required to be paid in Cash, if any, with Cash on hand (including Cash from operations and Cash received under the DIP Facility in accordance with the DIP Facility Documents) and Cash received on the Effective Date (including borrowings under the Exit Facility and the Tranche B Equity Contributions).

b. Exit Facility

On the Effective Date, the Reorganized Debtors will be authorized to execute, deliver, and enter into the Exit Facility Documents, subject to the requisite approvals, without further (i) notice to or order of the Bankruptcy Court, (ii) vote, consent, authorization, or approval of any Person, or (iii) action by the holders of Claims or Interests.

The Reorganized Debtors will be authorized to convert/repay the Tranche A-1 DIP Obligations and Tranche A-2 DIP Obligations with the Exit Facility and use the proceeds of such borrowings for any purpose permitted thereunder. Without limiting the foregoing, the Reorganized Debtors will pay, as and when due, all fees, expenses, losses, damages, indemnities, and other amounts, including any applicable refinancing premiums and applicable exit fees, provided under the DIP Facility Documents related to the DIP Facility and/or the Exit Facility Documents relating to such Exit Facility.

The Exit Facility Documents will constitute legal, valid, binding, and authorized joint and several obligations of the applicable Reorganized Debtors, enforceable in accordance with their respective terms, and such obligations will not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever under applicable law, the Plan or the Confirmation Order and will not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any other applicable non-bankruptcy law. The financial accommodations to be extended pursuant to the Exit Facility Documents are reasonable and are being extended, and will be deemed to have been extended, in good faith and for legitimate business purposes.

On the Effective Date, all of the Liens to be granted in accordance with the Exit Facility Documents (a) will be deemed to be approved; (b) will be legal, binding, and enforceable Liens on the collateral granted under the respective Exit Facility Documents in accordance with

the terms thereof; (c)(i) will be deemed perfected on the Effective Date and (ii) the priorities of such Liens will be as set forth in the respective Exit Facility Documents, and, in the case of this clause (ii), subject only to such Liens as may be permitted under the Exit Facility Documents; and (d) will not be subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever and will not constitute preferential transfers, fraudulent conveyances or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law. The Reorganized Debtors and the secured parties (and their designees and agents) under such Exit Facility Documents will be authorized to make all filings and recordings, and to obtain all governmental approvals and consents, to establish and perfect such Liens under the provisions of the applicable state, provincial, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection of the Liens granted under the Exit Facility Documents will occur automatically by virtue of the entry of the Confirmation Order and funding on or after the Effective Date, and any such filings, recordings, approvals, and consents will not be necessary or required), and the Reorganized Debtors and the secured parties (and their designees and agents) under such Exit Facility Documents will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens to third parties.

To the extent that any holder of a Secured Claim that has been satisfied or discharged pursuant to the Plan, or any agent for such holder, has filed or recorded any Liens to secure such holder's Secured Claim, then on or as soon as practicable after the Effective Date, such holder (or the agent for such holder) will, at the Debtors' or Reorganized Debtors' sole cost and expense, take any and all steps reasonably requested by the Debtors, Reorganized Debtors, or the Exit Facility Indenture Trustee that are necessary to cancel and/or extinguish such Liens (it being understood that such Liens held by holders of Secured Claims that are satisfied on the Effective Date pursuant to the Plan will be automatically canceled/or extinguished on the Effective Date by virtue of the entry of the Confirmation Order).

c. New Common Equity

Reorganized AVH will be authorized to issue or cause to be issued, and will issue, the New Common Equity without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule, or the vote, consent, authorization, or approval of any Person.

All of the New Common Equity issued and/or distributed pursuant to the Plan will be duly authorized, validly issued, and, as applicable, fully paid and non-assessable. Each distribution and issuance of the New Common Equity under the Plan will be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions will bind each Entity receiving such distribution or issuance.

All of the New Common Equity issued and/or distributed pursuant to the Plan, whether solely in exchange for Claims or, in the case of certain Tranche B DIP Lenders, in exchange for Tranche B DIP Facility Claims and the Tranche B Equity Contribution, will be exempt from the registration requirements of Section 5 of the Securities Act and any "Blue Sky"

Laws of any U.S. jurisdiction pursuant to section 1145(a) of the Bankruptcy Code, except to the extent that they are subject to the provisions of section 1145(b)(1).

d. Warrants

Reorganized AVH will be authorized to issue or cause to be issued, and will issue, the Warrants without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule, or the vote, consent, authorization, or approval of any Person.

The Warrants will be automatically exercisable upon any scheme of merger, acquisition, reorganization liquidation, dissolution, winding-up, or sale of Reorganized AVH or the sale of all or substantially all of the assets of Reorganized AVH where the Exercise Price is achieved. The Warrants will have standard anti-dilution protection, and the Warrants will be fully transferable, subject to applicable securities laws and regulations. Holders of Warrants will have standard information rights during the period prior to the registration of the New Common Equity or listing of the New Common Equity on a global securities exchange.

All of the Warrants issued and/or distributed pursuant to the Plan will be duly authorized, validly issued, and, as applicable, fully paid and non-assessable. Each distribution and issuance of the Warrants under the Plan will be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions will bind each Entity receiving such distribution or issuance.

All of the Warrants issued and/or distributed pursuant to the Plan will be exempt from the registration requirements of Section 5 of the Securities Act and any "Blue Sky" Laws of any U.S. jurisdiction pursuant to section 1145(a) of the Bankruptcy Code, except to the extent that they are subject to the provisions of section 1145(b)(1).

5. Corporate Existence

Except as otherwise provided in the Plan, and despite the Avianca Plan Consolidation, each Debtor and each of its direct and indirect subsidiaries will continue to exist after the Effective Date as a separate corporation, limited liability company, limited partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, limited partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective bylaws, limited liability company agreement, operating agreement, limited partnership agreement (or other formation documents) in effect prior to the Effective Date, except to the extent such formation documents are amended under the Plan or otherwise, and to the extent such documents are amended, such documents will be deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable law); provided, that after the Effective Date, AVH and its direct and indirect subsidiaries may be liquidated, wound up, and/or dissolved in accordance with applicable law and applicable rules of corporate governance.

6. Vesting of Assets in the Reorganized Debtors

Except as otherwise provided in the Plan, on the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property in each applicable Estate, and any property acquired by the Debtors pursuant to the Plan will vest in the Reorganized Debtors and, if applicable, any Entity or Entities formed pursuant to the Restructuring Transactions to hold the assets and/or equity of the Reorganized Debtors, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the applicable Reorganized Debtors may operate their businesses and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court, and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

The Plan will be conclusively deemed to be adequate notice that Liens, Claims, charges or other encumbrances are being extinguished. Any Person having a Lien, Claim, charge or other encumbrance against any of the property vested in accordance with the foregoing paragraph will be conclusively deemed to have consented to the transfer, assignment and vesting of such property to or in the Reorganized Debtors free and clear of all Liens, Claims, charges or other encumbrances by failing to object to confirmation of the Plan, except as otherwise provided in the Plan.

7. Cancellation of Loans, Securities, and Agreements

Except as otherwise provided in the Plan or the Tranche B Equity Conversion Agreement, on the Effective Date or as soon as reasonably practicable thereafter with respect to each Debtor: (1) the DIP Facility Claims, Grupo Aval Receivable Facility Claims, Grupo Aval Lines of Credit Claims, 2020 Notes Claims, 2023 Notes Claims, Direct Loan Claims, Other Existing Equity Interests, and any other certificate, equity security, share, note, purchase right, option, warrant, or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of, or ownership interest in, the Debtors giving rise to any Claim or Interest (except such certificates, notes, or other instruments or documents evidencing indebtedness or obligation of, or ownership interest in, the Debtors that are Reinstated or otherwise retained by holders thereof pursuant to the Plan), will, to the fullest extent permitted by applicable law, be deemed cancelled, released, surrendered, extinguished, and discharged as to the Debtors without any need for further action or approval of the Bankruptcy Court or any holder thereof or any other Person or Entity, and the Reorganized Debtors will not have any continuing obligations thereunder or in any way related thereto; and (2) the obligations of the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws or certificate or articles of incorporation, or similar documents governing the shares, certificates, notes, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of, or ownership interest in, the Debtors (except such agreements, certificates, notes or other instruments evidencing indebtedness or obligation of or ownership interest in the Debtors that are specifically Reinstated pursuant to the Plan) will be deemed satisfied in full, released, and discharged without any need for further action or approval of the Bankruptcy Court or any holder thereof or any other Person or Entity.

Notwithstanding such cancellation and discharge, the DIP Credit Agreement, the DIP Facility Indentures, the other DIP Facility Documents, the Direct Loan Promissory Note, the 2020 Notes Indenture, and the 2023 Notes Indenture will continue in effect to the extent necessary (i) to allow the holders of Claims to receive distributions under the Plan; (ii) to allow the Debtors, the Reorganized Debtors, and the agents and Indenture Trustees under such documents to take other actions pursuant to the Plan on account of Claims; (iii) to allow holders of Claims to retain their respective rights and obligations vis-à-vis other holders of Claims pursuant to such documents; (iv) to allow the agents, including the DIP Agent, and Indenture Trustees under such documents to enforce their rights, claims, causes of action and interests under such documents against any party other than the Debtors, including, but not limited to, any rights with respect to priority of payment and/or to exercise charging liens; (v) to preserve any rights of the agents, including the DIP Agent, and Indenture Trustees under such documents to payment of fees, expenses, and indemnification obligations under such documents, including any rights to priority of payment and/or to exercise charging liens; (vi) to allow the agents, including the DIP Agent, and Indenture Trustees under such documents to enforce any obligations owed to them under the Plan; (vii) to allow the agents, including the DIP Agent, and Indenture Trustees under such documents to exercise rights and obligations relating to the interests of creditors under such documents; (viii) to allow the agents, including the DIP Agent, and Indenture Trustees under such documents to appear in the Chapter 11 Cases or in any proceeding in the Bankruptcy Court or any other court relating to the such documents; provided, that nothing in Article V.G of the Plan will affect the discharge of Claims pursuant to the Plan.

Notwithstanding any provision in the Plan to the contrary, the Debtors or the Reorganized Debtors will promptly pay in Cash in full the reasonable and documented 2020 Notes Indenture Trustee Claims, subject to an aggregate cap of $875,000, without the filing of fee applications with or approval by the Bankruptcy Court; provided, that the 2020 Notes Indenture Trustee and its counsel will provide the Debtors or Reorganized Debtors (as applicable) and the Committee with invoices (or other documentation as the Debtors or Reorganized Debtors (as applicable) may reasonably request) for which it seeks payment within five (5) Business Days after the entry of the Confirmation Order, provided, further, that, to the extent that the Debtors and the Committee have no objection to such fees and expenses, such fees and expenses will be paid within five (5) Business Days of the Effective Date. To the extent that the Debtors or the Reorganized Debtors (as applicable) or the Committee objects to any of the fees and expenses of the 2020 Notes Indenture Trustee or its advisors, the Debtors or the Reorganized Debtors (as applicable) will not be required to pay any disputed portion of such fees and expenses until a resolution of such objection is agreed to by the Debtors or Reorganized Debtors (as applicable), the Committee, and the 2020 Notes Indenture Trustee or upon further order of the Bankruptcy Court upon a motion filed by the 2020 Notes Indenture Trustee.

Except for the foregoing, upon the occurrence of the Effective Date, the agents and indenture trustees under the DIP Facility Documents, the DIP Facility Indentures, the Direct Loan Promissory Note, the 2020 Notes Indenture, and the 2023 Notes Indenture will be relieved of all further duties and responsibilities related to such documents; provided, that any provisions of such documents that by their terms survive their termination will survive in accordance with their terms.

Upon the full payment or other satisfaction of an Allowed Other Secured Claim, or promptly thereafter, the holder of such Allowed Other Secured Claim will deliver to the Debtors

or Reorganized Debtors, as applicable, any collateral or other property of a Debtor held by such holder, together with any termination statements, instruments of satisfaction, or releases of all security interests with respect to its Allowed Other Secured Claim that may be reasonably required to terminate any related financing statements, mortgages, mechanics' or other statutory Liens, or lis pendens, or similar interests or documents and take all other steps reasonably requested by the Debtors, the Reorganized Debtors, or the Exit Facility Indenture Trustee that are necessary to cancel and/or extinguish Liens securing such holder's Claim.

8. Corporate and Other Entity Action

On the Effective Date, all actions contemplated under the Plan (including, for the avoidance of doubt, the Plan Supplement) will be deemed authorized and approved in all respects, including, with respect to the applicable Reorganized Debtors: (1) appointment of the New Boards pursuant to Article V.J of the Plan and any other managers, directors, or officers for the Reorganized Debtors identified in the Plan Supplement; (2) the issuance and distribution of the New Common Equity by Reorganized AVH; (3) entry into the New Organizational Documents; (4) entry into the Exit Facility Documents; (5) implementation of the Restructuring Transactions (which, pursuant to Article V.C of the Plan, may be implemented prior to, on, or after the Effective Date); (6) transfer of intellectual property to a stand-alone subsidiary of Reorganized Avianca; and (7) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate or other Entity structure of the Debtors or the Reorganized Debtors, and any corporate or other Entity action required by the Debtors or Reorganized Debtors in connection with the Plan, will be deemed to have occurred and will be in effect, without any requirement of further action by the security holders, managers, or officers of the Debtors or the Reorganized Debtors. On or before the Effective Date, the appropriate officers of the Debtors or Reorganized Debtors, as applicable, will be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effectuate the transactions contemplated under the Plan) in the name, and on behalf, of the Reorganized Debtors, including any and all agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by Article V.H of the Plan will be effective notwithstanding any requirements under applicable non-bankruptcy law.

9. New Organizational Documents

On or prior to the Effective Date or as soon thereafter as is practicable, the applicable Reorganized Debtors will, if so required under applicable local law, file their New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in their respective states or countries of incorporation in accordance with the corporate laws of the respective states or countries of incorporation or formation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents will prohibit the issuance of non-voting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the laws of their respective states or countries of incorporation or formation, and their respective New Organizational Documents, without further order of the Bankruptcy Court.

10. Directors and Officers of Reorganized Debtors

a. Reorganized AVH Board

On the Effective Date, the Reorganized AVH Board will consist of at least nine (9) directors, one of which will be an independent director selected in consultation with the Committee. The identities of the other directors will, to the extent known, be disclosed in the Plan Supplement. The composition of the boards of directors or managers, as applicable, of each other Reorganized Debtor will be identified no later than the hearing on Confirmation. Except to the extent that a member of a Debtor's board of directors or managers, as applicable, continues to serve as a director or manager of the corresponding Reorganized Debtor after the Effective Date, the members of the Debtors' boards of directors or managers, as applicable, will have no continuing obligations to the Reorganized Debtors on or after the Effective Date in their capacities as such, and each such director or manager will be deemed to have resigned or will otherwise cease to be a director or manager of the applicable Debtor on the Effective Date. Commencing on the Effective Date, each of the directors or managers, as applicable, of the Reorganized Debtors will serve pursuant to the terms of the applicable New Organizational Documents and may be replaced or removed in accordance with such documents.

b. Officers of Reorganized Debtors

Except as otherwise provided in the Plan Supplement, the officers of the Debtors immediately before the Effective Date will serve as the initial officers of each of the respective Reorganized Debtors on and after the Effective Date. After the Effective Date, the selection of officers of the Reorganized Debtors will be as provided by their respective organizational documents.

c. New Subsidiary Boards

On the Effective Date, the applicable New Subsidiary Boards will be appointed in accordance with the applicable New Organizational Documents.

11. Effectuating Documents; Further Transactions

On and after the Effective Date, the applicable Reorganized Debtors and the officers and members of the boards of directors thereof will be authorized to, and may issue, execute, deliver, file, or record, such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, and the securities issued pursuant to the Plan in the name, and on behalf, of the Reorganized Debtors, without the need for any approvals, authorization, or consents, except for those expressly required pursuant to the Plan or the New Organizational Documents.

12. Section 1146 Exemption

Pursuant to section 1146 of the Bankruptcy Code, (a) the issuance, transfer or exchange of any securities, instruments or documents, (b) the creation of any lien, mortgage, deed of trust or other security interest, (c) the making or assignment of any lease or sublease or the

making or delivery of any deed or other instrument of transfer under, pursuant to, in furtherance of, or in connection with the Plan, including, without limitation, any deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan or the reinvesting, transfer or sale of any real or personal property of the Debtors pursuant to, in implementation of or as contemplated in the Plan (whether to one or more of the Reorganized Debtors or otherwise), (d) the grant of collateral under the Exit Facility Documents, and (e) the issuance, renewal, modification or securing of indebtedness by such means, and the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, the Confirmation Order, will not be subject to any document recording tax, stamp tax, conveyance fee or other similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, sales tax, use tax or other similar tax or governmental assessment. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded will, pursuant to the Confirmation Order, be ordered and directed to accept such instrument without requiring the payment of any filing fees and expenses, documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax or similar tax.

13. Authorization and Issuance of New Common Equity

On the Effective Date, Reorganized AVH will issue the New Common Equity in accordance with the terms of the Transaction Steps, the Plan, and the Tranche B Equity Conversion Agreement. All of the New Common Equity, when so issued, will be duly authorized, validly issued, and, in the case of the New Common Equity, fully paid, and non-assessable.

a. Dilution of New Common Equity

As set forth in the Plan:

- Claims-Based New Common Equity[14] will be subject to dilution by the issuance of Contribution-Based New Common Equity, Warrant-Based New Common Equity, and any Post-Emergence New Common Equity.

- Contribution-Based New Common Equity[15] will be subject to dilution by the issuance of Warrant-Based New Common Equity and any Post-Emergence New Common Equity.

[14] The Plan defines "Claims-Based New Common Equity" as "New Common Equity issued to holders of Allowed Tranche B DIP Facility Claims and Allowed General Unsecured Avianca Claims on account of such Claims."

[15] The Plan defines "Contribution-Based New Common Equity" as "New Common Equity issued to certain holders of Allowed Tranche B DIP Facility Claims in exchange for each such holder's Tranche B Equity Contribution and/or Tranche B Asset Contribution and on account of the commitment premium set forth in the Tranche B Equity Conversion Agreement."

- Warrant-Based New Common Equity[16] will be subject to anti-dilution protections with respect to the issuance of Post-Emergence New Common Equity[17] as set forth in the Warrant Agreement.

b. Effect of Dilution on Distributions to Holders of Claims

As a result of the dilutive effect of the issuance of the Contribution-Based New Common Equity, at emergence, the Claims-Based New Common Equity issued to holders of Allowed Tranche B DIP Facility Claims and Allowed General Unsecured Avianca Claims on account of such Claims will account for approximately 79% of the aggregate New Common Equity then issued and outstanding. In addition to being subject to dilution by the issuance of the Contribution-Based New Common Equity, as described above and as set forth in the Plan, the Claims-Based New Common Equity will be subject to further dilution by the issuance of Fees-Based New Common Equity, Warrant-Based New Common Equity, and Post-Emergence New Common Equity.

14. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, but subject in all respects to Article IX.D of the Plan, the Reorganized Debtors will retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Schedule of Retained Causes of Action, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action will be preserved notwithstanding the occurrence of the Effective Date; provided, that the Reorganized Debtors waive their rights to assert Preference Actions against holders of General Unsecured Claims (but reserve the right to assert any such Preference Actions solely as counterclaims or defenses to Claims asserted against the Debtors; provided, that any such assertion may solely be defensive, without any right to seek or obtain an affirmative recovery on account of any such counterclaim). The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors in their discretion.

No Person or Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or the Reorganized Debtors will not pursue any and all available Causes of Action against them. Unless any Cause of Action against a Person is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order of the Bankruptcy Court, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise),

[16] The Plan defines "Warrant-Based New Common Equity" as "New Common Equity issued with respect to the exercise of the Warrants, amounting to 5.0% of the New Common Equity (on a post-dilution basis with respect to the issuance of Claims-Based New Common Equity and Contribution-Based New Common Equity)."

[17] The Plan defines "Post-Emergence New Common Equity" as "New Common Equity issued by Reorganized AVH from time to time following the Effective Date, including pursuant to any employee or management incentive plans."

or laches, will apply to such Causes of Action upon, after, or as a consequence of the confirmation of the Plan or the occurrence of the Effective Date.

15. Grupo Aval Settlement

Capitalized terms used and not otherwise defined in this Section V.C.15 shall have the meanings ascribed to such terms in the Grupo Aval Settlement Agreement.

a. Grupo Aval Settlement Agreement

The terms, conditions, obligations, covenants, and agreements set forth in the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation, all of which will be ratified and affirmed and will continue in full force and effect (in each case as amended, restated, supplemented, or otherwise modified from time to time), are valid, effective, and non-avoidable post-petition obligations of the Debtors' Estates. The Debtors are authorized to enter into and perform the Grupo Aval Definitive Documentation, including any amendments and modifications that may be agreed in writing among the Debtors and the Grupo Aval Entities.

The Grupo Aval Settlement Agreement and Grupo Aval Definitive Documentation constitute legal, valid, binding, and non-avoidable post-petition obligations of the Debtors and their estates, enforceable against them in accordance with their terms.

Effective as of the Effective Date, the admissions, agreements, and releases contained in the Grupo Aval Definitive Documentation relating to the restructuring of the Working Capital Lines of Credit, including the Working Capital Lines of Credit Definitive Documentation (each as defined in the Term Sheet), will be binding upon the Settling Parties, the Debtors' Estates, and any and all other parties in interest, including, without limitation, the Committee and any other person or entity acting or seeking to act on behalf of the Debtors' Estates, including any chapter 7 or chapter 11 trustee or examiner appointed or elected for any of the Debtors, in all circumstances and for all purposes.

Effective as of the Settlement Effective Date, any liens and security interests granted pursuant to the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation are (a) deemed approved, (b) legal, valid, binding, and enforceable liens on, and security interests in, the collateral granted thereunder in accordance with the terms of the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation and with the priorities established in respect thereof under applicable non-bankruptcy law and (c) deemed perfected as of the earlier of the Settlement Effective Date and the date of perfection of liens in connection with any transaction among the Settling Parties prior to the Settlement Effective Date, subject only to such liens and security interests as may be permitted under the Settlement and the Grupo Aval Definitive Documentation. Any guarantees, mortgages, deeds of trust, pledges, liens, and other security interests granted pursuant to or in connection with the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation, the payment of fees contemplated thereunder, and the execution and consummation of the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation have been and are being undertaken in good faith, for good and valuable consideration, for reasonably equivalent value and for legitimate business purposes as an inducement to lenders to extend credit thereunder and are reasonable and will be deemed not to

constitute a preferential transfer, fraudulent conveyance, fraudulent transfer, or other voidable transfer and will not otherwise be subject to avoidance, recharacterization, or subordination for any purpose whatsoever under the Bankruptcy Code or any other applicable non-bankruptcy law, and the priorities of such liens and security interests will be as set forth in the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation.

b. Grupo Aval Exit Facility

On or prior to the Effective Date, the Reorganized Debtors will be authorized to execute, deliver, and enter into the Grupo Aval Exit Facility Agreement, subject to the requisite approvals, without further (i) notice to or order of the Bankruptcy Court; (ii) vote, consent, authorization, or approval of any Person; or (iii) action by the holders of Claims or Interests.

The Reorganized Debtors will pay, as and when due, all fees, expenses, losses, damages, indemnities, and other amounts, including any applicable refinancing premiums and applicable exit fees, provided under the Grupo Aval Exit Facility Agreement related to the Grupo Aval Exit Facility.

The Grupo Aval Exit Facility Agreement will constitute legal, valid, binding, and authorized joint and several obligations of the applicable Reorganized Debtors, enforceable in accordance with their respective terms, and such obligations will not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever under applicable law, the Plan, or the Confirmation Order and will not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any other applicable non-bankruptcy law. The financial accommodations to be extended pursuant to the Grupo Aval Exit Facility Agreement are reasonable and are being extended, and will be deemed to have been extended, in good faith and for legitimate business purposes.

The sale and transfer of any Grupo Aval Credit Card Receivables (as defined in the Grupo Aval Settlement Agreement) as contemplated in the Grupo Aval Exit Facility (the "Restructured Credit Card Securitization Facility") will constitute a valid, final, definitive, enforceable, irrevocable, indefeasible, and non-avoidable "true sale" and transfer, enforceable against the Debtors, their Estates, and all third parties, and not a lending transaction or any other economic arrangement other than a true sale, will confer upon the applicable Grupo Aval Entity good and valid title to all of the rights and receivables (and all collections derived therefrom) arising under all Credit Card Processing Agreements, and vests the applicable Grupo Aval Entity with the definitive and indefeasible ownership thereof (whether or not such rights and receivables are in existence as of the Settlement Effective Date).

As of the Settlement Effective Date, all of the Liens to be granted in accordance with the Grupo Aval Exit Facility Agreement (a) will be deemed to be approved; (b) will be legal, binding, and enforceable Liens on the collateral granted under the respective Grupo Aval Exit Facility Agreement documents in accordance with the terms thereof; (c)(i) will be deemed perfected as of the earlier of the Settlement Effective Date and the date of perfection of liens in connection with the Credit Card Securitization (as defined in the Grupo Aval Settlement Agreement) prior to the Settlement Effective Date and (ii) the priorities of such Liens will be as

set forth in the respective Grupo Aval Exit Facility Agreement documents, and, in the case of this clause (ii), subject only to such Liens as may be permitted under the Grupo Aval Exit Facility Agreement; and (d) will not be subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever and will not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law. The Reorganized Debtors and the secured parties (and their designees and agents) under such Grupo Aval Exit Facility Agreement will be authorized to make all filings and recordings, and to obtain all governmental approvals and consents, to establish and perfect such Liens under the provisions of the applicable state, provincial, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection of the Liens granted under the Grupo Aval Exit Facility Agreement will occur automatically by virtue of the entry of the Confirmation Order and funding on or after the Effective Date, and any such filings, recordings, approvals, and consents will not be necessary or required), and the Reorganized Debtors and the secured parties (and their designees and agents) under such Grupo Aval Exit Facility Agreement will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens to third parties.

D. *Treatment of Executory Contracts and Unexpired Leases*

1. Assumption and Rejection of Executory Contracts and Unexpired Leases

Except as otherwise provided in the Plan, each Executory Contract and Unexpired Lease will be deemed rejected, without the need for any further notice to or action, order, or approval of the Bankruptcy Court, as of the Effective Date, pursuant to section 365 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease (a) was previously assumed or rejected; (b) previously expired or terminated pursuant to its own terms; (c) is the subject of a motion or notice to reject, assume, or assume and assign filed on or before the Confirmation Date; or (d) is designated specifically as an Executory Contract or Unexpired Lease on the Schedule of Assumed Contracts; provided, that the Debtors reserve the right to seek enforcement of an assumed or assumed and assigned Executory Contract or Unexpired Lease following the Confirmation Date, including, but not limited to, seeking an order of the Bankruptcy Court for the rejection of such Executory Contract or Unexpired Lease for cause; provided, further, that the Debtors reserve the right to seek, following the Confirmation Date, assumption of an Executory Contract or Unexpired Lease that was deemed rejected. The amendment of an Executory Contract or Unexpired Lease after the Petition Date will not, by itself, constitute the assumption of such Executory Contract or Unexpired Lease. The assumption of Executory Contracts and Unexpired Leases under the Plan may include the assignment of certain of such contracts to Affiliates. Unless previously approved by the Bankruptcy Court, the Confirmation Order will constitute an order of the Bankruptcy Court approving the above-described rejections, assumptions and assignments, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code and effective on the occurrence of the Effective Date.

Unless otherwise provided by an order of the Bankruptcy Court, at least twenty-one (21) days prior to the Confirmation Hearing or such other date set by the Bankruptcy Court, the Debtors will file, or cause to be filed, the Schedule of Assumed Contracts. Any objection to the assumption of an Executory Contract or Unexpired Lease under the Plan (other than those

Executory Contracts and Unexpired Leases that were previously assumed by the Debtors or are the subject of a motion or notice to assume or assume and assign filed on or before the Confirmation Date) must be Filed, served and actually received by the Debtors no later than seven (7) days prior to the Confirmation Hearing; provided, that, if the Debtors file an amended Schedule of Assumed Contracts (the "**Amended Schedule of Assumed Contracts**") prior to the Confirmation Hearing, then, with respect to any lessor or counterparty affected by such Amended Schedule of Assumed Contracts, objections to the assumption of the relevant Executory Contract or Unexpired Lease must be filed by the earlier of (i) seven (7) days from the date the Amended Schedule of Assumed Contracts is filed and (ii) the Confirmation Hearing; provided, further, that if the Debtors file an Amended Schedule of Assumed Contracts after the Confirmation Hearing, but prior to the Effective Date, then, with respect to any lessor or counterparty affected by such Amended Schedule of Assumed Contracts, objections to the assumption of the relevant Executory Contract or Unexpired Lease must be filed by seven (7) days from the date the Amended Schedule of Assumed Contracts is filed; provided, further, that the Debtors may file an Amended Schedule of Assumed Contracts after the Effective Date with the consent of the lessors or counterparties affected by such Amended Schedule of Assumed Contracts. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption of any Executory Contract or Unexpired Lease will be deemed to have consented to such assumption.

With respect to Aircraft Leases that were not previously assumed, had not previously expired or terminated pursuant to their terms, or are not subject to a motion to assume or assume and assign filed on or before the Confirmation Date, the Debtors will assume only those Aircraft Leases and related Executory Contracts that are designated specifically as an Unexpired Lease or Executory Contract on the Schedule of Assumed Contracts. For the avoidance of doubt, any Executory Contracts or Unexpired Leases that are ancillary to Aircraft Leases will not be assumed and will be deemed rejected, even if the Debtors assume the relevant Aircraft Lease, unless such Executory Contracts or Unexpired Leases were previously assumed, are subject to a motion to assume or assume and assign filed on or before the Confirmation Date, or are designated specifically as an Executory Contract or Unexpired Lease on the Schedule of Assumed Executory Contracts. No provision in an assumed or assumed and assigned Aircraft Lease will restrict, limit, or prohibit the assumption, assignment, or sale of such assumed Aircraft Lease (including any "change of control" provision), and any such anti-assignment provision will be unenforceable in connection with the assumption or assumption and assignment of such Aircraft Lease pursuant to section 365(f) of the Bankruptcy Code. For any rejected Aircraft Lease, the relevant property will be disposed of in accordance with agreement of the parties or, in the absence of such agreement, in accordance with the terms of the applicable Second Stipulation; otherwise, in the absence of such agreement or an applicable Second Stipulation, such property will be deemed abandoned.

With respect to Aircraft Leases that are subject to a motion to assume or assume and assign filed on or before the Confirmation Date or are designated specifically as an Unexpired Lease or Executory Contract on the Schedule of Assumed Contracts but that are subject to ongoing negotiations with respect to definitive documentation relating to the amendment of such Aircraft Leases, the terms of the relevant Second Stipulation will remain in effect until (x) the effectiveness of the assumption or assumption and assignment of such Aircraft Lease (which effectiveness will occur pursuant to the relevant order of the Bankruptcy Court approving the assumption or assumption and assignment of such Aircraft Lease or upon the Debtors' or the Reorganized Debtors' entry into definitive documentation with respect to the amendment of such Aircraft

Lease), (y) in the event that the Debtors or Reorganized Debtors are unable to reach an agreement with respect to definitive documentation relating to the amendment of such Aircraft Lease, the rejection of such Aircraft Lease, or (z) as otherwise agreed by the parties.

With respect to aircraft that were subject to an Aircraft Lease that (x) previously was rejected by the Debtors but that (y) are subject to a new lease executed by the Debtors pursuant to an order of the Bankruptcy Court (each, a "New Aircraft Lease"), the end of the Stipulation Period (as such period is defined in the relevant Second Stipulation) will be deemed the date of entry into the New Aircraft Lease, solely to the extent provided by the order of the Bankruptcy Court approving such New Aircraft Lease.

Except as otherwise provided in the Plan or agreed to by the Debtors and the applicable counterparty, each Executory Contract and Unexpired Lease assumed pursuant to Article VI.A of the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Effective Date, will revest in, be fully enforceable by, and constitute binding obligations of the applicable Reorganized Debtor in accordance with its terms (including any amendments to any Executory Contracts and Unexpired Leases that were entered into after the Petition Date), except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. To the extent that the terms of an Aircraft Lease assumed pursuant to Article VI.A of the Plan or by any order of the Bankruptcy Court require the obligations of a Reorganized Debtor thereunder to be guaranteed by the relevant Reorganized Debtor's ultimate parent, Reorganized AVH shall contractually assume such guarantee obligations. To the maximum extent permitted by law, to the extent that any provision in any Executory Contract or Unexpired Lease assumed or assumed and assigned pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption or assumption and assignment of such Executory Contract or Unexpired Lease (including any "change of control" provision), then such provision will be deemed modified or stricken such that the transactions contemplated by the Plan will not entitle the non-Debtor that is party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto.

All Executory Contracts and Unexpired Leases that are not expressly assumed will be deemed rejected as of the Effective Date. Unless otherwise provided by an order of the Bankruptcy Court that is entered after Confirmation, Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed with the Bankruptcy Court no later than thirty (30) days from the latest of (i) the date of entry of an order of the Bankruptcy Court approving such rejection, (ii) entry of the Confirmation Order, and (iii) the effective date of the rejection of such Executory Contract or Unexpired Lease. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed within such time will be Disallowed, forever barred from assertion, and will not be enforceable against the Debtors or the Reorganized Debtors, or property thereof, without the need for any objection by the Debtors or the Reorganized Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease will be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules, if any, or a Proof of Claim to the contrary.** Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases will be classified as General Unsecured Claims, as applicable, and may be

objected to in accordance with the provisions of Article VI.C of the Plan and applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

2. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed

Except as set forth below, any Cure Claims will be satisfied for the purposes of section 365(b)(1) of the Bankruptcy Code, by payment in Cash, on the Effective Date or as soon as reasonably practicable thereafter, of the cure amount set forth on the Schedule of Assumed Contracts for the applicable Executory Contract or Unexpired Lease, or on such other terms as the parties to such Executory Contracts or Unexpired Leases and the Debtors or Reorganized Debtors, as applicable, may otherwise agree. Any Cure Claim will be deemed fully satisfied, released, and discharged upon the payment of the Cure Claim. The Debtors may settle any Cure Claim without any further notice to or action, order, or approval of the Bankruptcy Court.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan will result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any such Executory Contract or Unexpired Lease at any time before the date that the Debtors assume or assume and assign such Executory Contract or Unexpired Lease. Subject to the resolution of any timely objections in accordance with Article VI.C of the Plan, any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed or assumed and assigned will be deemed Disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

3. Dispute Resolution

In the event of a timely filed objection regarding (i) the amount of any Cure Claim; (ii) the ability of the Debtors or the Reorganized Debtors to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under an Executory Contract or Unexpired Lease to be assumed; or (iii) any other matter pertaining to assumption or the cure of defaults required by section 365(b)(1) of the Bankruptcy Code (each, an "**Assumption Dispute**"), such dispute will be resolved by a Final Order of the Bankruptcy Court (which may be the Confirmation Order) or as may be agreed upon by the Debtors and the counterparty to the Executory Contract or Unexpired Lease. During the pendency of an Assumption Dispute, the applicable counterparty must continue to perform under the applicable Executory Contract or Unexpired Lease.

To the extent an Assumption Dispute relates solely to the amount of a Cure Claim, the Debtors may assume and/or assume and assign the applicable Executory Contract or Unexpired Lease prior to the resolution of such Assumption Dispute; provided, that the Debtors reserve Cash in an amount sufficient to pay the Cure Claim asserted by the counterparty pending resolution of the Assumption Dispute. To the extent that the Assumption Dispute is resolved or determined unfavorably to the Debtors, the Debtors may reject the applicable Executory Contract or Unexpired Lease after such determination.

For the avoidance of doubt, if the Debtors are unable to resolve an Assumption Dispute relating solely to the amount of a Cure Claim prior to the Confirmation Hearing, such Assumption Dispute may be scheduled to be heard by the Bankruptcy Court after the Confirmation Hearing (an "**Adjourned Cure Dispute**"); provided, that the Reorganized Debtors may settle any Adjourned Cure Dispute after the Effective Date without any further notice to any party or any action, order, or approval of the Bankruptcy Court.

4. Insurance Policies & Indemnification Obligations

Each of the insurance policies of the Debtors, including all director and officer insurance policies in place as of the Petition Date, are deemed to be and treated as Executory Contracts under the Plan. On the Effective Date, the Debtors will be deemed to have assumed all insurance policies, including all director and officer insurance policies in place as of the Petition Date, provided, that the Reorganized Debtors will not indemnify officers, directors, equity holders, agents, or employees, as applicable, of the Debtors for any claims or Causes of Action arising out of or relating to any act or omission that is a criminal act or constitutes intentional fraud, gross negligence, or willful misconduct.

In addition, after the Effective Date, all current and former officers, directors, agents, or employees who served in such capacity at any time before the Effective Date will be entitled to the full benefits of any D&O Policy (including any "tail" policy) for the full term of such policy regardless of whether such officers, directors, agents, and/or employees remain in such positions after the Effective Date, in each case, to the extent set forth in such policies. In addition, after the Effective Date, the Reorganized Debtors must not terminate or otherwise reduce the coverage under any D&O Policy (including any "tail policy") in effect as of the Petition Date; provided, that, for the avoidance of doubt, any insurance policy, including tail insurance policies, for directors', members', trustees', and officers' liability to be purchased or maintained by the Reorganized Debtors after the Effective Date will be subject to the ordinary-course corporate governance of the Reorganized Debtors.

Notwithstanding anything in the Plan, any Indemnification Obligation to indemnify current and former officers, directors, members, managers, agents, sponsors, or employees with respect to all present and future actions, suits, and proceedings against the Debtors or such officers, directors, members, managers, agents, or employees based upon any act or omission for or on behalf of the Debtors will (i) remain in full force and effect, (ii) not be discharged, impaired, or otherwise affected in any way, including by the Plan, the Plan Supplement, or the Confirmation Order, (iii) not be limited, reduced or terminated after the Effective Date, and (iv) survive unimpaired and unaffected irrespective of whether such Indemnification Obligation is owed for an act or event occurring before, on or after the Petition Date; provided, that the Reorganized Debtors must not indemnify officers, directors, members, or managers, as applicable, of the Debtors for any claims or Causes of Action that are not indemnified by such Indemnification Obligation. All such obligations will be deemed and treated as executory contracts to be assumed by the Debtors under the Plan and will continue as obligations of the Reorganized Debtors, and, if necessary to effectuate such assumption under local law, Reorganized AVH must contractually assume such obligations. Any claim based on the Debtors' obligations under the Plan will not be a Disputed Claim or subject to any objection, in either case, by reason of section 502(e)(1)(B) of the Bankruptcy Code.

For the avoidance of doubt, and notwithstanding anything in the Plan, the Reorganized Debtors will retain all Interests in Avianca Enterprises, LLC after the Effective Date. The Reorganized Debtors will be prohibited from liquidating, winding up, dissolving, or taking any other similar action with respect to Avianca Enterprises, LLC for a period of seven (7) years after the Effective Date.

5. Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided in the Plan, each Executory Contract and Unexpired Lease that is assumed and, if applicable, assigned to the Reorganized Debtors, will include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously terminated or is otherwise not in effect.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts or Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases will not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

6. Reservation of Rights

Nothing contained in the Plan will constitute an admission by the Debtors that any Executory Contract or Unexpired Lease is, in fact, an Executory Contract or Unexpired Lease or that the Debtors or the Reorganized Debtors has any liability thereunder.

7. Contracts and Leases Entered into after Petition Date

Contracts and leases entered into after the Petition Date by any Debtor, will be performed by the applicable Debtor or Reorganized Debtor, as the case may be, liable thereunder in the ordinary course of its business or as authorized by the Bankruptcy Court. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order, and, on the Effective Date, will revest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms, except as such terms may have been modified by order of the Bankruptcy Court.

8. Compensation and Benefits Plans

All employment, confidentiality, and non-competition agreements, collective bargaining agreements, offer letters (including any severance set forth therein), bonus, gainshare and incentive programs, vacation, holiday pay, severance, retirement, supplemental retirement, indemnity, executive retirement, pension, deferred compensation, medical, dental, vision, life and disability insurance, flexible spending account, and other health and welfare benefit plans, programs, agreements and arrangements, and all other wage, compensation, employee expense reimbursement, and other benefit obligations (including, for the avoidance of doubt, letter agreements with respect to certain employees' rights and obligations in the event of certain

terminations of their employment in connection with and following the implementation of the Restructuring Transactions) (collectively, the "Compensation and Benefits Plans") are deemed to be, and will be treated as, Executory Contracts under the Plan and, on the Effective Date, will be deemed assumed (or, in the event that AVH is party to such agreements or arrangements, assumed and assigned to Reorganized AVH) pursuant to sections 365 and 1123 of the Bankruptcy Code (in each case, as amended prior to or on the Effective Date); provided, that no employee equity or equity-based incentive plans, or any provisions set forth in any Compensation and Benefits Plans that provide for rights to acquire equity interests in any of the Debtors, including, without limitation, Existing AVH Equity Interests, will be assumed, or deemed assumed, by the Reorganized Debtors, or assumed and assigned, or deemed to be assumed and assigned, to Reorganized AVH.

9. USAV Transaction Documents and USAV Settlement Agreement

Without limiting the procedures relating to the assumption and assumption and assignment of Executory Contracts set forth in Article VI of the Plan, in order to comply with the Debtors' obligations under the USAV Settlement Agreement, Reorganized AVH will assume all obligations of AVH under the USAV Transaction Documents on the Effective Date pursuant to sections 365 and 1123 of the Bankruptcy Code. For the avoidance of doubt, the USAV Settlement Agreement and any amended and restated transaction documents related thereto will survive consummation of the Plan.

10. United Agreements

In order to comply with the Debtors' obligations under the United Omnibus Amendment, the Second United Omnibus Amendment, and the JBA Letter Agreement, notwithstanding anything to the contrary in Article VI of the Plan, on the Effective Date, the United Agreements, as amended or modified pursuant to the United Omnibus Amendment, the Second Omnibus Amendment, and the JBA Letter Agreement, as applicable, will be assumed pursuant to sections 365 and 1123 of the Bankruptcy Code, and the United Agreements as so amended will vest in the Reorganized Debtors pursuant to Article V.F of the Plan and be binding obligations on the Reorganized Debtors.

11. Grupo Aval Settlement Agreement

Without limiting the procedures relating to the assumption and assumption and assignment of Executory Contracts set forth in Article VI of the Plan, in order to comply with the Debtors' obligations under the Grupo Aval Settlement Agreement, Reorganized AVH will assume all obligations of AVH under the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation on the Effective Date pursuant to sections 365 and 1123 of the Bankruptcy Code. For the avoidance of doubt, the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation will survive consummation of the Plan. For the avoidance of doubt, the Visa Colombia Processing Agreement and the Master Agreement (each as defined and as amended pursuant to the Grupo Aval Settlement Agreement) will be deemed assumed pursuant to the Grupo Aval Settlement Order.

E. *Procedures for Resolving Contingent, Unliquidated, and Disputed Claims*

1. Allowance of Claims and Interests

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases before the Effective Date (including the Confirmation Order), no Claim will become an Allowed Claim unless and until such Claim is deemed Allowed pursuant to the Plan or a Final Order (including the Confirmation Order) Allowing such Claim. On and after the Effective Date, each of the Reorganized Debtors will have and retain any and all rights and defenses the corresponding Debtor had with respect to any Claim immediately before the Effective Date.

2. Claims Administration Responsibilities

Except as otherwise expressly provided in the Plan and notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, after the Effective Date, the Reorganized Debtors will have the authority (i) to file, withdraw, or litigate to judgment objections to Claims or Interests; (ii) to settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; and (iii) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court. For the avoidance of doubt, except as otherwise provided in the Plan, from and after the Effective Date, the Reorganized Debtors will have and retain any and all rights and defenses the Debtors had immediately prior to the Effective Date with respect to any Disputed Claim, including the Retained Causes of Action.

3. General Unsecured Claims Observer

The Committee may appoint, as of the Effective Date, a General Unsecured Claims Observer with duties limited to consulting with the Reorganized Debtors with respect to the Allowance of General Unsecured Avianca Claims in excess of $10,000,000; provided, that the General Unsecured Claims Observer will have standing to appear before the Bankruptcy Court with respect to matters arising out of or related to reconciliation, Allowance, and settlement of any General Unsecured Avianca Claims, as well as any objections thereto.

The General Unsecured Claims Observer may employ, without further order of the Bankruptcy Court, professionals to assist in carrying out the duties as limited above, and the General Unsecured Claims Observer Costs, including reasonable professional fees and expenses, will be reimbursed by the Reorganized Debtors in the ordinary course of business in an aggregate amount not to exceed $250,000 as soon as reasonably practicable after invoiced.

Upon the death, resignation or removal of the General Unsecured Claims Observer, the Reorganized Debtors will appoint a successor General Unsecured Claims Observer with approval of the Bankruptcy Court. Upon the resolution of all Disputed General Unsecured Avianca Claims, the General Unsecured Claims Observer will be released and discharged of and from further authority, duties, responsibilities, and obligations relating to and arising from and in connection with the Chapter 11 Cases.

4. Estimation of Claims

Before or after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, may at any time request the Bankruptcy Court to estimate any Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim for all purposes under the Plan. If the estimated amount constitutes a maximum limitation of the amount of such Claim, the Debtors or the Reorganized Debtors, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate Allowance of such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event will any holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such holder has filed a motion requesting the right to seek such reconsideration on or before 21 days after the date on which such Claim is estimated. All of the aforementioned objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims and Interests may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

5. Adjustment to Claims Register Without Objection

Any duplicate Claim or any Claim that has been paid or otherwise satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the claims register by the Debtors or Reorganized Debtors upon stipulation between the parties without an objection to such Claim having to be filed and without any further notice or action, order, or approval of the Bankruptcy Court.

6. Time to File Objections to Claims

The Debtors and Reorganized Debtors, as applicable, will be entitled to object to Claims. After the Effective Date, except as expressly provided in the Plan to the contrary, the Reorganized Debtors will have and retain any and all rights and defenses that the Debtors had with regard to any Claim to which they may object, except with respect to any Claim that is Allowed. Any objections to Proofs of Claim must be served and filed on or before the later of (a) 180 days after the Effective Date, and (b) on such later date as may be fixed by the Bankruptcy Court, after notice and a hearing, upon a motion by the Reorganized Debtors that is filed before the date that is 180 days after the Effective Date. The expiration of such period will not limit or affect the Debtors' rights to dispute Claims asserted in the ordinary course of business other than through a Proof of Claim.

7. Disallowance of Claims

Any Claims held by Persons from whom property is recoverable under sections 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under

sections 522(f), 522(h), 544, 545, 547, 548, or 549 of the Bankruptcy Code, will be deemed Disallowed pursuant to section 502(d) of the Bankruptcy Code, and holders of such Claims will not receive any distributions on account of such Claims until such time as the applicable Cause of Action against that Person has been settled or a Bankruptcy Court order with respect thereto has been entered and, if such Cause of Action has been resolved in favor of the applicable Debtor or Estate, all sums due from that Person have been turned over or paid to the Debtors or the Reorganized Debtors, as applicable. All Claims filed on account of an indemnification obligation to a director, officer, or employee will be deemed satisfied and may be expunged from the Claims Register as of the Effective Date to the extent such indemnification obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order, or approval of the Bankruptcy Court.

8. Amendments to Claims

On and after the Effective Date, a Claim may not be amended without the prior authorization of the Reorganized Debtors or order of the Bankruptcy Court.

9. No Distributions Pending Allowance

If an objection, motion to estimate, or other challenge to a Claim is filed, no payment or distribution will be made on account of such Claim unless and until (and only to the extent that) such Claim becomes an Allowed Claim.

10. Distributions After Allowance

As soon as reasonably practicable after the date that the order or judgment of a court of competent jurisdiction allowing any Disputed Claim becomes a Final Order, the Reorganized Debtors will provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable non-bankruptcy law.

11. Disputed Claims Reserve

Any amounts or property that would be distributable in respect of any Disputed General Unsecured Avianca Claim had such Disputed General Unsecured Avianca Claim been Allowed on the Effective Date, together with all earnings thereon (net of any taxes imposed thereon or otherwise payable by the Disputed Claims Reserve), as applicable, will be deposited in the Disputed Claims Reserve. The amount of, or the amount of property constituting, the Disputed Claims Reserve will be determined prior to the Confirmation Hearing, based on the Debtors' good faith estimates or an order of the Bankruptcy Court estimating such Disputed Claims, and will be established on or about the Effective Date.

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary, or the receipt of a determination by the IRS, the Disbursing Agent will treat the Disputed Claims Reserve as a "disputed ownership fund" governed by Treasury Regulation section 1.468B-9 and to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes. All parties (including the Debtors, the

Reorganized Debtors, the Disbursing Agent, and the holders of Disputed General Unsecured Avianca Claims) will be required to report for tax purposes consistently with the foregoing.

The Disputed Claim Reserve will be responsible for payment, out of the assets of the Disputed Claim Reserve, of any taxes imposed on the Disputed Claim Reserve or its assets. In the event, and to the extent, any Cash in the Disputed Claim Reserve is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets of such reserve (including any income that may arise upon the distribution of the assets in such reserve), assets of the Disputed Claim Reserve may be sold to pay such taxes.

To the extent that a Disputed General Unsecured Avianca Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent will distribute to the holder thereof out of the Disputed Claims Reserve any amount or property to which such holder is entitled hereunder (net of any allocable taxes imposed thereon or otherwise incurred or payable by the Disputed Claims Reserve, including in connection with such distribution). No interest will be paid with respect to any Disputed Claim that becomes an Allowed Claim after the Effective Date.

In the event the remaining assets of the Disputed Claims Reserve are insufficient to satisfy all the Disputed General Unsecured Avianca Claims that have become Allowed, such Allowed General Unsecured Avianca Claims will be satisfied pro rata from such remaining assets. After all assets have been distributed from the Disputed Claims Reserve, no further distributions will be made in respect of Disputed General Unsecured Avianca Claims. At such time as all Disputed General Unsecured Avianca Claims have been resolved, any remaining assets in the Disputed Claims Reserve will be distributed Pro Rata to all holders of Allowed General Unsecured Avianca Claims.

The Disbursing Agent may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of the Disputed Claims Reserve for all taxable periods through the date on which final distributions are made.

12. Claims Resolution Procedures Cumulative

All of the objection, estimation, and resolution procedures with respect to Disputed Claims are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved in accordance with the Plan without further notice or Bankruptcy Court approval.

F. *Provisions Governing Distributions*

1. Timing and Calculation of Amounts to Be Distributed

Unless otherwise provided in the Plan or paid pursuant to a prior Bankruptcy Court order, including, but not limited to, the Foreign Creditors Order, on the Effective Date or, with respect to General Unsecured Avianca Claims, the Initial General Unsecured Claims Distribution Date, or as soon as reasonably practicable thereafter (or, if a Claim is not an Allowed Claim on the Effective Date or, with respect to General Unsecured Avianca Claims, the Initial General Unsecured Claims Distribution Date, on the date that such Claim becomes Allowed or as soon as reasonably practicable thereafter), each holder of an Allowed Claim or Allowed Interest will

receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Interests in the applicable Class. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day.

For the avoidance of doubt, the Reorganized Debtors will retain the ability to pay Claims pursuant to a prior Bankruptcy Court order, including, but not limited to, the Foreign Creditors Order, after the Effective Date.

2. Disbursing Agent

All distributions under the Plan will be made by the Disbursing Agent on the Effective Date or the Initial General Unsecured Claims Distribution Date, as applicable, or (in each case) as soon as reasonably practicable thereafter. If the Disbursing Agent is one or more of the Reorganized Debtors, the Disbursing Agent will not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety will be borne by the Reorganized Debtors.

3. Rights and Powers of Disbursing Agent

a. Powers of the Disbursing Agent

Without further order of the Bankruptcy Court, the Disbursing Agent will be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated hereby; (c) employ professionals and incur reasonable fees and expenses to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

b. Incurred Expenses

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and documented expenses incurred by the Disbursing Agent on or after the Effective Date (including taxes and reasonable attorney fees and expenses) in connection with making distributions will be paid in Cash by the Reorganized Debtors.

4. Delivery of Distributions and Undeliverable or Unclaimed Distributions

a. Delivery of Distributions by Disbursing Agent or Servicer

The Disbursing Agent will make all distributions required under the Plan, except that with respect to distributions to holders of Allowed Claims governed by a separate agreement (which will include the DIP Facility and the Indentures), and administered by a Servicer (which will include the DIP Agent and the Indenture Trustees), the Disbursing Agent, the Debtor, and the applicable Servicer will exercise commercially reasonable efforts to implement appropriate mechanics governing such distributions in accordance with the Plan. All reasonable and

documented fees and expenses of the Servicers (including the reasonable and documented fees and expenses of its counsel and agents) incurred after the Effective Date in connection with making distributions will be paid by the Reorganized Debtors. Notwithstanding anything to the contrary in the Plan or the Confirmation Order, the DIP Agent will not make any distributions or act as the Disbursing Agent in respect of the Exit Facility or any securities of the Reorganized Debtors.

b. Delivery of Distributions in General

Except as otherwise provided in the Plan or prior Bankruptcy Court order, the Disbursing Agent will make distributions to holders of Allowed Claims as of the Distribution Record Date at the address for each such holder as indicated on the proofs of Claims (or, if no Proof of Claim has been filed, the Debtors' records as of the date of any such distribution); provided, however, that the manner of such distributions will be determined at the discretion of Reorganized Debtors.

c. Minimum Distributions

No (A) fractional New Common Equity or Warrants (as applicable) or (B) Cash payment of less than $25.00 will be distributed to a holder of an Allowed Claim on account of such Allowed Claim. When any distribution pursuant to the Plan would otherwise result in the issuance of a number of shares of New Common Equity or Warrants (as applicable) that is not a whole number, the actual distribution of such New Common Equity or Warrants (as applicable) will be rounded as follows: (a) fractions of greater than one-half (½) shares of New Common Equity or Warrants (as applicable) will be rounded to the next higher whole number and (b) fractions of one-half (½) or less of New Common Equity or Warrants (as applicable) will be rounded to the next lower whole number with no further payment therefor. The total number of authorized shares of New Common Equity or Warrants (as applicable), as applicable, to be distributed to holders of Allowed Claims may be adjusted as necessary to account for the foregoing rounding.

d. Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder will be made unless and until the Disbursing Agent has determined the then-current address of such holder, at which time such distribution will be made to such holder without interest; provided, however, that such distributions will be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the date on which such distribution was attempted to be made; provided, further, that the Debtors or Reorganized Debtors, as applicable, will use reasonable efforts to locate a holder if any distribution is returned as undeliverable. After such date, all unclaimed property or interests in property will revert to Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandonment, or unclaimed property laws to the contrary), and the claim of any holder to such property or interest in property will be discharged and forever barred; provided, that all distributions of Cash from the Unsecured Claimholder Cash Pool and, as applicable, the Unsecured Claimholder Enhanced Cash Pool that are unclaimed by holders of Allowed General Unsecured Avianca Claims will be distributed on a

Pro Rata basis to the holders of Allowed General Unsecured Avianca Claims whose distributions were not returned as undeliverable.

5. Exemption from Securities Laws

The offer, issuance, and distribution under the Plan of the New Common Equity and the Warrants will be exempt, without further act or actions by any Entity, from registration under the Securities Act and any other applicable securities laws to the fullest extent permitted by section 1145 of the Bankruptcy Code, except with respect to an Entity that is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code. Subject to the transfer provisions, if any, and other applicable provisions set forth in the New Organizational Documents, these securities may be resold without registration under the Securities Act or other federal securities laws pursuant to the exemption provided by section 4(a)(1) of the Securities Act, unless the holder is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code. In addition, subject to the transfer provisions, if any, and other applicable provisions set forth in the New Organizational Documents, such section 1145 exempt securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states.

(a) The offer, sale, issuance, and distribution under the Plan of any New Common Equity and Warrants issued to an Entity that is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code, will be exempt from registration under the Securities Act and any other applicable securities laws in reliance on the exemption from registration set forth in Section 4(a)(2) under the Securities Act and/or Regulation D promulgated thereunder and on equivalent state law registration exemptions or, solely to the extent such exemptions are not available, other available exemptions from registration under the Securities Act. Such securities will be considered "restricted securities" and may not be transferred except pursuant to an effective registration statement or under an available exemption from the registration requirements of the Securities Act, such as, under certain conditions, the resale provisions of Rule 144 of the Securities Act, subject to, in each case, the transfer provisions, if any, and other applicable provisions set forth in the New Organizational Documents.

(b) Each holder of New Common Equity will be deemed to be a party to, and will be bound to the terms of, the Shareholders Agreement from and after the Effective Date, even if not a signatory thereto.

6. Compliance with Tax Requirements

In connection with the Plan, to the extent applicable, the Reorganized Debtors and the Disbursing Agent will comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions pursuant to the Plan will be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Disbursing Agent will be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all

applicable wage garnishments, alimony, child support and other spousal awards, liens, and encumbrances. Notwithstanding the above, each holder of an Allowed Claim or Allowed Interest that is to receive a distribution under the Plan will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such holder by any governmental unit, including income, withholding and other tax obligations, on account of such distribution. The Debtors have the right, but not the obligation, to not make a distribution until such holder has made arrangements satisfactory to any issuing or disbursing party for payment of any such tax obligations. The Debtors may require, as a condition to receipt of a distribution, that the holder of an Allowed Claim complete and return a Form W-8 or W-9 or similar form, as applicable to each such holder.

7. No Postpetition Interest on Claims and Interests

Unless otherwise specifically provided for in the Plan, the Confirmation Order, or other Bankruptcy Court order, postpetition interest will not accrue or be paid on any Claims or Interests, and no holder of a Claim or Interest will be entitled to interest accruing on or after the Petition Date on any such Claim or Interest.

8. Setoffs and Recoupment

Except for Claims that are expressly Allowed hereunder, the Debtors and the Reorganized Debtors may, but will not be required to, set off against any Claim or Interest (for purposes of determining the Allowed amount of such Claim or Interest on which distribution will be made), any claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the holder of such Claim or Interest; provided, that neither the failure to do so nor the allowance of any Claim or Interest hereunder will constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claim the Debtors or the Reorganized Debtors may have against the holder of such Claim or Interest.

9. Claims Paid or Payable by Third Parties

a. Claims Paid by Third Parties

The Debtors or Reorganized Debtors, as applicable, will reduce in full a Claim, and such Claim will be disallowed without an objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim receives payment (before or after the Effective Date) on account of such Claim from a party that is not a Debtor or Reorganized Debtors; provided, however, if such holder is required to repay all or any portion of a Claim (either by contract or by order of a court of competent jurisdiction) to the party that is not a Debtor or Reorganized Debtor, and such holder in fact repays all or a portion of the Claim to such third party, the repaid amount of such Claim will remain subject to the applicable treatment set forth in the Plan and the respective rights and defenses of the Debtors or Reorganized Debtors, as applicable, and the holder of such Claim. To the extent a holder of a Claim receives a distribution on account of such Claim under the Plan and receives payment from a party that is not a Debtor or the Reorganized Debtor on account of such Claim, such holder must, within ten (10) days of receipt thereof, repay or return the distribution to the applicable Debtor or Reorganized Debtor, to the extent the holder's total recovery on account of such Claim from the

third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such holder to timely repay or return such distribution will result in the holder owing the applicable Reorganized Debtor annualized interest at the federal judgment rate, as in effect as of the Petition Date, on such amount owed for each Business Day after the 10-day grace period specified above until the amount is repaid.

b. Claims Payable by Third Parties

To the extent that one or more of the Debtors' insurers agree to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' payment thereof, the applicable portion of such Claim may be expunged without an objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court; provided, however, if such holder is required to repay all or any portion of a Claim (either by contract or by order of a court of competent jurisdiction) to a Debtor insurer, and such holder in fact repays all or a portion of the Claim to such insurer, the repaid amount of such Claim will remain subject to the applicable treatment set forth in the Plan and the respective rights and defenses of the Debtors or Reorganized Debtors, as applicable, and the holder of such Claim.

c. Applicability of Insurance Policies

Except as otherwise provided in the Plan, distributions to holders of Allowed Claims will be in accordance with the provisions of any applicable insurance policy. Except as otherwise expressly set forth in the Plan, nothing in the Plan will constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity, including any holders of Claims, may hold against any other Entity under any insurance policies, including against insurers or any insured, nor will anything contained in the Plan constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

10. Allocation Between Principal and Accrued Interest

Except as otherwise provided in the Plan, the aggregate consideration paid to holders with respect to their Allowed Claims will be treated pursuant to the Plan as allocated first to the principal amount of such Allowed Claims (to the extent thereof) and, thereafter, to the interest, if any, accrued through the Effective Date.

G. *Settlement, Release, Injunction, and Related Provisions*

1. Compromise and Settlement

The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (1) in the best interests of the Debtors, their Estates, and all holders of Claims, (2) fair, equitable, and reasonable, (3) made in good faith, and (4) approved by the Bankruptcy Court pursuant to applicable bankruptcy law. In addition, the allowance, classification, and treatment of any Allowed Claims of a Released Party take into account any Causes of Action, whether under the Bankruptcy Code or otherwise under applicable non-bankruptcy law, that may exist between the Debtors and any Released Party and, as of the Effective Date, any and all such Causes of Action are settled, compromised, and released as set

forth in the Plan except as specified on the Schedule of Retained Causes of Action. The Confirmation Order will authorize and approve the releases by all Entities of all such contractual, legal, and equitable subordination rights and Causes of Action that are satisfied, compromised, and settled pursuant hereto except as specified on the Schedule of Retained Causes of Action. Notwithstanding anything in the Plan to the contrary, nothing in the Plan will compromise or settle, in any way whatsoever, (i) any Causes of Action that the Debtors or Reorganized Debtors, as applicable, may have against any Entity that is not a Released Party, (ii) any Causes of Action that are preserved pursuant to Article V.N of the Plan, (iii) any Causes of Action included on the Schedule of Retained Causes of Action, or (iv) any Claims or Interests in Unimpaired Classes.

In accordance with the provisions of the Plan, and pursuant to Bankruptcy Rule 9019, without any further notice to, or action, order, or approval of, the Bankruptcy Court, after the Effective Date, the applicable Reorganized Debtors may, in their sole and absolute discretion, compromise and settle (1) Claims (including Causes of Action) against and Interests in the Debtors not previously Allowed (if any) and (2) claims (including Causes of Action) against other Entities.

2. Discharge of Claims and Termination of Interests

Except as otherwise provided in the Plan, effective as of the Effective Date of each applicable Debtor: (a) the rights afforded in the Plan and the treatment of all Claims and Interests will be in exchange for and in complete satisfaction, discharge, and release of all claims and interests of any nature whatsoever, including any interest accrued on such claims from and after the Petition Date, against the applicable Debtors or any of their assets, property or estates; (b) the Plan will bind all holders of Claims against and Interests in such Debtors, notwithstanding whether any such holders failed to vote to accept or reject the Plan or voted to reject the Plan; (c) all Claims and Interests will be satisfied, discharged and released in full, and such Debtors' liability with respect thereto will be extinguished completely, including any liability of the kind specified under section 502(g) of the Bankruptcy Code; and (d) all entities will be precluded from asserting against such Debtors, such Debtors' estates, the applicable Reorganized Debtors, their successors and assigns and their assets and properties any other Claims or Interests based upon any documents, instruments or any act or omission, transaction or other activity of any kind or nature that occurred before the Effective Date.

3. Release of Liens

Except as otherwise expressly provided in the Plan or the Tranche B Equity Conversion Agreement, or in any contract, instrument, release, or other agreement or document that is created, amended or Reinstated pursuant to the Plan (including the Exit Facility Documents, the Grupo Aval Exit Facility Agreement, the USAV Receivable Facility Agreement, the Engine Loan Agreement, and the Secured RCF Agreement), on the Effective Date, and concurrently with the applicable distributions made pursuant to the Plan and the effectiveness of the Exit Facility Documents, the amended Engine Loan Agreement, and the amended Secured RCF Agreement, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates will be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests will revert to the Reorganized Debtors and each of their successors and assigns, and the Exit Facility Indenture Trustee, the DIP Agent, Indenture

Trustees, and Citibank, N.A. (as "Bank" under the Direct Loan) will be directed to release any such mortgages, deeds of trust, Liens, pledges or other security interests held by such holder and to take such actions as may be requested by the Reorganized Debtors to evidence the release of such mortgages, deeds of trust, Liens, pledges or other security interests, including the execution, delivery and filing or recording of any related releases or discharges as may be requested by the Reorganized Debtors or may be required in order to effectuate the foregoing, in each case, at the Reorganized Debtors' sole cost and expense. On and after the Effective Date, the Reorganized Debtors (and any of their respective agents, attorneys or designees) will be authorized to execute and file on behalf of creditors Form UCC-3 termination statements, intellectual property assignments, mortgage or deed of trust releases, or such other forms or release documents in any jurisdiction as may be necessary or appropriate to evidence such releases and implement the provisions of Article IX.C of the Plan, including, for the avoidance of doubt, with respect to the DIP Facility.

4. Releases by the Debtors

Notwithstanding anything contained in the Plan to the contrary, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, to the maximum extent permitted by applicable law, the applicable Debtors and the Estates are deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged each Released Party from, and covenanted not to sue on account of, any and all claims, interests, obligations (contractual or otherwise), rights, suits, damages, Causes of Action (including Avoidance Actions), remedies, and liabilities whatsoever, including any derivative claims assertable by or on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, fixed or contingent, matured or unmatured, disputed or undisputed, liquidated or unliquidated, existing or hereafter arising, in law, equity, or otherwise, that the Debtors or the Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity (including any Debtor), based on or relating to, or in any manner arising from, in whole or in part, the Debtors; the Chapter 11 Cases; the DIP Facility; the issuance, distribution, purchase, sale, or rescission of the purchase or sale of any security of the Debtors or Reorganized Debtors; the assumption, rejection, or amendment of any Executory Contract or Unexpired Lease; the subject matter of, or the transactions or events giving rise to, any Claim or Interest that receives treatment pursuant to the Plan; the business or contractual arrangements between any Debtor and any Released Party; the restructuring of Claims and Interests before or during the Chapter 11 Cases; and the negotiation, formulation, preparation, consummation, or dissemination of (i) the Plan (including, for the avoidance of doubt, the Plan Supplement), (ii) the Exit Facility Documents, (iii) the Disclosure Statement, (iv) the Noteholder RSA, (v) the DIP Facility Documents, or (vi) related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined by a Final Order of a court of competent jurisdiction to have constituted willful misconduct, intentional fraud, or gross negligence. Notwithstanding anything to the contrary in the foregoing, (1) the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, the Exit Facility, or any assumed Executory Contract or Unexpired Lease; and (2) the releases set forth above

do not release any claims or Causes of Action of the Debtors against parties to the Tranche B Equity Conversion Agreement and the United Asset Contribution Agreement for any breach of the provisions thereof; and (3) the releases set forth above will be effective with respect to a Released Party if and only if the releases granted by such Released Party pursuant to Article IX.E of the Plan are enforceable in the jurisdiction(s) in which the Released Claims may be asserted under applicable law.

Entry of the Confirmation Order will constitute the Bankruptcy Court's approval, pursuant to applicable bankruptcy law, of the releases described in Article IX.D of the Plan and will constitute the Bankruptcy Court's finding that such releases (1) are an essential means of implementing the Plan; (2) are an integral and non-severable element of the Plan and the transactions incorporated in the Plan; (3) confer substantial benefits on the Debtors' Estates; (4) are in exchange for the good and valuable consideration provided by the Released Parties; (5) are a good-faith settlement and compromise of the Claims and Causes of Action released by Article IX.D of the Plan; (6) are in the best interests of the Debtors, their Estates, and all holders of Claims and Interests; (7) are fair, equitable, and reasonable; and (8) are given and made after due notice and opportunity for hearing. The releases described in Article IX.D of the Plan will, on the Effective Date, have the effect of *res judicata* (a matter adjudged), to the fullest extent permissible under applicable laws of the Republic of Colombia and any other jurisdiction in which the Debtors operate.

5. Releases by Holders of Claims or Interests

Except as otherwise expressly provided in the Plan, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, to the maximum extent permitted by applicable law, each Releasing Party will be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged the Released Parties from, and covenanted not to sue on account of, any and all claims, interests, obligations (contractual or otherwise), rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims assertable by or on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, fixed or contingent, matured or unmatured, disputed or undisputed, liquidated or unliquidated, existing or hereafter arising, in law, equity or otherwise, that such Releasing Party would have been legally entitled to assert in its own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity (including any Debtor), based on or relating to, or in any manner arising from, in whole or in part, the Debtors; the Chapter 11 Cases; the DIP Facility; the issuance, distribution, purchase, sale, or rescission of the purchase or sale of any security of the Debtors or Reorganized Debtors; the assumption, rejection or amendment of any Executory Contract or Unexpired Lease; the subject matter of, or the transactions or events giving rise to, any Claim or Interest that received treatment pursuant to the Plan; the business or contractual arrangements between any Debtor and any Released Party; the restructuring of Claims and Interests before or during the Chapter 11 Cases; and the negotiation, formulation, preparation, consummation, or dissemination of (i) the Plan (including, for the avoidance of doubt, the Plan Supplement), (ii) the Exit Facility Documents, (iii) the Disclosure Statement, (iv) the Noteholder RSA, (v) the Tranche B Equity Conversion Agreement, (vi) the United Asset Contribution Agreement, (vii) the DIP Facility Documents, or (viii) related agreements, instruments, or other documents, upon any other

act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined by a Final Order of a court of competent jurisdiction to have constituted willful misconduct, intentional fraud, or gross negligence (collectively, the "Released Claims"). Notwithstanding anything to the contrary in the foregoing, (i) the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, any assumed Executory Contract or Unexpired Lease, or agreement or document that is created, amended or Reinstated pursuant to the Plan (including the Exit Facility Documents, the Grupo Aval Exit Facility Agreement, the USAV Receivable Facility Agreement, the Engine Loan Agreement, and the Secured RCF Agreement) and (ii) the releases set forth above do not release any post-Effective Date obligations of the Debtors under the Tranche B Equity Conversion Agreement, the United Asset Contribution Agreement, the United Agreements or the JBA Letter Agreement, or any Claims or Causes of Action for breach that any party to the Tranche B Equity Conversion Agreement, the United Asset Contribution Agreement, the United Agreements or the JBA Letter Agreement may have against any other party to those agreements.

Entry of the Confirmation Order will constitute the Bankruptcy Court's approval, pursuant to applicable bankruptcy law, of the releases described in Article IX.E of the Plan and will constitute the Bankruptcy Court's finding that such releases (a) are an essential means of implementing the Plan; (b) are an integral and non-severable element of the Plan and the transactions incorporated therein; (c) confer substantial benefits on the Debtors' Estates; (d) are in exchange for the good and valuable consideration provided by the Released Parties; (e) are a good-faith settlement and compromise of the Claims and Causes of Action released by Article IX.E of the Plan; (f) are in the best interests of the Debtors, their Estates, and all holders of Claims and Interests; (g) are fair, equitable, and reasonable; (h) are given and made after due notice and opportunity for hearing; and (i) are a bar to any of the parties deemed to grant the releases contained in Article IX.E of the Plan asserting any Claim or Cause of Action released by the releases contained in Article IX.E of the Plan against any of the Released Parties.

The releases described in Article IX.E of the Plan will, on the Effective Date, have the effect of *res judicata* (a matter adjudged), to the fullest extent permissible under applicable laws of the Republic of Colombia and any other jurisdiction in which the Debtors operate.

a. Parties Deemed to Have Granted Releases

The Plan provides that the following Entities and Persons are **deemed to have granted the releases contained in Article IX.E of the Plan**, each in their capacity as such:

- (i) each of the **Released Parties** (other than the Debtors and the Reorganized Debtors);[18]

[18] The Plan defines "Released Parties" as "collectively, each of the following in their capacity as such: (A)(i) the Debtors, (ii) the Reorganized Debtors, (iii) the Committee and its members, (iv) the DIP Agent, (v) the DIP

- (ii) all holders of Claims that **vote to accept** the Plan;
- (iii) all holders of Claims or Interests that are **Unimpaired** under the Plan;
- (iv) all holders of Claims in Classes that are entitled to vote under the Plan but that:
    - (a) **vote to reject** the Plan or **do not vote either to accept or reject** the Plan ***and***
    - (b) **do not opt out** of granting the releases in Article IX.E of the Plan; and
- (v) with respect to each of the foregoing Entities and Persons set forth in clauses (ii) through (iv), all of such Entities' and Persons' respective **Related Parties**.[19]

b. Parties Not Deemed to Have Granted Releases

The Plan provides that the following Entities and Persons are ***not*** **deemed to have granted the releases contained in Article IX.E of the Plan**, each in their capacity as such:

- Holders of Claims or Interests in that are **Impaired and are not entitled to vote** under the Plan; and
- Holders of Claims in Classes that are entitled to vote under the Plan that:
    - (a) **vote to reject** the Plan or **do not vote either to accept or reject** the Plan ***and***
    - (b) ***opt out*** of granting the releases in Article IX.E of the Plan.

IF YOU HOLD A CLAIM IN A CLASS THAT IS ENTITLED TO VOTE UNDER THE PLAN AND YOU (X) VOTE TO REJECT THE PLAN OR (Y) DO NOT VOTE EITHER

Lenders, (vi) the Consenting Noteholders, (vii) the Supporting Tranche B DIP Lenders, (viii) the Exit Facility Indenture Trustee, (ix) the DIP Indenture Trustee; (x) the Exit Facility Lenders, (xi) the Indenture Trustees, and (xii) the Grupo Aval Entities (as defined in the Grupo Aval Settlement Agreement), and (B) with respect to each of the foregoing Entities and Persons set forth in clause (A), all of such Entities' and Persons' respective Related Parties."

The Plan further provides that, "[n]otwithstanding the foregoing, (i) any Entity or Person that opts out of the releases set forth in Article IX.E of the Plan on its Ballot shall not be deemed a Released Party; (ii) any director or officer of the Debtors whose term of service lapsed prior to July 1, 2019 and who did not subsequently hold a director or officer position with any of the Debtors after such date shall not be deemed a Released Party; and (iii) any Entity or Person that would otherwise be a Released Party hereunder but is party to one or more Retained Causes of Action shall not be deemed a Released Party with respect to such Retained Causes of Action."

[19] The Plan defines "Related Parties" as, "with respect to (w) any Entity or Person, (x) such Entity's or Person's predecessors, successors and assigns, parents, subsidiaries, affiliates, affiliated investment funds or investment vehicles, managed or advised accounts, funds, or other entities, and investment advisors, sub-advisors, or managers, (y) with respect to each of the foregoing in clauses (w) and (x), such Entity's or Person's respective current and former officers, directors, principals, members, partners, employees, agents, trustees, advisory board members, financial advisors, attorneys, accountants, actuaries, investment bankers, consultants, representatives, management companies, fund advisors and other professionals; and (z) with respect to each of the foregoing in clauses (w)–(y), such Entity's or Person's respective heirs, executors, estates, servants, and nominees."

TO ACCEPT OR REJECT THE PLAN, **YOU MAY OPT OUT OF GRANTING THE RELEASES IN ARTICLE IX.E OF THE PLAN**.

6. Exculpation

Without affecting or limiting the releases set forth in Article IX.D and Article IX.E of the Plan, and notwithstanding anything in the Plan to the contrary, to the fullest extent permitted by applicable law, no Exculpated Party will have or incur, and each Exculpated Party will be released and exculpated from, any claim or Cause of Action in connection with or arising out of the administration of the Chapter 11 Cases; the negotiation and pursuit of the DIP Facility, the Exit Facility, the Disclosure Statement, any settlement or other acts approved by the Bankruptcy Court, the Tranche B Equity Conversion Agreement, the United Asset Contribution Agreement, the Restructuring Transactions, and the Plan, or the solicitation of votes for, or confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration and implementation of the Plan or the property to be distributed under the Plan; the issuance or distribution of securities under or in connection with the Plan; the issuance, distribution, purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors under or in connection with the Plan; or the transactions in furtherance of any of the foregoing; other than claims or liabilities arising out of or relating to any act or omission of an Exculpated Party that is determined by a Final Order of a court of competent jurisdiction to have constituted willful misconduct, intentional fraud, or gross negligence, but in all respects such Exculpated Parties will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities. The Exculpated Parties have, and upon implementation of the Plan, will be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. This exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable laws, rules, or regulations protecting such Exculpated Parties from liability. Notwithstanding anything to the contrary in the foregoing, the exculpation set forth above does not exculpate any post-Effective Date obligations of any party or Entity under the Plan, the Exit Facility, or any assumed Executory Contract or Unexpired Lease.

7. Injunction

UPON ENTRY OF THE CONFIRMATION ORDER, ALL HOLDERS OF CLAIMS AND INTERESTS AND OTHER PARTIES IN INTEREST, ALONG WITH THEIR RESPECTIVE PRESENT OR FORMER EMPLOYEES, AGENTS, OFFICERS, DIRECTORS, PRINCIPALS, AFFILIATES, AND RELATED PARTIES WILL BE ENJOINED FROM TAKING ANY ACTIONS TO INTERFERE WITH THE IMPLEMENTATION OR CONSUMMATION OF THE PLAN IN RELATION TO ANY CLAIM EXTINGUISHED, DISCHARGED, OR RELEASED PURSUANT TO THE PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES THAT HAVE HELD, HOLD, OR MAY HOLD CLAIMS AGAINST OR INTERESTS IN THE DEBTORS AND OTHER PARTIES IN INTEREST, ALONG WITH THEIR RESPECTIVE PRESENT OR FORMER EMPLOYEES, AGENTS, OFFICERS, DIRECTORS, PRINCIPALS, AFFILIATES, AND RELATED PARTIES ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE RELEASED PARTIES, OR THE EXCULPATED PARTIES (TO THE EXTENT OF THE EXCULPATION PROVIDED PURSUANT TO ARTICLE IX.F OF THE PLAN WITH RESPECT TO THE EXCULPATED PARTIES): (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY LIEN OR ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OR THE ESTATES OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (IV) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM SUCH ENTITIES OR AGAINST THE PROPERTY OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF RIGHT IN A DOCUMENT FILED WITH THE BANKRUPTCY COURT EXPLICITLY PRESERVING SUCH SETOFF, AND NOTWITHSTANDING AN INDICATION OF A CLAIM OR INTEREST OR OTHERWISE THAT SUCH ENTITY ASSERTS, HAS, OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO APPLICABLE LAW OR OTHERWISE; AND (V) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN.

BY ACCEPTING DISTRIBUTIONS PURSUANT TO THE PLAN, EACH HOLDER OF AN ALLOWED CLAIM OR INTEREST EXTINGUISHED, DISCHARGED, OR RELEASED PURSUANT TO THE PLAN WILL BE DEEMED TO HAVE AFFIRMATIVELY AND SPECIFICALLY CONSENTED TO BE BOUND BY THE PLAN, INCLUDING, WITHOUT LIMITATION, THE INJUNCTIONS SET FORTH IN ARTICLE IX.G OF THE PLAN.

THE INJUNCTIONS IN ARTICLE IX.G OF THE PLAN WILL EXTEND TO ANY SUCCESSORS OF THE DEBTORS, THE REORGANIZED DEBTORS, THE RELEASED PARTIES, AND THE EXCULPATED PARTIES AND THEIR RESPECTIVE PROPERTY AND INTERESTS IN PROPERTY.

8. Subordination Rights

The classification and manner of satisfying all Claims and Interests under the Plan take into consideration all subordination rights, whether arising under general principles of equitable subordination, contract, section 510(c) of the Bankruptcy Code, or otherwise, that a holder of a Claim or Interest may have against other Claim or Interest holders with respect to any distribution made pursuant to the Plan. Except as provided in the Plan, all subordination rights that a holder of a Claim may have with respect to any distribution to be made pursuant to the Plan will be discharged and terminated, and all actions related to the enforcement of such subordination rights will be permanently enjoined.

SECTION VI.
VOTING PROCEDURES AND REQUIREMENTS

Before voting to accept or reject the Plan, each holder of a claim entitled to vote (an "Eligible Holder") should carefully review the Plan, which is attached to this Disclosure Statement as **Exhibit A**. All descriptions of the Plan set forth in this Disclosure Statement are subject to the terms and provisions of the Plan.

A. *Voting Deadline*

All Eligible Holders have been sent a Ballot together with this Disclosure Statement. Such holders should read the Ballot carefully and follow the instructions contained therein. Please use only the Ballot that accompanies this Disclosure Statement to cast your vote. Special procedures are set forth below for holders of securities through a broker, dealer, commercial bank, trust company, or other agent or nominee (a "Nominee").

The Debtors have engaged KCC as their Voting Agent to assist in the transmission of voting materials and in the tabulation of votes with respect to the Plan. **FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE VOTING AGENT AT THE ADDRESS SET FORTH BELOW ON OR BEFORE THE VOTING DEADLINE OF 5:00 P.M. (EASTERN TIME) ON [_____], 2021 (the "Voting Deadline"), UNLESS EXTENDED BY THE DEBTORS IN THEIR SOLE DISCRETION.**

Ballots must be delivered to the Voting Agent in accordance with the instructions set forth on the applicable Ballot and actually received by the Voting Deadline. Votes will not be accepted orally, by fax, or by email.

The Debtors encourage all holders of Claims to use the Voting Agent's e-ballot platform, available at http://www.kccllc.net/avianca. If a holder elects to deliver by mail, it is recommended to use an air courier with a guaranteed next day delivery or registered mail, properly insured, with return receipt requested. In all cases, sufficient time should be allowed to ensure timely delivery.

The Debtors expressly reserve the absolute right to extend, by oral or written notice to the Voting Agent, the Voting Deadline. The Debtors will not have any obligation to publish, advertise, or otherwise communicate any such extension, other than by filing a notice on the Bankruptcy Court docket and posting a notice on the Voting Agent's website. There can be no

assurance that the Debtors will exercise any right to extend the solicitation period and Voting Deadline. Except as permitted by the debtors, in their sole discretion, or as permitted by the Bankruptcy Court pursuant to Bankruptcy Rule 3018, Ballots received by the Voting Agent after the Voting Deadline will not be counted or otherwise used in connection with the Debtors' request for Confirmation of the Plan.

AN ELIGIBLE HOLDER HOLDING 2020 NOTES CLAIMS OR 2023 NOTES CLAIMS IN "STREET NAME" THROUGH A NOMINEE MAY VOTE AS FURTHER DESCRIBED BELOW.

IF YOU MUST RETURN YOUR BALLOT TO YOUR NOMINEE, YOU MUST RETURN YOUR BALLOT TO THEM IN SUFFICIENT TIME FOR THEM TO PROCESS IT AND RETURN THE MASTER BALLOT TO THE VOTING AGENT BEFORE THE VOTING DEADLINE.

If a Ballot is damaged or lost, you may contact the Voting Agent at the telephone number or email address set forth below to receive a replacement Ballot. Any Ballot that is executed and returned but that does not indicate an acceptance or rejection of the Plan will not be counted.

If you have any questions concerning voting procedures, you may contact the Voting Agent at:

Avianca Ballot Processing Center

c/o KCC
222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245

U.S./Canada: (866) 967-1780
International: +1 (310) 751-2680
AviancaInfo@kccllc.com

Additional copies of this Disclosure Statement are available upon request made to the Voting Agent, at the telephone numbers or e-mail address set forth immediately above.

B. *Voting Procedures*

The Debtors are providing copies of this Disclosure Statement (including all exhibits and appendices) as part of the Solicitation Package provided to Eligible Holders, which includes a Ballot. Record holders of certain Claims may include Nominees. If such Nominees do not hold Claims for their own account, they must provide copies of the Solicitation Package to their customers that are the Eligible Holders thereof as of the Record Date. Any Eligible Holder that has not received a Ballot should contact its Nominee or the Voting Agent.

Eligible Holders should provide all of the information requested by the Ballot and return all Ballots received in the enclosed, self-addressed, postage-paid envelope provided with each such Ballot either to the Voting Agent or their Nominee, as applicable.

The Record Date for determining which holders are entitled to vote on the Plan is September 9, 2021. The applicable administrative agent or indenture trustee under any debt documents will not vote on behalf of its respective holders. Such holders must submit their own Ballot.

C. *Parties Entitled to Vote*

Under the Bankruptcy Code, only holders of Claims or Interests in "impaired" classes are entitled to vote on the Plan. Under section 1124 of the Bankruptcy Code, a class of Claims or Interests is "impaired" under the Plan unless (1) the Plan leaves unaltered the legal, equitable, and contractual rights to which such Claim or Interest entitles the holder thereof or (2) notwithstanding any legal right to an accelerated payment of such Claim or Interest, the Plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of an impaired Claim or Interest will not receive or retain any distribution under the Plan on account of such Claim or Interest, the Bankruptcy Code deems such holder to have rejected the plan, and, accordingly, holders of such Claims and Interests do not actually vote on the Plan and will not receive a Ballot. If a Claim or Interest is not impaired by the Plan, the Bankruptcy Code presumes the holder of such Claim or Interest to have accepted the Plan and, accordingly, holders of such Claims and Interests are not entitled to vote on the Plan, and thus will not receive a Ballot.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The Bankruptcy Code defines "acceptance" of a plan by a class of (i) Claims as acceptance by creditors in that class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Claims that cast ballots for acceptance or rejection of the Plan and (ii) Interests as acceptance by interest holders in that class that hold at least two-thirds (2/3) in amount of the Interests that cast ballots for acceptance or rejection of the Plan.

The Claims in the following classes are Impaired under the Plan and entitled to vote to accept or reject the Plan:

- **Class 3: Engine Loan Claims**
- **Class 4: Secured RCF Claims**
- **Class 7: Grupo Aval Lines of Credit Claims**
- **Class 11: General Unsecured Avianca Claims**
- **Class 15: General Unsecured Convenience Claims**

Holders of General Unsecured Avianca Claims in Class 11 will receive their distributions in Cash unless they validly elect to receive the Unsecured Claimholder Equity

Package in accordance with the Solicitation Procedures and provide all the information and documentation required thereby.

1. Beneficial Holders

An Eligible Holder that holds a Claim as a record holder in its own name should vote on the Plan by completing and signing a Ballot (a "Beneficial Ballot") and returning it directly to the Voting Agent on or before the Voting Deadline using the enclosed pre-addressed, postage-paid return envelope.

An Eligible Holder holding a Claim in "street name" through a Nominee (each, a "Beneficial Holder") may vote on the Plan by one of the following two methods (as selected by such Eligible Holder's Nominee):

- Complete and sign the enclosed Beneficial Ballot. Return the Beneficial Ballot to your Nominee as promptly as possible and in sufficient time to allow such Nominee to process your instructions and return a completed "master" Ballot (each, a "Master Ballot") to the Voting Agent by the Voting Deadline. If no pre-addressed, postage-paid return envelope was enclosed for this purpose, contact the Voting Agent for instructions; or

- Complete and sign the pre-validated Beneficial Ballot (as described below) provided to you by your Nominee. Return the pre-validated Beneficial Ballot to the Voting Agent by the Voting Deadline using the return envelope provided in the Solicitation Package.

If it is a Nominee's customary and accepted practice to forward the solicitation information to (and collect votes from) Beneficial Holders by voter information form ("VIF"), e-mail, telephone, or other customary means of communication, the Nominee may employ that method of communication in lieu of sending the paper Beneficial Ballot and/or Solicitation Package.

Any Beneficial Ballot returned to a Nominee by an Eligible Holder will not be counted for purposes of acceptance or rejection of the Plan until such Nominee properly completes and delivers to the Voting Agent that Beneficial Ballot (properly validated) or a Master Ballot casting the vote of such Eligible Holder.

If a Beneficial Holder holds Claims in Class 11 (General Unsecured Avianca Claims) through more than one Nominee or through multiple accounts, such Beneficial Holder may receive more than one Beneficial Ballot and each such Beneficial Holder should execute a separate Beneficial Ballot for each block of Claims in Class 11 (General Unsecured Avianca Claims) that it holds through any Nominee and must return each such Beneficial Ballot to the appropriate Nominee. Votes cast by Beneficial Holders through Nominees will be applied to the applicable positions held by such Nominees, as of the Voting Record Date, as evidenced by the applicable securities position report(s) obtained from DTC. Votes submitted by a Nominee pursuant to a Master Ballot will not be counted in excess of the amount of such Claims held by such Nominee as of the Voting Record Date.

If a Beneficial Holder is registered directly with the applicable indenture trustee, the voting amounts of those Claims shall be the amounts set forth on the books and records of the applicable indenture trustee as of the Voting Record Date.

2. Nominees

A Nominee that, on the Record Date, is the record holder of Claims for one or more Eligible Holders can obtain the votes of the Eligible Holders of such Claims, consistent with customary practices for obtaining the votes of securities held in "street name," in one of the following two ways:

- Pre-Validated Ballots. The Nominee may "pre-validate" a Beneficial Ballot by (i) signing the Beneficial Ballot; (ii) indicating on the Beneficial Ballot the amount and the account number of the Claims held by the Nominee for the Beneficial Holder; and (iii) forwarding such Beneficial Ballot, together with the Disclosure Statement, a pre-addressed, postage-paid return envelope addressed to, and provided by, the Voting Agent, and other materials requested to be forwarded, to the Beneficial Holder for voting. The Beneficial Holder must then complete the information requested in the Beneficial Ballot and return the Beneficial Ballot directly to the Voting Agent in the pre-addressed, postage-paid return envelope so that it is **received** by the Voting Agent on or before the Voting Deadline. A list of the Beneficial Holders to whom "pre-validated" Beneficial Ballots were delivered should be maintained by Nominees for inspection for at least one (1) year from the Voting Deadline.

- Master Ballots. If the Nominee elects not to pre-validate Beneficial Ballots, the Nominee may obtain the votes of Beneficial Holders by forwarding to the Beneficial Holders the unsigned Beneficial Ballots, VIF, e-mail, or other customary method of collecting votes from a Beneficial Holder, together with the Disclosure Statement, a pre-addressed, postage-paid return envelope provided by, and addressed to, the Nominee, and other materials requested to be forwarded. Each such Beneficial Holder must then indicate his, her, or its vote on the Beneficial Ballot, complete the information requested on the Beneficial Ballot, review the certifications contained on the Beneficial Ballot, execute the Beneficial Ballot, and return the Beneficial Ballot to the Nominee. If it is accepted practice for a Nominee to collect votes through a VIF, e-mail, or other customary method of communication, the Beneficial Holder shall follow the Nominee's instruction for completing and submitting its votes to the Nominee. After collecting the Beneficial Holders' votes, the Nominee should, in turn, complete a master ballot (the "Master Ballot") compiling the votes and other information from the Beneficial Holders, execute the Master Ballot, and deliver the Master Ballot to the Voting Agent so that it is **received** by the Voting Agent on or before the Voting Deadline. All Beneficial Ballots returned by Beneficial Holders should either be forwarded to the Voting Agent (along with the Master Ballot) or retained by Nominees for inspection

for at least one (1) year from the Voting Deadline. EACH NOMINEE SHOULD ADVISE ITS BENEFICIAL HOLDERS TO RETURN THEIR BENEFICIAL BALLOTS TO THE NOMINEE BY A DATE CALCULATED BY THE NOMINEE TO ALLOW IT TO PREPARE AND RETURN THE MASTER BALLOT TO THE VOTING AGENT SO THAT IT IS RECEIVED BY THE VOTING AGENT ON OR BEFORE THE VOTING DEADLINE.

3. Miscellaneous

All Ballots must be signed by the Eligible Holder, or any person who has obtained a properly completed Ballot proxy from the Eligible Holder by the Record Date. Unless otherwise ordered by the Bankruptcy Court, Ballots that are signed, dated, and timely received, but on which a vote to accept or reject the Plan has not been indicated, will not be counted. The Debtors may request that the Voting Agent attempt to contact such voters to cure any such defects in the Ballots. Any Ballot marked to both accept and reject the Plan shall not be counted. If you return more than one Ballot voting different Claims, the Ballots are not voted in the same manner, and you do not correct this before the Voting Deadline, those Ballots will not be counted. An otherwise properly executed Ballot (other than a Master Ballot) that attempts to partially accept and partially reject the Plan will likewise not be counted.

The Ballots provided to Eligible Holders will reflect the principal amount of such Eligible Holder's Claim; however, when tabulating votes, the Voting Agent may adjust the amount of such Eligible Holder's Claim to reflect the full amount, including prepetition interest.

Under the Bankruptcy Code, for purposes of determining whether the requisite acceptances have been received, only Eligible Holders that actually vote will be counted. The failure of a holder to deliver a duly executed Ballot to the Voting Agent or its Nominee will be deemed to constitute an abstention by such holder with respect to voting on the Plan and such abstentions will not be counted as votes for or against the Plan.

Except as provided below, unless the Ballot is timely submitted to the Voting Agent before the Voting Deadline together with any other documents required by such Ballot, the Debtors may, in their sole discretion, reject such Ballot as invalid, and therefore decline to utilize it in connection with seeking confirmation of the Plan.

4. Fiduciaries and Other Representatives

If a Beneficial Holder Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or another person acting in a fiduciary or representative capacity, such person should indicate such capacity when signing and, if requested, must submit proper evidence satisfactory to the Debtors of authority to so act. Authorized signatories should submit the separate Beneficial Holder Ballot of each Eligible Holder for whom they are voting.

UNLESS THE BALLOT OR THE MASTER BALLOT IS SUBMITTED TO THE VOTING AGENT ON OR BEFORE THE VOTING DEADLINE, SUCH BALLOT WILL BE REJECTED AS INVALID AND WILL NOT BE COUNTED AS AN ACCEPTANCE OR

REJECTION OF THE PLAN; *PROVIDED*, *THAT* THE DEBTORS RESERVE THE RIGHT, IN THEIR SOLE DISCRETION, TO REQUEST THE BANKRUPTCY COURT TO ALLOW SUCH BALLOT TO BE COUNTED.

D. *Multiple Claims Within Class*

To the extent a holder of Claims holds multiple Claims within a particular Class, the Debtors may, in their discretion, instruct the Voting Agent to aggregate, to the extent possible, such holder's Claims for purposes of counting votes.

E. *Agreements upon Furnishing Ballots*

The delivery of an accepting Ballot pursuant to one of the procedures set forth above will constitute the agreement of the corresponding creditor with respect to such Ballot to accept: (a) all of the terms of, and conditions to, this Solicitation; and (b) the terms of the Plan including the injunction, releases, and exculpations set forth in Article IX of the Plan. All parties in interest retain their right to object to confirmation of the Plan pursuant to section 1128 of the Bankruptcy Code, subject to any applicable terms of the RSAs.

F. *Withdrawal or Change of Votes on Plan*

Subject to the provisions of the RSA, any Eligible Holder that has previously submitted to the Voting Agent before the Voting Deadline a properly completed Ballot may revoke its Ballot and change its vote by submitting to the Voting Agent before the Voting Deadline a subsequent, properly completed Ballot voting for acceptance or rejection of the Plan. If more than one timely, properly completed Ballot is received with respect to the same Claim, the Ballot that will be counted for purposes of determining whether sufficient acceptances required to confirm the Plan have been received will be the Ballot that the Voting Agent determines in its sole discretion was the last to be received. However, if a holder timely submits both a paper Ballot and E-Ballot on account of the same Claim, the E-Ballot shall supersede the paper Ballot, even if the paper Ballot is received later.

G. *Waivers of Defects, Irregularities, etc.*

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawals of Ballots will be determined by the Voting Agent or the Debtors, as applicable, in their sole discretion, which determination will be final and binding. The Debtors reserve the right to reject any and all Ballots submitted by any of their respective creditors not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, as applicable, be unlawful. The Debtors further reserve their respective rights to waive any defects or irregularities or conditions of delivery as to any particular Ballot. The interpretation (including the Ballot and the respective instructions thereto) by the applicable Debtor, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determines. Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy

Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

H. *Requirement to File a Proof of Claim*

Any person or entity that is required to timely file a proof of claim in the form and manner specified by the Claims Bar Date Order and who failed to do so on or before the Claims Bar Date associated with such claim shall not, with respect to such claim, be treated as a creditor of the Debtors for the purposes of voting on the Plan.

I. *Further Information; Additional Copies*

If you have any questions or require further information about the voting procedures for voting your claims or about the packet of material you received, or if you wish to obtain an additional copy of the Plan, the Disclosure Statement, or any exhibits to such documents, please contact the Voting Agent.

SECTION VII.
CONFIRMATION OF THE PLAN

A. *Confirmation Hearing*

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a confirmation hearing upon appropriate notice to all required parties. Notice of the confirmation hearing will be provided to all known creditors and equity holders or their representatives. The confirmation hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the continuation date made at the confirmation hearing, at any subsequent continued confirmation hearing, or notice filed on the docket for the Chapter 11 Cases.

B. *Objections to Confirmation*

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to the confirmation of a chapter 11 plan. Any objection to confirmation of the Plan must (i) be in writing, (ii) conform to the Bankruptcy Rules and the Local Rules, (iii) set forth the name of the objector, the nature of the Claims or Interests asserted by the objector, and (iv) state with particularity the legal and factual basis for the objection. Objections must be filed with the Bankruptcy Court, together with proof of service, and must be served on the following parties so as to be received no later than [_____].

a) **Debtors**:
Avianca Holdings S.A.
Avenida Calle 26 # 59 – 15
Bogotá D.C., Colombia
Attn: Richard Galindo Sanchez

b) **Counsel to Debtors**:
Milbank LLP
55 Hudson Yards
New York, NY 10001
Attn: Gregory A. Bray
Evan Fleck
Benjamin Schak
Kyle R. Satterfield

c) **Counsel to the Committee**:
Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019
Attn: Brett Miller
Todd Goren

d) **Office of the U.S. Trustee**:
William K. Harrington
Office of the U.S. Trustee for Region 2
201 Varick Street, Room 1006
New York, NY 10014
Attn: Brian Masumoto
Greg Zipes

An objection to Confirmation may not be considered by the Bankruptcy Court if it is not timely served and filed.

C. *Requirements for Confirmation of Plan – Consensual Confirmation*

The Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for Confirmation are that the Plan is feasible and is in the "best interests" of holders of Claims and Interests that are Impaired under the Plan.

1. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization. This requirement is often referred to as the "feasibility" requirement. The Debtors believe that the Plan satisfies this requirement.

For purposes of determining whether the Plan meets this requirement, the Debtors, in consultation with its financial advisors, have analyzed their ability to meet the obligations that they will incur or assume under the Plan. As part of that analysis, the Debtors have prepared consolidated projected financial results (the "Financial Projections") for each fiscal year following the Effective Date through 2028. These Financial Projections, and the assumptions on which they are based, are attached to this Disclosure Statement as **Exhibit D**.

The Debtors prepared the Financial Projections based on certain assumptions that the Debtors believe to be reasonable at the time of preparation. Those of these assumptions that the Debtors consider to be significant are described in the Financial Projections. The Financial Projections have not been prepared or examined by independent accountants. Many of the assumptions on which the Financial Projections are based are subject to significant uncertainties. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect actual financial results. Therefore, the actual results achieved throughout the period covered by the Financial Projections may vary materially from the projected results. All holders of Claims who are entitled to vote to accept or reject the Plan are urged to carefully examine, in consultation with their financial advisors, all of the assumptions on which the Financial Projections are based in evaluating the feasibility of the Plan.

2. Best Interests Test

Section 1129(a)(7) of the Bankruptcy Code, known as the "best interests" test, requires the Debtors to show that each holder of an Impaired Claim or Interest that voted to reject the Plan, will receive, under the Plan, property with a value not less than the amount that such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date. Based on the Liquidation Analysis attached to this Disclosure Statement as **Exhibit C**, the Debtors believe that all holders of Impaired Claims and Interests will receive, under the Plan, property with a value greater than or equal to the value that they would have received in a chapter 7 liquidation.

To estimate the potential recoveries in a chapter 7 liquidation, the Debtors estimated the amount of liquidation proceeds that might be available for distribution (net of liquidation costs) and the allocation of those proceeds among the Classes of Claims and Interests based on their relative priorities under chapter 7 of the Bankruptcy Code.

The net amount of value available in a liquidation to the holders of unsecured Claims would be reduced by, first, the Claims of secured creditors to the extent of the value of their respective collateral and, second, the administrative expenses and priority claims allowed in chapter 7. Those administrative expenses would include the compensation of a trustee, as well as counsel and other professionals retained by the trustee, asset disposition expenses, applicable taxes, litigation costs, unpaid administrative expenses incurred by the Debtors and the Committee in the Chapter 11 Cases, and Claims arising from the Debtors' operations during the Chapter 11 Cases. The liquidation itself may trigger certain priority Claims that would otherwise be due in the ordinary course of business. Those priority Claims would have to be paid in full from the liquidation proceeds before any balance would be made available to pay unsecured Claims. The liquidation would also prompt the rejection of executory contracts and unexpired leases, and thereby create a significantly greater aggregate amount of unsecured Claims.

In a chapter 7 liquidation, no junior Class of Claims or Interests may be paid unless all Classes of Claims or Interests senior to such junior Class are paid in full. Section 510(a) of the Bankruptcy Code provides that subordination agreements are enforceable in a bankruptcy case to the same extent that such subordination agreements are enforceable under applicable non-bankruptcy law. Therefore, no Class of Claims or Interests that is contractually subordinated to another Class would receive any payment on account of its Claims or Interests, unless and until

such senior Class was paid in full. If the probable distribution to unsecured creditors, net of all of the foregoing, has a value greater than the value of distributions to be received by the unsecured creditors under the Plan, the Plan is not in the best interests of creditors and cannot be confirmed by the Bankruptcy Court.

The Liquidation Analysis demonstrates that each holder of Impaired Claims and Interests will receive at least as much, if not more, under the Plan as it would receive if the Debtors were liquidated in chapter 7. Therefore, the Debtors believe that the Plan satisfies the requirements of the "best interests" test.

D. *Requirements for Confirmation of Plan – Non-Consensual Confirmation*

Under the Bankruptcy Code, an impaired class of claims accepts a chapter 11 plan if holders of (i) two-thirds (2/3) in amount and (ii) a majority in number of the allowed claims in the class vote to accept the plan. Claims of the holders that fail to vote are not counted in determining the thresholds for acceptance of the plan.

If any impaired class of claims or interests votes to reject the Plan or is deemed to reject the plan, the Bankruptcy Code nevertheless allows the plan to be confirmed over that class's rejection, so long as the Plan satisfies (i) each of the requirements of section 1129(a) other than the requirement for acceptance by each impaired class and (ii) certain additional requirements set forth in section 1129(b) discussed below. This power to confirm a plan over dissenting classes – often referred to as a "cram down" –assures that no single group of claims or interests can block a restructuring that otherwise meets the requirements of the Bankruptcy Code and is in the interests of the other constituents in the case.

Under section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm the Plan over rejection by an Impaired Class of Claims or Interests if the Plan (i) is accepted by at least one Impaired Class of Claims, (ii) "does not discriminate unfairly," and (iii) is "fair and equitable" with respect to each dissenting Impaired Class.

1. Unfair Discrimination

The "unfair discrimination" test applies to Classes of Claims or Interests that are of equal priority and legal character but are receiving different treatment under the Plan. The test does not require that the treatment be the same, but that such treatment be "fair." Bankruptcy courts take into account a number of factors in determining whether a plan discriminates "unfairly," and, accordingly, a plan could treat two classes of unsecured claims differently without unfairly discriminating against the class receiving inferior treatment. This test applies only to Classes that reject or are deemed to reject the plan.

2. Fair and Equitable

A chapter 11 plan is fair and equitable with respect to a dissenting class only if no class senior to such dissenting class receives more than it is entitled to on account of such senior claims or interests. The "fair and equitable" test imposes certain statutory requirements that depend on the type of claims or interests in the dissenting class.

To be fair and equitable with respect to a dissenting class of impaired secured claims, a chapter 11 plan must provide that each holder of claims in such class either (i) retains its liens on the property subject to such liens (or if sold, on the proceeds thereof) to the extent of the allowed amount of its secured claim and receives deferred cash payments having a value, as of consummation of the chapter 11 plan, of at least such allowed amount or (ii) receives the "indubitable equivalent" of its secured claim.

To be fair and equitable with respect to a dissenting class of impaired unsecured claims, a chapter 11 plan must provide that either (i) each holder of a claim in such class receives or retains property having a value, as of consummation of the chapter 11 plan, equal to the allowed amount of its unsecured claim or (ii) no holder of claims or interests that are junior to the claims in the dissenting class will receive or retain any property under the chapter 11 plan.

To be fair and equitable with respect to a dissenting class of impaired equity interests, a chapter 11 plan must provide that either (i) each holder of an interest in such class receives or retains property having a value, as of consummation of the chapter 11 plan, equal to the greater of (A) the allowed amount of any fixed liquidation preference or fixed redemption price of its interest and (B) the value of its interest or (ii) no holders of interests that are junior to the interests in the dissenting class will receive or retain any property under the chapter 11 plan.

The Debtors believe the Plan does not discriminate unfairly and satisfies the "fair and equitable" requirement with respect to each Class. As noted above, under the Global Plan Settlement, recoveries for General Unsecured Avianca Claims are being carved out of the value of the collateral securing the Tranche B DIP Facility Claims and would not otherwise be available to holders of such Claims without the consent of holders of Tranche B DIP Facility Claims, which consent was obtained in connection with good-faith, arms'-length negotiations among the Debtors, the Committee, and holders of Tranche B DIP Facility Claims.

If all Confirmation requirements (other than acceptance by each Impaired Class) are satisfied, the Debtors will ask the Bankruptcy Court to confirm the Plan under section 1129(b) of the Bankruptcy Court.

SECTION VIII.
RISK FACTORS

Before voting to accept or reject the Plan, holders of Claims who are entitled to vote should read and carefully consider the Plan and all of the information in this Disclosure Statement, including the risk factors set forth in this Section VIII and including all other information that this Disclosure Statement refers to or incorporates.

The risks described in this Section VIII should not be regarded as the only risks associated with the Plan or its implementation. Additional risk factors identified in the Debtors' public filings with the SEC may also be relevant and should be reviewed and considered in conjunction with this Disclosure Statement. New risks may emerge from time to time, and it is impossible to predict all such risks and uncertainties.

A. *Bankruptcy Law Considerations*

The Debtors cannot predict the amount of time needed to implement the Plan.

Lengthy chapter 11 cases could disrupt the Debtors' businesses, impair prospects for reorganization on terms contained in the Plan, and provide an opportunity for other plans to be proposed.

The Debtors cannot be certain that the Chapter 11 Cases will be of short duration or will not be materially disruptive to the Debtors' businesses. If the Debtors are unable to obtain confirmation of the Plan for any reason, the Debtors may be forced to operate in chapter 11 for an extended period while trying to develop a different chapter 11 plan that can be confirmed. The Debtors cannot assure parties in interest that the Plan will be confirmed, and even after confirmation of the Plan, it is impossible to predict with certainty the amount of time that will be needed to implement the complex transactions that the Plan anticipates. Moreover, the Bankruptcy Code limits the time during which the Debtors will have the exclusive right to file a plan, before other parties in interest are permitted to propose and file alternative plans.

A long chapter 11 case may also involve additional expenses and divert the attention of management from operation of the business, as well as create concerns for personnel, vendors, suppliers, service providers and customers. Even if the Plan is confirmed, the bankruptcy proceedings may adversely affect the Debtors' relationships with key customers and employees. Significant delay may result in the termination of the Noteholder RSA, the DIP Facility, and/or the Tranche B Equity Conversion Agreement due to missed milestones, other termination events, or other applicable events of default, to the extent that the Debtors are unable to obtain waivers or amendments from the relevant consenting stakeholders or lenders.

The Debtors may be unable to obtain confirmation of the Plan.

Although the Debtors believe that the Plan will satisfy all requirements for confirmation (including "cramdown" requirements), there can be no assurance that the Bankruptcy Court will reach the same conclusion. Modifications to the Plan may be required for confirmation, and those modifications may be sufficiently material to require re-solicitation of votes on the Plan.

If the Plan is not confirmed, there can be no assurance that the Chapter 11 Cases will continue; the Chapter 11 Cases may instead be converted into liquidation cases under chapter 7 of the Bankruptcy Code. Likewise, there can be no assurance that any alternative chapter 11 plan or plans will be on terms as favorable to the holders of Claims as the terms of the Plan. If a liquidation or a protracted reorganization occurs, there is a substantial risk that the Debtors' going concern value will be substantially eroded to the detriment of all stakeholders. See Section XI.A of this Disclosure Statement, as well as the Liquidation Analysis attached as **Exhibit C**, for a discussion of the effects that a chapter 7 liquidation may have on creditor recoveries.

The Bankruptcy Court may not order the Avianca Plan Consolidation.

The Plan is premised upon the consolidation of the estates of the Avianca Debtors with one another, solely for purposes of the Plan, including voting, Confirmation, the occurrence of the Effective Date, and distribution. The Debtors can provide no assurance, however, that a

party in interest will not object to the Avianca Plan Consolidation or that the Bankruptcy Court will determine that the Avianca Plan Consolidation is appropriate.

As set forth more fully in Article V.B of the Plan, in the event that the Bankruptcy Court orders only partial, or does not order, Avianca Plan Consolidation, the Debtors reserve the right to (i) proceed with no or partial Avianca Plan Consolidation, (ii) propose one or more Sub-Plans, (iii) proceed with confirmation of one or more Sub-Plans to the exclusion of the other Sub-Plans, (iv) withdraw some or all of the Sub-Plans, or (v) withdraw the Plan. Subject to the immediately preceding sentence, the Debtors' inability to obtain approval of the Avianca Plan Consolidation or confirm any Sub-Plan, or the Debtors' election to withdraw the Avianca Plan Consolidation or any Sub-Plan, shall not impair confirmation or consummation of any other Sub-Plan. In the event that the Bankruptcy Court does not order the Avianca Plan Consolidation, (i) Claims against a particular Debtor will be treated as Claims against solely such Debtor's Estate for all purposes and administered as provided in the applicable Sub-Plan and (ii) the Debtors will not be required to resolicit votes with respect to the Plan or the applicable Sub-Plan.

The Effective Date may not occur.

Although the Debtors believe that the Effective Date will occur soon after the Confirmation Date and that there is not a material risk that the Debtors will not be able to obtain the necessary governmental approvals (including any antitrust approval), there can be no assurance as to the occurrence or timing of the Effective Date. The Debtors expect that the transactions contemplated under the Plan may require review under the antitrust laws of certain jurisdictions. The Effective Date is also subject to certain conditions precedent, including with respect to the Grupo Aval Settlement Agreement, as set forth in Article X.A of the Plan. Failure to meet any of these conditions could prevent the Effective Date from occurring.

If the Effective Date does not occur, the Plan shall be null and void in all respects and the Confirmation Order may be vacated. In that case, no distributions will be made under the Plan, the Debtors and all holders of Claims and Interests will be restored to the status quo ante immediately prior to Confirmation, and the Debtors' obligations with respect to Claims and Interests will remain unchanged.

The Noteholder RSA may be terminated.

The Noteholder RSA contains provisions that give the respective consenting stakeholders the right to terminate the Noteholder RSA if certain conditions are not satisfied. Termination of the Noteholder RSA could make Confirmation of the Plan impossible and result in protracted Chapter 11 Cases, which could significantly and detrimentally affect the Debtors' relationships with, among others, vendors, suppliers, employers, and customers.

The Tranche B Equity Conversion Agreement may be terminated, and the Tranche B Equity Contribution may not be available.

The Tranche B Equity Conversion Agreement contains provisions that give the consenting stakeholders the right to terminate that agreement if certain conditions are not satisfied. Termination of the Tranche B Equity Conversion Agreement could make Confirmation of the Plan

impossible and result in protracted Chapter 11 Cases, which could significantly and detrimentally affect the Debtors' relationships with, among others, vendors, suppliers, employers, and customers.

Further, the Debtors' ability to convert the Tranche B DIP Facility Claims into New Common Equity and the obligation of the applicable Tranche B Lenders to make the Tranche B Equity Contribution are subject to the satisfaction of certain conditions precedent. The Debtors cannot give assurances that these conditions precedent will be satisfied. If the Debtors cannot satisfy such conditions precedent, the Debtors' ability to consummate the Plan will be materially and adversely affected.

The DIP Facility may be terminated.

The DIP Facility, along with the use of cash collateral, is intended to provide liquidity to the Debtors during the pendency of the Chapter 11 Cases. If the Chapter 11 Cases take longer than expected to conclude, the Debtors may exhaust or lose access to their financing. Unless the Debtors receive necessary waivers or are able to refinance the DIP Facility, the DIP Facility will mature on November 10, 2021. If the DIP Facility matures, the Debtors also would lose access to cash collateral to operate their business. There is no assurance that the Debtors will be able to obtain additional financing from the Debtors' existing lenders or otherwise, nor is there any assurance that the Debtors will receive consent from the DIP Lenders to continue to use their cash collateral in the event that the DIP matures. If the DIP Facility matures (or otherwise terminates), the Debtors may lose their option to convert the Tranche B DIP Facility Claims into equity in Reorganized AVH and may therefore be required to pay the Tranche B DIP Facility Claims in cash. In either such case, the liquidity necessary for the orderly functioning of the Debtors' business may be materially impaired.

Parties in interest may oppose or object to the Plan.

Parties in interest could oppose and object to either the entirety of the Plan or specific provisions of the Plan. Although the Debtors believe that the Plan complies with all relevant Bankruptcy Code provisions, there can be no guarantee that a party in interest will not file an objection to the Plan or that the Bankruptcy Court will not sustain such an objection.

Releases, injunctions and exculpations contained in the Plan may not be approved.

Article IX of the Plan provides for certain releases, injunctions, and exculpations, for Claims and Causes of Action that may otherwise be asserted against the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties. The releases, injunctions, and exculpations provided in the Plan may be objected to by parties in interest and may not be approved by the Bankruptcy Court. If the releases and exculpations are not approved, certain Released Parties or Exculpated Parties may withdraw their support for the Plan.

The Debtors may be unable to obtain prompt and effective enforcement of the Bankruptcy Court's orders in relevant jurisdictions outside the United States, including Colombia, Panama, and the United Kingdom.

The Reorganized Debtors may seek to obtain recognition or enforcement of the Plan and the Confirmation Order in jurisdictions outside the United States, including jurisdictions

where the Debtors and/or the Reorganized Debtors are organized or conduct operations. Failure to obtain prompt and effective recognition and enforcement could prevent the Debtors and the Reorganized Debtors from implementing the Plan or effectuating an orderly reorganization under the Bankruptcy Code. If the Plan is not given effect outside the United States, there can be no assurance that the Chapter 11 Cases will continue. The Chapter 11 Cases may instead be converted into liquidation cases under the chapter 7 of the Bankruptcy Code, or the Debtors or the Reorganized Debtors may be forced to liquidate, dissolve, or attempt reorganization under non-U.S. laws. If the Debtors or Reorganized Debtors fail to obtain recognition and enforcement of the Plan, there is a substantial risk that the Debtors' going concern value will be substantially eroded to the detriment of all stakeholders.

B. *Risks Associated with the Debtors' Business and Industry*

The airline industry is highly competitive.

The airline industry is highly competitive, including in the markets in which the Debtors operate. Historically, the Debtors have had among the highest operating costs of Colombian airlines, partially due to their route structure and fleet mix. The restructuring outlined in this Disclosure Statement includes steps to address this competitive disadvantage, including labor cost reductions, fleet rationalization, network redesign, and financial restructuring. Given the industry and economic environment, however, it is likely that major competitors will implement their own restructuring initiatives. The effects of other airlines' restructuring actions on Avianca's competitive cost position cannot yet be determined. Because the Colombian airline industry is highly competitive, there can be no assurance that the Reorganized Debtors will be able to preserve their current market positions.

Fuel prices are volatile.

Aviation fuel is one of the most significant expenses for an airline. Its price is directly influenced by the price of crude oil, which, in turn, is influenced by a wide variety of macroeconomic and geopolitical events beyond the control of the Reorganized Debtors.

If the future price of aviation fuel is higher than the prices assumed in this Disclosure Statement's projections, the financial performance of the Reorganized Debtors could be materially and adversely impacted. In particular, hostilities in the Middle East could disrupt the supply of crude oil and lead to increased fuel costs.

The Debtors' business is subject to Colombian and international regulations.

The airline industry is highly regulated, and the imposition of new or modified regulations can have a significant impact on the Reorganized Debtors. For example, governmental agencies may enact new regulations relating to environmental, safety, security, scheduling, or other industry-related matters. Such regulations could have a material adverse effect on the Reorganized Debtors' financing condition and operational results by increasing operating expenses or restricting the Reorganized Debtors' operations.

Colombian regulation of the civil aviation industry does not significantly vary from the regulatory scheme of most other countries. Generally speaking, Colombian and foreign airlines

are allowed to compete in the market under principles of free competition. However, the government is empowered to impose restrictions to prevent unfair competition and abuses by persons or companies having a preeminent position in the marketplace, as well as to guarantee efficiency and safety.

Colombia is a party to the Chicago Convention for International Air Transportation. Accordingly, the internal rules and regulations applicable to the airline industry, known as the *Reglamentos Aeronáuticos de Colombia* (Colombian Aeronautical Regulations), comply with the standard rules, regulations, and recommended practices for the industry established by the International Civil Aviation Organization.

Pursuant to the legislation in force in Colombia, any company willing to operate in the country as a public transportation company for commercial air services, as is the case for Avianca, must hold an operations permit and a certificate of operations issued by the *Unidad Administrativa Especial de Aeronáutica Civil* (Civil Aviation Authority of Colombia or "Aerocivil"). Aerocivil will grant an operations permit and certificate of operations only after a company proves its administrative, technical, and financial capabilities for the activities proposed to be conducted. Furthermore, an airline must maintain those capabilities, and these permits and certificates can be neither assigned nor transferred.

Although Colombia has substantially loosened its historical restrictions on foreign investment in the air transportation industry, a limited number of bilateral air transportation agreements between Colombia and other countries (including the United Kingdom and the United States) still require that Colombian nationals maintain substantial ownership and effective control of airlines that are permitted to exercise air traffic rights under those bilateral agreements. Following consummation of the Plan, the Reorganized Debtors may not meet the requirements of some bilateral agreements to which Colombia is a party. Although the Debtors expect to seek all necessary waivers, no assurances can be given that the Reorganized Debtors will receive such waivers.

Certain contracts are subject to change of control provisions.

The Debtors and their subsidiaries (including non-Debtor LifeMiles entities) are party to certain contracts that include change of control provisions. In some instances, the Debtors may need to obtain waivers of these provisions from the respective contracting parties to these contracts so as not to be in default. However, the receipt of such waivers is not a condition precedent to either Confirmation or to the Effective Date. If the Debtors are unable to secure such waivers, the consequences of them being in breach of such contracts might have a material adverse impact upon the Reorganized Debtors' operations and their financial condition.

Avianca is subject to competitive price discounting.

The airline industry is highly competitive and susceptible to price discounting, particularly in the international markets. Under domestic Colombian law, carriers are not restricted in setting domestic fares so long as such fares fall within the then-effective, government-approved range of fares (which are adjusted annually) and fares offered by one airline are frequently matched by competing airlines. Despite the improved financial condition of the Reorganized Debtors as a

result of the reorganization, the Reorganized Debtors may have difficulty withstanding a prolonged industry recession, fare war or other unforeseen circumstances or crisis, which may adversely and materially affect the operations and financial performance of the Reorganized Debtors.]

The Debtors may be subject to labor disputes.

The Debtors have various collective bargaining agreements ("CBAs") with their pilots, their flight attendants, and their ground personnel. There can be no assurance that major disputes, including disputes with any certified collective bargaining representatives of the Reorganized Debtors' employees, will not arise in the future. Those disputes and the costs associated with their resolution could adversely affect the Reorganized Debtors' operations and financial performance.

The COVID-19 pandemic may continue to impair the Debtors' business and financial condition.

Global financial markets have experienced significant volatility and losses as a result of the ongoing COVID-19 pandemic. This pandemic, and the actions taken by federal, state and local governments in response thereto, have significantly affected virtually all facets of the global economy. Restrictions on, and public concern regarding, travel and public interaction have materially curtailed air passenger travel. The COVID-19 pandemic resulted in the temporary grounding of the Debtors' passenger fleet and may result in extended groundings in the future.

Quarantines and other measures imposed in response to the COVID-19 outbreak, as well as ongoing concern regarding the virus' potential impact, have had and will likely continue to have a negative effect on economies and financial markets, including supply chain issues and other business disruptions. The timely delivery of goods to the Debtors' by their suppliers could be adversely affected by supply chain disruptions. The Debtors expect that the COVID-19 pandemic will materially affect results in the current and potentially future operating periods; however, the duration and extent of potential disruptions is highly uncertain and will depend on future developments with respect to, among other things, the pace of ongoing worldwide vaccination efforts, the formation of new variants of the virus, the efficacy of vaccines with respect to new variants of the virus, and the spread and severity of the virus. An extended period of further economic deterioration could exacerbate the other risks described herein. Additional effects of the recent conditions in the global economy include higher rates of unemployment, consumer hesitancy, and limited availability of credit, each of which may constrict the Debtors' business operations.

These have had a material effect on the Debtors' revenue growth and incoming payments, and the impact may continue. If these or other conditions limit the Debtors' ability to grow revenue or cause the Debtors' revenue to decline and the Debtors cannot reduce costs on a timely basis or at all, the Debtors' operating results may be materially and adversely affected.

C. *Risks Related to Ownership of New Common Equity and Warrants*

A liquid trading market for the New Common Equity and/or the Warrants may not develop.

There is currently no market for the New Common Equity or the Warrants, and there can be no assurance as to the development or liquidity of any market for any such securities.

The New Common Equity and the Warrants may, therefore, be illiquid securities without an active trading market. The Reorganized Debtors may be under no obligation to list the New Common Equity on any national securities exchange. There can be no assurance that an active trading market for the New Common Equity will develop, nor can any assurance be given as to the prices at which the New Common Equity might be traded, even if an active trading market develops. Accordingly, holders of the New Common Equity may bear certain risks associated with holding securities for an indefinite period of time.

The New Common Equity and the Warrants may be subject to restrictions on transfers.

Any New Common Equity or Warrants issued to an entity that is an "underwriter," as defined in section 1145(b) of the Bankruptcy Code, will be "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only pursuant to registration or an applicable exemption from registration under the Securities Act and other applicable law. In addition, while the New Common Equity and the Warrants will not be freely tradable if, at the time of a transfer, the holder is an "affiliate" of the Reorganized Debtors as defined in Rule 144(a)(1) under the Securities Act or had been such an "affiliate" within 90 days of the transfer. "Affiliate" holders will be permitted to sell New Common Equity or Warrants without registration only if they comply with an exemption from registration, including Rule 144 under the Securities Act.

The New Common Equity and the Warrants will not be registered under the Securities Act or any other securities laws, and the Debtors make no representation regarding the right of any holder to freely resell securities.

The terms of the New Organizational Documents and the Shareholder Agreement are expected to contain prohibitions on the transfer of the New Common Equity, to the extent such transfer would subject the Reorganized Debtors to the registration and reporting requirements of the Securities Act and the Securities Exchange Act. Furthermore, the terms of the New Organizational Documents and the Shareholder Agreement may contain additional transfer restrictions.

The New Common Equity may become diluted.

The ownership percentage represented by the New Common Equity distributed on the Effective Date will be subject to dilution from the equity issued in connection with the Tranche B Equity Contribution; equity issued pursuant to any employee or management incentive plans, any other shares that may be issued in connection with the Plan or post-emergence in accordance with the terms of the New Organization Documents, and the conversion of any options, warrants, convertible securities, exercisable securities, or other securities that may be issued post-emergence.

Ownership of the New Common Equity may be concentrated in the hands of a limited number of holders.

The Debtors expect that certain holders of Claims will acquire a significant ownership interest in the New Common Equity pursuant to the Plan. Such holdersmay be in a position to control the outcome of all actions requiring stockholder approval, including the election of directors, without the approval of other stockholders. This concentration of ownership could

also facilitate or hinder a negotiated change of control of the Reorganized Debtors and may consequently affect the value of the New Common Equity. Further, the possibility that one or more holders of significant numbers of shares of New Common Equity may sell all or a large portion of their New Common Equity in a short period of time may adversely affect the market price of the New Common Equity.

Certain holders of Claims expected to acquire a significant ownership interest in the New Common Equity may currently own, or may in the future acquire, direct or indirect interests in other airlines or other companies in the aviation industry. Such holders, together with other significant holders of New Common Equity, may be in a position to control stockholder approval of any transactions between the Reorganized Debtors and such other industry participants.

Equity interests will be subordinated to the Reorganized Debtors' indebtedness

In any subsequent reorganization, liquidation, dissolution, or winding up of the Reorganized Debtors, the New Common Equity would rank below all debt claims against the Reorganized Debtors. As a result, holders of the New Common Equity will not be entitled to receive any payment or other distribution upon the reorganization, liquidation, dissolution, or winding up of the Reorganized Debtors until after all the Reorganized Debtors' obligations to their debt holders have been satisfied.

Implied valuation of New Common Equity not intended to represent trading value of New Common Equity

The valuation of the Reorganized Debtors is not intended to represent the trading value of New Common Equity in public or private markets and is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things: (a) prevailing interest rates; (b) conditions in the financial markets; (c) the anticipated initial securities holdings of prepetition creditors, some of whom may prefer to liquidate their investment rather than hold it on a long-term basis; and (d) other factors that generally influence the prices of securities. The actual market price of the New Common Equity is likely to be volatile. Many factors, including factors unrelated to the Reorganized Debtors' actual operating performance and other factors not possible to predict, could cause the market price of the New Common Equity to rise and fall. Accordingly, the implied value, stated herein and in the Plan, of the New Common Equity to be issued does not necessarily reflect, and should not be construed as reflecting, values that will be attained for these securities in the public or private markets.

No intention to pay dividends

The Reorganized Debtors may not pay any dividends on the New Common Equity and may instead retain any future cash flows for debt reduction and to support their operations. As a result, the success of an investment in the New Common Equity may depend entirely upon any future appreciation in the value of the New Common Equity. There is, however, no guarantee that the New Common Equity will appreciate in value or even maintain their initial value.

D. *Risks Related to Exit Facility and Other Debt Obligations*

The Exit Facility may not become available to the Reorganized Debtors.

The Debtors' ability to convert the Tranche A-1 DIP Facility Claims and Tranche A-2 DIP Facility Claims into indebtedness under the Exit Facility is subject to the satisfaction of certain conditions precedent. The Debtors cannot give assurances that these conditions precedent will be satisfied. If the Debtors cannot satisfy such conditions precedent, the Debtors' ability to consummate the Plan will be materially and adversely affected.

Even if the Debtors successfully convert the Tranche A-1 DIP Facility Claims and Tranche A-2 DIP Facility Claims into indebtedness under the Exit Facility, any inability of the Reorganized Debtors to remain in compliance with covenants or to comply with other conditions under the Exit Facility (including financial covenants) could materially and adversely affect the Reorganized Debtors' ability to operate their businesses.

Defects may exist in the collateral securing the Exit Facility.

The indebtedness under the Exit Facility will be secured, subject to certain exceptions and permitted liens, by security interests in substantially all assets of the Reorganized Debtors (henceforth, the "Collateral"). The Collateral securing the Exit Facility may be subject to exceptions, defects, encumbrances, liens, and other imperfections. Further, it cannot be assured that the remaining proceeds from a sale of the Collateral would be sufficient to repay holders of the obligations under the Exit Facility all amounts owed in accordance therewith. The fair market value of the Collateral is subject to fluctuations based on factors that include, among others, the ability to sell Collateral in an orderly manner, general economic conditions, the availability of buyers, the Reorganized Debtors' failure to implement their business strategy, and similar factors. The amount received upon a sale of Collateral would be dependent on numerous factors, including the actual fair market value of the Collateral at such time, and the timing and manner of the sale. By its nature, portions of the Collateral may be illiquid and may not have readily ascertainable market value. In the event of a subsequent foreclosure, liquidation, bankruptcy, or similar proceeding, it cannot be assured that the proceeds from any sale or liquidation of the Collateral will be sufficient to pay the Reorganized Debtors' obligations under the Exit Facility, in full or at all. There can also be no assurance that the Collateral will be saleable, and, even if saleable, the timing of its liquidation would be uncertain. Accordingly, there may not be sufficient collateral to pay all or any of the amounts due under the Exit Facility.

E. *Risks Affecting the Value of Plan Distributions*

The amount of Claims could be greater than projected.

There can be no assurance that the estimated Allowed amount of Claims in certain Classes will not be significantly more than projected, which in turn, could cause the value of distributions to be reduced substantially. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the ultimate results. Therefore, the actual amount of Allowed Claims may materially vary from the Debtors' projections and feasibility analysis.

Projections and other forward-looking statements are not assured, and actual results may vary.

Certain of the information contained herein is, by nature, forward-looking, and contains estimates and assumptions, which might ultimately prove to be incorrect, and projections, which may be materially different from actual future experiences. Many of the assumptions underlying the projections are subject to significant uncertainties that are beyond the control of the Debtors or Reorganized Debtors, including the timing, confirmation, and consummation of the Plan, customer demand for the Reorganized Debtors' products, inflation, and other unanticipated market and economic conditions. There are uncertainties associated with any projections and estimates, and they should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various Classes that might be allowed. Some assumptions may not materialize, and unanticipated events and circumstances may affect the actual results. Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic, and competitive risks, and the assumptions underlying the projections may be inaccurate in material respects. In addition, unanticipated events and circumstances occurring after the approval of this Disclosure Statement by the Bankruptcy Court, including any natural disasters, terrorist attacks, health epidemics, or mandated lockdowns or quarantines, may affect the actual financial results achieved. Those results may vary significantly from the forecasts and such variations may be material.

The extent of leverage may limit the Reorganized Debtors' ability to obtain additional financing.

Although the Plan will result in the elimination of a substantial amount of debt, the Reorganized Debtors will continue to bear a significant amount of indebtedness and lease obligations after the Effective Date, including at least $1.6 billion of secured funded debt under the Exit Facility. The Reorganized Debtors' ability to service their debt obligations will depend, among other things, on their future operating performance, which depends partly on economic, financial, competitive, and other factors beyond the Reorganized Debtors' control. The Reorganized Debtors may not be able to generate sufficient cash from operations to meet their debt service obligations as well as finance their fleet, fund necessary capital expenditures and invest in sales and marketing. In addition, if the Reorganized Debtors need to refinance their debt, obtain additional financing, or sell assets or equity, they may not be able to do so on commercially reasonable terms, if at all.

F. *Other Risks*

The Debtors may withdraw the Plan.

Subject to the terms of, and without prejudice to, the rights of any party to the Tranche B Equity Conversion Agreement or the Noteholder RSA, the Plan may be revoked or withdrawn prior to the Confirmation Date by the Debtors.

The Debtors have no duty to update.

The statements contained in the Disclosure Statement are made by the Debtors as of the date of the Disclosure Statement, unless otherwise specified herein, and the delivery of the Disclosure Statement after that date does not imply that the information set forth in this Disclosure

Statement has been updated or has remained accurate since that date. The Debtors have no duty to update the Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

No representations outside the Disclosure Statement are authorized.

No representations concerning or related to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in the Disclosure Statement.

Any representations or inducements made to secure your vote for acceptance or rejection of the Plan that are other than those contained in, or included with, the Disclosure Statement should not be relied upon in making the decision to vote to accept or reject the Plan.

No legal or tax advice is provided by the Disclosure Statement.

The contents of the Disclosure Statement should not be construed as legal, business, or tax advice. Each holder of a Claim or Interest should consult their own legal counsel, financial advisor, and accountant as to legal, financial, tax, and other matters concerning their Claim or Interest.

The Disclosure Statement is not legal advice to you. The Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

No admissions are made in this Disclosure Statement or the Plan.

Nothing contained herein or in the Plan will constitute an admission of, or will be deemed evidence of, the tax or other legal effects of the Plan on the Debtors or holders of Claims or Interests.

Tax consequences

For a discussion of certain tax considerations to the Debtors and certain holders of Claims in connection with the implementation of the Plan, see Section X of this Disclosure Statement.

SECTION IX.
TRANSFER RESTRICTIONS AND CONSEQUENCES UNDER FEDERAL SECURITIES LAWS

A. *1145 Securities*

The offering, issuance and distribution of the New Common Equity and Warrants pursuant to the Plan (the "1145 Securities") will be exempt, without further act or actions by any Entity, from registration under section 5 of the Securities Act and any other applicable securities laws to the fullest extent permitted by section 1145 of the Bankruptcy Code.

Section 1145 of the Bankruptcy Code generally exempts from registration under the Securities Act and state and local securities laws the offer or sale under a chapter 11 plan of a security of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under a plan, if such securities are offered or sold in exchange for a claim against, or an interest in, the debtor or such affiliate, or principally in such exchange and partly for cash. Section 1145 of the Bankruptcy Code also exempts from registration the offer of a security through any right to subscribe sold in the manner provided in the prior sentence, and the sale of a security upon the exercise of such right. In reliance upon this exemption, the 1145 Securities will be exempt from the registration requirements of the Securities Act, and state and local securities laws. These securities may be resold without registration under the Securities Act or other federal or state securities laws pursuant to the exemption provided by section 4(a)(1) of the Securities Act, unless the holder is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code. In addition, 1145 Securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states.

Section 1145(b) of the Bankruptcy Code defines "underwriter" for purposes of the Securities Act as one who, except with respect to ordinary trading transactions, (a) purchases a claim with a view to distribution of any security to be received in exchange for the claim, (b) offers to sell securities issued under a plan for the holders of such securities, (c) offers to buy securities issued under a plan from persons receiving such securities, if the offer to buy is made with a view to distribution or (d) is an issuer, as used in section 2(a)(11) of the Securities Act, with respect to such securities, which includes control persons of the issuer.

"Control," as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. The legislative history of Section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent (10%) or more of a class of voting securities of a reorganized debtor may be presumed to be a "controlling person" and, therefore, an underwriter.

Notwithstanding the foregoing, control person underwriters may be able to sell securities without registration pursuant to the resale limitations of Rule 144 of the Securities Act which, in effect, permit the resale of securities received by such underwriters pursuant to a chapter 11 plan, subject to applicable volume limitations, notice and manner of sale requirements, and certain other conditions. Parties who believe they may be statutory underwriters as defined in section 1145 of the Bankruptcy Code are advised to consult with their own legal advisers as to the availability of the exemption provided by Rule 144.

B. *Section 4(a)(2) Securities*

The offering, issuance and sale of the New Common Equity and Warrants that are not 1145 Securities is being made in reliance on the exemption from registration set forth in section 4(a)(2) of the Securities Act and/or Regulation D thereunder (the "4(a)(2) Securities") or, solely to the extent section 4(a)(2) of the Securities Act or Regulation D thereunder is not available, any other available exemption from registration under the Securities Act. Such securities will be considered "restricted securities", will bear customary legends and transfer restrictions, and may

not be transferred except pursuant to an effective registration statement or under an available exemption from the registration requirements of the Securities Act.

Rule 144 provides a limited safe harbor for the public resale of restricted securities if certain conditions are met. These conditions vary depending on whether the holder of the restricted securities is an "affiliate" of the issuer. Rule 144 defines an affiliate of the issuer as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer."

A non-affiliate of an issuer that is not subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") and who has not been an affiliate of the issuer during the 90 days preceding such sale may resell restricted securities after a one-year holding period whether or not there is current public information regarding the issuer.

An affiliate of an issuer that is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act may resell restricted securities after the one-year holding period if at the time of the sale certain current public information regarding the issuer is available. An affiliate must also comply with the volume, manner of sale and notice requirements of Rule 144. First, the rule limits the number of restricted securities (plus any unrestricted securities) sold for the account of an affiliate (and related persons) in any three-month period to the greater of 1% of the outstanding securities of the same class being sold or, if the class is listed on a stock exchange, the average weekly reported volume of trading in such securities during the four weeks preceding the filing of a notice of proposed sale on Form 144 or if no notice is required, the date of receipt of the order to execute the transaction by the broker or the date of execution of the transaction directly with a market maker. Second, the manner of sale requirement provides that the restricted securities must be sold in a broker's transaction, directly with a market maker or in a riskless principal transaction (as defined in Rule 144). Third, if the amount of securities sold under Rule 144 in any three month period exceeds 5,000 shares or has an aggregate sale price greater than $50,000, an affiliate must file or cause to be filed with the SEC three copies of a notice of proposed sale on Form 144, and provide a copy to any exchange on which the securities are traded.

The Debtors believe that the Rule 144 exemption will not be available with respect to any 4(a)(2) Securities (whether held by non-affiliates or affiliates) until at least one year after the Effective Date. Accordingly, unless transferred pursuant to an effective registration statement or another available exemption from the registration requirements of the Securities Act, nonaffiliated holders of 4(a)(2) Securities will be required to hold their 4(a)(2) Securities for at least one year and, thereafter, to sell them only in accordance with the applicable requirements of Rule 144, pursuant to the an effective registration statement or pursuant to another available exemption from the registration requirements of applicable securities laws. Except to the extent that Majority Tranche B Lenders (or such other required threshold as may be set forth in the Tranche B Equity Conversion Agreement or New Organizational Documents) determine otherwise, it is currently contemplated that the Reorganized Debtors will not be subject to the reporting requirements of Section 13 or 15(b) of the Exchange Act; however, there may be a period after emergence from chapter 11 during which the Reorganized Debtors are subject to the reporting requirements of Section 13 or 15(b). During any such period, the holding periods described above may decrease from one-year to six months.

In addition to the foregoing, all transfers of New Common Equity will be subject to the transfer provisions and other applicable provisions set forth in the Shareholder Agreement and the New Organizational Documents.

* * * * *

Legends. To the extent certificated or issued by way of direct registration on the records of the Reorganized AVH's transfer agent, certificates evidencing the New Common Equity held by holders of 10% or more of the outstanding New Common Equity, or who are otherwise underwriters as defined in section 1145(b) of the Bankruptcy Code, and all 4(a)(2) Securities will bear a legend substantially in the form below:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [DATE OF ISSUANCE], HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER.

The Reorganized Debtors, as applicable, reserve the right to reasonably require certification, legal opinions or other evidence of compliance with Rule 144 as a condition to the removal of such legend or to any resale of the 4(a)(2) Securities. The Reorganized Debtors also reserve the right to stop the transfer of any 4(a)(2) Securities if such transfer is not in compliance with Rule 144, pursuant to an effective registration statement or pursuant to another available exemption from the registration requirements of applicable securities laws. All persons who receive 4(a)(2) Securities will be required to acknowledge and agree, pursuant to and to the extent set forth in the applicable Rights Offering subscription form, that (a) they will not offer, sell or otherwise transfer any 4(a)(2) Securities except in accordance with an exemption from registration, including under Rule 144 under the Securities Act, if and when available, or pursuant to an effective registration statement, and (b) the 4(a)(2) Securities will be subject to the other restrictions described above.

In any case, recipients of securities issued under or in connection with the Plan are advised to consult with their own legal advisers as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER OR AN AFFILIATE AND THE HIGHLY FACT-SPECIFIC NATURE OF THE AVAILABILITY OF EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, INCLUDING THE EXEMPTIONS AVAILABLE UNDER SECTION 1145 OF THE BANKRUPTCY CODE AND RULE 144 UNDER THE SECURITIES ACT, NONE OF THE DEBTORS MAKE ANY REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO DISPOSE OF THE SECURITIES TO BE ISSUED UNDER OR OTHERWISE ACQUIRED PURSUANT TO THE PLAN. THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF THE

SECURITIES TO BE ISSUED UNDER OR OTHERWISE ACQUIRED PURSUANT TO THE PLAN CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES AND THE CIRCUMSTANCES UNDER WHICH THEY MAY RESELL SUCH SECURITIES.

SECTION X.
CERTAIN TAX CONSEQUENCES OF PLAN

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to holders of Tranche A-1 DIP Facility Claims, Tranche A-2 DIP Facility Claims, Tranche B DIP Facility Claims, or General Unsecured Avianca Claims (collectively, the "Addressed Claims"), as well as Exit A-1 Notes, Exit A-2 Notes (together, the "Exit Notes"), New Common Equity, or Warrants. The following discussion does not address the U.S. federal income tax consequences to holders of Claims who are unimpaired or who are not entitled to vote because they are deemed to accept or reject the Plan, holders of Addressed Claims who have also purchased New Common Equity in exchange for cash and/or assets, holders of any General Unsecured Avianca Claims who have negotiated any change in the terms of their Claims but whose Claims will otherwise remain outstanding after the consummation of the Plan, or any holder of a Claim that is not considered debt for U.S. federal income tax purposes.

This discussion is limited to U.S. Holders of Addressed Claims, Exit Notes, New Common Equity, or Warrants who hold their Addressed Claims, Exit Notes, New Common Equity, or Warrants as capital assets for purposes of the Internal Revenue Code of 1986, as amended (the "Code"). This discussion does not address rules relating to special categories of holders, including financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, tax-exempt organizations, traders in securities that elect to mark-to-market, persons subject to special accounting rules under section 451(b) of the Code, U.S. expatriates, investors that hold Addressed Claims, Exit Notes, New Common Equity, or Warrants as part of a straddle, hedging, constructive sale or conversion transaction, holders whose functional currency is not the U.S. dollar or holders who will actually or constructively own 5% or more of the New Common Equity Interests (by either vote or value). The discussion does not address any state, local or foreign taxes, the "Medicare" tax on net investment income, the federal alternative minimum tax or any other federal tax other than the federal income tax.

Generally, the Plan is not expected to have any material U.S. federal income tax consequences to the Debtors. Accordingly, this discussion does not address any U.S. federal income tax consequences relevant to the implementation of the Plan to the Debtors.

The discussion of U.S. federal income tax consequences below is based on the Code, Treasury Regulations, judicial authorities, published positions of the U.S. Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations (possibly with retroactive effect). The U.S. federal income tax consequences of the contemplated transactions are complex and subject to significant uncertainties. Holders should note that no rulings from the IRS have been sought with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions.

This discussion is not a comprehensive description of all of the U.S. federal tax consequences that may be relevant with respect to the Plan. U.S Holders are urged to consult their own tax advisors regarding their particular circumstances and the U.S. federal tax consequences with respect to the Plan, as well as any tax consequences arising under the laws of any state, local or foreign tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws.

As used herein, the term "U.S. Holder" means a beneficial owner of Addressed Claims, Exit Notes, New Common Equity, or Warrants, as applicable, that for U.S. federal income tax purposes is any of the following:

- an individual citizen or resident of the United States;

- a corporation or any other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Addressed Claims, Exit Notes, New Common Equity, or Warrants, the U.S. federal income tax treatment of a partner therein generally will depend upon the status of the partner and the activities of the partnership and accordingly, this summary does not apply to partnerships. A partner of a partnership exchanging Addressed Claims pursuant to the Plan should consult its own tax advisor regarding the U.S. federal income tax consequences to the partner of exchanging Addressed Claims.

A. *U.S. Holders of Addressed Claims*

Pursuant to the Plan, each holder of Addressed Claims will receive either Exit Notes, New Common Equity, Warrants, or Cash (or some combination thereof) in satisfaction of its Addressed Claims (the "Consideration"). The U.S. federal income tax consequences of the Plan to U.S. Holders of Addressed Claims will depend on whether the exchange of the Addressed Claims pursuant to the Plan constitutes a taxable transaction or a tax-deferred transaction, such as an exchange governed by section 368 of the Code. Whether the exchange constitutes a taxable transaction or a tax-deferred transaction will depend on the manner in which the transactions undertaken pursuant to the Plan are consummated (which is not yet finally determined or certain), whether the relevant Addressed Claims is treated as a "security" for U.S. federal income tax purposes and whether the Consideration received in exchange (in whole or partial consideration) for the relevant Addressed claim is treated as a "security" for U.S. federal income tax purposes.

Whether a debt instrument constitutes a "security" for U.S. federal income tax purposes is determined based on all the relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are a number of other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor at the time of issuance, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current or accrued basis. A U.S. Holder of Addressed Claims should consult its own tax advisor to determine whether its Addressed Claims should be treated as securities for U.S. federal income tax purposes.

If the exchange of Addressed Claims for any of the Consideration constitutes a tax-deferred transaction, generally, U.S. Holders of Addressed Claims that constitute securities could be required to recognize gain (to the extent that the portion of the Consideration received by the U.S. Holder that is not eligible for tax-deferred treatment exceeds the U.S. Holder's adjusted tax basis in the Addressed Claims), but generally would not be permitted to recognize loss, upon the exchange. In such case, a U.S. Holder's tax basis in the Consideration received (other than (i) any cash or (ii) Consideration treated as received in satisfaction of accrued but unpaid interest and accrued OID, if any) should be equal to the tax basis in the Addressed Claims exchanged therefor increased by the amount of any gain recognized upon the exchange, and the holding period for such Consideration should include the holding period for the exchanged Addressed Claims. The remainder of this discussion assumes that the exchange of Addressed Claims for the Consideration will constitute a taxable transaction. However, each U.S. Holder of Addressed Claims should consult its own tax advisor about the consequences to them that may apply in the event that the exchange of the Addressed Claims pursuant to the Plan constitutes a tax-deferred transaction, such as an exchange governed by section 368 of the Code

If the exchange of Addressed Claims for the Consideration constitutes a taxable transaction, each U.S. Holder of an Addressed Claim generally will recognize gain or loss in an amount equal to the difference between (i) (A) the Cash, (B) the "issue price" for any Exit Notes received and/or (C) the fair market value of any New Common Equity or Warrants received (other than any Consideration treated as received for accrued but unpaid interest and accrued original issue discount ("OID"), if any or required to be considered a "fee" see "Treatment of Additional GUAC Amount" below) and (ii) the U.S. Holder's adjusted tax basis in its Addressed Claim immediately prior to the exchange (other than any tax basis attributable to accrued but unpaid interest and accrued OID, if any). The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Addressed Claim in such U.S. Holder's hands, whether the Addressed Claim was purchased at a discount, and whether and to what extent the U.S. Holder previously has claimed a bad debt deduction with respect to its Addressed Claim. If recognized gain is capital gain, it generally would be long-term capital gain if the U.S. Holder held its Addressed Claim for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations. To the extent that a portion of the Consideration received

is allocable to accrued but unpaid interest or OID, the U.S. Holder may recognize ordinary income. *See* "Accrued Interest" and "Market Discount" below. A U.S. Holder's tax basis in any Exit Notes, New Common Equity, or Warrants received should be equal to the "issue price" of such Exit Notes or the fair market value of such New Common Equity or Warrants, as applicable . A U.S. Holder's holding period in any Exit Notes, New Common Equity, or Warrants received should begin on the day following the Effective Date.

A U.S. Holder will have taxable interest income to the extent of any Consideration allocable to accrued but unpaid interest or OID not previously included in income, as more fully described below under "Accrued Interest," which amounts will not be included in the amount realized with respect to a U.S. Holder's Addressed Claim.

B. *Consequences of Owning Exit Notes, New Common Equity, and Warrants*

1. Ownership of Exit Notes

The Debtors, to the extent required to adopt a position, intend to treat the Exit Notes as debt for U.S. federal income tax purposes and the discussion below assumes such treatment. The Exit Notes will be treated as issued with OID for U.S. federal income tax purposes if the sum of all principal and interest payments (other than "qualified stated interest") provided by the Exit Notes exceeds the issue price (as defined below) of the Exit Notes by more than a statutorily defined *de minimis* amount. U.S. Holders, whether on the cash or accrual method of accounting for U.S. federal income tax purposes, generally must include the OID in gross income as it accrues (on a constant yield to maturity basis), regardless of whether cash attributable to such OID is received at such time. OID accrued by a U.S. Holder generally will be treated as foreign source ordinary income and generally will be considered "passive" category income in computing the foreign tax credit such U.S. Holder may claim for U.S. federal income tax purposes. The availability of a foreign tax credit is subject to certain conditions and limitations and the rules governing the foreign tax credit are complex. Holders should consult their own tax advisors regarding the rules governing the foreign tax credit and deductions.

The amount of OID includible in gross income by a U.S. Holder of Exit Notes in any taxable year generally is the sum of the "daily portions" of OID with respect to the Exit Notes for each day during such taxable year on which the U.S. Holder holds the Exit Notes. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" for the Exit Notes may be of any length and may vary in length over the term of the Exit Notes provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period.

The amount of OID allocable to any accrual period will be an amount equal to the product of the "adjusted issue price" for the Exit Notes at the beginning of the accrual period and its yield to maturity (determined on a constant yield method, compounded at the close of each accrual period and properly adjusted for the length of the accrual period). OID allocable to the final accrual period is the difference between the amount payable at maturity and the adjusted issue price at the beginning of the final accrual period. The "adjusted issue price" of the Exit Notes at the beginning of any accrual period is equal to its issue price, increased by the accrued OID for

each prior accrual period and reduced by any payments previously made on the Exit Notes other than interest paid in kind. The "yield to maturity" of the Exit Notes is the discount rate that, when used in computing the present value (as of the issue date) of all principal and interest payments to be made on the Exit Notes, produces an amount equal to the issue price of the Exit Notes.

The issue price of the Exit Notes will depend on whether the Exit Notes are "publicly traded" for U.S. federal income tax purposes as of the issue date of the Exit Notes. The Exit Notes will be treated as publicly traded for U.S. federal income tax purposes if they are traded on an "established market," within the meaning of applicable regulations, at any time during a 31-day period ending 15 days after the issue date of the Exit Notes. The issue date is the date of the exchange of the Tranche A DIP Facility Claims for the Exit Notes. Reorganized AVH may not be able to determine whether the Exit Notes are publicly traded until after the exchange.

If the Exit Notes are publicly traded, then the issue price of each of the Exit A-1 Notes and Exit A-2 Notes will be their respective fair market values determined as of the issue date. If the Exit Notes are not publicly traded but the Tranche A-1 DIP Facility Claims and Tranche A-2 DIP Facility Claims are "publicly traded" (under the rules described above), the issue price of the Exit A-1 Notes and Exit A-2 Notes would be the fair market value of the Tranche A-1 DIP Facility Claims and the Tranche A-2 DIP Facility Claims, as applicable, exchanged for the Exit A-1 Notes and Exit A-2 Notes, as applicable, determined as of the issue date. If neither the Exit Notes nor the Tranche A-1 DIP Facility Claims or Tranche A-2 DIP Facility Claims are "publicly traded" (under the rules described above), the issue price of the Exit Notes will be the stated principal amount of the Exit Notes.

2. Distributions on New Common Equity

Subject to the discussion below under "Possible Treatment of Reorganized AVH as a Passive Foreign Investment Company," any distributions with respect to the New Common Equity (including any amounts withheld in respect of taxes thereon) generally will be treated as taxable dividends to the extent paid out of Reorganized AVH's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent the amount of any distribution exceeds Reorganized AVH's current and accumulated earnings and profits for a taxable year (as determined under U.S. federal income tax principles), the distribution will first be treated as a tax-free return of capital to the extent of the U.S. Holder's adjusted tax basis in the New Common Equity, and thereafter as capital gain, subject to the discussion below under "Market Discount." The Debtors do not know whether Reorganized AVH will keep record of its earnings and profits in accordance with U.S. federal income tax principles. Therefore, U.S. Holders should expect that any distribution on the New Common Equity generally will be treated as a dividend unless otherwise noted.

Any such taxable dividends received by a corporate U.S. Holder will not be eligible for the "dividends received deduction." Any such taxable dividends will be eligible for reduced rates of taxation as "qualified dividend income" for non-corporate U.S. Holders if the following conditions are met: (i) either (1) Reorganized AVH is eligible for the benefits of a comprehensive income tax treaty with the United States that the Secretary of the U.S. Treasury has determined is satisfactory and that includes an exchange of information program (which includes, as of the date hereof, the Convention between the Government of the United States of America and the

Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital Gains) or (2) the New Common Equity is readily tradable on an established securities market in the United States (including, e.g., the NYSE or NASDAQ); (ii) the U.S. Holder meets the holding period requirement for the New Common Equity (generally more than 60 days during the 121-day period that begins 60 days before the ex-dividend date); and (iii) Reorganized AVH was not in the year prior to the year in which the dividend was paid (with respect to a U.S. Holder that held New Equity Interests), and is not in the year in which the dividend is paid, a passive foreign investment company ("PFIC"). Otherwise, such taxable dividends will not be eligible for reduced rates of taxation as "qualified dividend income."

No assurance can be given that Reorganized AVH will qualify, or remain qualified, for the benefits of a comprehensive income tax treaty, and it is not expected that the New Common Equity will be considered readily tradable on an established securities market in the United States as described above. In addition, as discussed below under "Possible Treatment of Reorganized AVH as a Passive Foreign Investment Company," no assurance can be given that Reorganized AVH will not be treated as a PFIC. Accordingly, each non-corporate U.S. Holder is urged to consult its tax advisor regarding whether taxable dividends received by such U.S. Holder will be eligible for qualified dividend income treatment.

3. Sale, Exchange, or Other Taxable Disposition of New Common Equity

Subject to the discussion below under "Possible Treatment of Reorganized AVH as a Passive Foreign Investment Company," a U.S. Holder generally will recognize gain or loss on a sale, exchange or other taxable disposition of New Common Equity equal to the difference between the amount realized on the disposition and the U.S. Holder's adjusted tax basis in the New Common Equity. Subject to the discussion below under "Market Discount," this gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if the U.S. Holder has held (or is deemed to hold) the New Common Equity for more than one year. Generally, for U.S. Holders who are individuals, long-term capital gains are subject to U.S. federal income tax at a maximum rate of 20%. For foreign tax credit limitation purposes, gain or loss recognized upon a disposition generally will be treated as from sources within the United States. The deductibility of capital losses is subject to limitations for U.S. federal income tax purposes.

4. Ownership, Disposition, and Exercise of Warrants

Subject to the discussion below under "Possible Treatment of Reorganized AVH as a Passive Foreign Investment Company" and except as discussed below with respect to the cashless exercise of the Warrants, a U.S. Holder that elects to exercise the Warrants will be treated as purchasing, in exchange for its Warrants and the amount of cash funded by the U.S. Holder to exercise the Warrants, the New Common Equity it is entitled to purchase pursuant to the Warrants. Such a purchase generally will be treated as the exercise of an option under general tax principles, and as such a U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the Warrants. A U.S. Holder's aggregate tax basis in the New Common Equity will equal the sum of (a) the amount of cash paid by the U.S. Holder to exercise its Warrants plus (b) such U.S. Holder's tax basis in its Warrants immediately before the Warrants are exercised.

A U.S. Holder's holding period in the New Common Equity received upon exercise of the Warrants will begin on the day following exercise.

The tax consequences of a cashless exercise of the Warrants are not clear under current U.S. federal income tax law. A cashless exercise may be tax-free, either because the exercise is not a realization event or, if it is treated as a realization event, because the exercise is treated as a "recapitalization" for U.S. federal income tax purposes. In either tax-free situation, a U.S. Holder's tax basis in the New Common Equity received generally would equal the U.S. Holder's tax basis in the Warrants. If the cashless exercise was not a realization event, it is unclear whether a U.S. Holder's holding period for the New Common Equity would be treated as commencing on the date of exercise of the Warrants or the day following the date of exercise of the Warrants. If the cashless exercise were treated as a recapitalization, the holding period of the New Common Equity would include the holding period of the Warrants.

It is also possible that a cashless exercise could be treated as a taxable exchange in which gain or loss would be recognized. For example, a portion of the Warrants to be exercised on a cashless basis could, for U.S. federal income tax purposes, be deemed to have been surrendered in payment of the exercise price of the remaining portion of such Warrants, which would be deemed to be exercised. In such event, a U.S. Holder could be deemed to have surrendered Warrants with an aggregate fair market value equal to the exercise price for the total number of Warrants deemed exercised. The U.S. Holder would recognize capital gain or loss in an amount equal to the difference between the fair market value of the Warrants deemed surrendered and the U.S. Holder's tax basis in such Warrants. In this case, a U.S. Holder's tax basis in the New Common Equity received would equal the sum of the U.S. Holder's initial investment in the Warrants deemed exercised and the exercise price of such Warrants. It is unclear whether a U.S. Holder's holding period for the New Common Equity would commence on the date of exercise of the Warrants or the day following the date of exercise of the Warrants.

Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise, there can be no assurance which, if any, of the alternative tax consequences and holding periods described above would be adopted by the IRS or a court of law. Accordingly, U.S. Holders should consult their tax advisors regarding the tax consequences of a cashless exercise.

Under section 305 of the Code, certain transactions that affect an increase in the proportionate interest of a shareholder or warrant holder (treating warrants as stock for this purpose) in the corporation's assets are treated as creating deemed distributions to such shareholder or warrant holder in respect of such "stock" interest. Any deemed distribution will be taxed and reported to the IRS in the same manner as an actual distribution on stock and thus could potentially be taxable as a dividend (in whole or in part), despite the absence of any actual payment of cash (or property) to the U.S. Holder.

A U.S. Holder that elects not to exercise the Warrants may be entitled to claim a capital loss equal to the amount of tax basis allocated to the Warrants, subject to any limitations on such U.S. Holder's ability to utilize capital losses (as discussed above). Such U.S. Holders are urged to consult with their tax advisors regarding the tax considerations of either electing to exercise or electing not to exercise the Warrants.

Subject to the discussion below under "Possible Treatment of Reorganized AVH as a Passive Foreign Investment Company," unless a non-recognition provision applies, U.S. Holders generally will recognize capital gain or loss upon the sale, exchange, or other disposition (other than exercise) of the Warrants. Such capital gain will be long-term capital gain if, at the time of the sale, exchange, or other disposition, the U.S. Holder held the Warrants for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates. The deductibility of capital losses is subject to certain limitations (as discussed above).

5. Possible Treatment of Reorganized AVH as a Passive Foreign Investment Company

Reorganized AVH may be classified as a PFIC for U.S. federal income tax purposes. In general, a foreign corporation will be classified as a PFIC if (i) 75% or more of its gross income in a taxable year is passive income, or (ii) 50% or more of its assets in a taxable year, averaged quarterly over the year, produce, or are held for the production of, passive income. Passive income for this purpose generally includes, among other items, interest, dividends, royalties, rents and annuities. For purposes of these PFIC tests, if Reorganized AVH directly or indirectly owns at least 25% (by value) of the stock of another corporation, Reorganized AVH will be treated as owning its proportionate share of such other corporation's gross assets and receiving its proportionate share of such other corporation's gross income.

Based upon the nature of our current and projected income, assets and activities, we do not believe we are, nor do we currently expect to become, a PFIC for U.S. federal income tax purposes. However, the determination of whether we are a PFIC is a factual determination made annually and thus may be subject to change. Because these determinations are based on the nature of our income and assets from time to time, and involve the application of complex tax rules, no assurances can be provided that we will not be considered a PFIC for the current or any past or future tax year.

If contrary to our expectation, Reorganized AVH is a PFIC for any taxable year during which a U.S. Holder holds (or is deemed to hold) New Common Equity or Warrants, Reorganized AVH will continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which the U.S. Holder holds (or is deemed to hold) the New Common Equity or Warrants unless (i) Reorganized AVH ceases to be a PFIC and (ii) the U.S. Holder makes a "deemed sale" election under the PFIC rules. In general, if Reorganized AVH is a PFIC for any taxable year during which a U.S. Holder holds (or is deemed to hold) New Common Equity or Warrants, any gain recognized by the U.S. Holder on a sale or other taxable disposition of New Common Equity or Warrants, as well as the amount of any "excess distribution" (defined below) received by such U.S. Holder, would be allocated ratably over the U.S. Holder's holding period for the New Common Equity or Warrants. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before Reorganized AVH became a PFIC would be taxed as ordinary income. The amounts allocated to each other taxable year would be subject to tax at the highest rate in effect for that taxable year, and an interest charge would be imposed. For purposes of these rules, an excess distribution is the amount by which any distribution received by a U.S. Holder on its New Common Equity in a taxable year exceeds 125% of the average of the annual distributions on the New Common Equity received during the preceding three years or the U.S. Holder's holding period,

whichever is shorter. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment or "qualified electing fund" treatment) of the New Common Equity. However, the election to have "qualified electing fund" treatment apply is not available to U.S. Holders with respect to the Warrants. It is not known whether Reorganized AVH will make available the information necessary for U.S. Holders to make a "qualified electing fund" election with respect to their New Common Equity or Warrants.

The rules relating to PFICs are complex. Each U.S. Holder is urged to consult its tax advisor regarding whether Reorganized AVH is or will become a PFIC and, if so, the U.S. federal income tax consequences of holding the New Common Equity.

C. *Treatment of Additional GUAC Amount*

Pursuant to the Plan, in addition to any Warrants, if the Class of holders of General Unsecured Avianca Claims votes to accept the Plan, holders General Unsecured Avianca Claims will receive their Pro Rata share of the Unsecured Claimholder Enhanced Cash Pool or, with respect to holders that elect to receive the Unsecured Claimholder Equity Package, the Unsecured Claimholder Enhanced Equity Pool (the "Additional GUAC Amount"). The U.S. federal income tax treatment of the Additional GUAC Amount is not entirely clear. Assuming that the exchange of General Unsecured Avianca Claims for the Consideration is a tax realization event as we expect, then we believe that (and, if required to adopt a position for U.S federal income tax purposes, we intend to treat) such excess as part of the amount realized in consideration for the General Unsecured Avianca Claims. It is possible, however, that the Additional GUAC Amount could be considered a "fee," in which case a U.S. Holder would recognize ordinary income rather than treating this as part of the amount realized for the General Unsecured Avianca Claims. You should consult your tax adviser as to the proper treatment of the Additional GUAC Amount. The discussion assumes that the Additional GUAC Amount is properly treated as part of the amount realized in consideration for the General Unsecured Avianca Claims.

D. *Accrued Interest*

To the extent that any amount received by a U.S. Holder of a surrendered Addressed Claim is attributable to accrued but unpaid interest or OID, the receipt of such amount should be taxable to the U.S. Holder as ordinary interest income (to the extent not already taken into income by the U.S. Holder, and subject to a special exception that may be available to cash-method U.S. Holders in certain circumstances). Conversely, a U.S. Holder of an Addressed Claim may be able to recognize a deductible loss (or, possibly, a write off against a reserve for worthless debts) to the extent that any accrued interest or OID was previously included in the U.S. Holder's gross income but was not paid in full. Such loss may be ordinary, but the tax law is unclear on this point.

If the fair market value of the consideration is not sufficient to fully satisfy all principal and interest on an Addressed Claim, the extent to which such consideration will be attributable to accrued interest is unclear. Under the Plan, the aggregate consideration received in respect of Addressed Claims will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid interest, if any, that accrued on such Claims before the Petition Date. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for U.S. federal income tax

purposes, while certain Treasury Regulations treat payments as allocated first to any accrued but unpaid interest. The IRS could take the position that the consideration received by a U.S. Holder should be allocated in some way other than as provided in the Plan. U.S. Holders of Addressed Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

E. *Market Discount*

Under the "market discount" provisions of the Code, some or all of any gain realized by a U.S. Holder of an Addressed Claim who receives consideration pursuant to the Plan in satisfaction of its Addressed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the Addressed Claim. In general, a debt instrument is considered to have been acquired with "market discount" if the U.S. Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with original issue discount, its adjusted issue price, in either case, by at least a statutorily defined de minimis amount.

Any gain recognized by a U.S. Holder on the taxable disposition of an Addressed Claim acquired with market discount should generally be treated as ordinary income to the extent of the market discount that accrued thereon while the Addressed Claim was considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued).

U.S. Holders are urged to consult their own tax advisors regarding the tax consequences of the exchange of Addressed Claims that were acquired with market discount pursuant to the Plan.

F. *Information Reporting and Backup Withholding*

The Debtors and the Reorganized Debtors will withhold all amounts required by law to be withheld and will comply with all applicable reporting requirements of the Code. In general, information reporting requirements may apply to distributions (or deemed distributions) or payments made to a holder under the Plan or with respect to their New Common Equity or Warrants. In addition, dividends and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently 24%) if a recipient of those payments fails to furnish to the payor certain identifying information and, in some cases, a certification that the recipient is not subject to backup withholding. Backup withholding is not an additional tax but is, instead, an advance payment that may entitle the holder to a refund from the IRS to the extent it results in an overpayment of tax, provided that the required information is timely provided to the IRS.

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a U.S. taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer claiming a loss in excess of specified thresholds. U.S. Holders are urged to consult their tax advisors regarding these regulations and

whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

The U.S. federal income tax consequences of the Plan are complex. The foregoing summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular U.S. Holder in light of such U.S. Holder's circumstances and income tax situation. All holders of Claims and Interests should consult with their tax advisors as to the particular tax consequences to them of the transactions contemplated by the Plan, including the applicability and effect of any state, local, or foreign tax laws, and of any change in applicable tax laws.

G. *Certain United Kingdom Tax Consequences of the Plan*

1. Introduction

The comments below are of a general nature and are not intended to be an exhaustive summary of all United Kingdom tax consequences of the Plan. The United Kingdom tax consequences of the Plan are complex and not free from doubt, in particular as a result of the multi-jurisdiction nature of the Debtors and the anticipated status of certain Debtors as transparent for tax purposes.

The comments below are based on current United Kingdom tax legislation as applied in England and Wales and HM Revenue & Customs ("HMRC") published practice (which may not be binding on HMRC) relating only to certain aspects of United Kingdom tax, both of which may be subject to change, possibly with retrospective effect.

The comments below do not purport to constitute legal or tax advice. Any Holders of Claims or Interests who are in any doubt as to their own tax position, who are resident in the United Kingdom or who may be subject to tax in a jurisdiction other than the United Kingdom should consult professional advisors immediately.

2. Certain United Kingdom Tax Consequences for the Debtors

Certain of the Reorganized Debtors, including Reorganized AVH, consider that they are resident in the United Kingdom for tax purposes by virtue of having recently been incorporated in the United Kingdom.

3. Certain United Kingdom Tax Consequences for Holders of New Common Equity

The United Kingdom tax treatment of prospective holders of the New Common Equity in the capital of Reorganized AVH depends on their individual circumstances and may be subject to change in the future.

The comments below relate only to the position of persons who are not resident in the United Kingdom for tax purposes and, insofar as they relate to the New Common Equity, who are the absolute beneficial owners of their New Common Equity and any dividends or other distributions payable on their New Common Equity and who hold their New Common Equity as

a capital investment. Certain classes of persons (such as charities, trustees, brokers, dealers, market makers, depositaries, clearance services, certain professional investors, persons connected with the Debtors or persons who acquire or are deemed to acquire the New Common Equity by reason of an office or employment) may be subject to special rules and the comments below do not apply to such holders.

Any prospective holders of the New Common Equity who are in doubt as to their own tax position, who are resident in the United Kingdom or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult professional advisors immediately.

a. Taxation of Dividends

Payments of dividends on the New Common Equity may be made by Reorganized AVH without withholding or deduction for or on account of United Kingdom income tax.

Dividends may be chargeable to United Kingdom tax by direct assessment (including self-assessment), irrespective of the residence of the holder of the New Common Equity. However, dividends should not be chargeable to United Kingdom tax in the hands of holders of the New Common Equity (other than certain trustees) who are not resident for tax purposes in the United Kingdom, except where the holder carries on a trade, profession or vocation in the United Kingdom through a branch or agency, or in the case of a corporate holder, carries on a trade through a permanent establishment in the United Kingdom, in connection with which the dividend is received or to which the New Common Equity is attributable.

b. Taxation of Capital Gains

Capital gains on the disposal or deemed disposal of the New Common Equity should not be chargeable to United Kingdom tax in the hands of holders of the New Common Equity (other than certain trustees) who are not resident for tax purposes in the United Kingdom, except where the holder carries on a trade, profession or vocation in the United Kingdom through a branch or agency, or in the case of a corporate holder, carries on a trade through a permanent establishment in the United Kingdom, in connection with which the capital gain is realized or to which the New Common Equity is attributable.

A holder who is an individual and who is temporarily resident for tax purposes outside the United Kingdom at the date of disposal (or deemed disposal) of the New Common Equity may also be liable, on their return to the United Kingdom, to United Kingdom tax on chargeable gains (subject to any available exemption or relief).

c. Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No United Kingdom stamp duty or SDRT should be payable on the issue of the New Common Equity in registered form by Reorganized AVH.

SDRT will be payable on the transfer of, or an agreement to transfer, the New Common Equity.

No United Kingdom stamp duty should be payable on the transfer of the New Common Equity provided that this does not involve a written instrument of transfer. Stamp duty, generally at the rate of 0.5% of the amount or value of the consideration for the transfer, could arise in respect of a written instrument effecting the transfer of the New Common Equity.

THE UNITED KINGDOM TAX CONSIDERATIONS RELATING TO THE PLAN ARE COMPLEX AND NOT FREE FROM DOUBT. THE FOREGOING COMMENTS DO NOT ADDRESS ALL ASPECTS OF UNITED KINGDOM TAX THAT MAY BE RELEVANT TO A PARTICULAR HOLDER. ALL HOLDERS OF CLAIMS, INTERESTS AND NEW COMMON EQUITY SHOULD CONSULT WITH PROFESSIONAL ADVISORS AS TO THE TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY CHANGE IN UNITED KINGDOM TAX LAW OR HMRC PRACTICE.

H. *Importance of Obtaining Professional Tax Assistance*

The foregoing summary has been provided for informational purposes only. All holders of Claims and Interests are urged to consult their own tax advisors concerning the federal, local, and non-U.S. income tax and other tax consequences that may result from implementation of the Plan.

SECTION XI.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF PLAN

If the Plan is not confirmed, alternatives include (i) liquidation of the Debtors under chapter 7 of the Bankruptcy Code, (ii) formulation of an alternative plan (or alternative plans) of reorganization or liquidation in the Chapter 11 Cases; (iii) a sale of substantially all assets under section 363 of the Bankruptcy Code, or (iv) dismissal of the Chapter 11 Cases in contemplation of liquidation or dissolution under non-U.S. law. Each of these possibilities is discussed below. **The Debtors have concluded that the Plan is the best alternative and will maximize recoveries to parties in interest, assuming that it is confirmed and consummated.**

A. *Liquidation under Chapter 7 or Chapter 11 of Bankruptcy Code*

If the Plan is not confirmed, the Chapter 11 Cases could be converted to liquidation cases under chapter 7 of the Bankruptcy Code. In chapter 7, a trustee would be appointed to promptly liquidate the Debtors' assets.

Although it is impossible to predict precisely how the proceeds of a liquidation would be distributed to the respective holders of Claims, the Debtors believe that the value of their Estates would be substantially diminished in a chapter 7 liquidation, due to additional administrative expenses involved in the appointment of a trustee and attorneys, accountants, and other professionals to assist such trustee, along with an increase in the amount of unsecured Claims. The assets available for distribution to creditors would be reduced by those additional expenses and by Claims, some of which would be entitled to priority, that would arise by reason of the

liquidation and from the rejection of leases and executory contracts in connection with the cessation of the Debtors' operations.

The Debtors could also be liquidated pursuant to the provisions of a chapter 11 plan. In a liquidation under chapter 11, the Debtors' assets could be sold in a more orderly fashion over a longer period of time than in a chapter 7 liquidation. Thus, a chapter 11 liquidation might result in larger recoveries than in a chapter 7 liquidation, but the delay in distributions could result in lower present values being received and higher administrative costs. Because a trustee is not required in a chapter 11 liquidation, expenses for professional fees could be lower than in a chapter 7 liquidation. However, the drafting and pursuit of a liquidation plan and the balloting and tabulation of votes on such plan would result in additional administrative costs. Any distributions under a chapter 11 liquidation plan probably would be delayed.

It is highly unlikely that Interest holders would receive any distribution in a liquidation under either chapter 7 or chapter 11.

The Debtors believe that any liquidation is a much less attractive alternative for creditors than the Plan because of the greater recoveries that the Debtors anticipate will be provided under the Plan. **The Debtors believe that the Plan affords substantially greater benefits to holders of Claims than would liquidation under any chapter of the Bankruptcy Code.**

The Liquidation Analysis, prepared by the Debtors with their financial advisors, premised upon a chapter 7 liquidation, is attached hereto as **Exhibit C**. In the Liquidation Analysis, the Debtors have considered the nature, status, and underlying value of their assets, the ultimate realizable value of such assets, and the extent to which the assets are subject to liens and security interests. Based on this analysis, it is likely that a liquidation of the Debtors' assets would produce less value for distribution to creditors and equity interest holders than that recoverable in each instance under the Plan.

B. *Alternative Chapter 11 Plans*

If the Plan is not confirmed, the Debtors (or if the Debtors' exclusive period in which to file a plan of reorganization expires or is terminated, any other party in interest) could attempt to formulate a different plan. Such a plan might involve (i) a reorganization and continuation of the Debtors' businesses or (ii) an orderly liquidation of their assets. **The Debtors, however, believe that the Plan, as described herein, enables their creditors to realize the most value under the circumstances.**

The Debtors could continue to operate its businesses and manage its properties as debtors-in-possession, subject to the restrictions imposed by the Bankruptcy Code. However, it is not clear whether the Debtors could continue as a going concern in protracted Chapter 11 Cases if Confirmation of the Plan is denied due to, among other things, the high costs of operating during the Chapter 11 Cases and the eroding confidence of the Debtors' customers and trade vendors. If the DIP Facility were terminated, it likely would be very difficult for the Debtors to find alternative financing.

C. *Sale under Section 363 of the Bankruptcy Code*

If the Plan is not confirmed, the Debtors could seek from the Bankruptcy Court, after notice and hearing, authorization to sell their assets under section 363 of the Bankruptcy Code. The DIP Lenders and other secured creditors would be entitled to credit bid on any property to which their security interests are attached to the extent of the value of their security interests, and to offset their Claims against the purchase price of the property. In addition, the security interests in the Debtors' assets held by holders of secured Claims would attach to the proceeds of any sale of the Debtors' assets to the extent of the security interests in those assets. The Debtors do not believe a sale of its assets under section 363 of the Bankruptcy Code would yield a higher recovery for the holders of Claims under the Plan, in part because the Debtors may be unable to transfer their non-U.S. operating licenses to a purchaser of the Debtors' assets.

D. *Dismissal and Local Liquidation or Dissolution*

If the Plan is not confirmed, the Chapter 11 Cases could be dismissed, in which case separate liquidation or dissolution proceedings may be commenced in the various jurisdictions where the Debtors are organized. Such proceedings may be lengthy, are unlikely to be effectively coordinated across national borders, and are unlikely to preserve the going-concern value of the Debtors' enterprise. **Accordingly, the Debtors believe that dismissal of the Chapter 11 Cases in favor of local proceedings is a much less attractive alternative for creditors as compared to the Plan.**

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SECTION XII.
CONCLUSION AND RECOMMENDATION

The Debtors believe the Plan is in the best interests of the Debtors' Estates and urge the holders of Claims in the Voting Classes to vote in favor of the Plan.

[As set forth in the Committee Recommendation Letter attached hereto as [**Exhibit E]**, the Committee recommends that all unsecured creditors in Voting Classes vote to accept the Plan.]

Dated: September 3, 2021
Bogotá, Colombia

Respectfully submitted,

Avianca Holdings S.A., on behalf of itself and each of its Debtor affiliates

/s/ Adrian Neuhauser
Name: Adrian Neuhauser
Title: President and Chief Executive Officer

Exhibit A to Disclosure Statement

Plan

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UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
AVIANCA HOLDINGS S.A., *et al.*,	)	Case No. 20-11133 (MG)
Debtors.[1]	)	(Jointly Administered)

JOINT CHAPTER 11 PLAN OF AVIANCA HOLDINGS S.A. AND ITS AFFILIATED DEBTORS

Dated: September 3, 2021
New York, NY

[1] The Debtors in these 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. International 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); Nicaragüense de Aviación, Sociedad Anónima (N/A); Regional Express Américas S.A.S. (N/A); Ronair N.V. (N/A); Servicio Terrestre, Aéreo 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); AV Loyalty Bermuda Ltd. (N/A); Aviacorp Enterprises S.A. (N/A). The Debtors' principal offices are located at Avenida Calle 26 # 59 – 15 Bogotá D.C., Colombia.

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INTRODUCTION

Avianca Holdings S.A. ("Avianca") and its affiliated debtors and debtors in possession (each a "Debtor" and, collectively, the "Debtors"), jointly propose this chapter 11 plan of reorganization (the "Plan") pursuant to section 1121(a) of title 11 of the United States Code (the "Bankruptcy Code"). Although proposed jointly for administrative purposes and voting, the Plan constitutes a separate chapter 11 plan of reorganization for the Avianca Debtors and each Unconsolidated Debtor. Capitalized terms used and not otherwise defined shall have the meanings ascribed to such terms in Article I.

Each Debtor is a proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code. Holders of Claims and Interests may refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, assets, results of operations, historical financial information, and projections of future operations, as well as a summary and description of this Plan.

All holders of Claims and Interests are encouraged to read the Plan and the Disclosure Statement in their entirety before voting to accept or reject the Plan.

ARTICLE I
DEFINITIONS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. *Definitions*

As used in the Plan, capitalized terms have the meanings set forth below.

1. "*2020 Notes Claims*" means all Claims on account of, arising under, or relating to, the 2020 Notes and the 2020 Notes Indenture.

2. "*2020 Notes*" means AVH's 8.375% Senior Notes due 2020 issued pursuant to the 2020 Notes Indenture.

3. "*2020 Notes Indenture*" means that certain *Indenture*, dated as of May 10, 2013, by and among AVH, Avianca Leasing, LLC, and Grupo Taca Holdings Limited, as issuers, Citibank, N.A., as trustee, transfer agent, and principal paying agent, and Banque Internationale à Luxembourg S.A., as Luxembourg transfer agent and Luxembourg paying agent, and the guarantors party thereto, as amended, restated, modified, and/or supplemented from time to time.

4. "*2020 Notes Indenture Trustee*" means the Delaware Trust Company, as indenture trustee under the 2020 Notes Indenture, appointed pursuant to the terms thereof, as well as its successors, assigns, or any replacement agent appointed pursuant to the terms of the 2020 Notes Indenture.

5. "*2020 Notes Indenture Trustee Claims*" means Claims for reasonable compensation, fees, expenses, disbursements, indemnification, subrogation, and contribution of the 2020 Notes Indenture Trustee, including, without limitation, internal default fees and reasonable and documented attorneys', financial advisors', and agents' fees, expenses, and

disbursements, incurred by or owed to the 2020 Notes Indenture Trustee, whether prepetition or postpetition, whether prior to or after consummation of the Plan, to the extent provided for under the 2020 Notes Indenture.

6. "*2023 Notes Claims*" means all Claims on account of, arising under, or relating to, the 2023 Notes and the 2023 Notes Indenture; provided, that 2023 Notes Claims shall not include Claims relating to 2023 Notes that were exchanged for DIP Facility Claims pursuant to the DIP Roll-Up.

7. "*2023 Notes*" means AVH's 9.00% Senior Secured Notes due 2023 issued pursuant to the 2023 Notes Indenture.

8. "*2023 Notes Indenture*" means that certain *Indenture*, dated as of December 31, 2019, by and among AVH, as issuer, Wilmington Savings Fund Society, FSB, as trustee and collateral trustee, Citibank, N.A., as registrar, transfer agent, and principal paying agent, and the guarantors party thereto, as amended, restated, modified, and/or supplemented from time to time.

9. "*2023 Notes Indenture Trustee*" means the indenture trustee under the 2023 Notes Indenture, its successors, assigns, or any replacement agent appointed pursuant to the terms of the 2023 Notes Indenture.

10. "*2023 Notes Indenture Trustee Claims*" means Claims for reasonable compensation, fees, expenses, disbursements, indemnification, subrogation, and contribution of the 2023 Notes Indenture Trustee, including, without limitation, internal default fees and reasonable and documented attorneys', financial advisors', and agents' fees, expenses, and disbursements, incurred by or owed to the 2023 Notes Indenture Trustee, whether prepetition or postpetition, whether prior to or after consummation of the Plan, to the extent provided for under the 2023 Notes Indenture.

11. "*Administrative Expense*" means any cost or expense of administration of the Chapter 11 Cases entitled to priority pursuant to sections 503(b), 507(a)(2), or 507(b) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the Debtors' businesses; (b) professional compensation and reimbursement awarded or allowed pursuant to sections 330(a) or 331 of the Bankruptcy Code, including the Professional Fees; (c) an administrative expense of the type described in section 503(b)(9) of the Bankruptcy Code; (d) any and all fees and charges assessed against the Estates pursuant to chapter 123 of title 28 of the United States Code; (e) DIP Facility Claims; and (f) DIP Facility Fees and Expenses.

12. "*Aerounión*" means Aero Transporte de Carga Unión, S.A. de C.V.

13. "*Aircraft Lease*" means an Unexpired Lease relating to the use or operation of an aircraft, aircraft engine, or other aircraft parts.

14. "*Allowed*" means, (a) with respect to any Claim, except as otherwise provided herein: (i) a Claim that is evidenced by a Proof of Claim Filed by the Claims Bar Date in accordance with the Claims Bar Date Order (or for which Claim under the Plan, the Bankruptcy Code or a Final Order of the Bankruptcy Court a Proof of Claim is not or shall not be required to

be Filed); (ii) a Claim that is listed in the Schedules, if any, as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim, as applicable, has been timely Filed; or (iii) a Claim Allowed pursuant to the Plan or a Final Order, and (b) with respect to any Interest, an Interest that is (x) reflected in the books and records of the transfer agent for the relevant Debtor on the Confirmation Date or (y) Allowed by Final Order; provided, that with respect to a Claim described in clauses (i) and (ii) above, such Claim shall be considered Allowed only if and to the extent that with respect to such Claim no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or, if such an objection is so interposed and the Claim, as applicable, shall have been Allowed by a Final Order; provided, that the Reorganized Debtors, in their business judgment and in consultation with the General Unsecured Claims Observer (as applicable), may deem a claim "Allowed" following the Effective Date without further order of the Bankruptcy Court; provided, further, that an Allowed Claim (A) includes a previously Disputed Claim to the extent such Disputed Claim becomes Allowed and (B) shall be net of any setoff amount that may be asserted by any Debtor against the holder of such Claim, which shall be deemed to have been set off in accordance with the provisions of the Plan; provided, further, that notwithstanding anything to the contrary herein, the Reorganized Debtors shall retain all claims and defenses with respect to Allowed Claims or Interests that are Reinstated or otherwise Unimpaired pursuant to the Plan. "*Allow*," "*Allowing*," and "*Allowance*," shall have correlative meanings.

15. "*Article*" refers to an article of the Plan.

16. "*AVH*" means Avianca Holdings S.A.

17. "*Avianca Debtors*" means each Debtor other than the Unconsolidated Debtors, namely Avianca Holdings S.A.; Aeroinversiones de Honduras, S.A.; Aerovías del Continente Americano S.A. Avianca; Airlease Holdings One Ltd.; America Central (Canada) Corp.; America Central Corp.; AV International Holdco S.A.; AV International Holdings S.A.; AV International Investments S.A.; AV International Ventures S.A.; AV Investments One Colombia S.A.S.; AV Investments Two Colombia S.A.S.; AV Taca International Holdco S.A.; Avianca Costa Rica S.A.; Avianca Leasing, LLC; Avianca, Inc.; Avianca-Ecuador S.A.; Aviaservicios, S.A.; Aviateca, S.A.; C.R. International Enterprises, Inc.; Grupo Taca Holdings Limited; International Trade Marks Agency Inc.; Inversiones del Caribe, S.A.; Isleña de Inversiones, S.A. de C.V.; Latin Airways Corp.; Latin Logistics, LLC; Nicaragüense de Aviación, Sociedad Anónima; Regional Express Américas S.A.S.; Ronair N.V.; Servicio Terrestre, Aéreo y Rampa S.A.; Taca de Honduras, S.A. de C.V.; Taca de México, S.A.; Taca International Airlines S.A.; Taca S.A.; Tampa Cargo S.A.S.; Technical and Training Services, S.A. de C.V.; AV Loyalty Bermuda Ltd.; Aviacorp Enterprises S.A.

18. "*Avianca Plan Consolidation*" means the deemed consolidation of the estates of the Avianca Debtors, solely for purposes of the Plan.

19. "*Avifreight*" means Avifreight Holding Mexico S.A.P.I. de C.V.

20. "*Avoidance Actions*" means any and all actual or potential claims and Causes of Action to avoid a transfer of property from, or an obligation incurred by, one or more of the

Debtors, that arise under (a) chapter 5 of the Bankruptcy Code, including sections 544, 545, 547, 548, 549, 550, 551, and 553(b) of the Bankruptcy Code or (b) similar non-U.S. or state law.

21. "*Ballot*" means a ballot providing for the acceptance or rejection of the Plan and to make an election with respect to the releases set forth in Article IX.E of the Plan and, in the case of holders of General Unsecured Avianca Claims, to make an election to receive the Unsecured Creditor Equity Package.

22. "*Bankruptcy Code*" has the meaning specified in the Introduction hereto.

23. "*Bankruptcy Court*" means the United States Bankruptcy Court for the Southern District of New York or any other court having jurisdiction over the Chapter 11 Cases.

24. "*Bankruptcy Rules*" means (a) the Federal Rules of Bankruptcy Procedure, as amended from time to time and as applicable to the Chapter 11 Cases, promulgated pursuant to 28 U.S.C. § 2075, and (b) the general, local, and chambers rules of the Bankruptcy Court.

25. "*Business Day*" means any day other than a (a) Saturday or Sunday, (b) "legal holiday" (as defined in Bankruptcy Rule 9006(a)), or (c) day on which commercial banks in New York are required or authorized by law to remain closed.

26. "*Cargo Receivable Facility*" means the credit facility arising under the Cargo Receivable Facility Agreement.

27. "*Cargo Receivable Facility Agreement*" means that certain *Line of Credit Agreement*, dated as of February 26, 2019, by and among Aerounión, as borrower, and Banco Santander (México), S.A., Institución de Banca Múltiple, and Grupo Financiero Santander México, as lenders.

28. "*Cargo Receivable Facility Claims*" means all Claims on account of, under, or related to the Cargo Receivable Facility.

29. "*Cash*" means (a) cash and cash equivalents in U.S. dollars or (b) where non-U.S. currency is specifically referred to, cash and cash equivalents in such non-U.S. currency.

30. "*Cause of Action*" means any action, claim, cause of action, controversy, demand, right, action, remedy, lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, license, and franchise of any kind or character whatsoever, whether known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law. For the avoidance of doubt, "Cause of Action" includes: (a) any right of setoff or counterclaim and any claim for breach of contract or for breach of duties imposed by law or in equity; (b) the right to object to Claims or Interests; (c) any claim pursuant to section 362 or chapter 5 of the Bankruptcy Code, including, but not limited to, Avoidance Actions; (d) any counterclaim or defense, including fraud, mistake, duress, usury, recoupment, and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any non-U.S. or state law fraudulent transfer, avoidance or similar claim.

31. "*CAXDAC*" means *Caja de Auxilios y de Prestaciones de la Asociación Colombiana de Aviadores Civiles ACDAC*.

32. "*CAXDAC Fee Claims*" means Claims for reasonable and documented postpetition fees and expenses of CAXDAC, including reasonable and documented attorneys' fees, expenses, and disbursements, incurred by CAXDAC in connection with the Chapter 11 Cases, whether prior to or after consummation of the Plan, as provided for under the Colombian Pension Regime.

33. "*Chapter 11 Cases*" means the jointly administered cases of the Debtors under chapter 11 of the Bankruptcy Code.

34. "*Claim*" means a "claim" as defined in section 101(5) of the Bankruptcy Code against a Debtor.

35. "*Claims Bar Date*" means January 20, 2021 at 11:59 P.M. (Pacific Time) or, solely with respect to Governmental Units, February 5, 2021 at 11:59 P.M. (Pacific Time) or, solely with respect to the Special Bar Date Entities, June 10, 2021 at 11:59 P.M. (Pacific Time).

36. "*Claims-Based New Common Equity*" means New Common Equity issued to holders of Allowed Tranche B DIP Facility Claims and Allowed General Unsecured Avianca Claims on account of such Claims, which shall be subject to dilution by the issuance of Contribution-Based New Common Equity, Warrant-Based New Common Equity, and any Post-Emergence New Common Equity.

37. "*Class*" means a class of Claims or Interests designated in Article III of the Plan, pursuant to section 1122(a) of the Bankruptcy Code.

38. "*Colombian Pension Regime*" means the laws of the Republic of Colombia relating to pension obligations, including Decree Law 1282 of 1994, Decree Law 1283 of 1994, and Law 100 of 1993; any other applicable decrees, articles, legal authority, or precedent; the Political Constitution of Colombia; and any applicable treaty obligations.

39. "*Commitment Letters*" means the DIP-to-exit commitment letters annexed as Exhibits B-1 and B-2 to the *Debtors' Motion for Entry of an Order (I) Approving Terms of, and Debtors' Entry Into and Performance Under, the DIP-to-Exit Facility Commitment Letters and (II) Authorizing Incurrence, Payment and Allowance of Obligations Thereunder as Administrative Expenses* [Docket No. 1919].

40. "*Commitment Letters Order*" means the *Revised Order (I) Approving Terms of, and Debtors' Entry Into and Performance Under, the DIP-to-Exit Facility Commitment Letters and (II) Authorizing Incurrence, Payment and Allowance of Obligations Thereunder as Administrative Expenses* [Docket No. 1938], as modified by the Final DIP Amendment Order, approving, among other things, the Debtors' entry into the Commitment Letters.

41. "*Committee*" means the official committee of unsecured creditors, appointed on May 22, 2020 by the U.S. Trustee in the Chapter 11 Cases [Docket No. 154] pursuant to section 1102 of the Bankruptcy Code, as it may be constituted from time to time.

42. "*Confirmation*" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases.

43. "*Confirmation Date*" means the date upon which Confirmation occurs.

44. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court to consider confirmation of the Plan or, if the Debtors proceed with one or more Sub-Plans, such Sub-Plan(s) pursuant to section 1129 of the Bankruptcy Code.

45. "*Confirmation Order*" means the Bankruptcy Court order confirming the Plan or, if the Debtors proceed with one or more Sub-Plans, such Sub-Plan(s) pursuant to section 1129 of the Bankruptcy Code, in form and substance reasonably satisfactory to the Supermajority New Tranche A-1 Lenders the Supermajority New Tranche A-2 Lenders (as defined in the DIP Facility Documents), and the Required Supporting Tranche B Lenders. The Confirmation Order shall be consistent with the Global Plan Settlement and consistent in all respects with the DIP Facility Documents, and the Committee shall have consultation rights with respect to the provisions of the proposed Confirmation Order to the extent such provisions materially impact the rights of holders of General Unsecured Avianca Claims.

46. "*Consenting Noteholders*" means those holders of 2023 Notes and/or Tranche A-1 and Tranche A-2 DIP Facility Claims that are or become party to the Noteholder RSA, together with their respective successors and permitted assigns.

47. "*Consummation*" means the occurrence of the Effective Date.

48. "*Contribution-Based New Common Equity*" means New Common Equity issued to certain holders of Allowed Tranche B DIP Facility Claims in exchange for each such holder's Tranche B Equity Contribution and/or Tranche B Asset Contribution and on account of the commitment premium set forth in the Tranche B Equity Conversion Agreement, which shall be subject to dilution by the issuance of Warrant-Based New Common Equity and any Post-Emergence New Common Equity.

49. "*Cure Claim*" means a monetary Claim (unless waived or modified by the applicable counterparty) on account of a Debtor's defaults under an Executory Contract or an Unexpired Lease assumed by such Debtor under section 365 or 1123 of the Bankruptcy Code, other than (a) a default that is not required to be cured pursuant to section 365(b)(2) of the Bankruptcy Code and (b) a Claim that, by consent of the applicable counterparty, is to be treated as a General Unsecured Claim.

50. "*D&O Policy*" means any insurance policy, including tail insurance policies, for directors', members', trustees', and officers' liability maintained by the Debtors and in effect or purchased as of the Petition Date.

51. "*Debtor*" or "*Debtors*" have the meaning specified in the Introduction hereto.

52. "*Description of Restructuring Transactions*" means a summary description of certain Restructuring Transactions, including any changes to the corporate and/or capital structure of the Debtors (to the extent known), to be made on the Effective Date.

53. "*DIP Agent*" means JPMorgan Chase Bank, N.A., solely in its capacity as administrative agent, Fronting Lender (as defined in the DIP Credit Agreement), arranger, and collateral agent under the DIP Facility Documents, its successors, assigns, or any replacement agent appointed pursuant to the terms of the DIP Credit Agreement.

54. "*DIP Amendment*" means the amendments to the DIP Credit Agreement and other DIP Facility Documents that are contemplated by the DIP Amendment Motion.

55. "*DIP Amendment Motion*" means the *Debtors' Motion for Entry of a Final Order (I) Authorizing the Debtors to Enter into Amendments to Their Postpetition DIP Credit Documents and Enter into Additional Documents in Furtherance Thereof, (II) Granting and Reaffirming Liens, (III) Granting Superpriority Administrative Expense Claims, (IV) Modifying the Automatic Stay, and (V) Granting Related Relief* [Docket No. 1972].

56. "*DIP Credit Agreement*" means that certain *Super-Priority Debtor-in-Possession Term Loan Agreement*, dated as of October 13, 2020, by and among AVH, as borrower, the other Debtors, as guarantors, and the DIP Agent, as administrative agent and collateral agent, and the DIP Lenders, as amended, restated, modified, and/or supplemented from time to time in accordance with the DIP Orders and as amended by the DIP Amendment.

57. "*DIP Credit Parties*" means the DIP Agent, the DIP Lenders, and the DIP Indenture Trustee.

58. "*DIP Facility*" means the debtor-in-possession financing facility provided to the Debtors pursuant to the DIP Credit Agreement, the DIP Facility Indentures, and the DIP Orders and consisting (after giving effect to the DIP Amendment) of the Tranche A-1 DIP Obligations, the Tranche A-2 DIP Obligations, and the Tranche B DIP Obligations.

59. "*DIP Facility Claims*" means all Claims on account of, under, or related to the DIP Facility or DIP Facility Documents held by any DIP Credit Party, including, without limitation, any outstanding principal, accrued and unpaid interest and premiums, fees, reimbursement obligations, and all other amounts that are outstanding obligations under the DIP Facility Documents.

60. "*DIP Facility Documents*" means the DIP Credit Agreement, the DIP Facility Indentures, the DIP Orders, and any amendments (including the DIP Amendment), modifications, supplements thereto, as well as any related notes, certificates, agreements, security agreements, documents, payoff letters, and instruments (including any amendments, restatements, supplements, or modifications of any of the foregoing) related to or executed in connection with the DIP Credit Agreement, the DIP Facility Indentures, and the DIP Orders.

61. "*DIP Facility Indentures*" means (i) the *Tranche A-1 Notes Indenture* by and among AVH, as issuer, the other Debtors, as guarantors, and the DIP Indenture Trustee and (ii) the *Tranche A-2 Notes Indenture* by and among AVH, as issuer, the other DIP Obligors, as guarantors, and the DIP Indenture Trustee, each dated as of August 27, 2021.

62. "*DIP Facility Fees and Expenses*" means (i) the "Fee and Expense Reimbursement" as defined in the Commitment Letters Order, (ii) the fees, expenses, and

indemnities due and payable pursuant to section 11.04 of the DIP Credit Agreement; (iii) any fees and expenses due and payable under fee and engagement letters with the DIP Agent; and (iv) all other fees and expenses due and owing to the DIP Agent pursuant to any DIP Facility Documents.

63. "*DIP Indenture Trustee*" means Wilmington Savings Fund Society, FSB, as notes trustee, solely in its capacity as notes trustee under each of the DIP Facility Indentures, as well as its successors, assigns, and any replacement trustee of each DIP Facility Indenture appointed pursuant to the terms of each DIP Facility Indenture.

64. "*DIP Lenders*" means the lenders party to the DIP Credit Agreement and DIP Facility Indentures from time to time.

65. "*DIP Orders*" means the Final DIP Order and the Final DIP Amendment Order, as amended, modified, or supplemented in accordance with the terms thereof.

66. "*DIP Roll-Up*" means the "roll-up" of $220 million of the 2023 Notes into the DIP Facility, as approved by the Bankruptcy Court pursuant to the Final DIP Order.

67. "*Direct Loan*" means the loan obligations arising under the Direct Loan Promissory Note.

68. "*Direct Loan Claims*" means all Claims on account of, under, or related to the Direct Loan.

69. "*Direct Loan Promissory Note*" means that certain *Promissory Note*, dated as of April 30, 2019, pursuant to which Aerovías del Continente Americano S.A. Avianca promised to pay to Citibank, N.A., acting through its international banking facility, the principal amount of $30,000,000, as may be amended, restated, and supplemented from time to time.

70. "*Director*" means a member of the board of directors or board of managers, as applicable, of Reorganized AVH.

71. "*Disallowed*" means any Claim, or any portion thereof, that (i) has been disallowed by Final Order or settlement; (ii) is scheduled at zero or as contingent, disputed, or unliquidated on the Schedules and as to which a Claims Bar Date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court, including the Claims Bar Date Order, or otherwise deemed timely filed under applicable law; or (iii) is not scheduled on the Schedules and as to which a Claims Bar Date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court, including the Claims Bar Date Order, or otherwise deemed timely filed under applicable law. "*Disallow*" and "*Disallowance*" shall have correlative meanings.

72. "*Disbursing Agent*" means, as applicable, the Debtors or Reorganized Debtors or any Person or Entity that the Debtors or Reorganized Debtors select to make or facilitate distributions in accordance with the Plan.

73. "*Disclosure Statement*" means the Disclosure Statement for this Plan, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, together with all exhibits, schedules, supplements, annexes, and attachments to such disclosure statement, as it may be modified or supplemented from time to time.

74. "*Disputed*" means, with respect to a Claim, any Claim that is not yet Allowed or Disallowed.

75. "*Distribution Record Date*" means the Confirmation Date or such other date prior to the Effective Date that is selected by the Debtors.

76. "*Effective Date*" means, with respect to the Plan or, if the Debtors proceed with one or more Sub-Plans, such Sub-Plan(s), the date that is a Business Day selected by the Debtor(s) on which (i) no stay of the Confirmation Order is in effect and (ii) all conditions precedent specified in Article X.A of the Plan have been satisfied or waived in accordance with the Plan or Sub-Plan(s). Without limiting the foregoing, any action to be taken on the Effective Date may be taken on or as soon as reasonably practicable after the Effective Date.

77. "*Electing General Unsecured Claimholder*" means a holder of an Allowed General Unsecured Avianca Claim that elects to receive the Unsecured Claimholder Equity Package in accordance with Article IIIB.11.b of the Plan.

78. "*Engine Loan*" means the loan obligations arising under the Engine Loan Agreement.

79. "*Engine Loan Agreement*" means that certain *Facility Agreement*, dated as of March 13, 2015, by and among Bank of Utah, as owner trustee and borrower, AVH, as owner participant, AVH, Aerovías del Continente Americano S.A. Avianca, and Taca International Airlines, S.A., as guarantors, and Credit Agricole Corporate and Investment Bank, as lender, administrative agent, and lead arranger, as amended, restated, modified, and/or supplemented from time to time.

80. "*Engine Loan Claims*" means all Claims on account of, under, or related to the Engine Loan.

81. "*Entity*" means any "entity," as such term is defined in section 101(15) of the Bankruptcy Code.

82. "*Estate*" means, with respect to a particular Debtor, the estate created for such Debtor upon commencement of its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code, and the "*Estates*" means every Debtor's Estate, collectively.

83. "*Exculpated Parties*" means, collectively, and in each case in their capacities as such during the Chapter 11 Cases, (A)(i) the Debtors, (ii) the Reorganized Debtors, (iii) the Committee and its members, and (iv) the General Unsecured Claims Observer; (B) with respect to each of the foregoing Entities and Persons in clause (A), all of such Entities' and Persons' Related Parties, solely to the extent such Related Parties are fiduciaries of the Estates or otherwise to the fullest extent provided for pursuant to section 1125(e) of the Bankruptcy Code; (C)(i) the DIP

Agent, (ii) the DIP Lenders, (iii) the Consenting Noteholders, (iv) the Supporting Tranche B DIP Lenders, (v) the Exit Facility Indenture Trustee, (vi) the DIP Indenture Trustee, and (vii) the Exit Facility Lenders; and (D) with respect to each of the foregoing Entities and Persons in clause (C), all of such Entities' and Persons' Related Parties; provided, that, with respect to the Entities and Persons in clauses (C) and (D), any exculpations afforded under the Plan or the Confirmation Order shall be granted only to the extent provided for pursuant to section 1125(e) of the Bankruptcy Code.

84. "*Executory Contract*" means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

85. "*Exercise Price*" means an exercise price with respect to the Warrants that implies an equity value of Reorganized AVH of $1,480,000,000.

86. "*Existing AVH Common Equity Interests*" means Existing AVH Equity Interests other than Existing AVH Non-Voting Equity Interests.

87. "*Existing AVH Equity Interests*" means existing Interests in AVH. For the avoidance of doubt, Existing AVH Equity Interests include (a) any unvested granted equity awards or options (which shall be deemed accelerated and treated equivalently to other existing common stock) and any other equity rights or instruments exchangeable, convertible or exercisable into stock of AVH and (b) American depositary receipts that are linked to other Existing AVH Equity Interests.

88. "*Existing AVH Non-Voting Equity Interests*" means existing preferred Interests in AVH, including, for the avoidance of doubt, American depositary receipts that are linked to Existing AVH Non-Voting Equity Interests.

89. "*Existing Avifreight Equity Interests*" means existing Interests in Avifreight, other than Interests held by other Debtors.

90. "*Existing SAI Equity Interests*" means existing Interests in SAI, other than Interests held by other Debtors.

91. "*Exit A-1 Notes*" means the indebtedness to be issued as part of the Exit Facility on the terms set forth in the Exit A-1 Term Sheet.

92. "*Exit A-1 Term Sheet*" means the term sheet annexed as Exhibit B-1 to the DIP Amendment Motion.

93. "*Exit A-2 Notes*" means the indebtedness to be issued as part of the Exit Facility on the terms set forth in the Exit A-2 Term Sheet.

94. "*Exit A-2 Term Sheet*" means the term sheet annexed as Exhibit B-2 to the DIP Amendment Motion.

95. "*Exit Facility*" means the new senior secured credit facility or facilities, consisting of the Exit A-1 Notes and the Exit A-2 Notes, to be made available to the Reorganized Debtors

pursuant to and subject to the terms and conditions of the Exit Facility Indenture(s) and the other Exit Facility Documents.

96. "*Exit Facility Documents*" means the documents that will govern the Exit Facility, including (a) each Exit Facility Indenture and (b) all other financing documents related to the Exit Facility, such as intercreditor agreements, pledges, mortgages, and guarantees, each in a form reasonably acceptable to the Required Designated A-1 DIP Lenders and the Supermajority New Tranche A-2 Lenders (each as defined in the DIP Facility Documents).

97. "*Exit Facility Indenture*" means each indenture with respect to the Exit Facility, as filed with the Plan Supplement.

98. "*Exit Facility Indenture Trustee*" means each indenture trustee under an Exit Facility Indenture and the other Exit Facility Documents, in its capacity as such.

99. "*Exit Facility Lenders*" means the holders of indebtedness from time to time under each Exit Facility Indenture, in their capacities as such.

100. "*Final DIP Amendment Order*" means the *Final Order (I) Authorizing the Debtors to Enter into Amendments to Their Postpetition DIP Credit Documents and Enter Into Additional Documents in Furtherance Thereof, (II) Granting and Reaffirming Liens, (III) Granting Superpriority Administrative Expense Claims, (IV) Modifying the Automatic Stay, and (V) Granting Related Relief* [Docket No. 2032].

101. "*Final DIP Order*" means the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, and (B) Grant Liens and Superpriority Administrative Expense Claims, (II) Modifying the Automatic Stay, and (III) Granting Related Relief* [Docket No. 1031].

102. "*Final Order*" means, as applicable, an order entered by the Bankruptcy Court or other court of competent jurisdiction: (a) that has not been reversed, stayed, modified, amended, or revoked, and as to which (i) any right to appeal or seek leave to appeal, certiorari, review, reargument, stay, or rehearing has been waived or (ii) the time to appeal or seek leave to appeal, certiorari, review, reargument, stay, or rehearing has expired and no appeal, motion for leave to appeal, or petition for certiorari, review, reargument, stay, or rehearing is pending or (b) as to which an appeal has been taken, a motion for leave to appeal, or petition for certiorari, review, reargument, stay, or rehearing has been filed and (i) such appeal, motion for leave to appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which leave to appeal, certiorari, review, reargument, stay, or rehearing was sought and (ii) the time to appeal (in the event leave is granted) further or seek leave to appeal, certiorari, further review, reargument, stay, or rehearing has expired and no such appeal, motion for leave to appeal, or petition for certiorari, further review, reargument, stay, or rehearing is pending; provided, that the possibility that a request for relief under Rule 60 of the Federal Rules of Civil Procedure or any analogous rule under the Bankruptcy Rules or applicable non-bankruptcy law may be filed relating to such order shall not prevent such order from being a Final Order.

103. "*Foreign Creditors Order*" means the *Final Order Authorizing (A) Debtors to Pay Prepetition Claims of Foreign Creditors; and (B) Financial Institutions to Honor and Process*

Related Checks and Transfers (Docket No. 248), as amended by the *Amended Final Order Authorizing (A) Debtors to Pay Prepetition Claims of Foreign Creditors; and (B) Financial Institutions to Honor and Process Related Checks and Transfers* (Docket No. 1357) and as may be further amended by order of the Bankruptcy Court.

104. "*General Administrative Expense*" means any Administrative Expense other than Professional Fees, DIP Facility Claims, and DIP Facility Fees and Expenses.

105. "*General Unsecured Aerounión Claim*" means a General Unsecured Claim against Aerounión.

106. "*General Unsecured Avianca Claim*" means a General Unsecured Claim against any of the Avianca Debtors, other than General Unsecured Convenience Claims but including, for the avoidance of doubt, all 2020 Notes Claims, 2023 Notes Claims, and Direct Loan Claims.

107. "*General Unsecured Avifreight Claim*" means a General Unsecured Claim against Avifreight.

108. "*General Unsecured Claim*" means any Claim that is not a Secured Claim, an Intercompany Claim, a Subordinated Claim, or a Claim entitled to priority under the Bankruptcy Code.

109. "*General Unsecured Claims Observer*" means the Person or Entity that may be appointed by the Committee with the consent of the Debtors (not to be unreasonably withheld) in accordance with Article VII.C of the Plan.

110. "*General Unsecured Claims Observer Costs*" means the reasonable and documented costs and expenses of the General Unsecured Claims Observer, including reasonable professionals' fees and expenses; provided, that the Reorganized Debtors shall be permitted to challenge the reasonableness of all such costs, fees, and expenses before the Bankruptcy Court.

111. "*General Unsecured Convenience Claim*" means a General Unsecured Claim (other than a 2020 Notes Claim, 2023 Notes Claim or Direct Loan Claim) against one or more of the Avianca Debtors that is Allowed in an amount of $500,000 or less.

112. "*General Unsecured SAI Claim*" means a General Unsecured Claim against SAI.

113. "*Global Plan Settlement*" has the meaning specified in Article V .A of the Plan.

114. "*Governmental Unit*" means any "governmental unit," as such term is defined in section 101(27) of the Bankruptcy Code.

115. "*Grupo Aval Definitive Documentation*" means, collectively, the "Definitive Documentation" and the "Working Capital Lines of Credit Definitive Documentation," as defined in the Grupo Aval Settlement Agreement.

116. "*Grupo Aval Exit Facility*" means that certain exit credit or securitization facility described in the Grupo Aval Settlement Agreement.

117. "*Grupo Aval Exit Facility Agreement*" means the definitive document or documents that will govern the Grupo Aval Exit Facility.

118. "*Grupo Aval Lines of Credit*" means (i) that certain $4 million working-capital line of credit dated December 27, 2018, granted by Banco de América Central S.A., (ii) that certain $8.5 million working-capital line of credit dated December 27, 2018, granted by Banco de América Central S.A., and (iii) that certain $1 million working-capital line of credit dated December 21, 2017, granted by Banco de Bogotá S.A.

119. "*Grupo Aval Lines of Credit Claims*" means all Claims on account of, under, or related to the Grupo Aval Lines of Credit.

120. "*Grupo Aval Promissory Notes*" means, collectively, that certain *Promissory Note*, dated as of March 19, 2019, executed by Aerovías del Continente Americano, S.A. Avianca, as borrower, and AVH, as guarantor, to the order of Banco de Bogotá, S.A., New York Agency, as lender; that certain *Promissory Note*, dated as of February 26, 2019, executed by Taca International Airlines, S.A., as borrower, and AVH, as guarantor, to the order of Banco de Bogotá, S.A., New York Agency, as lender; and that certain *Promissory Note*, dated as of February 6, 2019, executed by Aerovías del Continente Americano, S.A. Avianca, as borrower, and AVH, as guarantor, to the order of Banco de Bogotá, S.A. New York Agency, as lender.

121. "*Grupo Aval Promissory Notes Claims*" means all Claims on account of, under, or related to the Grupo Aval Promissory Notes.

122. "*Grupo Aval Receivable Facility*" means the credit facility arising under the Grupo Aval Receivable Facility Agreement.

123. "*Grupo Aval Receivable Facility Agreement*" means that certain *Credit and Guaranty Agreement*, dated as of June 16, 2015, by and among Taca International Airlines, S.A., as borrower, AVH, as guarantor, Fiduciaria Bogotá S.A., as administrative agent, and the lenders party thereto, as amended, restated, modified, and/or supplement from time to time.

124. "*Grupo Aval Receivable Facility Claims*" means all Claims on account of, under, or related to the Grupo Aval Receivable Facility.

125. "*Grupo Aval Settlement Agreement*" means the settlement of claims between the Debtors and affiliates of Grupo Aval (including Banco de Bogotá S.A.), as set forth in the Grupo Aval Settlement Motion.

126. "*Grupo Aval Settlement Motion*" means the motion filed by the Debtors seeking approval of the Grupo Aval Settlement Agreement [Docket No. 2048].

127. "*Grupo Aval Settlement Order*" means the order of the Bankruptcy Court granting the Grupo Aval Settlement Motion.

128. "*Impaired*" means, with respect to a Claim, Interest, or a Class of Claims or Interests, "impaired" within the meaning of such term in section 1124 of the Bankruptcy Code.

129. "*Implied Equity/Warrant Value*" means (a) with respect to the total value of the Claims-Based New Common Equity, if all the holders of Allowed General Unsecured Avianca Claims elect to receive the Unsecured Claimholder Equity Package, $800 million (such that if all the holders of Allowed General Unsecured Avianca Claims elect to receive the Unsecured Claimholder Equity Package, then the total value of the Claims-Based New Common Equity to be received by such holders would be deemed to be either (i) $14 million or (ii) if Class 11 votes to accept the plan, $20 million) and (b) with respect to the total value of the Warrants, $16 million.

130. "*Indemnification Obligation*" means any existing or future obligation of any Debtor to indemnify current and former directors, officers, members, managers, sponsors, agents or employees of any of the Debtors who served in such capacity, with respect to or based upon such service or any act or omission taken or not taken in any of such capacities, or for or on behalf of any Debtor, whether pursuant to agreement, letters, the Debtors' respective memoranda, articles or certificates of incorporation, corporate charters, bylaws, operating agreements, limited liability company agreements, or similar corporate or organizational documents or other applicable contract or law in effect as of the Effective Date.

131. "*Indenture Trustees*" means the 2020 Notes Indenture Trustee and the 2023 Notes Indenture Trustee.

132. "*Indentures*" means the 2020 Notes Indenture and the 2023 Notes Indenture.

133. "*Initial General Unsecured Claims Distribution Date*" means a date occurring as soon as reasonably practicable following the Effective Date on which the Disbursing Agent, in consultation with the General Unsecured Claims Observer (as applicable), shall commence distributions to holders of Allowed General Unsecured Avianca Claims.

134. "*Intercompany Claim*" means any Claim against a Debtor held (a) by another Debtor or (b) by a non-Debtor that is a majority-owned direct or indirect subsidiary of a Debtor, other than Avianca Perú S.A. en Liquidación, Atlantic Aircraft Holding Two Ltd., Airlease Twenty Four Ltd., Airlease Twenty Six Ltd., Airlease Twenty Seven Ltd., Airlease Twenty Eight Ltd., Airlease Thirty Ltd., Airlease Thirty One Ltd., Little Plane Limited, Airlease Thirteen Ltd., Airlease Fourteen Ltd., Atlantic Aircraft Holding Ltd., Airlease Twenty Two Ltd., Airlease Twenty Three Ltd., Airlease Twenty Five Ltd., Airlease Twenty Nine Ltd., Turbo Aviation Three S.A., Airlease Twelve Ltd., Airlease Eleven Ltd, Air Lease One, Air Lease Two, Aviation Leasing Services (ALS) Investments S.A., Tri-Aircraft-Leasing LLC, Tri-Aircraft Leasing II LLC, Octo-Aircraft Leasing LLC, and Uni-Aircraft Leasing LLC.

135. "*Intercompany Interest*" means any Interest in a Debtor held (a) by another Debtor or (b) by a non-Debtor that is a wholly owned direct or indirect subsidiary of a Debtor.

136. "*Interest*" means any "equity security" (as such term is defined in section 101(16) of the Bankruptcy Code) or other equity interest in a Debtor, including any share of common or preferred stock, membership interest, partnership unit, or other evidence of ownership of, or a similar interest in, a Debtor, and any option, warrant, or right, contractual or otherwise, to purchase, sell, subscribe, or acquire any such equity security or other equity interest in a Debtor, whether or

not transferable, issued or unissued, authorized, or outstanding. For the avoidance of doubt, "Interest" includes American depositary receipts that are linked to other Interests.

137. "*JBA*" has the meaning ascribed to such term in the United Omnibus Amendment.

138. "*JBA Letter Agreement*" means the letter agreement (if any) entered into prior to the Effective Date, by and among AVH, United Airlines, Inc., Compañía Panameña de Aviación, S.A., and certain of their respective affiliates, amending the JBA, the Commitment Letter Guaranties (as defined in the JBA), the Controlling Shareholder Letters of Commitment (as defined in the JBA), the Multilateral Coordination Agreement (as defined in the JBA), and any other Implementing Agreements (as defined in the JBA) or other agreements entered into in connection with the JBA.

139. "*Lien*" means a "lien" as defined in section 101(37) of the Bankruptcy Code.

140. "*New Boards*" means the Reorganized AVH Board and New Subsidiary Boards.

141. "*New Common Equity*" means the common equity of Reorganized AVH to be authorized, issued, and outstanding on and after the Effective Date.

142. "*New Organizational Documents*" means the new bylaws, certificates of incorporation, certificates of formation, limited liability company agreements, operating agreements, certificates of limited partnership, agreements of limited partnership, shareholder agreements, or such other organizational documents of the Reorganized Debtors, the forms of which shall be reasonably satisfactory in form and substance to the Required Supporting Tranche B Lenders and included in the Plan Supplement.

143. "*New Subsidiary Boards*" means the initial boards of directors or managers (as applicable) for the Reorganized Debtors other than Reorganized AVH.

144. "*Noteholder RSA*" means that certain *Restructuring Support Agreement*, dated as of August 28, 2020, by and among the Debtors and the Consenting Noteholders, as may be amended, restated, modified, and/or supplemented from time to time in accordance with its terms.

145. "*Notice of Entry of Confirmation Order*" means a notice to creditors to be sent by the Reorganized Debtors or a Reorganized Debtor following the entry of the Confirmation Order stating that the Bankruptcy Court has confirmed the Plan or a Sub-Plan and providing such other information as required by the Confirmation Order.

146. "*Other Existing Equity Interests*" means Interests in Debtors other than Existing AVH Equity Interests, Existing Avifreight Equity Interests, Existing SAI Equity Interests, and Intercompany Interests that are not held, directly or indirectly, by other Debtors.

147. "*Other Secured Claim*" means any Secured Claim against any Debtor other than a Priority Tax Claim (except as set forth in Article II.F), a DIP Claim, an Engine Loan Claim, a Secured RCF Claim, a USAV Receivable Facility Claim, a Grupo Aval Receivable Facility Claim, a Grupo Aval Lines of Credit Claim, a Grupo Aval Promissory Note Claim, or a Cargo Receivable Facility Claim.

148. "*Pension Claims*" means Claims under the Colombian Pension Regime of (i) CAXDAC for amounts that are required to be paid in the ordinary course under Decree 1269 of 2009, to fund the pensions of civil aviators who are or were employed by Aerovías del Continente Americano S.A. Avianca and/or Tampa Cargo S.A.S. (or their respective predecessors in interest) and (ii) other private pension funds approved in accordance with Colombian law to hold and manage pension funds.

149. "*Person*" shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

150. "*Petition Date*" means (a) with respect to a Debtor, the date on which such Debtor commenced its Chapter 11 Cases or (b) with respect to the Debtors generally, the date on which AVH commenced its Chapter 11 Case.

151. "*Plan*" has the meaning specified in the Introduction hereto.

152. "*Plan Supplement*" means the compilation of documents (or forms thereof), schedules, and exhibits to the Plan, which shall be filed no later than seven (7) days before the Voting Deadline, as each may be amended, supplemented, or modified from time to time in accordance with this Plan, the Bankruptcy Code, and the Bankruptcy Rules, to be filed with the Bankruptcy Court which may include, as applicable: (a) the New Organizational Documents; (b) a list of the members of the New Boards (to the extent known); (c) the Exit Facility Indenture(s); (d) the Description of Restructuring Transactions; (e) the Schedule of Assumed Contracts (as amended, supplemented, or modified); (f) the Schedule of Retained Causes of Action; (g) the Transaction Steps; (h) the Warrant Agreement; (i) the Shareholders Agreement; and (j) such other documents as are necessary or advisable to implement the Restructuring. For the avoidance of doubt, the Debtors shall have the right to amend, supplement, or modify the Plan Supplement through the Effective Date in accordance with this Plan, the Bankruptcy Code, and the Bankruptcy Rules. The Committee shall have consultation rights with respect to the documents included in the Plan Supplement (including any amendments, supplements, and/or modifications thereto) to the extent such documents materially impact the rights of holders of General Unsecured Avianca Claims; provided, that the Committee's consultation rights with respect to the list of the members of the New Boards shall be limited to consultation regarding the appointment of one independent director to the Reorganized AVH Board, in accordance with Article V.J.1 of the Plan.

153. "*Preference Actions*" means Avoidance Actions arising under section 547 of the Bankruptcy Code.

154. "*Post-Emergence New Common Equity*" means New Common Equity issued by Reorganized AVH from time to time following the Effective Date, including pursuant to any employee or management incentive plans.

155. "*Priority Claim*" means any Priority Non-Tax Claim or Priority Tax Claim.

156. "*Priority Non-Tax Claim*" means any Claim against any Debtor entitled to priority pursuant to section 507(a) of the Bankruptcy Code, other than an Administrative Expense, DIP Facility Claim, or Priority Tax Claim.

157. "*Priority Tax Claim*" means any Claim of a Governmental Unit that is entitled to priority pursuant to section 502(i) or 507(a)(8) of the Bankruptcy Code.

158. "*Pro Rata*" means, for the holder of an Allowed Claim or Interest in a particular Class, proportional to the ratio of the amount of such Allowed Claim or Interest to the amount of all Allowed Claims or Allowed Interests (as applicable) in the same Class or, as applicable and as specifically set forth in the Plan, multiple Classes.

159. "*Professional*" means any Person retained by order of the Bankruptcy Court in connection with these Chapter 11 Cases pursuant to sections 327, 328, 330, 331, 503(b), or 1103 of the Bankruptcy Code. "Professional" does not include any professional-service Entity that the Debtors are authorized to employ, compensate, and reimburse in the ordinary course of their businesses.

160. "*Professional Fees*" means the accrued, contingent, and/or unpaid compensation for services rendered (including hourly, transaction, and success fees), and reimbursement for expenses incurred, by Professionals, that: (a) are awardable and allowable pursuant to sections 327, 328, 329, 330, 331, 503(b)(4), and/or 1103 of the Bankruptcy Code or otherwise rendered allowable prior to the Confirmation Date; (b) have not been denied by the Bankruptcy Court by Final Order; (c) have not been previously paid (regardless of whether a fee application has been filed for any such amount); and (d) remain outstanding after applying any retainer that has been provided to such Professional. To the extent that any amount of the foregoing compensation or reimbursement is denied or reduced by Final Order of the Bankruptcy Court or any other court of competent jurisdiction, such amount shall no longer constitute Professional Fees.

161. "*Professional Fees Escrow Account*" means the account established on the Effective Date pursuant to Article II.C.2.

162. "*Proof of Claim*" means a proof of Claim filed in the Chapter 11 Cases.

163. "*Related Parties*" means, with respect to (w) any Entity or Person, (x) such Entity's or Person's predecessors, successors and assigns, parents, subsidiaries, affiliates, affiliated investment funds or investment vehicles, managed or advised accounts, funds, or other entities, and investment advisors, sub-advisors, or managers, (y) with respect to each of the foregoing in clauses (w) and (x), such Entity's or Person's respective current and former officers, directors, principals, members, partners, employees, agents, trustees, advisory board members, financial advisors, attorneys, accountants, actuaries, investment bankers, consultants, representatives, management companies, fund advisors and other professionals; and (z) with respect to each of the foregoing in clauses (w)–(y), such Entity's or Person's respective heirs, executors, estates, servants, and nominees.

164. "*Reinstate*," "*Reinstated*," or "*Reinstatement*" means leaving a Claim Unimpaired under the Plan.

165. "*Released Parties*" means, collectively, each of the following in their capacity as such: (A)(i) the Debtors, (ii) the Reorganized Debtors, (iii) the Committee and its members, (iv) the DIP Agent, (v) the DIP Lenders, (vi) the Consenting Noteholders, (vii) the Supporting Tranche B DIP Lenders, (viii) the Exit Facility Indenture Trustee, (ix) the DIP Indenture Trustee;

(x) the Exit Facility Lenders, (xi) the Indenture Trustees, and (xii) the Grupo Aval Entities (as defined in the Grupo Aval Settlement Agreement), and (B) with respect to each of the foregoing Entities and Persons set forth in clause (A), all of such Entities' and Persons' respective Related Parties. Notwithstanding the foregoing, (i) any Entity or Person that opts out of the releases set forth in Article IX.E of the Plan on its Ballot shall not be deemed a Released Party; (ii) any director or officer of the Debtors whose term of service lapsed prior to July 1, 2019 and who did not subsequently hold a director or officer position with any of the Debtors after such date shall not be deemed a Released Party; and (iii) any Entity or Person that would otherwise be a Released Party hereunder but is party to one or more Retained Causes of Action shall not be deemed a Released Party with respect to such Retained Causes of Action.

166. "*Releasing Parties*" means, collectively, each of the following in their capacity as such: (i) each of the Released Parties (other than the Debtors and the Reorganized Debtors); (ii) all holders of Claims that vote to accept the Plan; (iii) all holders of Claims or Interests that are Unimpaired under the Plan; and (iv) all holders of Claims in Classes that are entitled to vote under the Plan but that (a) vote to reject the Plan or do not vote either to accept or reject the Plan and (b) do not opt out of granting the releases in Article IX.E of the Plan; and (v) with respect to each of the foregoing Entities and Persons set forth in clauses (ii) through (iv), all of such Entities' and Persons' respective Related Parties.

167. "*Reorganized*" means, as to any Debtor other than AVH, such Debtor as reorganized in accordance with the Plan, on and after the Effective Date

168. "*Reorganized AVH*" means a new corporation or other legal entity that may be formed to, among other things, directly or indirectly acquire substantially all of the assets and/or stock of AVH and issue the New Common Equity pursuant to the Plan.

169. "*Reorganized AVH Board*" means the initial board of Directors of Reorganized AVH.

170. "*Reorganized Debtors*" means, collectively, (i) Reorganized AVH, (ii) each Debtor other than AVH as Reorganized pursuant to this Plan, and (iii) the direct and indirect subsidiaries of Reorganized AVH, or any successors thereto, by merger, consolidation, or otherwise, in each case on or after the Effective Date.

171. "*Required Supporting Tranche B Lenders*" has the meaning set forth in the Tranche B Equity Conversion Agreement.

172. "*Restructuring*" means the comprehensive restructuring of the existing debt and other obligations of the Debtors on the terms and conditions set forth in this Plan.

173. "*Restructuring Expenses*" means (A) the reasonable and documented fees and expenses incurred in connection with the Chapter 11 Cases of the Consenting Noteholders, to the extent that the Noteholder RSA remains in effect, including the reasonable and documented fees and expenses of (i) Paul Hastings LLP and (ii) Evercore Partners, and (B) the reasonable and documented fees and expenses incurred in connection with the Chapter 11 Cases of the Supporting Tranche B DIP Lenders, as provided in the Tranche B Equity Conversion Agreement, in each case payable in accordance with the terms of any applicable engagement or fee letters executed with

such parties or pursuant to the terms of the DIP Orders or the Tranche B Equity Conversion Agreement, as applicable, and without the requirement for the filing of retention applications, fee applications, or any other application in the Chapter 11 Cases, which shall be Allowed as Administrative Claims upon incurrence.

174. "*Restructuring Transactions*" has the meaning set forth in Article V.C.

175. "*Retained Causes of Action*" means the Causes of Action identified on the Schedule of Retained Causes of Action.

176. "*SAI*" means Servicios Aeroportuarios Integrados SAI S.A.S.

177. "*Schedules*" means the schedules of assets and liabilities, statements of financial affairs, lists of holders of Claims and Interests and all amendments or supplements thereto filed by the Debtors with the Bankruptcy Court to the extent such filing is not waived pursuant to an order of the Bankruptcy Court.

178. "*Schedule of Assumed Contracts*" means the schedule of Executory Contracts and Unexpired Leases that shall be assumed by each applicable Debtor as of the Effective Date, as set forth in the Plan Supplement, including the Cure Claim (if any) for each such assumed Executory Contract and Unexpired Lease.

179. "*Schedule of Retained Causes of Action*" means a schedule of certain Claims and Causes of Action of the Debtors that are not released, waived, or transferred pursuant to the Plan, which schedule shall be included in the Plan Supplement and shall be reasonably acceptable to the Committee; provided, that in no instance shall Claims or Causes of Action against any Released Party or any Exculpated Party that have been released or exculpated pursuant to the Plan be retained.

180. "*Second Stipulation*" means the applicable *Second Stipulation and Order Between Debtors and Aircraft Counterparties Concerning Certain Aircraft* filed at [Docket Nos. 391–432, 1052–70].

181. "*Second United Omnibus Amendment*" means the *Second Omnibus Amendment to Certain Commercial Arrangement* (if any), to be entered into prior to the Effective Date, among United, Avianca, and certain of their respective Affiliates.

182. "*Secured Claim*" means any Claim that is secured by a Lien on property in which an Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code.

183. "*Secured RCF*" means the revolving credit facility arising under Secured RCF Agreement.

184. "*Secured RCF Agreement*" means that certain *Credit and Guaranty Agreement*, dated as of August 31, 2018, by and among Aerovías del Continente Americano S.A. Avianca, as borrower, AVH and Tampa Cargo S.A.S., as guarantors, Citibank N.A. as collateral agent and administrative agent, and the lenders party thereto, as amended, restated, modified, and/or supplemented from time to time.

185. "*Secured RCF Claims*" means all Claims on account of, under, or related to the Secured RCF.

186. "*Securities Act*" means the Securities Act of 1933, 15 U.S.C. §§ 77a–77aa, as amended, together with the rules and regulations promulgated thereunder.

187. "*Servicer*" means any Person or Entity that has been empowered to act in the capacity of the Disbursing Agent with respect to a particular Class of Claims.

188. "*Shareholders Agreement*" means a shareholders agreement, equity holders agreement, operating agreement, or other similar agreement for Reorganized AVH governing, among other things, the relative rights of holders of New Common Equity, the form of which shall be included in the Plan Supplement.

189. "*Special Bar Date Entities*" means the Persons and Entities set forth on Exhibit A of the *Notice of Establishment of Special Bar Date* [Docket No. 1706].

190. "*Subordinated Claims*" means Claims that are subject to subordination in accordance with sections 510(b)-(c) of the Bankruptcy Code or otherwise.

191. "*Sub-Plan*" means a separate plan of reorganization for any individual Debtor.

192. "*Supporting Tranche B DIP Lenders*" means those Tranche B DIP Lenders that are or become party to the Tranche B Equity Conversion Agreement, including, without duplication, any Person that has a valid participation interest in the Tranche B DIP Obligations of such Tranche B DIP Lender that executes a joinder agreement, together with their respective successors and permitted assigns.

193. "*Tranche A-1 DIP Facility Claims*" means DIP Facility Claims arising from the Tranche A-1 DIP Obligations.

194. "*Tranche A-1 DIP Obligations*" means, collectively, the "Tranche A Obligations" and "New Tranche A-1 Note Obligations," each as defined in the DIP Credit Agreement, as amended pursuant to the Final DIP Amendment Order.

195. "*Tranche A-2 DIP Facility Claims*" means DIP Facility Claims arising from the Tranche A-2 DIP Obligations.

196. "*Tranche A-2 DIP Obligations*" means the "New Tranche A-2 Note Obligations," as defined in the DIP Credit Agreement, as amended pursuant to the Final DIP Amendment Order.

197. "*Tranche B Asset Contribution*" shall mean the contribution of assets to Reorganized AVH, in accordance with the Tranche B Equity Conversion Agreement and the United Asset Contribution Agreement.

198. "*Tranche B DIP Facility Claims*" means DIP Facility Claims arising from the Tranche B DIP Obligations.

199. "*Tranche B DIP Lenders*" means holders of Tranche B DIP Facility Claims.

200. "*Tranche B DIP Obligations*" means "Tranche B Obligations," as defined in the DIP Credit Agreement.

201. "*Tranche B Equity Allocation Schedule*" means the equity allocation schedule annexed to the Tranche B Equity Conversion Agreement.

202. "*Tranche B Equity Contribution*" shall mean the contribution of Cash and/or assets as part of the Equity Raise (as defined in the Tranche B Equity Conversion Agreement) in an aggregate amount up to $200,000,000, pursuant to the terms and subject to the conditions of the Tranche B Equity Conversion Agreement.

203. "*Tranche B Equity Conversion Agreement*" means that certain *Equity Conversion and Commitment Agreement*, dated as of September 1, 2021, by and among AVH, the other Debtors, and the Supporting Tranche B DIP Lenders, as may be amended, restated, modified, and/or supplemented from time to time in accordance with its terms.

204. "*Transaction Steps*" means the steps selected by the Debtors to implement the Restructuring Transactions, which shall be filed as part of the Plan Supplement.

205. "*Unconsolidated Debtors*" means, collectively, Aerounión, Avifreight, and SAI.

206. "*Unexpired Lease*" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

207. "*Unimpaired*" means, with respect to a Class, Claim, Interest, or a holder of a Claim or Interest, that such Class, Claim, Interest, or holder is not Impaired.

208. "*United Agreements*" means (i) the Assumed United Agreements, as defined in the United Omnibus Amendment, (ii) the JBA, (iii) the Interline Relationship Agreements (as defined in the motion filed at Docket No. 9); (iv) the Commitment Letter Guaranties (as defined in the JBA), (v) the Multilateral Coordination Agreement (as defined in the JBA), and (vi) any other Implementing Agreements (as defined in the JBA).

209. "*United Asset Contribution Agreement*" means the "United Asset Contribution Agreement" as defined in section 4.19 of the Tranche B Equity Conversion Agreement.

210. "*United Omnibus Amendment*" means the *Omnibus Amendment to Certain Commercial Arrangement* among United, Avianca, and certain of its Affiliates, dated September 21, 2020.

211. "*Unsecured Claimholder Cash Pool*" means Cash in the amount of $30,000,000 for purposes of distributions to holders of Allowed General Unsecured Avianca Claims in accordance with Article III.B.11.b of the Plan, which shall be reduced in an amount equal to the Implied Equity/Warrant Value of the Claims-Based New Common Equity (on account of Electing General Unsecured Claimholders' Pro Rata shares of the Unsecured Claimholder Equity Pool) and Warrants to be distributed to Electing General Unsecured Claimholders.

212. "*Unsecured Claimholder Enhanced Cash Pool*" means incremental Cash in the amount of $6,000,000 for purposes of distributions to holders of Allowed General Unsecured Avianca Claims in accordance with Article III.B.11.b of the Plan, which shall be reduced in an amount equal to the Implied Equity/Warrant Value of the Claims-Based New Common Equity (on account of Electing General Unsecured Claimholders' Pro Rata shares of the Unsecured Claimholder Enhanced Equity Pool) to be distributed to Electing General Unsecured Claimholders.

213. "*Unsecured Claimholder Enhanced Equity Pool*" means an incremental 0.75% of the total Claims-Based New Common Equity, which shall be distributed to holders of Allowed General Unsecured Avianca Claims in accordance with Article III.B.11.b of the Plan and shall be reduced in an amount of Claims-Based New Common Equity that has a value equal to the value of the Unsecured Claimholder Enhanced Cash Pool to be distributed to holders of Allowed General Unsecured Avianca Claims in accordance with Article III.B.11.b of the Plan based on the Implied Equity/Warrant Value applicable to such Cash distributions that are attributable to Claims-Based New Common Equity that such holders would have received on account of their Pro Rata shares of the Unsecured Claimholder Enhanced Equity Pool if they had elected to receive the Unsecured Claimholder Equity Package.

214. "*Unsecured Claimholder Equity Package*" means, with respect to a holder of an Allowed General Unsecured Avianca Claim, such holder's Pro Rata share of (i)(x) the Unsecured Claimholder Equity Pool and (y) the Unsecured Claimholder Enhanced Equity Pool (if applicable, in accordance with in Article III.B.11.b of the Plan) and (ii) the Warrants, in lieu of any Cash distribution.

215. "*Unsecured Claimholder Equity Pool*" means 1.75% of the total Claims-Based New Common Equity, which shall be distributed to holders of Allowed General Unsecured Avianca Claims in accordance with Article III.B.11.b of the Plan and shall be reduced in an amount of Claims-Based New Common Equity that has a value equal to the value of the Unsecured Claimholder Cash Pool to be distributed to holders of Allowed General Unsecured Avianca Claims in accordance with Article III.B.11.b of the Plan based on the Implied Equity/Warrant Value applicable to such Cash distributions that are attributable to Claims-Based New Common Equity that such holders would have received on account of their Pro Rata shares of the Unsecured Claimholder Equity Pool if they had elected to receive the Unsecured Claimholder Equity Package.

216. "*U.S. Trustee*" means the Office of the United States Trustee for Region 2.

217. "*USAV Receivable Facility*" means the credit facility arising under the USAV Receivable Facility Agreement.

218. "*USAV Receivable Facility Agreement*" means that certain *Loan Agreement*, dated as of December 2017, by and among USAVflow Limited, as borrower, AVH, Taca International Airlines, S.A., and Avianca Costa Rica S.A., as guarantors, Citibank, N.A. as administrative agent and collateral agent, and the lenders party thereto, as amended, restated, modified, and/or supplemented from time to time.

219. "*USAV Receivable Facility Claims*" means all Claims on account of, under, or related to the USAV Receivable Facility, as amended.

220. "*USAV Settlement Agreement*" means that certain settlement agreement, dated as of February 18, 2021, by and among the Debtors, Avianca Perú S.A. en Liquidación, USAVflow Limited, the lenders party to the USAV Receivable Facility Agreement, Citibank, N.A., as administrative agent and collateral agent under the USAV Receivable Facility Agreement, and Citibank N.A., London Branch, as collateral trustee under the USAV Receivable Facility Agreement, which was approved by the Bankruptcy Court on March 17, 2021 [Docket Nos. 1468, 1480].

221. "*USAV Transaction Documents*" means those certain documents required or necessary to implement the transactions contemplated by the USAV Settlement Agreement, including, but not limited to, the amended and restated Contract Rights and Receivables Sale, Purchase, and Servicing Agreement; the amended and restated Receivables Maintenance Agreement; the amended and restated Cash Management Agreement; and the amended and restated Loan Agreement (each as defined in the USAV Settlement Agreement), in each case as amended, restated, supplemented, or otherwise modified from time to time.

222. "*Voting Deadline*" means [_____], 2021, at 4:00 p.m. (prevailing Eastern Time), or such other date and time as may be set by the Bankruptcy Court.

223. "*Voting Record Date*" means September 9, 2021.

224. "*Warrant Agreement*" means the agreement setting forth the terms and conditions of the Warrants, which shall be reasonably acceptable to the Committee and the Required Supporting Tranche B Lenders, and the form of which shall be reasonably satisfactory to the Required Supporting Tranche B Lenders and the Committee and filed with the Plan Supplement.

225. "*Warrant-Based New Common Equity*" means New Common Equity issued with respect to the exercise of the Warrants, amounting to 5.0% of the New Common Equity (on a post-dilution basis with respect to the issuance of Claims-Based New Common Equity and Contribution-Based New Common Equity and subject to anti-dilution protection with respect to the issuance of Post-Emergence New Common Equity as set forth in the Warrant Agreement).

226. "*Warrants*" means warrants to purchase Warrant-Based New Common Equity, exercisable on a cashless basis at the Exercise Price for a five (5) year term, on the terms set forth in the Warrant Agreement.

B. *Rules of Interpretation*

For purposes of the Plan and unless otherwise specified herein: (1) each term, whether stated in the singular or the plural, shall include, in the appropriate context, both the singular and the plural; (2) each pronoun stated in the masculine, feminine, or neuter gender shall include, in the appropriate context, the masculine, feminine, and the neuter gender; (3) the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (4) the words "include," "includes," and "including" are by way of example and not limitation; (5) all references to articles or Articles are references to the Articles hereof; (6) all captions and headings are inserted for convenience of reference only and are not intended to be a part of, or to affect the interpretation of, the Plan; (7) any reference to an Entity as a holder of a Claim or Interest includes that Entity's successors and assigns; (8) any reference to an existing document, schedule, or exhibit, whether or not filed, having been filed, or to be filed, shall mean that document, schedule or exhibit, as it may thereafter be amended, modified, or supplemented; (9) any reference to an event occurring on a specified date, including on the Effective Date, shall mean that the event will occur on that date or as soon thereafter as reasonably practicable; (10) any reference to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions except as specifically provided herein; (11) all references to statutes, regulations, orders, rules of courts and the like shall mean as amended from time to time and as applicable to the Chapter 11 Cases; (12) subject to the provisions of any contract, certificate of incorporation, bylaw, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with, the applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (13) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (14) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

C. *Computation of Time*

Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction may or shall occur pursuant to the Plan is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

D. *Governing Law*

Unless federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, and unless specifically stated otherwise, the laws of the State of New York, without giving effect to the principles of conflict of laws that would require application of the law of another jurisdiction, shall govern the rights, obligations, construction, and implementation of the Plan and any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control); provided, however, that corporate or entity governance matters relating

to the Debtors or the Reorganized Debtors shall be governed by the laws of the state or country of incorporation or organization of the relevant Debtor or Reorganized Debtor, as applicable.

E. *Reference to Monetary Figures and Exchange Rates*

All references in the Plan to monetary figures, "dollars," or "$" refer to the currency of the United States of America, unless otherwise expressly provided. With respect to any Claim filed in these Chapter 11 Cases in a currency other that the currency of the United States of America, the amount of such Claim shall be converted to the currency of the United States of America in accordance with the exchange rates specified by Bloomberg News as of closing on May 8, 2020.

ARTICLE II
ADMINISTRATIVE EXPENSES AND OTHER UNCLASSIFIED CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expenses, DIP Facility Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III.

A. *General Administrative Expenses*

Each holder of an Allowed General Administrative Expense, to the extent such Allowed General Administrative Expense has not already been paid during the Chapter 11 Cases and without any further action by such holder, shall receive, in full and final satisfaction of its General Administrative Expense, Cash equal to the Allowed amount of such General Administrative Expense on the Effective Date (or, if payment is not then due, when such payment otherwise becomes due in the applicable Reorganized Debtor's ordinary course of business without further notice to or order of the Bankruptcy Court), unless otherwise agreed by the holder of such General Administrative Expense and the applicable Debtor or Reorganized Debtor. For the avoidance of doubt, holders of General Administrative Expenses shall not be required to file a request for payment with the Bankruptcy Court.

B. *Restructuring Expenses*

The Restructuring Expenses incurred, or estimated to be incurred, up to and including the Effective Date shall be paid in full in Cash on the Effective Date (to the extent not previously paid during the course of the Chapter 11 Cases) without the requirement to file a fee application with the Bankruptcy Court or comply with the guidelines of the U.S. Trustee, and without any requirement for review or approval by the Bankruptcy Court or any other party. All Restructuring Expenses to be paid on the Effective Date shall be estimated prior to the Effective Date and such estimates shall be delivered to the Debtors at least five (5) Business Days before the anticipated Effective Date; provided, that such estimate shall not be considered an admission or limitation with respect to such Restructuring Expenses. In addition, the Reorganized Debtors (as applicable) shall continue to pay the Restructuring Expenses related to implementation, consummation, and defense of the Plan after the Effective Date when due and payable in the ordinary course, whether incurred before, on or after the Effective Date.

C. *Professional Fees*

1. Final Fee Applications

All final requests for payment of Professional Fees incurred prior to the Effective Date must be filed with the Bankruptcy Court and served on the Reorganized Debtors, the U.S. Trustee, counsel to the Committee, and all other parties that have requested notice in these Chapter 11 Cases by no later than forty-five (45) days after the Effective Date, unless the Reorganized Debtors agree otherwise in writing. Objections to Professional Fees must be filed with the Bankruptcy Court and served on the Reorganized Debtors and the applicable Professional within thirty (30) days after the filing of the applicable final fee application. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and any prior orders of the Bankruptcy Court in the Chapter 11 Cases, the Allowed amounts of all Professional Fees shall be determined by the Bankruptcy Court and, once approved by the Bankruptcy Court, shall be paid in full in Cash from the Professional Fees Escrow Account as promptly as practicable; provided, however, that if the funds in the Professional Fees Escrow Account are insufficient to pay the full Allowed amounts of the Professional Fees, the Reorganized Debtors shall promptly pay any remaining Allowed amounts from their Cash on hand.

For the avoidance of doubt, the immediately preceding paragraph shall not affect any professional-service Entity that the Debtors are permitted to pay without seeking authority from the Bankruptcy Court in the ordinary course of the Debtors' businesses (and in accordance with any relevant prior order of the Bankruptcy Court), which payments may continue notwithstanding the occurrence of Confirmation and the Effective Date.

2. Professional Fees Escrow Account

Professionals shall estimate their unpaid Claims for Professional Fees incurred in rendering services to the Debtors, their Estates or the Committee (if any), as applicable, as of the Effective Date and shall deliver such estimate to counsel for the Debtors no later than five (5) Business Days before the anticipated Effective Date; provided, that such estimate shall not be deemed to limit the Allowed Professional Fees of any Professional. If a Professional does not provide an estimate, the Debtors shall estimate the unpaid and unbilled fees and expenses of such Professional for the purposes of funding the Professional Fees Escrow Account.

On the Effective Date, the Reorganized Debtors shall fund the Professional Fees Escrow Account in an amount equal to all asserted Claims for Professional Fees incurred but unpaid as of the Effective Date (including, for the avoidance of doubt, any reasonable estimates for unbilled amounts provided prior to the Effective Date). The Professional Fees Escrow Account may be an interest-bearing account. Amounts held in the Professional Fees Escrow Account shall not constitute property of the Reorganized Debtors. In the event there is a remaining balance in the Professional Fees Escrow Account following payment to all holders of Allowed Claims for Professional Fees, any such amounts shall be promptly returned to, and constitute property of, the Reorganized Debtors.

3. Post-Effective Date Fees and Expenses

From and after the Effective Date, the Reorganized Debtors may, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, promptly pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Reorganized Debtors on and after the Effective Date. On the Effective Date, any requirement that professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any professional in the ordinary course of business without any further notice to or action, order or approval of the Bankruptcy Court.

D. *DIP Facility Claims*

On the Effective Date, the DIP Facility Claims shall be Allowed in the full amount due and owing under the DIP Facility Documents, including, for the avoidance of doubt, (a) the principal amounts outstanding under the DIP Facility on such date; (b) all interest accrued and unpaid thereon through and including the date of payment; and (c) all premiums, fees (including, without limitation, back-end fees and exit fees), expenses, and indemnification obligations payable under the DIP Facility Documents. For the avoidance of doubt, the DIP Facility Claims shall not be subject to any avoidance, reduction, setoff, recoupment, recharacterization, subordination (equitable or contractual or otherwise), counter-claim, defense, disallowance, impairment, objection or any challenges under applicable law or regulation.

On the Effective Date, in full and final satisfaction of the Tranche A-1 DIP Facility Claims, each holder of an Allowed Tranche A-1 DIP Facility Claim shall, in accordance with and subject to the terms of the DIP Facility Documents, receive either (i) at the election of the Debtors, its Pro Rata share of the Exit A-1 Notes, in accordance with and subject to the Exit Facility Documents and the DIP Facility Documents, or (ii) payment in full in Cash. In addition, the Debtors shall pay, on the Effective Date, in full in Cash, all accrued and unpaid DIP Facility Claims arising under section 11.04 of the DIP Credit Agreement and all accrued and unpaid DIP Facility Fees and Expenses in accordance with Article II.E of the Plan; provided, that if any Tranche A-1 DIP Facility Claims are held by the Fronting Lender (as defined in the DIP Credit Agreement) on the Effective Date, such Tranche A-1 DIP Facility Claims shall be paid in full in Cash in accordance with the terms of the DIP Facility Documents.

On the Effective Date, in full and final satisfaction of the Tranche A-2 DIP Facility Claims, each holder of an Allowed Tranche A-2 DIP Facility Claim shall, in accordance with and subject to the terms of the DIP Facility Documents, receive either (i) at the election of the Debtors, its Pro Rata share of the Exit A-2 Notes, in accordance with and subject to the Exit Facility Documents and the DIP Credit Agreement, or (ii) payment in full in Cash. In addition, the Debtors shall pay, on the Effective Date, in full in Cash, all accrued and unpaid DIP Facility Claims arising under section 11.04 of the DIP Credit Agreement, including DIP Facility Fees and Expenses as set forth in Article II.E of the Plan.

On the Effective Date, in accordance with and subject to the Tranche B Equity Conversion Agreement (unless otherwise provided therein or in the DIP Orders), each holder of an Allowed

Tranche B DIP Facility Claim shall receive, in full and final satisfaction of its Tranche B DIP Facility Claim, its respective allocation of New Common Equity (consisting of Claims-Based New Common Equity and, as applicable, Contribution-Based New Common Equity) set forth on the Tranche B Equity Allocation Schedule, in exchange for such holder's Allowed Tranche B DIP Facility Claim and, as applicable, its Tranche B Equity Contribution and/or Tranche B Asset Contribution. In addition, the Debtors shall pay, on the Effective Date, in full in Cash, all accrued and unpaid DIP Facility Claims arising under section 11.04 of the DIP Credit Agreement, including DIP Facility Fees and Expenses as set forth in Article II.E of the Plan. For the avoidance of doubt, to the extent any holder of an Allowed Tranche B DIP Facility Claim has (a) a Claim for deficiency arising out of, or related to, the Tranche B DIP Obligations or (b) a Claim for adequate protection arising out of, or related to, the Tranche B DIP Obligations against any Debtor, such Claims shall be deemed waived as of the Effective Date, and such holder shall not be entitled to any distributions under the Plan on account of such Claims.

Notwithstanding anything to the contrary herein, upon the occurrence of the Effective Date, the DIP Agent and its sub-agents shall be relieved of all further duties and responsibilities under the DIP Facility Documents and shall be deemed to have resigned, pursuant to section 9.05 of the DIP Credit Agreement, on the Effective Date; provided, that any provisions of the DIP Facility Documents that by their terms survive the termination of the DIP Facility Documents shall survive in accordance with the terms of the DIP Facility Documents.

E. *DIP Facility Fees and Expenses*

To the extent not previously paid during the course of the Chapter 11 Cases, the DIP Facility Fees and Expenses incurred, or estimated to be incurred, up to and including the Effective Date, shall be paid in full in Cash on the Effective Date in accordance with, and subject to, the terms of the DIP Facility Documents, without any requirement to file a fee application with the Bankruptcy Court, without the need for itemized time detail, or without any requirement for Bankruptcy Court review or approval. All DIP Facility Fees and Expenses to be paid on the Effective Date shall be estimated prior to and as of the Effective Date, and such estimates shall be delivered to the Debtors at least five (5) Business Days before the anticipated Effective Date; provided, that such estimates shall not be considered an admission or limitation with respect to such DIP Facility Fees and Expenses. On or as soon as practicable after the Effective Date, final invoices for all DIP Facility Fees and Expenses incurred prior to and as of the Effective Date shall be submitted to the Debtors. In addition, the Debtors and the Reorganized Debtors (as applicable) shall continue to pay when due pre- and post-Effective Date any DIP Facility Fees and Expenses related to the DIP Facility in accordance with, and subject to, the terms of the DIP Orders and the DIP Facility Documents, whether incurred before, on, or after the Effective Date.

Prior to the Effective Date, the Debtors shall pay DIP Facility Fees and Expenses in accordance with, and subject to, the terms of the DIP Orders and the DIP Facility Documents, within ten (10) calendar days (which time period may be extended by the applicable professional in its discretion) after delivery of an invoice therefor to the Debtors, the Committee, and the U.S. Trustee, subject to the objection procedures set forth below. None of such invoices shall be required to comply with the U.S. Trustee fee guidelines and (i) may be redacted to protect privileged, confidential, or proprietary information and (ii) shall not be required to contain individual time detail. The Debtors, the Committee, and the U.S. Trustee (the "Fee Notice

Parties") shall have ten (10) calendar days following their receipt of such invoices to file objections with the Bankruptcy Court with respect to the reasonableness of the fees and expenses included therein. Within ten (10) calendar days after delivery of such invoices (the "Fee Objection Period"), without further order of, or application to, the Court or notice to any other party, such fees and expenses shall be promptly paid by the Debtors unless a written objection is made by any of the Fee Notice Parties. If a written objection is made by any of the Fee Notice Parties within the Fee Objection Period to the reasonableness of the requested fees and expenses, then only the disputed portion of such fees and expenses shall be withheld until the objection is resolved by the applicable parties in good faith or by order of the Bankruptcy Court, and the undisputed portion shall be promptly paid by the Debtors.

In addition, the Debtors and the Reorganized Debtors (as applicable) shall continue to pay post-Effective Date, when due and payable in the ordinary course, the DIP Facility Fees and Expenses in accordance with, and subject to, the terms of the DIP Facility Documents. For the avoidance of doubt, such post-Effective Date payments shall not be subject to the review and objection procedures described in this Article II.E of the Plan.

F. *Priority Tax Claims*

Except to the extent that an Allowed Priority Tax Claim has not been previously paid in full or its holder agrees to a less favorable treatment, in full and final satisfaction of each Priority Tax Claim, each holder of an Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code. In the event an Allowed Priority Tax Claim is Allowed as a Secured Claim, it shall be classified and treated as an Allowed Other Secured Claim.

ARTICLE III
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. *Classification of Claims and Interests*

Claims and Interests, except for Administrative Expenses, DIP Facility Claims, and Priority Tax Claims, are classified in the Classes set forth in this Article III. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim or Allowed Interest, as applicable, in that Class. To the extent a specified Class does not include any Allowed Claims or Allowed Interests, as applicable, then such Class shall be deemed not to exist.

The Plan constitutes a separate chapter 11 plan of reorganization for the Avianca Debtors and each Unconsolidated Debtor. Pursuant to section 1122 of the Bankruptcy Code, the classification of Claims and Interests is as follows:

Class	Claims or Interests	Status	Voting Rights
1	Priority Non-Tax Claims	Unimpaired	Presumed to accept
2	Other Secured Claims	Unimpaired	Presumed to accept
3	Engine Loan Claims	Impaired	**Entitled to vote**
4	Secured RCF Claims	Impaired	**Entitled to vote**
5	USAV Receivable Facility Claims	Unimpaired	Presumed to accept
6	Grupo Aval Receivable Facility Claims	Unimpaired	Presumed to accept
7	Grupo Aval Lines of Credit Claims	Impaired	**Entitled to vote**
8	Grupo Aval Promissory Note Claims	Unimpaired	Presumed to accept
9	Cargo Receivable Facility Claims	Unimpaired	Presumed to accept
10	Pension Claims	Unimpaired	Presumed to accept
11	General Unsecured Avianca Claims	Impaired	**Entitled to vote**
12	General Unsecured Avifreight Claims	Unimpaired	Presumed to accept
13	General Unsecured Aerounión Claims	Unimpaired	Presumed to accept
14	General Unsecured SAI Claims	Unimpaired	Presumed to accept
15	General Unsecured Convenience Claims	Impaired	**Entitled to vote**
16	Subordinated Claims	Impaired	Deemed to reject
17	Intercompany Claims	Impaired/ Unimpaired	Deemed to reject/ presumed to accept
18	Existing AVH Non-Voting Equity Interests	Impaired	Deemed to reject
19	Existing AVH Common Equity Interests	Impaired	Deemed to reject
20	Existing Avifreight Equity Interests	Unimpaired	Presumed to accept
21	Existing SAI Equity Interests	Unimpaired	Presumed to accept
22	Other Existing Equity Interests	Impaired	Deemed to reject
23	Intercompany Interests	Impaired/ Unimpaired	Deemed to reject/ presumed to accept

B. *Treatment of Claims and Interests*

1. Class 1 – Priority Non-Tax Claims

a. *Classification*: Class 1 consists of all Priority Non-Tax Claims.

b. *Treatment*: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of an

Allowed Priority Non-Tax Claim shall (i) receive from the applicable Reorganized Debtor, in full and final satisfaction of its Priority Non-Tax Claim, payment, in Cash, equal to the Allowed amount of such Claim, on the later of the Effective Date and the date when its Priority Non-Tax Claim becomes due and payable in the ordinary course or (ii) be otherwise rendered Unimpaired.

c. *Voting*: Class 1 is Unimpaired under the Plan. Holders of Priority Non-Tax Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

2. Class 2 – Other Secured Claims

a. *Classification*: Class 2 consists of all Other Secured Claims.

b. *Treatment*: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of an Allowed Other Secured Claim, at the option of the Debtors, (a) shall receive Cash in an amount equal to the Allowed amount of such Claim on the later of the Effective Date and the date that is ten (10) Business Days after the date such Other Secured Claim becomes an Allowed Claim; (b) on the Effective Date, such holder's Allowed Other Secured Claim shall be Reinstated; (c) on the Effective Date, such holder shall receive such other treatment sufficient to render such holder's Allowed Other Secured Claim Unimpaired; or (d) on the Effective Date or as soon as reasonably practicable thereafter, such holder shall receive delivery of, or shall retain, the applicable collateral securing any such Claim up to the secured amount of such Claim pursuant to section 506(a) of the Bankruptcy Code and payment of any interest required under section 506(b) of the Bankruptcy Code in satisfaction of the Allowed amount of such Other Secured Claim.

c. *Voting*: Class 2 is Unimpaired under the Plan. Holders of Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

3. Class 3 – Engine Loan Claims

a. *Classification*: Class 3 consists of all Engine Loan Claims.

b. *Allowance*: The Engine Loan Claims shall be Allowed in the aggregate amount of $[52,967,149.35], plus accrued and unpaid interest (at the revised non-default rate) and all applicable fees, costs, expenses, and other amounts due under the terms of the Engine Loan Agreement, subject to reduction for payments made by the Debtors.

c. *Treatment*: The Engine Loan Agreement will be amended as of the Effective Date in accordance with an amendment to be included in the Plan Supplement. The amendment will provide for, among other things, no reduction in the outstanding amount of principal, payment of accrued interest (at the revised non-default rate) on regular interest payment dates, and an amended amortization schedule.

d. *Voting*: Class 3 Claims are Impaired under the Plan. Holders of Engine Loan Claims are entitled to vote to accept or reject the Plan.

4. Class 4 – Secured RCF Claims

a. *Classification:* Class 4 consists of all Secured RCF Claims.

b. *Allowance:* The Secured RCF Claims shall be Allowed in the aggregate amount of $100,000,000.00, plus accrued and unpaid interest (at the revised non-default rate) due under the terms of the existing Secured RCF Agreement.

c. *Treatment:* The Secured RCF Agreement will be amended as of the Effective Date to provide for, among other things, no reduction in the outstanding amount of principal, continuation of the loan commitments, payment of accrued interest (at the revised non-default rate) and fees on regular interest payment dates, an amended amortization schedule, and retention of the existing collateral package, in accordance with an amendment to be included in the Plan Supplement.

d. *Voting:* Class 4 is Impaired under the Plan. Holders of Secured RCF Claims are entitled to vote to accept or reject the Plan.

5. Class 5 – USAV Receivable Facility Claims

a. *Classification:* Class 5 consists of all USAV Receivable Facility Claims.

b. *Allowance:* The USAV Receivable Facility Claims shall be Allowed in the aggregate amount of $66,962,332.85, pursuant to the USAV Settlement Agreement.

c. *Treatment:* The USAV Receivable Facility Claims shall be Reinstated, as amended pursuant to the USAV Settlement Agreement.

d. *Voting:* Class 5 is Unimpaired under the Plan. Holders of USAV Receivable Facility Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

6. Class 6 – Grupo Aval Receivable Facility Claims

   a. *Classification:* Class 6 consists of all Grupo Aval Receivable Facility Claims.

   b. *Allowance:* The Grupo Aval Receivable Facility Claims shall be Allowed in the amount of $128,552,032.00, pursuant to the Grupo Aval Settlement Agreement.

   c. *Treatment:* Pursuant to the Grupo Aval Settlement Agreement and on the schedule set forth therein, each holder of an Allowed Grupo Aval Receivable Facility Claim shall receive, in full and final satisfaction of its Grupo Aval Receivable Facility Claim, the consideration set forth in the Grupo Aval Settlement Agreement, namely: (i) its Pro Rata share of the Grupo Aval Exit Facility; (ii) its Pro Rata share of the Grupo Aval LifeMiles Consideration; and (iii) equal Cash payments on the first Business Day of each month on or after the Effective Date through January 2024, in an amount equal to non-default interest accrued and unpaid under the Grupo Aval Receivable Facility through the Grupo Aval Settlement Date.

   d. *Voting:* Class 6 is Unimpaired under the Plan. Holders of Grupo Aval Receivable Facility Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

7. Class 7 – Grupo Aval Lines of Credit Claims

   a. *Classification:* Class 7 consists of all Grupo Aval Lines of Credit Claims.

   b. *Allowance:* The Grupo Aval Lines of Credit Claims shall be Allowed in the aggregate amount of $11,651,000, allocated as $1,000,000.00 to Banco de Bogotá S.A. and $10,651,000.00 to Banco de América Central S.A. El Salvador.

   c. *Treatment:* On the Effective Date, pursuant to the Grupo Aval Settlement Agreement, each holder of an Allowed Grupo Aval Lines of Credit Claim shall receive, in full and final satisfaction of its Grupo Aval Lines of Credit Claim, (i) its Pro Rata share of the Grupo Aval Exit Facility; (ii) its Pro Rata share of the Grupo Aval LifeMiles Consideration; and (iii) equal Cash payments on the first Business Day of each month on or after the Effective Date through January 2024, in an amount equal to non-default interest accrued and unpaid under the Grupo Aval Lines of Credit through the Effective Date.

   d. *Voting:* Class 7 is Impaired under the Plan. Holders of Grupo Aval Lines of Credit Claims are entitled to vote to accept or reject the Plan.

8. Class 8 – Grupo Aval Promissory Note Claims

   a. *Classification:* Class 8 consists of all Grupo Aval Promissory Note Claims.

   b. *Allowance:* The Grupo Aval Promissory Note Claims shall be Allowed in the aggregate amount of $9,999,997.28.

   c. *Treatment:* Pursuant to the Grupo Aval Settlement Agreement and on the schedule set forth therein, each holder of an Allowed Grupo Aval Promissory Note Claim shall receive, in full and final satisfaction of its Grupo Aval Promissory Note Claim, the consideration set forth in the Grupo Aval Settlement Agreement, namely: (i) its Pro Rata share of the New Grupo Aval Promissory Notes, which shall have the same terms and conditions as the Existing Grupo Aval Promissory Notes and (ii) equal Cash payments on the first Business Day of each month on or after the Effective Date through January 2024, in an amount equal to non-default interest accrued and unpaid under the Grupo Aval Promissory Notes through the Grupo Aval Settlement Date.

   d. *Voting:* Class 8 is Unimpaired under the Plan. Holders of Grupo Aval Promissory Note Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

9. Class 9 – Cargo Receivable Facility Claims

   a. *Classification:* Class 9 consists of all Cargo Receivable Facility Claims.

   b. *Allowance:* The Cargo Receivable Facility Claims shall be Allowed in the aggregate amount of $3,176,468.00, plus accrued and unpaid interest (at the applicable non-default rate) due under the terms of the existing Cargo Receivable Facility Agreement.

   c. *Treatment:* On the Effective Date, all Cargo Receivable Facility Claims shall be Reinstated.

   d. *Voting:* Class 9 is Unimpaired under the Plan. Holders of Cargo Receivable Facility Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

10. Class 10 – Pension Claims

   a. *Classification:* Class 10 consists of all Pension Claims.

   b. *Treatment:* Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of an Allowed Pension Claim shall be fully Reinstated and continue as an

ongoing obligation of the applicable Reorganized Debtor(s) to the extent provided for under the Colombian Pension Regime, the holder of such Claim being unaffected by the Chapter 11 Cases or the Plan. In addition, on the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors shall pay in full in Cash, without application to or approval of the Bankruptcy Court and without a deduction from distributions made to holders of Pension Claims, any and all unpaid CAXDAC Fee Claims.

c. *Voting:* Class 10 is Unimpaired under the Plan. Holders of Pension Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

11. Class 11 – General Unsecured Avianca Claims[2]

a. *Classification:* Class 11 consists of all General Unsecured Avianca Claims.

b. *Treatment:* On the Initial General Unsecured Claims Distribution Date (or on the next distribution date following Allowance, if later), each holder of an Allowed General Unsecured Avianca Claim shall receive its Pro Rata share of either (A) the Unsecured Claimholder Cash Pool or (B) if such holder makes a written election on a timely and properly delivered and completed Ballot or other writing reasonably acceptable to the Debtors or Reorganized Debtors to receive the Unsecured Claimholder Equity Package, (1) the Unsecured Claimholder Equity Pool and (2) the Warrants;

provided, that, **if Class 11 votes to accept the Plan**, in addition to the treatment set forth above, each holder of an Allowed General Unsecured Avianca Claim shall also receive its Pro Rata Share of either (x) the Unsecured Claimholder Enhanced Cash Pool or (y) if such holder duly elects to receive the Unsecured Claimholder Equity Package, the Unsecured Claimholder Enhanced Equity Pool.

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[2] The DIP Facility is secured, in part, by the same collateral securing the 2023 Notes (the "Shared Collateral"); however, pursuant to the Final DIP Order, DIP Facility Claims shall be satisfied first from proceeds of the Shared Collateral (the "DIP Marshaling Provision"). As a result of the DIP Roll-Up and the DIP Marshaling Provision, no value with respect to the Shared Collateral will be available to satisfy 2023 Notes Claims after DIP Facility Claims are satisfied, thereby rendering the 2023 Notes, as well as any other indebtedness secured by the Shared Collateral on equal footing with the 2023 Notes, effectively unsecured pursuant to section 506(a) of the Bankruptcy Code. Further, pursuant to the Final DIP Order, holders of 2023 Notes Claims (and holders of other indebtedness secured by the Shared Collateral) have no claims against any Debtor for, arising out of, or related to adequate protection (including on account of the priming liens in respect of the Shared Collateral). For the avoidance of doubt, 2023 Notes Claims shall not include any unsecured deficiency claim held by a Consenting Noteholder on account of, arising out of, or relating to the 2023 Notes.

For the avoidance of doubt, if a holder of an Allowed General Unsecured Avianca Claim does not duly elect to receive the Unsecured Claimholder Equity Package, such holder shall automatically receive its distribution in Cash (i.e., its Pro Rata share of the Unsecured Claimholder Cash Pool and, as applicable, the Unsecured Claimholder Enhanced Cash Pool).

c. *Voting:* Class 11 is Impaired under the Plan. Holders of General Unsecured Avianca Claims are entitled to vote to accept or reject the Plan.

12. Class 12 – General Unsecured Avifreight Claims

a. *Classification:* Class 12 consists of all General Unsecured Avifreight Claims.

b. *Treatment:* Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of a General Unsecured Avifreight Claim shall (i) receive from Reorganized Avifreight, in full and final satisfaction of its General Unsecured Avifreight Claim, payment, in Cash, equal to the Allowed amount of such Claim, on the later of the Effective Date and the date when its General Unsecured Avifreight Claim becomes due and payable in the ordinary course or (ii) be otherwise rendered Unimpaired.

c. *Voting:* Class 12 is Unimpaired under the Plan. Holders of General Unsecured Avifreight Claims are not entitled to vote to accept or reject the Plan.

13. Class 13 – General Unsecured Aerounión Claims

a. *Classification:* Class 13 consists of all General Unsecured Aerounión Claims.

b. *Treatment:* Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of a General Unsecured Aerounión Claim shall (i) receive from Reorganized Aerounión, in full and final satisfaction of its General Unsecured Aerounión Claim, payment, in Cash, equal to the Allowed amount of such Claim, on the later of the Effective Date and the date when its General Unsecured Aerounión Claim becomes due and payable in the ordinary course or (ii) be otherwise rendered Unimpaired.

c. *Voting:* Class 13 is Unimpaired under the Plan. Holders of General Unsecured Aerounión Claims are not entitled to vote to accept or reject the Plan.

14. Class 14 – General Unsecured SAI Claims

    a. *Classification:* Class 14 consists of all General Unsecured SAI Claims.

    b. *Treatment:* Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of a General Unsecured SAI Claim shall (i) receive from Reorganized SAI, in full and final satisfaction of its General Unsecured SAI Claim, payment, in Cash, equal to the Allowed amount of such Claim, on the later of the Effective Date and the date when its General Unsecured SAI Claim becomes due and payable in the ordinary course or (ii) be otherwise rendered Unimpaired.

    c. *Voting:* Class 14 is Unimpaired under the Plan. Holders of General Unsecured SAI Claims are not entitled to vote to accept or reject the Plan.

15. Class 15 – General Unsecured Convenience Claims

    a. *Classification:* Class 15 consists of all General Unsecured Convenience Claims.

    b. *Treatment:* Except to the extent previously paid during the Chapter 11 Cases or such holder agrees to less favorable treatment, each holder of an Allowed General Unsecured Convenience Claim shall receive, in full and final satisfaction of its General Unsecured Convenience Claim, Cash in an amount equal to 1.0% of the amount of such Allowed General Unsecured Convenience Claim.

    c. *Voting:* Class 15 is Impaired under the Plan. Holders of General Unsecured Convenience Claims are entitled to vote to accept or reject the Plan.

16. Class 16 – Subordinated Claims

    a. *Classification:* Class 16 consists of all Subordinated Claims, if any.

    b. *Treatment:* All Subordinated Claims, if any, shall be discharged, cancelled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and holders of Subordinated Claims will not receive any distribution on account of such Subordinated Claims.

    c. *Voting:* Class 16 is Impaired under the Plan. Holders of Subordinated Claims are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

17. Class 17 – Intercompany Claims

    a. *Classification:* Class 17 consists of all Intercompany Claims.

    b. *Treatment:* No property will be distributed to holders of Intercompany Claims. Each Intercompany Claim will be either Reinstated or released and cancelled, as determined appropriate by the Debtors.

    c. *Voting:* Depending on the treatment accorded, Intercompany Claims are either Unimpaired or Impaired under the Plan. Holders of Intercompany Claims are conclusively presumed to have accepted or deemed to have rejected the Plan pursuant to section 1126(f) or 1126(g) of the Bankruptcy Code and, in either case, are not entitled to vote to accept or reject the Plan.

18. Class 18 – Existing AVH Non-Voting Equity Interests

    a. *Classification:* Class 18 consists of all Existing AVH Non-Voting Equity Interests.

    b. *Treatment:* Holders of Existing AVH Non-Voting Equity Interests shall retain such Interests, which will be cancelled, released, or extinguished, or will receive economically similar treatment, as of the Effective Date or as soon as reasonably practicable thereafter, to the extent permitted by applicable law as determined by the Debtors in their business judgment, and holders of Existing AVH Non-Voting Equity Interests shall not receive any distributions on account of such Interests.

    c. *Voting:* Class 18 is Impaired under the Plan. Holders of Existing AVH Non-Voting Equity Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

19. Class 19 – Existing AVH Common Equity Interests

    a. *Classification:* Class 19 consists of all Existing AVH Common Equity Interests.

    b. *Treatment:* Holders of Existing AVH Common Equity Interests shall retain such Interests, which will be cancelled, released, or extinguished, or will receive economically similar treatment, as of the Effective Date or as soon as reasonably practicable thereafter, to the extent permitted by applicable law as determined by the Debtors in their business judgment, and holders of Existing AVH Common Equity Interests shall not receive any distributions on account of such Interests.

    c. *Voting:* Class 19 is Impaired under the Plan. Holders of Existing AVH Common Equity Interests are deemed to have rejected the Plan pursuant to

section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

20. Class 20 –Existing Avifreight Equity Interests

a. *Classification:* Class 20 consists of all Existing Avifreight Equity Interests.

b. *Treatment:* Each holder of an Allowed Existing Avifreight Equity Interest shall have its Interest Reinstated.

c. *Voting:* Class 20 is Unimpaired under the Plan. Holders of Existing Avifreight Equity Interests are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

21. Class 21 – Existing SAI Equity Interests

a. *Classification:* Class 21 consists of all Existing SAI Equity Interests.

b. *Treatment:* Each holder of an Allowed Existing SAI Equity Interest shall have its Interest Reinstated.

c. *Voting:* Class 21 is Unimpaired under the Plan. Holders of Existing SAI Equity Interests are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

22. Class 22 – Other Existing Equity Interests

a. *Classification:* Class 22 consists of all Other Existing Equity Interests.

b. *Treatment:* Holders of Other Existing Equity Interests will not receive any distribution on account of such Interests, which will be cancelled, released, extinguished, or receive economically similar treatment as of the Effective Date or as soon as reasonably practicable thereafter, to the extent permitted by applicable law as determined by the Debtors in their business judgment, and holders of Other Existing Equity Interests shall not receive or retain any property under the Plan on account of such Other Existing Equity Interests.

c. *Voting:* Class 22 is Impaired under the Plan. Holders of Other Existing Equity Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

23. Class 23 – Intercompany Interests

a. *Classification:* Class 23 consists of all Intercompany Interests.

b. *Treatment:* No property will be distributed to holders of Intercompany Interests. Each Intercompany Interest will either be (i) Reinstated solely to the extent necessary to maintain the Reorganized Debtors' corporate structure or (ii) transferred to a newly formed holding entity in conformance with the Transaction Steps.

c. *Voting:* Depending on the treatment accorded, Intercompany Claims are either Unimpaired or Impaired under the Plan. Holders of Intercompany Interests are conclusively presumed to have accepted or deemed to have rejected the Plan pursuant to section 1126(f) or 1126(g) of the Bankruptcy Code and, in either case, are not entitled to vote to accept or reject the Plan.

C. *Special Provision Governing Unimpaired Claims*

Except as otherwise specifically provided in the Plan, nothing herein shall be deemed to affect, diminish, or impair the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Reinstated Claim or Unimpaired Claim, including legal and equitable defenses to setoffs or recoupment against Reinstated Claims or Unimpaired Claims, and, except as otherwise specifically provided in the Plan, nothing herein shall be deemed to be a waiver or relinquishment of any Claim, Cause of Action, right of setoff, or other legal or equitable defense that the Debtors had immediately prior to the Petition Date against or with respect to any Claim that is Unimpaired by the Plan. Except as otherwise specifically provided in the Plan, the Debtors and the Reorganized Debtors shall have, retain, reserve, and be entitled to assert all such Claims, Causes of Action, rights of setoff, and other legal or equitable defenses that the Debtors had immediately prior to the Petition Date fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' and Reorganized Debtors' legal and equitable rights with respect to any Reinstated Claim or Claim that is Unimpaired by this Plan may be asserted after the Confirmation Date and the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

D. *Subordination of Claims*

Except as expressly provided herein, the Allowance, classification, and treatment of all Allowed Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors and the Reorganized Debtors reserve the right to reclassify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

ARTICLE IV
ACCEPTANCE OR REJECTION OF PLAN

A. *Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code*

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by any Impaired Class of Claims. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests.

B. *Voting Classes*

Holders of Claims in the following Classes as of the Voting Record Date are entitled to vote to accept or reject the Plan: Classes 3, 4, 7, 11, and 15.

The Bankruptcy Code defines "acceptance" of a plan by a class of (i) Impaired Claims as acceptance by creditors in that class that hold at least two-thirds (⅔) in dollar amount and more than one-half (½) in number of the Claims that cast ballots for acceptance or rejection of the Plan and (ii) Impaired Interests as acceptance by Interest holders in that Class that hold at least two-thirds (⅔) in amount of the Interests that cast ballots for acceptance or rejection of the Plan.

C. *Presumed Acceptance by Non-Voting Classes*

If a Class contains Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the holders of such Claims or Interests in such Class.

D. *Presumed Acceptance by Unimpaired Classes*

Classes 1, 2, 5, 6, 8, 9, 10, 12, 13, 14, 20, 21, and, depending on their respective treatment, Classes 17 and 23, are Unimpaired under the Plan. Holders of Claims or Interests in such Classes are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

E. *Elimination of Vacant Classes*

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

F. *Controversy Concerning Impairment*

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

ARTICLE V
MEANS FOR IMPLEMENTATION OF PLAN

A. *General Settlement of Claims and Interests*

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute an arms' length and good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan, and all distributions made to holders of Allowed Claims and Interests in any Class in accordance with the Plan are intended to be, and shall be, final. Among other things, the Plan provides for a global settlement among the Debtors and various creditors of the Debtors (the "Global Plan Settlement"), which provides substantial value to the Debtors' Estates.

B. *Substantive Consolidation*

1. Avianca Plan Consolidation

The Plan serves as a motion seeking, and entry of the Confirmation Order shall constitute, the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the Avianca Plan Consolidation.

Except as otherwise provided herein, solely for voting, Confirmation, and distribution purposes hereunder, and subject to the following sentence, (i) all assets and all liabilities of the Avianca Debtors shall be treated as though they were merged; (ii) all guarantees of any Avianca Debtor of the payment, performance, or collection of obligations of another Avianca Debtor shall be eliminated and cancelled; (iii) all joint obligations of two or more Avianca Debtors and multiple Claims against such Entities on account of such joint obligations shall be treated and allowed as a single Claim against the consolidated Avianca Debtors; (iv) all Claims between any Avianca Debtors shall be deemed cancelled; and (v) each Claim filed in the Chapter 11 Case of any Avianca Debtor shall be deemed filed against the consolidated Avianca Debtors and a single obligation of the consolidated Avianca Debtors' Estate. The substantive consolidation and deemed merger effected pursuant to this Article V.B shall not affect (other than for purposes of the Plan as set forth in this Article V.B) (i) the legal and organizational structure of the Reorganized Avianca Debtors, except as provided in the Restructuring Transactions; (ii) defenses to any Causes of Action or requirements for any third party to establish mutuality to assert a right of setoff; (iii) the claims, rights, or remedies of the DIP Agent and each of the DIP Lenders under the DIP Facility Documents until the satisfaction and discharge of all obligations under the DIP Facility Documents in accordance with the Plan on the Effective Date; and (iv) distributions out of any insurance policies or proceeds of such policies.

2. Confirmation in the Event of Partial or No Avianca Plan Consolidation

In the event that the Bankruptcy Court orders partial, or does not order, the Avianca Plan Consolidation, the Debtors reserve the right to (i) proceed with no or partial Avianca Plan Consolidation, (ii) propose one or more Sub-Plans, (iii) proceed with confirmation of one or more Sub-Plans to the exclusion of other Sub-Plans, (iv) withdraw some or all of the Sub-Plans, or (v) withdraw the Plan. The Debtors' inability to obtain approval of the Avianca Plan

Consolidation or confirm any Sub-Plan, or the Debtors' election to withdraw the Avianca Plan Consolidation or any Sub-Plan, shall not impair confirmation or consummation of any other Sub-Plan. In the event that the Bankruptcy Court does not order the Avianca Plan Consolidation, (i) Claims against a particular Debtor shall be treated as Claims against solely such Debtor's Estate for all purposes and administered as provided in the applicable Sub-Plan and (ii) the Debtors shall not be required to resolicit votes with respect to the Plan or the applicable Sub-Plan.

3. Claims Against Avianca Debtors and Unconsolidated Debtors

If one or more Avianca Debtors and one or more Unconsolidated Debtors are obligated on a particular Claim, the holder of such Claim shall be deemed to have no Claim against the Avianca Debtors and one Claim against each applicable Unconsolidated Debtor for purposes of Confirmation and distribution. For the avoidance of doubt, no such holder shall receive distributions totaling an amount in excess of 100% of its Allowed Claim.

C. *Restructuring Transactions*

Prior to, on, or after the Effective Date, subject to and consistent with the terms of their obligations under the Plan, the Debtors and the Reorganized Debtors shall be authorized to enter into such transactions and take such other actions as may be necessary or appropriate to effect a corporate and other Entity restructuring of their businesses, to otherwise simplify the overall corporate and other Entity structure of the Debtors, and/or to reincorporate or reorganize certain of the Debtors under the laws of jurisdictions other than the laws under which such Debtors currently are incorporated or formed, which restructuring may include one or more mergers, consolidations, dispositions, transfers, assignments, contributions, liquidations or dissolutions, as may be determined by the Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties and obligations of certain of the Debtors vesting in one or more surviving, resulting or acquiring entities (collectively, the "Restructuring Transactions"). Subject to the terms of the Plan, in each case in which the surviving, resulting or acquiring Entity in any such transaction is a successor to a Debtor, such surviving, resulting or acquiring Entity shall perform the obligations of such Debtor pursuant to the Plan to pay or otherwise satisfy the Allowed Claims against and Interests in such Debtor, except as provided in any contract, instrument or other agreement or document effecting a disposition to such surviving, resulting or acquiring Entity, which may provide that another Debtor will perform such obligations.

In effecting the Restructuring Transactions, the Debtors and the Reorganized Debtors shall implement the Transaction Steps and be permitted to: (1) execute and deliver appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation, or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable non-bankruptcy law and such other terms to which the applicable Entities may agree; (2) form new Entities, execute and deliver appropriate documents in connection therewith containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable non-bankruptcy law, and issue equity in such newly formed Entities; (3) execute and deliver appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable Entities may agree and

effectuate such transfers, assignments, assumptions, or delegations in accordance with such instruments, including to any Entities formed in accordance with the Restructuring Transactions and the Plan; (4) file appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable non-bankruptcy law; and (5) take all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings, or vacating previously filed filings or recordings, that may be required by applicable non-bankruptcy law in connection with such transactions. Each agent of the Debtors and other Persons authorized to make filings with respect to the Debtors (including, without limitation, each resident agent) is directed to cooperate with and to take direction from the Debtors and the Reorganized Debtors as to the foregoing. To the extent known, any such Restructuring Transactions will be summarized in the Description of Restructuring Transactions, and in all cases, such transactions shall be subject to the terms and conditions of the Plan and any consents or approvals required under the Plan or the Tranche B Equity Conversion Agreement.

On the Effective Date or as soon as reasonably practicable thereafter, all Interests in AVH will be cancelled, released, extinguished, or receive economically similar treatment, to the extent permitted by applicable law as determined by the Debtors in their business judgment.

D. *Sources of Consideration for Plan Distributions*

1. Cash

The Reorganized Debtors shall fund distributions under the Plan required to be paid in Cash, if any, with Cash on hand (including Cash from operations and Cash received under the DIP Facility in accordance with the DIP Facility Documents) and Cash received on the Effective Date (including borrowings under the Exit Facility and the Tranche B Equity Contributions).

2. Exit Facility

On the Effective Date, the Reorganized Debtors shall be authorized to execute, deliver, and enter into the Exit Facility Documents, subject to the requisite approvals, without further (i) notice to or order of the Bankruptcy Court, (ii) vote, consent, authorization, or approval of any Person, or (iii) action by the holders of Claims or Interests.

The Reorganized Debtors shall be authorized to convert/repay the Tranche A-1 DIP Obligations and Tranche A-2 DIP Obligations with the Exit Facility and use the proceeds of such borrowings for any purpose permitted thereunder. Without limiting the foregoing, the Reorganized Debtors shall pay, as and when due, all fees, expenses, losses, damages, indemnities, and other amounts, including any applicable refinancing premiums and applicable exit fees, provided under the DIP Facility Documents related to the DIP Facility and/or the Exit Facility Documents relating to such Exit Facility.

The Exit Facility Documents shall constitute legal, valid, binding, and authorized joint and several obligations of the applicable Reorganized Debtors, enforceable in accordance with their respective terms, and such obligations shall not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever under applicable law, the Plan or the Confirmation Order and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the

Bankruptcy Code or any other applicable non-bankruptcy law. The financial accommodations to be extended pursuant to the Exit Facility Documents are reasonable and are being extended, and shall be deemed to have been extended, in good faith and for legitimate business purposes.

On the Effective Date, all of the Liens to be granted in accordance with the Exit Facility Documents (a) shall be deemed to be approved; (b) shall be legal, binding, and enforceable Liens on the collateral granted under the respective Exit Facility Documents in accordance with the terms thereof; (c)(i) shall be deemed perfected on the Effective Date and (ii) the priorities of such Liens shall be as set forth in the respective Exit Facility Documents, and, in the case of this clause (ii), subject only to such Liens as may be permitted under the Exit Facility Documents; and (d) shall not be subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever and shall not constitute preferential transfers, fraudulent conveyances or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law. The Reorganized Debtors and the secured parties (and their designees and agents) under such Exit Facility Documents are hereby authorized to make all filings and recordings, and to obtain all governmental approvals and consents, to establish and perfect such Liens under the provisions of the applicable state, provincial, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection of the Liens granted under the Exit Facility Documents shall occur automatically by virtue of the entry of the Confirmation Order and funding on or after the Effective Date, and any such filings, recordings, approvals, and consents shall not be necessary or required), and the Reorganized Debtors and the secured parties (and their designees and agents) under such Exit Facility Documents will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens to third parties.

To the extent that any holder of a Secured Claim that has been satisfied or discharged pursuant to the Plan, or any agent for such holder, has filed or recorded any Liens to secure such holder's Secured Claim, then on or as soon as practicable after the Effective Date, such holder (or the agent for such holder) shall, at the Debtors' or Reorganized Debtors' sole cost and expense, take any and all steps reasonably requested by the Debtors, Reorganized Debtors, or the Exit Facility Indenture Trustee that are necessary to cancel and/or extinguish such Liens (it being understood that such Liens held by holders of Secured Claims that are satisfied on the Effective Date pursuant to the Plan shall be automatically canceled/or extinguished on the Effective Date by virtue of the entry of the Confirmation Order).

3. New Common Equity

Reorganized AVH is authorized to issue or cause to be issued, and shall issue, the New Common Equity without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule, or the vote, consent, authorization, or approval of any Person.

All of the New Common Equity issued and/or distributed pursuant to the Plan shall be duly authorized, validly issued, and, as applicable, fully paid and non-assessable. Each distribution and issuance of the New Common Equity under the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of

the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

All of the New Common Equity issued and/or distributed pursuant to the Plan, whether solely in exchange for Claims or, in the case of certain Tranche B DIP Lenders, in exchange for Tranche B DIP Facility Claims and the Tranche B Equity Contribution, shall be exempt from the registration requirements of Section 5 of the Securities Act and any "Blue Sky" Laws of any U.S. jurisdiction pursuant to section 1145(a) of the Bankruptcy Code, except to the extent that they are subject to the provisions of section 1145(b)(1).

4. Warrants

Reorganized AVH is authorized to issue or cause to be issued, and shall issue, the Warrants without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule, or the vote, consent, authorization, or approval of any Person.

The Warrants shall be automatically exercisable upon any scheme of merger, acquisition, reorganization liquidation, dissolution, winding-up, or sale of Reorganized AVH or the sale of all or substantially all of the assets of Reorganized AVH where the Exercise Price is achieved. The Warrants shall have standard anti-dilution protection, and the Warrants shall be fully transferable, subject to applicable securities laws and regulations. Holders of Warrants shall have standard information rights during the period prior to the registration of the New Common Equity or listing of the New Common Equity on a global securities exchange.

All of the Warrants issued and/or distributed pursuant to the Plan shall be duly authorized, validly issued, and, as applicable, fully paid and non-assessable. Each distribution and issuance of the Warrants under the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

All of the Warrants issued and/or distributed pursuant to the Plan shall be exempt from the registration requirements of Section 5 of the Securities Act and any "Blue Sky" Laws of any U.S. jurisdiction pursuant to section 1145(a) of the Bankruptcy Code, except to the extent that they are subject to the provisions of section 1145(b)(1).

E. *Corporate Existence*

Except as otherwise provided in the Plan, and despite the Avianca Plan Consolidation, each Debtor and each of its direct and indirect subsidiaries shall continue to exist after the Effective Date as a separate corporation, limited liability company, limited partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, limited partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective bylaws, limited liability company agreement, operating agreement, limited partnership agreement (or other formation documents) in effect prior to the Effective Date, except to the extent such formation documents are amended under the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval

(other than any requisite filings required under applicable law); provided, that after the Effective Date, AVH and its direct and indirect subsidiaries may be liquidated, wound up, and/or dissolved in accordance with applicable law and applicable rules of corporate governance.

F. *Vesting of Assets in the Reorganized Debtors*

Except as otherwise provided in the Plan, on the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property in each applicable Estate, and any property acquired by the Debtors pursuant to the Plan shall vest in the Reorganized Debtors and, if applicable, any Entity or Entities formed pursuant to the Restructuring Transactions to hold the assets and/or equity of the Reorganized Debtors, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the applicable Reorganized Debtors may operate their businesses and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court, and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

The Plan shall be conclusively deemed to be adequate notice that Liens, Claims, charges or other encumbrances are being extinguished. Any Person having a Lien, Claim, charge or other encumbrance against any of the property vested in accordance with the foregoing paragraph shall be conclusively deemed to have consented to the transfer, assignment and vesting of such property to or in the Reorganized Debtors free and clear of all Liens, Claims, charges or other encumbrances by failing to object to confirmation of the Plan, except as otherwise provided in the Plan.

G. *Cancellation of Loans, Securities, and Agreements*

Except as otherwise provided in the Plan or the Tranche B Equity Conversion Agreement, on the Effective Date or as soon as reasonably practicable thereafter with respect to each Debtor: (1) the DIP Facility Claims, Grupo Aval Receivable Facility Claims, Grupo Aval Lines of Credit Claims, 2020 Notes Claims, 2023 Notes Claims, Direct Loan Claims, Other Existing Equity Interests, and any other certificate, equity security, share, note, purchase right, option, warrant, or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of, or ownership interest in, the Debtors giving rise to any Claim or Interest (except such certificates, notes, or other instruments or documents evidencing indebtedness or obligation of, or ownership interest in, the Debtors that are Reinstated or otherwise retained by holders thereof pursuant to the Plan), shall, to the fullest extent permitted by applicable law, be deemed cancelled, released, surrendered, extinguished, and discharged as to the Debtors without any need for further action or approval of the Bankruptcy Court or any holder thereof or any other Person or Entity, and the Reorganized Debtors shall not have any continuing obligations thereunder or in any way related thereto; and (2) the obligations of the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws or certificate or articles of incorporation, or similar documents governing the shares, certificates, notes, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of, or ownership interest in, the Debtors (except such agreements, certificates, notes or other instruments evidencing indebtedness or obligation of or ownership interest in the Debtors that are specifically Reinstated pursuant to the Plan) shall be deemed satisfied in full, released, and

discharged without any need for further action or approval of the Bankruptcy Court or any holder thereof or any other Person or Entity.

Notwithstanding such cancellation and discharge, the DIP Credit Agreement, the DIP Facility Indentures, the other DIP Facility Documents, the Direct Loan Promissory Note, the 2020 Notes Indenture, and the 2023 Notes Indenture shall continue in effect to the extent necessary (i) to allow the holders of Claims to receive distributions under the Plan; (ii) to allow the Debtors, the Reorganized Debtors, and the agents and Indenture Trustees under such documents to take other actions pursuant to the Plan on account of Claims; (iii) to allow holders of Claims to retain their respective rights and obligations vis-à-vis other holders of Claims pursuant to such documents; (iv) to allow the agents, including the DIP Agent, and Indenture Trustees under such documents to enforce their rights, claims, causes of action and interests under such documents against any party other than the Debtors, including, but not limited to, any rights with respect to priority of payment and/or to exercise charging liens; (v) to preserve any rights of the agents, including the DIP Agent, and Indenture Trustees under such documents to payment of fees, expenses, and indemnification obligations under such documents, including any rights to priority of payment and/or to exercise charging liens; (vi) to allow the agents, including the DIP Agent, and Indenture Trustees under such documents to enforce any obligations owed to them under the Plan; (vii) to allow the agents, including the DIP Agent, and Indenture Trustees under such documents to exercise rights and obligations relating to the interests of creditors under such documents; (viii) to allow the agents, including the DIP Agent, and Indenture Trustees under such documents to appear in the Chapter 11 Cases or in any proceeding in the Bankruptcy Court or any other court relating to the such documents; provided, that nothing in this Article V.G shall affect the discharge of Claims pursuant to the Plan.

Notwithstanding any provision in the Plan to the contrary, the Debtors or the Reorganized Debtors shall promptly pay in Cash in full the reasonable and documented 2020 Notes Indenture Trustee Claims, subject to an aggregate cap of $875,000, without the filing of fee applications with or approval by the Bankruptcy Court; provided, that the 2020 Notes Indenture Trustee and its counsel shall provide the Debtors or Reorganized Debtors (as applicable) and the Committee with invoices (or other documentation as the Debtors or Reorganized Debtors (as applicable) may reasonably request) for which it seeks payment within five (5) Business Days after the entry of the Confirmation Order, provided, further, that, to the extent that the Debtors and the Committee have no objection to such fees and expenses, such fees and expenses shall be paid within five (5) Business Days of the Effective Date. To the extent that the Debtors or the Reorganized Debtors (as applicable) or the Committee objects to any of the fees and expenses of the 2020 Notes Indenture Trustee or its advisors, the Debtors or the Reorganized Debtors (as applicable) shall not be required to pay any disputed portion of such fees and expenses until a resolution of such objection is agreed to by the Debtors or Reorganized Debtors (as applicable), the Committee, and the 2020 Notes Indenture Trustee or upon further order of the Bankruptcy Court upon a motion filed by the 2020 Notes Indenture Trustee.

Except for the foregoing, upon the occurrence of the Effective Date, the agents and indenture trustees under the DIP Facility Documents, the DIP Facility Indentures, the Direct Loan Promissory Note, the 2020 Notes Indenture, and the 2023 Notes Indenture shall be relieved of all further duties and responsibilities related to such documents; provided, that any provisions of such

documents that by their terms survive their termination shall survive in accordance with their terms.

Upon the full payment or other satisfaction of an Allowed Other Secured Claim, or promptly thereafter, the holder of such Allowed Other Secured Claim shall deliver to the Debtors or Reorganized Debtors, as applicable, any collateral or other property of a Debtor held by such holder, together with any termination statements, instruments of satisfaction, or releases of all security interests with respect to its Allowed Other Secured Claim that may be reasonably required to terminate any related financing statements, mortgages, mechanics' or other statutory Liens, or lis pendens, or similar interests or documents and take all other steps reasonably requested by the Debtors, the Reorganized Debtors, or the Exit Facility Indenture Trustee that are necessary to cancel and/or extinguish Liens securing such holder's Claim.

H. *Corporate and Other Entity Action*

On the Effective Date, all actions contemplated under the Plan (including, for the avoidance of doubt, the Plan Supplement) shall be deemed authorized and approved in all respects, including, with respect to the applicable Reorganized Debtors: (1) appointment of the New Boards pursuant to Article V.J and any other managers, directors, or officers for the Reorganized Debtors identified in the Plan Supplement; (2) the issuance and distribution of the New Common Equity by Reorganized AVH; (3) entry into the New Organizational Documents; (4) entry into the Exit Facility Documents; (5) implementation of the Restructuring Transactions (which, pursuant to Article V.C of the Plan, may be implemented prior to, on, or after the Effective Date); (6) transfer of intellectual property to a stand-alone subsidiary of Reorganized Avianca; and (7) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate or other Entity structure of the Debtors or the Reorganized Debtors, and any corporate or other Entity action required by the Debtors or Reorganized Debtors in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, managers, or officers of the Debtors or the Reorganized Debtors. On or before the Effective Date, the appropriate officers of the Debtors or Reorganized Debtors, as applicable, shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effectuate the transactions contemplated under the Plan) in the name, and on behalf, of the Reorganized Debtors, including any and all agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by this Article V.H shall be effective notwithstanding any requirements under applicable non-bankruptcy law.

I. *New Organizational Documents*

On or prior to the Effective Date or as soon thereafter as is practicable, the applicable Reorganized Debtors shall, if so required under applicable local law, file their New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in their respective states or countries of incorporation in accordance with the corporate laws of the respective states or countries of incorporation or formation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents will prohibit the issuance of non-voting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code.

After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the laws of their respective states or countries of incorporation or formation, and their respective New Organizational Documents, without further order of the Bankruptcy Court.

J. *Directors and Officers of Reorganized Debtors*

1. Reorganized AVH Board

On the Effective Date, the Reorganized AVH Board shall consist of at least nine (9) directors, one of which shall be an independent director selected in consultation with the Committee. The identities of the other directors will, to the extent known, be disclosed in the Plan Supplement. The composition of the boards of directors or managers, as applicable, of each other Reorganized Debtor will be identified no later than the hearing on Confirmation. Except to the extent that a member of a Debtor's board of directors or managers, as applicable, continues to serve as a director or manager of the corresponding Reorganized Debtor after the Effective Date, the members of the Debtors' boards of directors or managers, as applicable, shall have no continuing obligations to the Reorganized Debtors on or after the Effective Date in their capacities as such, and each such director or manager shall be deemed to have resigned or shall otherwise cease to be a director or manager of the applicable Debtor on the Effective Date. Commencing on the Effective Date, each of the directors or managers, as applicable, of the Reorganized Debtors shall serve pursuant to the terms of the applicable New Organizational Documents and may be replaced or removed in accordance with such documents.

2. Officers of Reorganized Debtors

Except as otherwise provided in the Plan Supplement, the officers of the Debtors immediately before the Effective Date shall serve as the initial officers of each of the respective Reorganized Debtors on and after the Effective Date. After the Effective Date, the selection of officers of the Reorganized Debtors shall be as provided by their respective organizational documents.

3. New Subsidiary Boards

On the Effective Date, the applicable New Subsidiary Boards shall be appointed in accordance with the applicable New Organizational Documents.

K. *Effectuating Documents; Further Transactions*

On and after the Effective Date, the applicable Reorganized Debtors and the officers and members of the boards of directors thereof are authorized to, and may issue, execute, deliver, file, or record, such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, and the securities issued pursuant to the Plan in the name, and on behalf, of the Reorganized Debtors, without the need for any approvals, authorization, or consents, except for those expressly required pursuant to the Plan or the New Organizational Documents.

L. *Section 1146 Exemption*

Pursuant to section 1146 of the Bankruptcy Code, (a) the issuance, transfer or exchange of any securities, instruments or documents, (b) the creation of any lien, mortgage, deed of trust or other security interest, (c) the making or assignment of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, pursuant to, in furtherance of, or in connection with the Plan, including, without limitation, any deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan or the reinvesting, transfer or sale of any real or personal property of the Debtors pursuant to, in implementation of or as contemplated in the Plan (whether to one or more of the Reorganized Debtors or otherwise), (d) the grant of collateral under the Exit Facility Documents, and (e) the issuance, renewal, modification or securing of indebtedness by such means, and the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, the Confirmation Order, shall not be subject to any document recording tax, stamp tax, conveyance fee or other similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, sales tax, use tax or other similar tax or governmental assessment. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument without requiring the payment of any filing fees and expenses, documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax or similar tax.

M. *Authorization and Issuance of New Common Equity*

On the Effective Date, Reorganized AVH shall issue the New Common Equity in accordance with the terms of the Transaction Steps, the Plan, and the Tranche B Equity Conversion Agreement. All of the New Common Equity, when so issued, shall be duly authorized, validly issued, and, in the case of the New Common Equity, fully paid, and non-assessable.

N. *Preservation of Causes of Action*

In accordance with section 1123(b) of the Bankruptcy Code, but subject in all respects to Article IX.D of the Plan, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Schedule of Retained Causes of Action, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date; provided, that the Reorganized Debtors waive their rights to assert Preference Actions against holders of General Unsecured Claims (but reserve the right to assert any such Preference Actions solely as counterclaims or defenses to Claims asserted against the Debtors; provided, that any such assertion may solely be defensive, without any right to seek or obtain an affirmative recovery on account of any such counterclaim). The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors in their discretion.

No Person or Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any

indication that the Debtors or the Reorganized Debtors will not pursue any and all available Causes of Action against them. Unless any Cause of Action against a Person is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order of the Bankruptcy Court, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the confirmation of the Plan or the occurrence of the Effective Date.

O. *Grupo Aval Settlement*

Capitalized terms used and not otherwise defined in this Article V.O shall have the meanings ascribed to such terms in the Grupo Aval Settlement Agreement.

1. Grupo Aval Settlement Agreement

The terms, conditions, obligations, covenants, and agreements set forth in the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation, all of which will be ratified and affirmed and shall continue in full force and effect (in each case as amended, restated, supplemented, or otherwise modified from time to time), are valid, effective, and non-avoidable post-petition obligations of the Debtors' Estates. The Debtors are authorized to enter into and perform the Grupo Aval Definitive Documentation, including any amendments and modifications that may be agreed in writing among the Debtors and the Grupo Aval Entities.

The Grupo Aval Settlement Agreement and Grupo Aval Definitive Documentation constitute legal, valid, binding, and non-avoidable post-petition obligations of the Debtors and their estates, enforceable against them in accordance with their terms.

Effective as of the Effective Date, the admissions, agreements, and releases contained in the Grupo Aval Definitive Documentation relating to the restructuring of the Working Capital Lines of Credit, including the Working Capital Lines of Credit Definitive Documentation (each as defined in the Term Sheet), shall be binding upon the Settling Parties, the Debtors' Estates, and any and all other parties in interest, including, without limitation, the Committee and any other person or entity acting or seeking to act on behalf of the Debtors' Estates, including any chapter 7 or chapter 11 trustee or examiner appointed or elected for any of the Debtors, in all circumstances and for all purposes.

Effective as of the Settlement Effective Date, any liens and security interests granted pursuant to the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation are (a) deemed approved, (b) legal, valid, binding, and enforceable liens on, and security interests in, the collateral granted thereunder in accordance with the terms of the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation and with the priorities established in respect thereof under applicable non-bankruptcy law and (c) deemed perfected as of the earlier of the Settlement Effective Date and the date of perfection of liens in connection with any transaction among the Settling Parties prior to the Settlement Effective Date, subject only to such liens and security interests as may be permitted under the Settlement and the Grupo Aval Definitive Documentation. Any guarantees, mortgages, deeds of trust, pledges, liens, and other security

interests granted pursuant to or in connection with the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation, the payment of fees contemplated thereunder, and the execution and consummation of the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation have been and are being undertaken in good faith, for good and valuable consideration, for reasonably equivalent value and for legitimate business purposes as an inducement to lenders to extend credit thereunder and are reasonable and shall be, and hereby are, deemed not to constitute a preferential transfer, fraudulent conveyance, fraudulent transfer, or other voidable transfer and shall not otherwise be subject to avoidance, recharacterization, or subordination for any purpose whatsoever under the Bankruptcy Code or any other applicable non-bankruptcy law, and the priorities of such liens and security interests will be as set forth in the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation.

2. Grupo Aval Exit Facility

On or prior to the Effective Date, the Reorganized Debtors shall be authorized to execute, deliver, and enter into the Grupo Aval Exit Facility Agreement, subject to the requisite approvals, without further (i) notice to or order of the Bankruptcy Court; (ii) vote, consent, authorization, or approval of any Person; or (iii) action by the holders of Claims or Interests.

The Reorganized Debtors shall pay, as and when due, all fees, expenses, losses, damages, indemnities, and other amounts, including any applicable refinancing premiums and applicable exit fees, provided under the Grupo Aval Exit Facility Agreement related to the Grupo Aval Exit Facility.

The Grupo Aval Exit Facility Agreement shall constitute legal, valid, binding, and authorized joint and several obligations of the applicable Reorganized Debtors, enforceable in accordance with their respective terms, and such obligations shall not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever under applicable law, the Plan, or the Confirmation Order and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any other applicable non-bankruptcy law. The financial accommodations to be extended pursuant to the Grupo Aval Exit Facility Agreement are reasonable and are being extended, and shall be deemed to have been extended, in good faith and for legitimate business purposes.

The sale and transfer of any Grupo Aval Credit Card Receivables (as defined in the Grupo Aval Settlement Agreement) as contemplated in the Grupo Aval Exit Facility (the "**Restructured Credit Card Securitization Facility**") will constitute a valid, final, definitive, enforceable, irrevocable, indefeasible, and non-avoidable "true sale" and transfer, enforceable against the Debtors, their Estates, and all third parties, and not a lending transaction or any other economic arrangement other than a true sale, will confer upon the applicable Grupo Aval Entity good and valid title to all of the rights and receivables (and all collections derived therefrom) arising under all Credit Card Processing Agreements, and vests the applicable Grupo Aval Entity with the definitive and indefeasible ownership thereof (whether or not such rights and receivables are in existence as of the Settlement Effective Date).

As of the Settlement Effective Date, all of the Liens to be granted in accordance with the Grupo Aval Exit Facility Agreement (a) shall be deemed to be approved; (b) shall be legal, binding, and enforceable Liens on the collateral granted under the respective Grupo Aval Exit Facility Agreement documents in accordance with the terms thereof; (c)(i) shall be deemed perfected as of the earlier of the Settlement Effective Date and the date of perfection of liens in connection with the Credit Card Securitization (as defined in the Grupo Aval Settlement Agreement) prior to the Settlement Effective Date and (ii) the priorities of such Liens shall be as set forth in the respective Grupo Aval Exit Facility Agreement documents, and, in the case of this clause (ii), subject only to such Liens as may be permitted under the Grupo Aval Exit Facility Agreement; and (d) shall not be subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law. The Reorganized Debtors and the secured parties (and their designees and agents) under such Grupo Aval Exit Facility Agreement are hereby authorized to make all filings and recordings, and to obtain all governmental approvals and consents, to establish and perfect such Liens under the provisions of the applicable state, provincial, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection of the Liens granted under the Grupo Aval Exit Facility Agreement shall occur automatically by virtue of the entry of the Confirmation Order and funding on or after the Effective Date, and any such filings, recordings, approvals, and consents shall not be necessary or required), and the Reorganized Debtors and the secured parties (and their designees and agents) under such Grupo Aval Exit Facility Agreement will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens to third parties.

ARTICLE VI
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. *Assumption and Rejection of Executory Contracts and Unexpired Leases*

Except as otherwise provided herein, each Executory Contract and Unexpired Lease shall be deemed rejected, without the need for any further notice to or action, order, or approval of the Bankruptcy Court, as of the Effective Date, pursuant to section 365 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease (a) was previously assumed or rejected; (b) previously expired or terminated pursuant to its own terms; (c) is the subject of a motion or notice to reject, assume, or assume and assign filed on or before the Confirmation Date; or (d) is designated specifically as an Executory Contract or Unexpired Lease on the Schedule of Assumed Contracts; provided, that the Debtors reserve the right to seek enforcement of an assumed or assumed and assigned Executory Contract or Unexpired Lease following the Confirmation Date, including, but not limited to, seeking an order of the Bankruptcy Court for the rejection of such Executory Contract or Unexpired Lease for cause; provided, further, that the Debtors reserve the right to seek, following the Confirmation Date, assumption of an Executory Contract or Unexpired Lease that was deemed rejected. The amendment of an Executory Contract or Unexpired Lease after the Petition Date shall not, by itself, constitute the assumption of such Executory Contract or Unexpired Lease. The assumption of Executory Contracts and Unexpired Leases hereunder may include the assignment of certain of such contracts to Affiliates. Unless previously approved by

the Bankruptcy Court, the Confirmation Order will constitute an order of the Bankruptcy Court approving the above-described rejections, assumptions and assignments, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code and effective on the occurrence of the Effective Date.

Unless otherwise provided by an order of the Bankruptcy Court, at least twenty-one (21) days prior to the Confirmation Hearing or such other date set by the Bankruptcy Court, the Debtors shall file, or cause to be filed, the Schedule of Assumed Contracts. Any objection to the assumption of an Executory Contract or Unexpired Lease under the Plan (other than those Executory Contracts and Unexpired Leases that were previously assumed by the Debtors or are the subject of a motion or notice to assume or assume and assign filed on or before the Confirmation Date) must be Filed, served and actually received by the Debtors no later than seven (7) days prior to the Confirmation Hearing; provided, that, if the Debtors file an amended Schedule of Assumed Contracts (the "**Amended Schedule of Assumed Contracts**") prior to the Confirmation Hearing, then, with respect to any lessor or counterparty affected by such Amended Schedule of Assumed Contracts, objections to the assumption of the relevant Executory Contract or Unexpired Lease must be filed by the earlier of (i) seven (7) days from the date the Amended Schedule of Assumed Contracts is filed and (ii) the Confirmation Hearing; provided, further, that if the Debtors file an Amended Schedule of Assumed Contracts after the Confirmation Hearing, but prior to the Effective Date, then, with respect to any lessor or counterparty affected by such Amended Schedule of Assumed Contracts, objections to the assumption of the relevant Executory Contract or Unexpired Lease must be filed by seven (7) days from the date the Amended Schedule of Assumed Contracts is filed; provided, further, that the Debtors may file an Amended Schedule of Assumed Contracts after the Effective Date with the consent of the lessors or counterparties affected by such Amended Schedule of Assumed Contracts. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption of any Executory Contract or Unexpired Lease will be deemed to have consented to such assumption.

With respect to Aircraft Leases that were not previously assumed, had not previously expired or terminated pursuant to their terms, or are not subject to a motion to assume or assume and assign filed on or before the Confirmation Date, the Debtors shall assume only those Aircraft Leases and related Executory Contracts that are designated specifically as an Unexpired Lease or Executory Contract on the Schedule of Assumed Contracts. For the avoidance of doubt, any Executory Contracts or Unexpired Leases that are ancillary to Aircraft Leases shall not be assumed and shall be deemed rejected, even if the Debtors assume the relevant Aircraft Lease, unless such Executory Contracts or Unexpired Leases were previously assumed, are subject to a motion to assume or assume and assign filed on or before the Confirmation Date, or are designated specifically as an Executory Contract or Unexpired Lease on the Schedule of Assumed Executory Contracts. No provision in an assumed or assumed and assigned Aircraft Lease shall restrict, limit, or prohibit the assumption, assignment, or sale of such assumed Aircraft Lease (including any "change of control" provision), and any such anti-assignment provision shall be unenforceable in connection with the assumption or assumption and assignment of such Aircraft Lease pursuant to section 365(f) of the Bankruptcy Code. For any rejected Aircraft Lease, the relevant property shall be disposed of in accordance with agreement of the parties or, in the absence of such agreement, in accordance with the terms of the applicable Second Stipulation; otherwise, in the absence of such agreement or an applicable Second Stipulation, such property shall be deemed abandoned.

With respect to Aircraft Leases that are subject to a motion to assume or assume and assign filed on or before the Confirmation Date or are designated specifically as an Unexpired Lease or Executory Contract on the Schedule of Assumed Contracts but that are subject to ongoing negotiations with respect to definitive documentation relating to the amendment of such Aircraft Leases, the terms of the relevant Second Stipulation shall remain in effect until (x) the effectiveness of the assumption or assumption and assignment of such Aircraft Lease (which effectiveness shall occur pursuant to the relevant order of the Bankruptcy Court approving the assumption or assumption and assignment of such Aircraft Lease or upon the Debtors' or the Reorganized Debtors' entry into definitive documentation with respect to the amendment of such Aircraft Lease), (y) in the event that the Debtors or Reorganized Debtors are unable to reach an agreement with respect to definitive documentation relating to the amendment of such Aircraft Lease, the rejection of such Aircraft Lease, or (z) as otherwise agreed by the parties.

With respect to aircraft that were subject to an Aircraft Lease that (x) previously was rejected by the Debtors but that (y) are subject to a new lease executed by the Debtors pursuant to an order of the Bankruptcy Court (each, a "**New Aircraft Lease**"), the end of the Stipulation Period (as such period is defined in the relevant Second Stipulation) shall be deemed the date of entry into the New Aircraft Lease, solely to the extent provided by the order of the Bankruptcy Court approving such New Aircraft Lease.

Except as otherwise provided herein or agreed to by the Debtors and the applicable counterparty, each Executory Contract and Unexpired Lease assumed pursuant to this Article VI.A or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Effective Date, shall revest in, be fully enforceable by, and constitute binding obligations of the applicable Reorganized Debtor in accordance with its terms (including any amendments to any Executory Contracts and Unexpired Leases that were entered into after the Petition Date), except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. To the extent that the terms of an Aircraft Lease assumed pursuant to this Article VI.A or by any order of the Bankruptcy Court require the obligations of a Reorganized Debtor thereunder to be guaranteed by the relevant Reorganized Debtor's ultimate parent, Reorganized AVH shall contractually assume such guarantee obligations. To the maximum extent permitted by law, to the extent that any provision in any Executory Contract or Unexpired Lease assumed or assumed and assigned pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption or assumption and assignment of such Executory Contract or Unexpired Lease (including any "change of control" provision), then such provision shall be deemed modified or stricken such that the transactions contemplated by the Plan shall not entitle the non-Debtor that is party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto.

All Executory Contracts and Unexpired Leases that are not expressly assumed shall be deemed rejected as of the Effective Date. Unless otherwise provided by an order of the Bankruptcy Court that is entered after Confirmation, Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed with the Bankruptcy Court no later than thirty (30) days from the latest of (i) the date of entry of an order of the Bankruptcy Court approving such rejection, (ii) entry of the Confirmation Order, and (iii) the effective date of the rejection of such Executory Contract or Unexpired Lease. **Any Claims**

arising from the rejection of an Executory Contract or Unexpired Lease not filed within such time shall be Disallowed, forever barred from assertion, and shall not be enforceable against the Debtors or the Reorganized Debtors, or property thereof, without the need for any objection by the Debtors or the Reorganized Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules, if any, or a Proof of Claim to the contrary. Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims, as applicable, and may be objected to in accordance with the provisions of Article VI.C of the Plan and applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

B. *Cure of Defaults for Executory Contracts and Unexpired Leases Assumed*

Except as set forth below, any Cure Claims shall be satisfied for the purposes of section 365(b)(1) of the Bankruptcy Code, by payment in Cash, on the Effective Date or as soon as reasonably practicable thereafter, of the cure amount set forth on the Schedule of Assumed Contracts for the applicable Executory Contract or Unexpired Lease, or on such other terms as the parties to such Executory Contracts or Unexpired Leases and the Debtors or Reorganized Debtors, as applicable, may otherwise agree. Any Cure Claim shall be deemed fully satisfied, released, and discharged upon the payment of the Cure Claim. The Debtors may settle any Cure Claim without any further notice to or action, order, or approval of the Bankruptcy Court.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any such Executory Contract or Unexpired Lease at any time before the date that the Debtors assume or assume and assign such Executory Contract or Unexpired Lease. Subject to the resolution of any timely objections in accordance with Article VI.C below, any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed or assumed and assigned shall be deemed Disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

C. *Dispute Resolution*

In the event of a timely filed objection regarding (i) the amount of any Cure Claim; (ii) the ability of the Debtors or the Reorganized Debtors to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under an Executory Contract or Unexpired Lease to be assumed; or (iii) any other matter pertaining to assumption or the cure of defaults required by section 365(b)(1) of the Bankruptcy Code (each, an "**Assumption Dispute**"), such dispute shall be resolved by a Final Order of the Bankruptcy Court (which may be the Confirmation Order) or as may be agreed upon by the Debtors and the counterparty to the Executory Contract or Unexpired Lease. During the pendency of an Assumption Dispute, the applicable counterparty shall continue to perform under the applicable Executory Contract or Unexpired Lease.

To the extent an Assumption Dispute relates solely to the amount of a Cure Claim, the Debtors may assume and/or assume and assign the applicable Executory Contract or Unexpired Lease prior to the resolution of such Assumption Dispute; provided, that the Debtors reserve Cash in an amount sufficient to pay the Cure Claim asserted by the counterparty pending resolution of the Assumption Dispute. To the extent that the Assumption Dispute is resolved or determined unfavorably to the Debtors, the Debtors may reject the applicable Executory Contract or Unexpired Lease after such determination.

For the avoidance of doubt, if the Debtors are unable to resolve an Assumption Dispute relating solely to the amount of a Cure Claim prior to the Confirmation Hearing, such Assumption Dispute may be scheduled to be heard by the Bankruptcy Court after the Confirmation Hearing (an "**Adjourned Cure Dispute**"); provided, that the Reorganized Debtors may settle any Adjourned Cure Dispute after the Effective Date without any further notice to any party or any action, order, or approval of the Bankruptcy Court.

D. *Insurance Policies & Indemnification Obligations*

Each of the insurance policies of the Debtors, including all director and officer insurance policies in place as of the Petition Date, are deemed to be and treated as Executory Contracts under the Plan. On the Effective Date, the Debtors shall be deemed to have assumed all insurance policies, including all director and officer insurance policies in place as of the Petition Date, provided, that the Reorganized Debtors shall not indemnify officers, directors, equity holders, agents, or employees, as applicable, of the Debtors for any claims or Causes of Action arising out of or relating to any act or omission that is a criminal act or constitutes intentional fraud, gross negligence, or willful misconduct.

In addition, after the Effective Date, all current and former officers, directors, agents, or employees who served in such capacity at any time before the Effective Date shall be entitled to the full benefits of any D&O Policy (including any "tail" policy) for the full term of such policy regardless of whether such officers, directors, agents, and/or employees remain in such positions after the Effective Date, in each case, to the extent set forth in such policies. In addition, after the Effective Date, the Reorganized Debtors shall not terminate or otherwise reduce the coverage under any D&O Policy (including any "tail policy") in effect as of the Petition Date; provided, that, for the avoidance of doubt, any insurance policy, including tail insurance policies, for directors', members', trustees', and officers' liability to be purchased or maintained by the Reorganized Debtors after the Effective Date shall be subject to the ordinary-course corporate governance of the Reorganized Debtors.

Notwithstanding anything in the Plan, any Indemnification Obligation to indemnify current and former officers, directors, members, managers, agents, sponsors, or employees with respect to all present and future actions, suits, and proceedings against the Debtors or such officers, directors, members, managers, agents, or employees based upon any act or omission for or on behalf of the Debtors shall (i) remain in full force and effect, (ii) not be discharged, impaired, or otherwise affected in any way, including by the Plan, the Plan Supplement, or the Confirmation Order, (iii) not be limited, reduced or terminated after the Effective Date, and (iv) survive unimpaired and unaffected irrespective of whether such Indemnification Obligation is owed for an act or event occurring before, on or after the Petition Date; provided, that the Reorganized Debtors shall not

indemnify officers, directors, members, or managers, as applicable, of the Debtors for any claims or Causes of Action that are not indemnified by such Indemnification Obligation. All such obligations shall be deemed and treated as executory contracts to be assumed by the Debtors under the Plan and shall continue as obligations of the Reorganized Debtors, and, if necessary to effectuate such assumption under local law, Reorganized AVH shall contractually assume such obligations. Any claim based on the Debtors' obligations under the Plan shall not be a Disputed Claim or subject to any objection, in either case, by reason of section 502(e)(1)(B) of the Bankruptcy Code.

For the avoidance of doubt, and notwithstanding anything in the Plan, the Reorganized Debtors shall retain all Interests in Avianca Enterprises, LLC after the Effective Date. The Reorganized Debtors shall be prohibited from liquidating, winding up, dissolving, or taking any other similar action with respect to Avianca Enterprises, LLC for a period of seven (7) years after the Effective Date.

E. *Modifications, Amendments, Supplements, Restatements, or Other Agreements*

Unless otherwise provided in the Plan, each Executory Contract and Unexpired Lease that is assumed and, if applicable, assigned to the Reorganized Debtors, shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously terminated or is otherwise not in effect.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts or Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

F. *Reservation of Rights*

Nothing contained in the Plan shall constitute an admission by the Debtors that any Executory Contract or Unexpired Lease is, in fact, an Executory Contract or Unexpired Lease or that the Debtors or the Reorganized Debtors has any liability thereunder.

G. *Contracts and Leases Entered into after Petition Date*

Contracts and leases entered into after the Petition Date by any Debtor, will be performed by the applicable Debtor or Reorganized Debtor, as the case may be, liable thereunder in the ordinary course of its business or as authorized by the Bankruptcy Court. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order, and, on the Effective Date, shall revest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms, except as such terms may have been modified by order of the Bankruptcy Court.

H. *Compensation and Benefits Plans*

All employment, confidentiality, and non-competition agreements, collective bargaining agreements, offer letters (including any severance set forth therein), bonus, gainshare and incentive programs, vacation, holiday pay, severance, retirement, supplemental retirement, indemnity, executive retirement, pension, deferred compensation, medical, dental, vision, life and disability insurance, flexible spending account, and other health and welfare benefit plans, programs, agreements and arrangements, and all other wage, compensation, employee expense reimbursement, and other benefit obligations (including, for the avoidance of doubt, letter agreements with respect to certain employees' rights and obligations in the event of certain terminations of their employment in connection with and following the implementation of the Restructuring Transactions) (collectively, the "Compensation and Benefits Plans") are deemed to be, and shall be treated as, Executory Contracts under the Plan and, on the Effective Date, shall be deemed assumed (or, in the event that AVH is party to such agreements or arrangements, assumed and assigned to Reorganized AVH) pursuant to sections 365 and 1123 of the Bankruptcy Code (in each case, as amended prior to or on the Effective Date); provided, that no employee equity or equity-based incentive plans, or any provisions set forth in any Compensation and Benefits Plans that provide for rights to acquire equity interests in any of the Debtors, including, without limitation, Existing AVH Equity Interests, shall be assumed, or deemed assumed, by the Reorganized Debtors, or assumed and assigned, or deemed to be assumed and assigned, to Reorganized AVH.

I. *USAV Transaction Documents and USAV Settlement Agreement*

Without limiting the procedures relating to the assumption and assumption and assignment of Executory Contracts set forth in this Article VI of the Plan, in order to comply with the Debtors' obligations under the USAV Settlement Agreement, Reorganized AVH will assume all obligations of AVH under the USAV Transaction Documents on the Effective Date pursuant to sections 365 and 1123 of the Bankruptcy Code. For the avoidance of doubt, the USAV Settlement Agreement and any amended and restated transaction documents related thereto shall survive consummation of the Plan.

J. *United Agreements*

In order to comply with the Debtors' obligations under the United Omnibus Amendment, the Second United Omnibus Amendment, and the JBA Letter Agreement, notwithstanding anything to the contrary in this Article VI of the Plan, on the Effective Date, the United Agreements, as amended or modified pursuant to the United Omnibus Amendment, the Second Omnibus Amendment, and the JBA Letter Agreement, as applicable, shall be assumed pursuant to sections 365 and 1123 of the Bankruptcy Code, and the United Agreements as so amended shall vest in the Reorganized Debtors pursuant to Article V.F of the Plan and be binding obligations on the Reorganized Debtors.

K. *Grupo Aval Settlement Agreement*

Without limiting the procedures relating to the assumption and assumption and assignment of Executory Contracts set forth in this Article VI of the Plan, in order to comply with the Debtors'

obligations under the Grupo Aval Settlement Agreement, Reorganized AVH will assume all obligations of AVH under the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation on the Effective Date pursuant to sections 365 and 1123 of the Bankruptcy Code. For the avoidance of doubt, the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation shall survive consummation of the Plan. For the avoidance of doubt, the Visa Colombia Processing Agreement and the Master Agreement (each as defined and as amended pursuant to the Grupo Aval Settlement Agreement) shall be deemed assumed pursuant to the Grupo Aval Settlement Order.

ARTICLE VII
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. *Allowance of Claims and Interests*

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases before the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed pursuant to the Plan or a Final Order (including the Confirmation Order) Allowing such Claim. On and after the Effective Date, each of the Reorganized Debtors shall have and retain any and all rights and defenses the corresponding Debtor had with respect to any Claim immediately before the Effective Date.

B. *Claims Administration Responsibilities*

Except as otherwise expressly provided in the Plan and notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, after the Effective Date, the Reorganized Debtors shall have the authority (i) to file, withdraw, or litigate to judgment objections to Claims or Interests; (ii) to settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; and (iii) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court. For the avoidance of doubt, except as otherwise provided herein, from and after the Effective Date, the Reorganized Debtors shall have and retain any and all rights and defenses the Debtors had immediately prior to the Effective Date with respect to any Disputed Claim, including the Retained Causes of Action.

C. *General Unsecured Claims Observer*

The Committee may appoint, as of the Effective Date, a General Unsecured Claims Observer with duties limited to consulting with the Reorganized Debtors with respect to the Allowance of General Unsecured Avianca Claims in excess of $10,000,000; provided, that the General Unsecured Claims Observer shall have standing to appear before the Bankruptcy Court with respect to matters arising out of or related to reconciliation, Allowance, and settlement of any General Unsecured Avianca Claims, as well as any objections thereto.

The General Unsecured Claims Observer may employ, without further order of the Bankruptcy Court, professionals to assist in carrying out the duties as limited above, and the General Unsecured Claims Observer Costs, including reasonable professional fees and expenses,

shall be reimbursed by the Reorganized Debtors in the ordinary course of business in an aggregate amount not to exceed $250,000 as soon as reasonably practicable after invoiced.

Upon the death, resignation or removal of the General Unsecured Claims Observer, the Reorganized Debtors shall appoint a successor General Unsecured Claims Observer with approval of the Bankruptcy Court. Upon the resolution of all Disputed General Unsecured Avianca Claims, the General Unsecured Claims Observer shall be released and discharged of and from further authority, duties, responsibilities, and obligations relating to and arising from and in connection with the Chapter 11 Cases.

D. *Estimation of Claims*

Before or after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, may at any time request the Bankruptcy Court to estimate any Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim for all purposes under the Plan. If the estimated amount constitutes a maximum limitation of the amount of such Claim, the Debtors or the Reorganized Debtors, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate Allowance of such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such holder has filed a motion requesting the right to seek such reconsideration on or before 21 days after the date on which such Claim is estimated. All of the aforementioned objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims and Interests may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

E. *Adjustment to Claims Register Without Objection*

Any duplicate Claim or any Claim that has been paid or otherwise satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the claims register by the Debtors or Reorganized Debtors upon stipulation between the parties without an objection to such Claim having to be filed and without any further notice or action, order, or approval of the Bankruptcy Court.

F. *Time to File Objections to Claims*

The Debtors and Reorganized Debtors, as applicable, shall be entitled to object to Claims. After the Effective Date, except as expressly provided herein to the contrary, the Reorganized Debtors shall have and retain any and all rights and defenses that the Debtors had with regard to any Claim to which they may object, except with respect to any Claim that is Allowed. Any objections to Proofs of Claim shall be served and filed on or before the later of (a) 180 days after

the Effective Date, and (b) on such later date as may be fixed by the Bankruptcy Court, after notice and a hearing, upon a motion by the Reorganized Debtors that is filed before the date that is 180 days after the Effective Date. The expiration of such period shall not limit or affect the Debtors' rights to dispute Claims asserted in the ordinary course of business other than through a Proof of Claim.

G. *Disallowance of Claims*

Any Claims held by Persons from whom property is recoverable under sections 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under sections 522(f), 522(h), 544, 545, 547, 548, or 549 of the Bankruptcy Code, shall be deemed Disallowed pursuant to section 502(d) of the Bankruptcy Code, and holders of such Claims shall not receive any distributions on account of such Claims until such time as the applicable Cause of Action against that Person has been settled or a Bankruptcy Court order with respect thereto has been entered and, if such Cause of Action has been resolved in favor of the applicable Debtor or Estate, all sums due from that Person have been turned over or paid to the Debtors or the Reorganized Debtors, as applicable. All Claims filed on account of an indemnification obligation to a director, officer, or employee shall be deemed satisfied and may be expunged from the Claims Register as of the Effective Date to the extent such indemnification obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order, or approval of the Bankruptcy Court.

H. *Amendments to Claims*

On and after the Effective Date, a Claim may not be amended without the prior authorization of the Reorganized Debtors or order of the Bankruptcy Court.

I. *No Distributions Pending Allowance*

If an objection, motion to estimate, or other challenge to a Claim is filed, no payment or distribution shall be made on account of such Claim unless and until (and only to the extent that) such Claim becomes an Allowed Claim.

J. *Distributions After Allowance*

As soon as reasonably practicable after the date that the order or judgment of a court of competent jurisdiction allowing any Disputed Claim becomes a Final Order, the Reorganized Debtors shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable non-bankruptcy law.

K. *Disputed Claims Reserve*

Any amounts or property that would be distributable in respect of any Disputed General Unsecured Avianca Claim had such Disputed General Unsecured Avianca Claim been Allowed on the Effective Date, together with all earnings thereon (net of any taxes imposed thereon or otherwise payable by the Disputed Claims Reserve), as applicable, shall be deposited in the Disputed Claims Reserve. The amount of, or the amount of property constituting, the Disputed

Claims Reserve shall be determined prior to the Confirmation Hearing, based on the Debtors' good faith estimates or an order of the Bankruptcy Court estimating such Disputed Claims, and shall be established on or about the Effective Date.

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary, or the receipt of a determination by the IRS, the Disbursing Agent shall treat the Disputed Claims Reserve as a "disputed ownership fund" governed by Treasury Regulation section 1.468B-9 and to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes. All parties (including the Debtors, the Reorganized Debtors, the Disbursing Agent, and the holders of Disputed General Unsecured Avianca Claims) shall be required to report for tax purposes consistently with the foregoing.

The Disputed Claim Reserve shall be responsible for payment, out of the assets of the Disputed Claim Reserve, of any taxes imposed on the Disputed Claim Reserve or its assets. In the event, and to the extent, any Cash in the Disputed Claim Reserve is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets of such reserve (including any income that may arise upon the distribution of the assets in such reserve), assets of the Disputed Claim Reserve may be sold to pay such taxes.

To the extent that a Disputed General Unsecured Avianca Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent shall distribute to the holder thereof out of the Disputed Claims Reserve any amount or property to which such holder is entitled hereunder (net of any allocable taxes imposed thereon or otherwise incurred or payable by the Disputed Claims Reserve, including in connection with such distribution). No interest shall be paid with respect to any Disputed Claim that becomes an Allowed Claim after the Effective Date.

In the event the remaining assets of the Disputed Claims Reserve are insufficient to satisfy all the Disputed General Unsecured Avianca Claims that have become Allowed, such Allowed General Unsecured Avianca Claims shall be satisfied pro rata from such remaining assets. After all assets have been distributed from the Disputed Claims Reserve, no further distributions shall be made in respect of Disputed General Unsecured Avianca Claims. At such time as all Disputed General Unsecured Avianca Claims have been resolved, any remaining assets in the Disputed Claims Reserve shall be distributed Pro Rata to all holders of Allowed General Unsecured Avianca Claims.

The Disbursing Agent may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of the Disputed Claims Reserve for all taxable periods through the date on which final distributions are made.

L. *Claims Resolution Procedures Cumulative*

All of the objection, estimation, and resolution procedures with respect to Disputed Claims are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved in accordance with this Plan without further notice or Bankruptcy Court approval.

ARTICLE VIII
PROVISIONS GOVERNING DISTRIBUTIONS

A. *Timing and Calculation of Amounts to Be Distributed*

Unless otherwise provided in the Plan or paid pursuant to a prior Bankruptcy Court order, including, but not limited to, the Foreign Creditors Order, on the Effective Date or, with respect to General Unsecured Avianca Claims, the Initial General Unsecured Claims Distribution Date, or as soon as reasonably practicable thereafter (or, if a Claim is not an Allowed Claim on the Effective Date or, with respect to General Unsecured Avianca Claims, the Initial General Unsecured Claims Distribution Date, on the date that such Claim becomes Allowed or as soon as reasonably practicable thereafter), each holder of an Allowed Claim or Allowed Interest shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Interests in the applicable Class. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day.

For the avoidance of doubt, the Reorganized Debtors shall retain the ability to pay Claims pursuant to a prior Bankruptcy Court order, including, but not limited to, the Foreign Creditors Order, after the Effective Date.

B. *Disbursing Agent*

All distributions under the Plan shall be made by the Disbursing Agent on the Effective Date or the Initial General Unsecured Claims Distribution Date, as applicable, or (in each case) as soon as reasonably practicable thereafter. If the Disbursing Agent is one or more of the Reorganized Debtors, the Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Reorganized Debtors.

C. *Rights and Powers of Disbursing Agent*

1. Powers of the Disbursing Agent

Without further order of the Bankruptcy Court, the Disbursing Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated hereby; (c) employ professionals and incur reasonable fees and expenses to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

2. Incurred Expenses

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and documented expenses incurred by the Disbursing Agent on or after the Effective Date

(including taxes and reasonable attorney fees and expenses) in connection with making distributions shall be paid in Cash by the Reorganized Debtors.

D. *Delivery of Distributions and Undeliverable or Unclaimed Distributions*

1. Delivery of Distributions by Disbursing Agent or Servicer

The Disbursing Agent shall make all distributions required under the Plan, except that with respect to distributions to holders of Allowed Claims governed by a separate agreement (which shall include the DIP Facility and the Indentures), and administered by a Servicer (which shall include the DIP Agent and the Indenture Trustees), the Disbursing Agent, the Debtor, and the applicable Servicer shall exercise commercially reasonable efforts to implement appropriate mechanics governing such distributions in accordance with the Plan. All reasonable and documented fees and expenses of the Servicers (including the reasonable and documented fees and expenses of its counsel and agents) incurred after the Effective Date in connection with making distributions shall be paid by the Reorganized Debtors. Notwithstanding anything to the contrary in the Plan or the Confirmation Order, the DIP Agent shall not make any distributions or act as the Disbursing Agent in respect of the Exit Facility or any securities of the Reorganized Debtors.

2. Delivery of Distributions in General

Except as otherwise provided in the Plan or prior Bankruptcy Court order, the Disbursing Agent shall make distributions to holders of Allowed Claims as of the Distribution Record Date at the address for each such holder as indicated on the proofs of Claims (or, if no Proof of Claim has been filed, the Debtors' records as of the date of any such distribution); provided, however, that the manner of such distributions shall be determined at the discretion of Reorganized Debtors.

3. Minimum Distributions

No (A) fractional New Common Equity or Warrants (as applicable) or (B) Cash payment of less than $25.00 shall be distributed to a holder of an Allowed Claim on account of such Allowed Claim. When any distribution pursuant to the Plan would otherwise result in the issuance of a number of shares of New Common Equity or Warrants (as applicable) that is not a whole number, the actual distribution of such New Common Equity or Warrants (as applicable) shall be rounded as follows: (a) fractions of greater than one-half (½) shares of New Common Equity or Warrants (as applicable) shall be rounded to the next higher whole number and (b) fractions of one-half (½) or less of New Common Equity or Warrants (as applicable) shall be rounded to the next lower whole number with no further payment therefor. The total number of authorized shares of New Common Equity or Warrants (as applicable), as applicable, to be distributed to holders of Allowed Claims may be adjusted as necessary to account for the foregoing rounding.

4. Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder shall be made unless and until the Disbursing Agent has determined the then-current address of such holder, at which time such distribution shall be made to such holder without interest; provided, however, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the date on which such

distribution was attempted to be made; provided, further, that the Debtors or Reorganized Debtors, as applicable, shall use reasonable efforts to locate a holder if any distribution is returned as undeliverable. After such date, all unclaimed property or interests in property shall revert to Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandonment, or unclaimed property laws to the contrary), and the claim of any holder to such property or interest in property shall be discharged and forever barred; provided, that all distributions of Cash from the Unsecured Claimholder Cash Pool and, as applicable, the Unsecured Claimholder Enhanced Cash Pool that are unclaimed by holders of Allowed General Unsecured Avianca Claims shall be distributed on a Pro Rata basis to the holders of Allowed General Unsecured Avianca Claims whose distributions were not returned as undeliverable.

E. *Exemption from Securities Laws*

(a) The offer, issuance, and distribution under the Plan of the New Common Equity and the Warrants shall be exempt, without further act or actions by any Entity, from registration under the Securities Act and any other applicable securities laws to the fullest extent permitted by section 1145 of the Bankruptcy Code, except with respect to an Entity that is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code. Subject to the transfer provisions, if any, and other applicable provisions set forth in the New Organizational Documents, these securities may be resold without registration under the Securities Act or other federal securities laws pursuant to the exemption provided by section 4(a)(1) of the Securities Act, unless the holder is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code. In addition, subject to the transfer provisions, if any, and other applicable provisions set forth in the New Organizational Documents, such section 1145 exempt securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states.

(b) The offer, sale, issuance, and distribution under the Plan of any New Common Equity and Warrants issued to an Entity that is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code, shall be exempt from registration under the Securities Act and any other applicable securities laws in reliance on the exemption from registration set forth in Section 4(a)(2) under the Securities Act and/or Regulation D promulgated thereunder and on equivalent state law registration exemptions or, solely to the extent such exemptions are not available, other available exemptions from registration under the Securities Act. Such securities will be considered "restricted securities" and may not be transferred except pursuant to an effective registration statement or under an available exemption from the registration requirements of the Securities Act, such as, under certain conditions, the resale provisions of Rule 144 of the Securities Act, subject to, in each case, the transfer provisions, if any, and other applicable provisions set forth in the New Organizational Documents.

(c) Each holder of New Common Equity shall be deemed to be a party to, and shall be bound to the terms of, the Shareholders Agreement from and after the Effective Date, even if not a signatory thereto.

F. *Compliance with Tax Requirements*

In connection with the Plan, to the extent applicable, the Reorganized Debtors and the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, liens, and encumbrances. Notwithstanding the above, each holder of an Allowed Claim or Allowed Interest that is to receive a distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such holder by any governmental unit, including income, withholding and other tax obligations, on account of such distribution. The Debtors have the right, but not the obligation, to not make a distribution until such holder has made arrangements satisfactory to any issuing or disbursing party for payment of any such tax obligations. The Debtors may require, as a condition to receipt of a distribution, that the holder of an Allowed Claim complete and return a Form W-8 or W-9 or similar form, as applicable to each such holder.

G. *No Postpetition Interest on Claims and Interests*

Unless otherwise specifically provided for in the Plan, the Confirmation Order, or other Bankruptcy Court order, postpetition interest shall not accrue or be paid on any Claims or Interests, and no holder of a Claim or Interest shall be entitled to interest accruing on or after the Petition Date on any such Claim or Interest.

H. *Setoffs and Recoupment*

Except for Claims that are expressly Allowed hereunder, the Debtors and the Reorganized Debtors may, but shall not be required to, set off against any Claim or Interest (for purposes of determining the Allowed amount of such Claim or Interest on which distribution shall be made), any claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the holder of such Claim or Interest; provided, that neither the failure to do so nor the allowance of any Claim or Interest hereunder shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claim the Debtors or the Reorganized Debtors may have against the holder of such Claim or Interest.

I. *Claims Paid or Payable by Third Parties*

1. Claims Paid by Third Parties

The Debtors or Reorganized Debtors, as applicable, shall reduce in full a Claim, and such Claim shall be disallowed without an objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim receives payment (before or after the Effective Date) on account of such Claim from a party that

is not a Debtor or Reorganized Debtors; provided, however, if such holder is required to repay all or any portion of a Claim (either by contract or by order of a court of competent jurisdiction) to the party that is not a Debtor or Reorganized Debtor, and such holder in fact repays all or a portion of the Claim to such third party, the repaid amount of such Claim shall remain subject to the applicable treatment set forth in the Plan and the respective rights and defenses of the Debtors or Reorganized Debtors, as applicable, and the holder of such Claim. To the extent a holder of a Claim receives a distribution on account of such Claim under the Plan and receives payment from a party that is not a Debtor or the Reorganized Debtor on account of such Claim, such holder shall, within ten (10) days of receipt thereof, repay or return the distribution to the applicable Debtor or Reorganized Debtor, to the extent the holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such holder to timely repay or return such distribution shall result in the holder owing the applicable Reorganized Debtor annualized interest at the federal judgment rate, as in effect as of the Petition Date, on such amount owed for each Business Day after the 10-day grace period specified above until the amount is repaid.

2. Claims Payable by Third Parties

To the extent that one or more of the Debtors' insurers agree to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' payment thereof, the applicable portion of such Claim may be expunged without an objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court; provided, however, if such holder is required to repay all or any portion of a Claim (either by contract or by order of a court of competent jurisdiction) to a Debtor insurer, and such holder in fact repays all or a portion of the Claim to such insurer, the repaid amount of such Claim shall remain subject to the applicable treatment set forth in the Plan and the respective rights and defenses of the Debtors or Reorganized Debtors, as applicable, and the holder of such Claim.

3. Applicability of Insurance Policies

Except as otherwise provided in the Plan, distributions to holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Except as otherwise expressly set forth in the Plan, nothing herein shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity, including any holders of Claims, may hold against any other Entity under any insurance policies, including against insurers or any insured, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

J. *Allocation Between Principal and Accrued Interest*

Except as otherwise provided in the Plan, the aggregate consideration paid to holders with respect to their Allowed Claims shall be treated pursuant to the Plan as allocated first to the principal amount of such Allowed Claims (to the extent thereof) and, thereafter, to the interest, if any, accrued through the Effective Date.

ARTICLE IX
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. *Compromise and Settlement*

The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (1) in the best interests of the Debtors, their Estates, and all holders of Claims, (2) fair, equitable, and reasonable, (3) made in good faith, and (4) approved by the Bankruptcy Court pursuant to applicable bankruptcy law. In addition, the allowance, classification, and treatment of any Allowed Claims of a Released Party take into account any Causes of Action, whether under the Bankruptcy Code or otherwise under applicable non-bankruptcy law, that may exist between the Debtors and any Released Party and, as of the Effective Date, any and all such Causes of Action are settled, compromised, and released as set forth in the Plan except as specified on the Schedule of Retained Causes of Action. The Confirmation Order shall authorize and approve the releases by all Entities of all such contractual, legal, and equitable subordination rights and Causes of Action that are satisfied, compromised, and settled pursuant hereto except as specified on the Schedule of Retained Causes of Action. Notwithstanding anything herein to the contrary, nothing in the Plan shall compromise or settle, in any way whatsoever, (i) any Causes of Action that the Debtors or Reorganized Debtors, as applicable, may have against any Entity that is not a Released Party, (ii) any Causes of Action that are preserved pursuant to Article V.N, (iii) any Causes of Action included on the Schedule of Retained Causes of Action, or (iv) any Claims or Interests in Unimpaired Classes.

In accordance with the provisions of the Plan, and pursuant to Bankruptcy Rule 9019, without any further notice to, or action, order, or approval of, the Bankruptcy Court, after the Effective Date, the applicable Reorganized Debtors may, in their sole and absolute discretion, compromise and settle (1) Claims (including Causes of Action) against and Interests in the Debtors not previously Allowed (if any) and (2) claims (including Causes of Action) against other Entities.

B. *Discharge of Claims and Termination of Interests*

Except as otherwise provided in the Plan, effective as of the Effective Date of each applicable Debtor: (a) the rights afforded in the Plan and the treatment of all Claims and Interests shall be in exchange for and in complete satisfaction, discharge, and release of all claims and interests of any nature whatsoever, including any interest accrued on such claims from and after the Petition Date, against the applicable Debtors or any of their assets, property or estates; (b) the Plan shall bind all holders of Claims against and Interests in such Debtors, notwithstanding whether any such holders failed to vote to accept or reject the Plan or voted to reject the Plan; (c) all Claims and Interests shall be satisfied, discharged and released in full, and such Debtors' liability with respect thereto shall be extinguished completely, including any liability of the kind specified under section 502(g) of the Bankruptcy Code; and (d) all entities shall be precluded from asserting against such Debtors, such Debtors' estates, the applicable Reorganized Debtors, their successors and assigns and their assets and properties any other Claims or Interests based upon any documents, instruments or any act or omission, transaction or other activity of any kind or nature that occurred before the Effective Date.

C. *Release of Liens*

Except as otherwise expressly provided in the Plan or the Tranche B Equity Conversion Agreement, or in any contract, instrument, release, or other agreement or document that is created, amended or Reinstated pursuant to the Plan (including the Exit Facility Documents, the Grupo Aval Exit Facility Agreement, the USAV Receivable Facility Agreement, the Engine Loan Agreement, and the Secured RCF Agreement), on the Effective Date, and concurrently with the applicable distributions made pursuant to the Plan and the effectiveness of the Exit Facility Documents, the amended Engine Loan Agreement, and the amended Secured RCF Agreement, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and each of their successors and assigns, and the Exit Facility Indenture Trustee, the DIP Agent, Indenture Trustees, and Citibank, N.A. (as "Bank" under the Direct Loan) shall be directed to release any such mortgages, deeds of trust, Liens, pledges or other security interests held by such holder and to take such actions as may be requested by the Reorganized Debtors to evidence the release of such mortgages, deeds of trust, Liens, pledges or other security interests, including the execution, delivery and filing or recording of any related releases or discharges as may be requested by the Reorganized Debtors or may be required in order to effectuate the foregoing, in each case, at the Reorganized Debtors' sole cost and expense. On and after the Effective Date, the Reorganized Debtors (and any of their respective agents, attorneys or designees) shall be authorized to execute and file on behalf of creditors Form UCC-3 termination statements, intellectual property assignments, mortgage or deed of trust releases, or such other forms or release documents in any jurisdiction as may be necessary or appropriate to evidence such releases and implement the provisions of this Article IX.C, including, for the avoidance of doubt, with respect to the DIP Facility.

D. *Releases by the Debtors*

Notwithstanding anything contained in the Plan to the contrary, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, to the maximum extent permitted by applicable law, the applicable Debtors and the Estates are deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged each Released Party from, and covenanted not to sue on account of, any and all claims, interests, obligations (contractual or otherwise), rights, suits, damages, Causes of Action (including Avoidance Actions), remedies, and liabilities whatsoever, including any derivative claims assertable by or on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, fixed or contingent, matured or unmatured, disputed or undisputed, liquidated or unliquidated, existing or hereafter arising, in law, equity, or otherwise, that the Debtors or the Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity (including any Debtor), based on or relating to, or in any manner arising from, in whole or in part, the Debtors; the Chapter 11 Cases; the DIP Facility; the issuance, distribution, purchase, sale, or rescission of the purchase or sale of any security of the Debtors or Reorganized Debtors; the assumption, rejection, or amendment of any Executory Contract or Unexpired Lease; the subject matter of, or the transactions or

events giving rise to, any Claim or Interest that receives treatment pursuant to the Plan; the business or contractual arrangements between any Debtor and any Released Party; the restructuring of Claims and Interests before or during the Chapter 11 Cases; and the negotiation, formulation, preparation, consummation, or dissemination of (i) the Plan (including, for the avoidance of doubt, the Plan Supplement), (ii) the Exit Facility Documents, (iii) the Disclosure Statement, (iv) the Noteholder RSA, (v) the DIP Facility Documents, or (vi) related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined by a Final Order of a court of competent jurisdiction to have constituted willful misconduct, intentional fraud, or gross negligence. Notwithstanding anything to the contrary in the foregoing, (1) the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, the Exit Facility, or any assumed Executory Contract or Unexpired Lease; and (2) the releases set forth above do not release any claims or Causes of Action of the Debtors against parties to the Tranche B Equity Conversion Agreement and the United Asset Contribution Agreement for any breach of the provisions thereof; and (3) the releases set forth above shall be effective with respect to a Released Party if and only if the releases granted by such Released Party pursuant to Article IX.E of the Plan are enforceable in the jurisdiction(s) in which the Released Claims may be asserted under applicable law.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to applicable bankruptcy law, of the releases described in this Article IX.D and shall constitute the Bankruptcy Court's finding that such releases (1) are an essential means of implementing the Plan; (2) are an integral and non-severable element of the Plan and the transactions incorporated herein; (3) confer substantial benefits on the Debtors' Estates; (4) are in exchange for the good and valuable consideration provided by the Released Parties; (5) are a good-faith settlement and compromise of the Claims and Causes of Action released by this Article IX.D of the Plan; (6) are in the best interests of the Debtors, their Estates, and all holders of Claims and Interests; (7) are fair, equitable, and reasonable; and (8) are given and made after due notice and opportunity for hearing. The releases described in this Article IX.D shall, on the Effective Date, have the effect of *res judicata* (a matter adjudged), to the fullest extent permissible under applicable laws of the Republic of Colombia and any other jurisdiction in which the Debtors operate.

E. *Releases by Holders of Claims or Interests*

Except as otherwise expressly provided in the Plan, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, to the maximum extent permitted by applicable law, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged the Released Parties from, and covenanted not to sue on account of, any and all claims, interests, obligations (contractual or otherwise), rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims assertable by or on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, fixed or contingent, matured or unmatured, disputed or undisputed, liquidated or unliquidated, existing or hereafter arising, in law, equity or otherwise, that such Releasing Party would

have been legally entitled to assert in its own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity (including any Debtor), based on or relating to, or in any manner arising from, in whole or in part, the Debtors; the Chapter 11 Cases; the DIP Facility; the issuance, distribution, purchase, sale, or rescission of the purchase or sale of any security of the Debtors or Reorganized Debtors; the assumption, rejection or amendment of any Executory Contract or Unexpired Lease; the subject matter of, or the transactions or events giving rise to, any Claim or Interest that received treatment pursuant to the Plan; the business or contractual arrangements between any Debtor and any Released Party; the restructuring of Claims and Interests before or during the Chapter 11 Cases; and the negotiation, formulation, preparation, consummation, or dissemination of (i) the Plan (including, for the avoidance of doubt, the Plan Supplement), (ii) the Exit Facility Documents, (iii) the Disclosure Statement, (iv) the Noteholder RSA, (v) the Tranche B Equity Conversion Agreement, (vi) the United Asset Contribution Agreement, (vii) the DIP Facility Documents, or (viii) related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined by a Final Order of a court of competent jurisdiction to have constituted willful misconduct, intentional fraud, or gross negligence (collectively, the "Released Claims"). Notwithstanding anything to the contrary in the foregoing, (i) the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, any assumed Executory Contract or Unexpired Lease, or agreement or document that is created, amended or Reinstated pursuant to the Plan (including the Exit Facility Documents, the Grupo Aval Exit Facility Agreement, the USAV Receivable Facility Agreement, the Engine Loan Agreement, and the Secured RCF Agreement) and (ii) the releases set forth above do not release any post-Effective Date obligations of the Debtors under the Tranche B Equity Conversion Agreement, the United Asset Contribution Agreement, the United Agreements or the JBA Letter Agreement, or any Claims or Causes of Action for breach that any party to the Tranche B Equity Conversion Agreement, the United Asset Contribution Agreement, the United Agreements or the JBA Letter Agreement may have against any other party to those agreements.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to applicable bankruptcy law, of the releases described in this Article IX.E and shall constitute the Bankruptcy Court's finding that such releases (a) are an essential means of implementing the Plan; (b) are an integral and non-severable element of the Plan and the transactions incorporated therein; (c) confer substantial benefits on the Debtors' Estates; (d) are in exchange for the good and valuable consideration provided by the Released Parties; (e) are a good-faith settlement and compromise of the Claims and Causes of Action released by this Article IX.E of the Plan; (f) are in the best interests of the Debtors, their Estates, and all holders of Claims and Interests; (g) are fair, equitable, and reasonable; (h) are given and made after due notice and opportunity for hearing; and (i) are a bar to any of the parties deemed to grant the releases contained in this Article IX.E of the Plan asserting any Claim or Cause of Action released by the releases contained in this Article IX.E of the Plan against any of the Released Parties.

The releases described in this Article IX.E shall, on the Effective Date, have the effect of *res judicata* (a matter adjudged), to the fullest extent permissible under applicable laws of the Republic of Colombia and any other jurisdiction in which the Debtors operate.

F. *Exculpation*

Without affecting or limiting the releases set forth in Article IX.D and Article IX.E of the Plan, and notwithstanding anything herein to the contrary, to the fullest extent permitted by applicable law, no Exculpated Party shall have or incur, and each Exculpated Party shall be released and exculpated from, any claim or Cause of Action in connection with or arising out of the administration of the Chapter 11 Cases; the negotiation and pursuit of the DIP Facility, the Exit Facility, the Disclosure Statement, any settlement or other acts approved by the Bankruptcy Court, the Tranche B Equity Conversion Agreement, the United Asset Contribution Agreement, the Restructuring Transactions, and the Plan, or the solicitation of votes for, or confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration and implementation of the Plan or the property to be distributed under the Plan; the issuance or distribution of securities under or in connection with the Plan; the issuance, distribution, purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors under or in connection with the Plan; or the transactions in furtherance of any of the foregoing; other than claims or liabilities arising out of or relating to any act or omission of an Exculpated Party that is determined by a Final Order of a court of competent jurisdiction to have constituted willful misconduct, intentional fraud, or gross negligence, but in all respects such Exculpated Parties shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities. The Exculpated Parties have, and upon implementation of the Plan, shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. This exculpation shall be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable laws, rules, or regulations protecting such Exculpated Parties from liability. Notwithstanding anything to the contrary in the foregoing, the exculpation set forth above does not exculpate any post-Effective Date obligations of any party or Entity under the Plan, the Exit Facility, or any assumed Executory Contract or Unexpired Lease.

G. *Injunction*

UPON ENTRY OF THE CONFIRMATION ORDER, ALL HOLDERS OF CLAIMS AND INTERESTS AND OTHER PARTIES IN INTEREST, ALONG WITH THEIR RESPECTIVE PRESENT OR FORMER EMPLOYEES, AGENTS, OFFICERS, DIRECTORS, PRINCIPALS, AFFILIATES, AND RELATED PARTIES SHALL BE ENJOINED FROM TAKING ANY ACTIONS TO INTERFERE WITH THE IMPLEMENTATION OR CONSUMMATION OF THE PLAN IN RELATION TO ANY CLAIM EXTINGUISHED, DISCHARGED, OR RELEASED PURSUANT TO THE PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES THAT HAVE HELD, HOLD, OR MAY HOLD CLAIMS AGAINST OR INTERESTS IN THE DEBTORS AND OTHER PARTIES IN INTEREST, ALONG WITH THEIR RESPECTIVE PRESENT OR FORMER EMPLOYEES, AGENTS, OFFICERS, DIRECTORS, PRINCIPALS, AFFILIATES, AND RELATED PARTIES ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE RELEASED PARTIES, OR THE EXCULPATED PARTIES (TO THE EXTENT OF THE EXCULPATION PROVIDED PURSUANT TO ARTICLE IX.F OF THE PLAN WITH RESPECT TO THE EXCULPATED PARTIES): (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY LIEN OR ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OR THE ESTATES OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (IV) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM SUCH ENTITIES OR AGAINST THE PROPERTY OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF RIGHT IN A DOCUMENT FILED WITH THE BANKRUPTCY COURT EXPLICITLY PRESERVING SUCH SETOFF, AND NOTWITHSTANDING AN INDICATION OF A CLAIM OR INTEREST OR OTHERWISE THAT SUCH ENTITY ASSERTS, HAS, OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO APPLICABLE LAW OR OTHERWISE; AND (V) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN.

BY ACCEPTING DISTRIBUTIONS PURSUANT TO THE PLAN, EACH HOLDER OF AN ALLOWED CLAIM OR INTEREST EXTINGUISHED, DISCHARGED, OR RELEASED PURSUANT TO THE PLAN WILL BE DEEMED TO HAVE AFFIRMATIVELY AND SPECIFICALLY CONSENTED TO BE BOUND BY THE PLAN, INCLUDING, WITHOUT LIMITATION, THE INJUNCTIONS SET FORTH IN THIS ARTICLE IX.G.

THE INJUNCTIONS IN THIS ARTICLE IX.G SHALL EXTEND TO ANY SUCCESSORS OF THE DEBTORS, THE REORGANIZED DEBTORS, THE RELEASED PARTIES, AND THE EXCULPATED PARTIES AND THEIR RESPECTIVE PROPERTY AND INTERESTS IN PROPERTY.

H. *Subordination Rights*

The classification and manner of satisfying all Claims and Interests under the Plan take into consideration all subordination rights, whether arising under general principles of equitable subordination, contract, section 510(c) of the Bankruptcy Code, or otherwise, that a holder of a Claim or Interest may have against other Claim or Interest holders with respect to any distribution made pursuant to the Plan. Except as provided in the Plan, all subordination rights that a holder of a Claim may have with respect to any distribution to be made pursuant to the Plan shall be discharged and terminated, and all actions related to the enforcement of such subordination rights shall be permanently enjoined.

ARTICLE X
CONDITIONS TO EFFECTIVE DATE

A. *Conditions to Effective Date*

The following are conditions to each Debtor's Effective Date that shall have been satisfied or waived in accordance with Article X.B:

1. all transactions and other documents to effectuate the Restructuring shall contain terms and conditions consistent in all material respects with the Tranche B Equity Conversion Agreement;

2. the DIP Facility shall remain in full force and effect and shall not have been terminated;

3. the Bankruptcy Court shall have entered the Confirmation Order and such order shall not have been reversed, stayed, or vacated;

4. all authorizations, consents, regulatory approvals, rulings, or documents required by applicable law to implement and effectuate the Plan, including any approvals required in connection with the transfer, change of control, or assignment of permits and licenses held by the applicable Debtor, unless such permits or licenses are abandoned, shall have been obtained from any appropriate regulatory agencies and not subject to any appeal;

5. the Debtors shall have obtained all governmental and regulatory approvals, consents, authorizations, rulings, or other documents that are legally required for the consummation of the Restructuring shall have been obtained, not be subject to unfulfilled conditions, and be in full force and effect, and all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) or applicable review periods under non-U.S. antitrust law shall have expired;

6. except as otherwise expressly provided herein, all documents to be executed, delivered, assumed, or performed upon or in connection with Consummation, including, without limitation, the Grupo Aval Definitive Documentation, as to the applicable Debtor, shall have been (i) executed, delivered, assumed, or performed, as the case may be, (ii) to the extent required, filed with the applicable Governmental Units in accordance with applicable law, (iii) any conditions contained in such documents (other than Consummation or notice of Consummation) shall have

been satisfied or waived in accordance therewith, including all documents included in the Plan Supplement, and (iv) shall be consistent with the Tranche B Equity Conversion Agreement and the Grupo Aval Settlement Agreement, including, without limitation, any consent rights included therein;

7. there shall not be in effect any (a) order, opinion, ruling, or other decision entered by any court or other Governmental Unit or (b) U.S. or other applicable law staying, restraining, enjoining, prohibiting, or otherwise making illegal the implementation of any of the transactions contemplated by the Plan;

8. subject to the terms of the DIP Facility Documents and the DIP Orders, either (x) the conditions precedent to the effectiveness of the Exit Facility (as set forth in the DIP Facility Documents and the Exit Facility Documents, as applicable) shall have been satisfied or duly waived in writing in accordance with the terms of the DIP Facility Documents and the Exit Facility Documents, as applicable, and the Exit Facility Documents shall be in full force and effect as of the Effective Date, or (y) all Tranche A-1 DIP Facility Claims and Tranche A-2 DIP Facility Claims have been paid in full in Cash;

9. the Tranche B Equity Conversion Agreement shall be in full force and effect and shall not have been terminated, and all conditions to closing thereunder shall have been satisfied (or will be satisfied contemporaneously with the Effective Date) or waived in accordance with its terms;

10. all conditions to the transfer and/or issuance of the New Common Equity shall have occurred, including the creation of Reorganized AVH;

11. the Debtors shall have paid in full in Cash all DIP Facility Fees and Expenses incurred, or reasonably estimated to be incurred, through the Effective Date in accordance with Article II.E of the Plan;

12. the Debtors shall have paid in full in Cash all Restructuring Expenses incurred, or reasonably estimated to be incurred, through the Effective Date, in each case that have been invoiced at least three (3) Business Days prior to the Effective Date;

13. the Professional Fees Escrow Account shall have been established and funded in full, in Cash, in accordance with, and in the amounts required by, the Plan;

14. the Grupo Aval Settlement Agreement shall be in full force and effect and shall not have been terminated, all conditions to closing thereunder shall have been satisfied or waived in accordance with its terms, and the Debtors shall have paid all amounts due thereunder as of the Effective Date; and

15. the Restructuring to be implemented on the Effective Date shall be consistent with the Plan and the Tranche B Equity Conversion Agreement.

B. *Waiver of Conditions*

The conditions to the Effective Date set forth in this Article X may be waived, without notice, leave, or order of the Bankruptcy Court, only by the Debtors together with (i) the reasonable consent of the Committee (to the extent such waiver materially and adversely impacts the rights of holders of General Unsecured Avianca Claims), (ii) the reasonable consent of the Required Supporting Tranche B Lenders, and (iii) the reasonable consent of the Grupo Aval Entities (to the extent such waiver materially and adversely impacts the rights of the Grupo Aval Entities pursuant to the Grupo Aval Settlement); provided, that the conditions set forth in Article X.A.2 and Article X.A.8 may only be waived with the written consent of the Required Designated A-1 DIP Lenders and the Supermajority New Tranche A-2 Lenders (each as defined in the DIP Facility Documents). If any such condition precedent is waived pursuant to this section and the Effective Date occurs, each party agreeing to waive such condition precedent shall be estopped from withdrawing such waiver after the Effective Date or otherwise challenging the occurrence of the Effective Date on the basis that such condition was not satisfied, the waiver of such condition precedent shall benefit from the "equitable mootness" doctrine, and the occurrence of the Effective Date shall foreclose any ability to challenge the Plan in any court. If the Plan is confirmed for fewer than all of the Debtors, only the conditions applicable to the Debtor or Debtors for which the Plan is confirmed must be satisfied or waived for the Effective Date to occur.

ARTICLE XI
MODIFICATION, REVOCATION OR WITHDRAWAL OF PLAN

A. *Modification and Amendments*

Effective as the date hereof, the Debtors reserve the right to modify the Plan in consultation with the Committee, to the extent such modification impacts the rights of holders of General Unsecured Avianca Claims, whether such modification is material or immaterial and seek Confirmation consistent with the Bankruptcy Code. After entry of the Confirmation Order, the Debtors or Reorganized Debtors, as applicable, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, remedy any defect or omission, reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan consistent with the terms of the Restructuring, or withdraw or revoke the Plan. Notwithstanding anything to the contrary herein, the Debtors or the Reorganized Debtors, as applicable, shall not amend or modify the Plan or waive conditions to the Effective Date in a manner inconsistent with the Global Plan Settlement or the consenting rights (if any) set forth in the Tranche B Equity Conversion Agreement or the DIP Facility Documents.

B. *Effect of Confirmation on Modifications*

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. *Revocation or Withdrawal of Plan*

The Debtors reserve the right to revoke or withdraw the Plan, in consultation with the Committee, with respect to any or all of the Debtors prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan or Confirmation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of such Debtor or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by such Debtor or any other Entity. For the avoidance of doubt, except as provided in the Tranche B Equity Conversion Agreement, nothing in the Plan shall be construed as requiring termination or avoidance of the Tranche B Equity Conversion Agreement due to non-occurrence of the Effective Date (subject to any consent, termination, or other rights of the Supporting Tranche B DIP Lenders under the Tranche B Equity Conversion Agreement).

ARTICLE XII
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising out of, or related to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or Unsecured status, or amount of any Claim or Interest, including (a) the resolution of any request for payment of any Administrative Expense and (b) the resolution of any objections to the Secured or Unsecured status, priority, amount, or allowance of Claims or Interests;

2. decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for allowance of compensation or reimbursement of expenses to Professionals pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which the Debtors are party or with respect to which the Debtors may be liable, and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Claims for rejection damages or Cure Claims pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed, or assumed and assigned; and (c) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to holders of Allowed Claims and Allowed Interests are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested, or litigated matters, and any other matters, and grant or deny any applications involving the Debtors that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to sections 1141 and 1146 of the Bankruptcy Code;

7. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

8. enter and enforce any order for the sale or transfer of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

9. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

10. issue injunctions, enter, and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan and ensure compliance with the Plan;

11. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the releases, injunctions, and other provisions contained in Article IX, and enter such orders as may be necessary or appropriate to implement or enforce such releases, injunctions, and other provisions;

12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the holder of a Claim or Interest for amounts not timely repaid pursuant to Article VIII.I.1;

13. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

14. determine any other matters that may arise in connection with, or relate to, the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

15. enter an order or final decree concluding or closing the Chapter 11 Cases;

16. adjudicate any and all disputes arising from or relating to distributions under the Plan;

17. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

18. determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;

19. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

20. hear and determine matters concerning state, local, federal taxes and fees in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

21. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions, and releases granted in the Plan, including under Article IX, regardless of whether such termination occurred before or after the Effective Date;

22. determine whether and in what amount a Claim or Interest is Allowed;

23. to hear and determine matters related to the DIP Facility and the DIP Orders;

24. recover all assets of the Debtors and property of the Estates, wherever located;

25. resolve any disputes concerning whether an Entity had sufficient notice of the Chapter 11 Cases, the Disclosure Statement, any solicitation conducted in connection with the Chapter 11 Cases, any bar date established in the Chapter 11 Cases, or any deadline for responding or objecting to the amount of a cure, in each case, for the purpose of determining whether a Claim or Interest is discharged hereunder or for any other purpose;

26. hear and determine any rights, claims, or Causes of Action held by, or accruing to, the Debtor pursuant to the Bankruptcy Code or pursuant to any federal statute or legal theory, including, but not limited to, those set forth on the Schedule of Retained Causes of Action;

27. enforce all orders previously entered by the Bankruptcy Court; and

28. hear any other matter as to which the Bankruptcy Court has jurisdiction.

provided, however, that documents contained in the Plan Supplement shall be governed in accordance with applicable jurisdictional, forum selection or dispute resolution clauses in such documents; provided, further, that, as of the Effective Date, the Exit Facility Documents, the Grupo Aval Definitive Documentation, and any other documents related to either the Exit Facility Documents or the Grupo Aval Definitive Documentation shall be governed by the jurisdictional provisions contained therein, and the Bankruptcy Court shall not retain jurisdiction with respect thereto.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

A. *Immediate Binding Effect*

Subject to Article X.A and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon Consummation, the terms of the Plan shall be immediately effective and enforceable and deemed binding upon the Debtors, the Reorganized Debtors, and any and all holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Entities that are party, or subject, to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all of the Debtors' counterparties to Executory Contracts, Unexpired Leases, and any other prepetition agreements.

B. *Additional Documents*

On or before the Effective Date, the Debtors may enter into any such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or the Reorganized Debtors, as applicable, and all holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest may, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. *Payment of Statutory Fees*

All fees due and payable pursuant to section 1930 of Title 28 of the U.S. Code ("Quarterly Fees") prior to the Effective Date shall be paid by the applicable Debtors in these cases on such Effective Date. After the Effective Date, the applicable Reorganized Debtors shall be jointly and severally liable to pay any and all Quarterly Fees when due and payable. The Debtors shall file all quarterly reports due prior to the Effective Date when they become due, in a form reasonably acceptable to the U.S. Trustee. After the Effective Date, the applicable Reorganized Debtors shall file with the Bankruptcy Court quarterly reports when they become due, in a form reasonably acceptable to the U.S. Trustee. Each and every one of the Debtors and the Reorganized Debtors shall remain obligated to pay Quarterly Fees to the Office of the U.S. Trustee until the earliest of that particular Debtor's case being closed, dismissed or converted to a case under Chapter 7 of the Bankruptcy Code. Notwithstanding the foregoing, nothing herein shall prohibit the Reorganized Debtors (or the Disbursing Agent on behalf of the Reorganized Debtors) from paying any Quarterly Fees that become due and payable.

D. *Reservation of Rights*

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order, and the Confirmation Order shall have no force or effect as to a Debtor if the Effective Date does not occur as to such Debtor. None of the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the holders of Claims or Interests before Consummation.

E. *Successors and Assigns*

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

F. *Notices*

Any pleading, notice, or other document required by the Plan to be served on or delivered to the Debtors or the Committee shall be served on:

If to the Debtors, to:

Avianca Holdings S.A.
Avenida Calle 26 # 59 – 15
Bogotá D.C., Colombia
Attn: Richard Galindo Sanchez
Email: Richard.Galindo@Avianca.com

with copies to:

Milbank LLP
55 Hudson Yards
New York, NY 10001
Attention: Dennis F. Dunne, Esq.
Gregory A. Bray, Esq.
Evan Fleck, Esq.
Benjamin M. Schak, Esq.
Kyle R. Satterfield, Esq.
Email: DDunne@Milbank.com
GBray@Milbank.com
EFleck@Milbank.com
BSchak@Milbank.com
KSatterfield@Milbank.com

If to the Committee:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019
Attention: Brett Miller, Esq.
Todd Goren, Esq.
Email: bmiller@willkie.com
tgoren@willkie.com

If to the Supporting Tranche B DIP Lenders, to the addresses set forth following each such Lender's signature page to the Tranche B Equity Conversion Agreement with copies to their respective counsel.

In the Notice of Entry of Confirmation Order, the Debtors shall notify all Entities that, in order to continue to receive documents after the Effective Date pursuant to Bankruptcy Rule 2002, such Entity (excluding the United States Trustee) must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After service of the Notice of Entry of Confirmation and the occurrence of the Effective Date, the Reorganized Debtors shall be authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to the Reorganized Debtors, the United States Trustee and those Entities who have filed renewed requests.

G. *Term of Injunctions or Stays*

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and existing on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. For the avoidance of doubt, (i) upon the Effective Date, the automatic stay pursuant to Bankruptcy Code section 362 of any litigation proceedings against or involving the applicable Debtors shall terminate and (ii) all injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

H. *Entire Agreement*

Except as otherwise indicated, the Plan (including the Plan Supplement) supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

I. *Exhibits*

All exhibits, schedules, supplements, and appendices to the Plan (including any other documents to be executed, delivered, assumed, or performed in connection with the occurrence of the Effective Date) are incorporated into and are a part of the Plan as if set forth in full in the Plan. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the Plan shall control; provided, however, that, in the event of any inconsistency between the Plan and the DIP Orders, the DIP Credit Agreement, or the DIP Facility Indenture, the DIP Orders, the DIP Credit Agreement, or the DIP Facility Indenture, as applicable, shall control.

J. *Nonseverability of Plan Provisions*

Before Confirmation, if any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted.

Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. Confirmation shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without consent of the Debtors; and (3) nonseverable and mutually dependent.

K. *Votes Solicited in Good Faith*

Upon Confirmation, the Debtors shall be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code and, pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and their respective affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys shall be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of securities offered and sold under the Plan and any previous plan, and, therefore, none of any such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law, rule or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the securities offered and sold under the Plan and any previous plan.

L. *Document Retention*

On and after the Effective Date, the applicable Reorganized Debtors may maintain documents in accordance with its current document retention policy, as may be altered, amended, modified, or supplemented by such Reorganized Debtors.

M. *Conflicts*

In the event of a conflict between the Plan and the Disclosure Statement, the terms of the Plan shall control in all respects. In the event of a conflict between the Plan and the Plan Supplement, the terms of the relevant document in the Plan Supplement shall control (unless stated otherwise in such Plan Supplement document or in the Confirmation Order); provided, that, in the event any such conflict is a material conflict of the type that would require the Debtors to re-solicit the votes of holders of Claims against the Debtors under section 1127 of the Bankruptcy Code, the Plan shall control solely with respect to such provision giving rise to such material conflict. In the event of a conflict between the Confirmation Order and the Plan, the Confirmation Order shall control.

N. *Dissolution of Committee*

On the Effective Date with respect to the Plan or all Sub-Plans, the Committee (and any other statutory committee) shall be deemed to have been dissolved, and the members thereof, and their respective officers, employees, counsel, advisors and agents, shall be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Cases, except with respect to any continuing confidentiality obligations and for the limited purpose of, if applicable, appointing the initial General Unsecured Claims Observer; prosecuting requests for allowances of compensation and reimbursement of

expenses incurred prior to the Effective Date; and, in the event that the Bankruptcy Court's entry of the Confirmation Order is appealed, participating in such appeal. From and after the Effective Date, the Reorganized Debtors shall continue to pay, when due and payable in the ordinary course of business, the reasonable and documented fees and expenses of the Committee's professionals solely to the extent arising out of or related to the foregoing without further order of the Bankruptcy Court.

[*Remainder of page intentionally left blank.*]

Dated: September 3, 2021
Bogotá, Colombia

Avianca Holdings S.A. on behalf of itself
and each of its Debtor affiliates

By: */s/ Adrian Neuhauser*
Name: Adrian Neuhauser
Title: President and Chief Executive Officer

Exhibit B to Disclosure Statement

Organizational Chart

Holding Company
Investment Vehicle Company
Regional Airline Company
Non Controlling Stake
Operating Company
Non Operating Company
Airline Company
Non-Voting Shares
Non-Debtor Entities

Avianca Holdings S.A.

100% AV International Holdco S.A.
100% AV International Ventures S.A.
100% Grupo Taca Holdings Limited
99.62% Avianca-Ecuador S.A.
100% Overseas Aviation Technical Investments Ltd.
99% Technical and Training Services, S.A. de C.V.
100% Airlease Holdings One Ltd.
100% AV Taca International Holdco S.A.
100% Taca S.A.

5.02%
71.66% Aerovías del Continente Americano S.A. Avianca
100% Ronair N.V.
23.4% Tampa Cargo S.A.S.
49% B
81% N Avifreight Holding Mexico, S.A.P.I. de C.V.
75%
25% Aero Transporte de Carga Unión, S.A. de C.V.
100% Avianca, Inc.
100% Latin Logistics, LLC
100% International Trade Marks Agency Inc.
100% Avianca Leasing, LLC

5.2% Regional Express Américas S.A.S.
94.8%

100% AV Investments One Colombia S.A.S.
99.9% AV Investments Two Colombia S.A.S.
94.96% Latin Airways Corp.
100%
Servicios Aeroportuarios Integrados SAI S.A.S.
90%
0.099%

100% AV International Investments S.A.
100% AV International Holdings S.A.

37% Inversiones del Caribe, S.A.
63%
99.6% Aeroinversiones de Honduras, S.A.
0.40%
91.5% Taca de Honduras, S.A. de C.V.
8.50%
99.99%
0.01% Isleña de Inversiones, S.A. de C.V.

88.51% Aviateca, S.A.
11.18%

96.83% Taca International Airlines S.A.
8.08%

84.34% Avianca Costa Rica S.A.

87.27% Nicaragüense de Aviación S.A.
9.59%

100% Aviacorp Enterprises, S.A.
100% America Central Corp. (CAN)
100% America Central Corp. (USA)
100% Servicio Terrestre, Aéreo y Rampa S.A.
98% Aviaservicios S.A.
99.99% Taca de México, S.A.
100% C.R. Int'l Enterprises Inc. EEUU

EXHIBIT C to Disclosure Statement

Hypothetical Liquidation Analyses

I. INTRODUCTION

In connection with the Plan and Disclosure Statement, the following hypothetical liquidation analyses (the "Liquidation Analyses") have been prepared by Avianca Debtors' management with the assistance of the financial advisor for the Avianca Debtors.

The Liquidation Analyses represent a hypothetical scenario whereby, under chapter 7 liquidation proceedings, all estimated proceeds from the liquidation of the Debtors' estates would be paid to claimants and equity interest holders of the Debtors. It is the Debtors' and their financial advisor's opinion that even though the assumptions used in the Liquidation Analyses are reasonable, they are subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Debtors, their management and their advisor. ACCORDINGLY, NEITHER THE DEBTORS NOR THEIR ADVISOR MAKE ANY WARRANTY OR REPRESENTATION THAT THE HYPOTHETICAL RECOVERY OF AMOUNTS OUTLINED IN THE LIQUIDATION ANALYSES WOULD OR WOULD NOT APPROXIMATE THE ACTUAL AMOUNTS THE CLAIMANTS MIGHT HAVE BEEN ABLE TO RECOVER HAD THE DEBTORS LIQUIDATED THEIR ASSETS UNDER A CHAPTER 7 PROCEEDING.

The Debtors, with the assistance of their financial advisor, have prepared these Liquidation Analyses for the purpose of evaluating whether the Plan meets the so-called best interests test under section 1129(a)(7) of the Bankruptcy Code.

The Liquidation Analyses indicate the values which may be obtained upon disposition of assets, pursuant to a hypothetical chapter 7 liquidation, as an alternative to continued operation of the business as proposed under the Plan. Accordingly, values discussed herein are different than amounts referred to in the Plan, which illustrates the value of the Debtors' business as a going concern.

II. BASIS OF PRESENTATION

The Liquidation Analyses assume that the Debtors' chapter 11 cases are converted into chapter 7 cases under the Bankruptcy Code on September 30, 2021 (the "Liquidation Date"). All calculations put forth in the Liquidation Analyses are based on the unaudited book values as of March 31, 2021, except for Cash and cash equivalents which is pro forma for closing of the Exit Facility. These values, in total, are assumed to be representative of the Debtors' assets and liabilities as of the Liquidation Date.

The Liquidation Analyses assume that, on the Liquidation Date, the Bankruptcy Court would appoint a Bankruptcy Trustee (the "Trustee"). The Trustee would oversee the orderly process of liquidating the Debtors' assets and the distribution of proceeds to the Debtors' claimants. It is assumed that the liquidation process would take approximately 12-18 months. Furthermore, it is assumed that the distribution of all proceeds would be in accordance with Bankruptcy Code sections 726 and 507 as follows: to satisfy (i) all secured claims to the extent the relevant collateral values of the Debtors' assets are sufficient to do so, (ii) any administrative claims for fees and expenses arising from the Chapter 7 process for the benefit of the Trustee and other professionals involved in the liquidation process, (iii) any administrative claims such as chapter 11 professional fees, post-petition payables and other accrued liabilities, (iv) any priority unsecured claims and (v) any General Unsecured Claims.

The Liquidation Analyses include an estimate of the amount of claims that could ultimately be allowed under a hypothetical chapter 7 liquidation. Nothing contained in these valuation assumptions is intended to be or constitutes a concession or admission of the Debtors for any other purpose nor is it intended to bind any other party.

The Liquidation Analyses also assume that there are no recoveries from the pursuit of any potential preferences, fraudulent conveyances, or other causes of action that may exist and does not include the estimated costs of pursuing those actions.

In preparing the Liquidation Analyses, the amount of allowed claims have been projected based upon a review of scheduled claims and all Proofs of Claims associated with pre-petition and post-petition obligations. Additional claims were estimated to include certain post-petition obligations on account of which claims have not been asserted, but which would be asserted in a hypothetical chapter 7 liquidation. These potential claims include, without limitation, claims related to assumed executory contracts, pension and related obligations, and lease and contract rejections including additional administrative claims relating to damages for breach of contracts and leases that were assumed during the chapter 11 cases. In the event litigation were necessary to resolve claims asserted in a chapter 7 liquidation, the delay could be prolonged and claims could further increase. The effects of this delay on the value of distributions under the hypothetical liquidation have not been considered. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of claims at the estimated amounts set forth in the Liquidation Analyses. THE ESTIMATED AMOUNT OF ALLOWED CLAIMS SET FORTH IN THE LIQUIDATION ANALYSES SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING, WITHOUT LIMITATION, ANY DETERMINATION OF THE VALUE OF ANY DISTRIBUTION TO BE MADE ON ACCOUNT OF ALLOWED CLAIMS UNDER THE PLAN. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY AND SIGNIFICANTLY DIFFER FROM THE AMOUNT OF CLAIMS ESTIMATED IN THE LIQUIDATION ANALYSES.

III. PRINCIPAL ASSUMPTIONS – AVIANCA DEBTORS

The following notes detail the assumed treatment and estimated value of (i) the Avianca Debtors' assets, (ii) costs associated with the liquidation of these assets and (iii) any claims that have been asserted or could be asserted against these assets. The number associated with each note below corresponds with the number of a line item on the Avianca Debtors Liquidation Analysis.

Note 1: Cash and cash equivalents
Cash and cash equivalents (including checking, savings or other financial accounts) includes any cash amounts or cash equivalent securities, such as demand and term deposits, which are held by any of the Avianca Debtors on a pro forma basis including closing of the Exit Facility closed in August 2021. The estimated recovery for this asset is 100%.

Note 2: Restricted cash
Restricted cash consists of cash that will be used to hedge events or claims against the Avianca Debtors. The estimated recovery for this asset is 100%.

Note 3: Short term investments
Short term investments includes funds that are invested for terms of less than one year; excess cash in treasury is the basis for these investment funds. The estimated recovery for this asset is 100%.

Note 4: Accounts receivable, net
Accounts receivable consists of various receivables related to the Debtors' cargo and passenger transportation business, including credit card receivables for passenger tickets purchased but not yet flown. Due to the differing nature of these segments, a range of recovery estimates are used with higher assumed recovery for cargo receivables, and no recovery assigned to credit card receivables. The average estimated recovery for this asset is 18%.

Note 5: Tax assets
Tax assets consists of the net operating losses, credit carryforwards and capital loss carryforwards of the Avianca Debtors. The estimated recovery for this asset is 0%.

Note 6: Expendable spare parts and supplies, net
Expendable spare parts and supplies consists of serviced parts used in the repair and overhaul of engines or airframe components that are assumed to be non-rotable or have no potential for reuse. This also includes miscellaneous materials and supplies consumed during the repair and overhaul process. The Debtors contract with reputable industry appraisers on a routine basis to assess the market value of its inventory of expendable spare parts. The estimated recovery for this asset is 22% of book value, equivalent to 60% of the appraised steady-state market value. Expendable values are typically very low in liquidations, due primarily to the high volume of assets and logistical limitations of their sale.

Note 7: Property and equipment, net
Property and equipment is comprised of aircraft and related installed engines, spare engines, aircraft improvements, related rotable spare parts, and various other airline capital expenditures. The secondary market for aircraft and related equipment has been deeply impacted by the global slowdown in travel created by the COVID-19 pandemic. While the current known effect of the pandemic is reflected in appraisers' assessments of aircraft values, market values would be further negatively impacted by a chapter 7 liquidation of the Avianca Debtors across all aircraft types where it is a key operator. The estimated recovery for this asset is 37% of book value.

Note 8: Prepaid expenses
Prepaid expenses includes items such as insurance premiums and selling costs such as global distribution system and credit card fees and other items utilized to represent the difference between cash and accounting treatment of expenses. All of the prepayments are assumed to be consumed during the normal course of the Avianca Debtors' operations in chapter 11 prior to the Liquidation Date. The estimated recovery for this asset is 0%.

Note 9: Intangibles
Intangibles consist largely of the proceeds from the assumed sale of LifeMiles Ltd., the Avianca Debtors' airport slot portfolio as well as routes, trademarks and other intangible items. Key intangible assets have been appraised by reputable third-party appraisers, and values have been adjusted to reflect current market conditions. The estimated recovery for this asset is 121% of book value.

Note 10: Assets held for sale
Assets held for sale consists of spare parts (expendables, repairables, rotables and tools) for aircraft which have since been removed from the Avianca Debtors' fleet and are no longer required to support the Avianca Debtors' operation. The estimated recovery for this asset is 47% of book value.

Note 11: Deposits and other assets
Deposits and other assets includes deposits with lessors, long term investments, guarantee deposits, security deposits, national tax refund titles, and deferred charges. It is assumed that these assets will be utilized (i) for offsetting any claims that the relevant creditor may have against the Avianca Debtors or (ii) through consumption in the normal course of the Avianca Debtors' operations in chapter 11 prior to the Liquidation Date. The estimated recovery for this asset is 0%.

Note 12: Assumed liquidation costs
Assumed liquidation costs include chapter 7 trustee and professional fees estimated to be $40M incorporating professional fees associated with the wind-down of the estates (e.g. liquidation and recovery of assets and claims reconciliation), as well as estimated expenses that would be incurred during the wind-down period, including wages and benefits for employed personnel, aircraft storage costs and general overhead costs. This estimate is based on industry experience of the Debtors' advisor.

Note 13: Senior Secured Super Priority claims (DIP financing facility)
This amount includes the total value of the two-tranche DIP financing facility, including the paid-in-kind interest.

Note 14: Secured claims
This amount includes claims secured by certain aircraft and other equipment and assets. The allowed claim amount is equal to the liquidation value ascribed to the underlying collateral. Any debt that is not satisfied by the value of the underlying collateral becomes an unsecured deficiency claim and is included in the estimated amount for General Unsecured Claims. Recoveries for specific secured claims may vary widely depending on the nature and value of the collateral that secures each claim. Consistent with treatment under the Plan, the outstanding amount of the Debtors' secured notes due 2023 (and other claims that share the same collateral as those notes) is treated as a General Unsecured Claim instead of a secured claim.

Note 15: Administrative claims
This amount includes administrative claims that are senior to priority and General Unsecured Claims, including post-petition accounts payable, accrued expenses, and air traffic liabilities.

Note 16: Priority claims
This amount includes estimated priority tax claims as well as employee benefits.

Note 17: General Unsecured Claims
This amount includes claims arising from approved settlement agreements, management's estimation of allowed unsecured claims based upon General Unsecured Claims which have been filed but not yet resolved, shortfall of secured claims, the outstanding amount of the Debtors' secured notes due 2023 (and other claims that share the same collateral as those notes) as well as General Unsecured Claims arising from rejection of executory contracts and leases as a result of the liquidation.

Available Assets and Estimated Realization	**Net Book Value as of 3/31/2021**	**Liquidation Value** Estimated Value	% of Book Value	Notes
Cash and cash equivalents	$ 922,700	$ 922,700	100%	1
Restricted cash	24,313	24,300	100%	2
Short term investments	9,978	10,000	100%	3
Accounts receivable, net	188,282	34,500	18%	4
Tax assets	143,242	-	0%	5
Expendable spare parts and supplies, net	82,128	18,400	22%	6
Property and equipment, net	4,674,461	1,712,700	37%	7
Prepaid expenses	35,064	-	0%	8
Intangibles	432,171	523,000	121%	9
Assets held for sale	848	400	47%	10
Deposits and other assets	88,694	-	0%	11
Total assets / proceeds available for distribution	**$ 6,601,881**	**$ 3,246,000**	**49%**	
Assumed liquidation costs		40,000		12
Amounts available to creditors		**$ 3,206,000**		

Amounts Available to Satisfy Claims	*Allowed Claim*	*Recovery Amount*	*% of Satisfaction*	
Senior secured super priority claims (DIP financing facility)	$ 2,455,300	$ 1,748,700	71%	13
Amounts available to other creditors following satisfaction of senior secured super priority claims		**$ -**		
Secured claims	$ 2,211,100	$ 1,457,300	66%	14
Amounts available to other creditors following satisfaction of senior secured super priority claims and secured claims		**$ -**		
Administrative claims	$ 624,600	$ -	0%	15
Amounts available to other creditors following satisfaction of senior secured super priority claims, secured claims, and administrative claims		**$ -**		
Priority claims	$ 232,200	$ -	0%	16
Amounts available to General Unsecured Creditors		**$ -**		
General Unsecured claims	$ 3,904,500	$ -	0%	17
		$ -		

Exhibit D to Disclosure Statement

Financial Projections

Introduction

The financial projections presented herein for the Reorganized Debtors (the "**Financial Projections**") are shown on a consolidated basis for the period of January 1, 2021 through December 31, 2028 (the "**Projection Period**"). Also provided herein are key assumptions and commentary for the Financial Projections (the "**Notes**"). The Financial Projections and the Notes should be read in conjunction with the Plan and Disclosure Statement. In addition, a presentation that provides additional detail on the Financial Projections can be accessed on the Company's website at the following address:

https://aviancaholdings.com/English/investor-relations/events-and-presentations/events/default.aspx

The Debtors, with the assistance of their financial advisors, have prepared these Financial Projections to assist the Bankruptcy Court in determining whether the Plan meets the so-called "feasibility test" of section 1129(a)(11) of the Bankruptcy Code.

The Debtors generally do not publish their business plans, market strategies, anticipated future financial position or results of operations in the level of detail and in the format set forth herein. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated business plans or projections to holders of Claims or Interests, or to include such information in documents required to be filed any regulator or otherwise make public such information.

THE FINANCIAL PROJECTIONS HAVE BEEN PREPARED BY THE DEBTORS' MANAGEMENT, IN CONJUNCTION WITH THE DEBTORS' FINANCIAL ADVISOR AND INVESTMENT BANKER, SEABURY SECURITIES LLC ("**SEABURY**"). SEABURY HAS REVIEWED THE FINANCIAL PROJECTIONS AND BELIEVES THAT THE ASSUMPTIONS USED BY MANAGEMENT IN THE PREPARATION THEREOF ARE REASONABLE AND REFLECT THE BEST INFORMATION AVAILABLE TO THE DEBTORS AT THIS TIME. THE FINANCIAL PROJECTIONS BY THEIR NATURE ARE NOT FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS.

THE DEBTORS' INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING FINANCIAL PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE FINANCIAL PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE FINANCIAL PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE FINANCIAL PROJECTIONS.

THE FINANCIAL PROJECTIONS DO NOT REFLECT THE FULL IMPACT OF ACCOUNTING FOR THE IMPACT OF THE CONSUMMATION OF THE CHAPTER 11

WHICH, WHEN REFLECTED AT THE EFFECTIVE DATE, MIGHT MATERIALLY DIFFER FROM THE ENCLOSED PROJECTIONS. THE FINANCIAL PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE FORWARD-LOOKING STATEMENTS. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS, AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS. IMPORTANT ASSUMPTIONS AND OTHER FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY INCLUDE, BUT ARE NOT LIMITED TO, THOSE RISKS AND UNCERTAINTIES DESCRIBED UNDER THE HEADING "RISK FACTORS" IN THE DISCLOSURE STATEMENT. THESE RISKS INCLUDE, BUT ARE NOT LIMITED TO, RISK THAT PLAN CONFIRMATION MAY NOT BE OBTAINED, OR MAY NOT BE OBTAINED IN THE TIMEFRAME ASSUMED; RISK THAT THE BANKRUPTCY COURT MAY NOT ORDER THE AVIANCA PLAN CONSOLIDATION; RISK THAT THE EFFECTIVE DATE MAY NOT OCCUR; RISK THAT THE NOTEHOLDER RSA, THE DIP FACILITY, AND/OR THE TRANCHE B EQUITY CONVERSION AGREEMENT MAY BE TERMINATED; RISK THAT PARTIES IN INTEREST MAY OPPOSE THE PLAN; RISK THAT RELEASES, INJUNCTIONS, AND EXCULPATIONS CONTAINED IN THE PLAN MAY NOT BE APPROVED; RISK OF HIGHER-THAN-EXPECTED COMPETITION FROM OTHER AIRLINES; RISK OF HIGHER-THAN-EXPECTED FUEL PRICES; RISK OF GOVERNMENT REGULATION; RISK OF THE EXERCISE OF CHANGE-OF-CONTROL PROVISIONS IN CERTAIN CONTRACTS; RISK OF PRICE COMPETITION; RISK OF LABOR DISPUTES; RISK OF CONTINUED BUSINESS DISRUPTION FROM THE COVID-19 PANDEMIC.

ALL FORWARD-LOOKING STATEMENTS ARE AS OF THE DATE MADE, ARE BASED ON THE DEBTORS' BELIEFS, INTENTIONS, AND EXPECTATIONS AS OF SUCH DATE, AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS AND REORGANIZED DEBTORS UNDERTAKE NO DUTY TO UPDATE ANY SUCH STATEMENTS. THE DEBTORS AND REORGANIZED DEBTORS DO NOT INTEND TO UPDATE OR OTHERWISE REVISE ANY FORWARD-LOOKING STATEMENTS, INCLUDING THE FINANCIAL PROJECTIONS, TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE OF THE DISCLOSURE STATEMENT OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS OR OTHERWISE, UNLESS INSTRUCTED TO DO SO BY THE BANKRUPTCY COURT.

HOLDERS OF CLAIMS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS

AND SEABURY, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS AND THE REORGANIZED DEBTORS. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE DEBTORS AND REORGANIZED DEBTORS DO NOT INTEND AND DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR OTHERWISE REVISE THE FINANCIAL PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THESE FINANCIAL PROJECTIONS ARE INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE FINANCIAL PROJECTIONS.

THESE FINANCIAL PROJECTIONS WERE DEVELOPED SOLELY FOR PURPOSES OF THE FORMULATION AND NEGOTIATION OF THE PLAN AND TO ENABLE THE HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE UNDER THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF SECURITIES OF, OR CLAIMS OR INTERESTS IN, THE DEBTORS OR ANY OF THEIR AFFILIATES.

General Assumptions in the Financial Projections and the Notes

The Financial Projections have been prepared based on the assumption that the Effective Date of the Plan is October 31, 2021. The Financial Projections are based on, and assume, among other things, the Debtors' successful reorganization, completion of the Debtors' fleet restructuring initiatives, and implementation of the Debtors' business plan. Although the Debtors presently intend to cause the Effective Date to occur as soon as practicable following Confirmation, there can be no assurance as to when the Effective Date will actually occur. If the Effective Date is delayed, the Debtors will continue to incur reorganization costs, which may be significant.

Projected Consolidated Statements of Operations (unaudited)

US$ millions	*forecast* 2021	*forecast* 2022	*forecast* 2023	*forecast* 2024	*forecast* 2025	*forecast* 2026	*forecast* 2027	*forecast* 2028
Passenger Revenues	977.0	1,876.3	2,393.7	2,820.2	3,033.9	3,229.3	3,435.0	3,644.7
Other Passenger Related Revenues	129.0	388.2	531.9	588.7	672.4	699.8	725.4	751.5
Cargo Revenues	625.7	571.6	574.1	585.7	603.4	619.6	632.2	647.3
Loyalty Revenues	162.6	260.5	319.2	364.0	404.7	443.8	443.8	443.8
Other Revenues	48.8	28.8	29.6	30.4	31.3	32.2	32.8	33.4
Total Operating Revenues	**1,943.1**	**3,125.3**	**3,848.5**	**4,389.1**	**4,745.6**	**5,024.8**	**5,269.2**	**5,520.7**
Aircraft Fuel	423.8	771.9	942.7	1,019.1	1,069.1	1,100.5	1,120.0	1,139.3
Aircraft and Engine Rentals	78.5	125.9	36.0	18.6	19.6	19.6	18.0	16.0
Depreciation, Amortization and Impairment	434.8	398.7	453.9	512.5	561.9	663.5	739.3	767.6
Maintenance And Repairs	162.2	176.5	223.6	247.9	263.8	269.6	255.6	286.0
Salaries, Wages And Benefits	388.6	399.7	428.0	467.7	508.5	530.3	563.0	598.2
Distribution, Commissions & Other S&M Expense	188.5	293.1	361.9	407.4	441.7	470.5	479.4	497.6
Other Operations Expense	503.3	645.4	811.9	903.6	965.7	1,014.2	1,065.9	1,121.1
General & Administrative Expense	273.9	161.7	167.6	177.4	184.2	191.3	199.6	207.7
Total Operating Costs	**2,453.8**	**2,972.9**	**3,425.6**	**3,754.2**	**4,014.6**	**4,259.5**	**4,440.8**	**4,633.6**
EBIT	**(510.7)**	**152.4**	**422.9**	**634.9**	**731.0**	**765.4**	**828.4**	**887.1**
EBIT Margin	*(26.3%)*	*4.9%*	*11.0%*	*14.5%*	*15.4%*	*15.2%*	*15.7%*	*16.1%*
EBITDA	**(75.9)**	**551.0**	**876.8**	**1,147.4**	**1,292.8**	**1,428.9**	**1,567.8**	**1,654.7**
EBITDA Margin	*(3.9%)*	*17.6%*	*22.8%*	*26.1%*	*27.2%*	*28.4%*	*29.8%*	*30.0%*
EBITDA excluding aircraft PBH payments	**51.6**	**667.3**	**896.7**	**1,147.4**	**1,292.8**	**1,428.9**	**1,567.8**	**1,654.7**
EBITDA excluding PBH Margin	*2.7%*	*21.4%*	*23.3%*	*26.1%*	*27.2%*	*28.4%*	*29.8%*	*30.0%*
EBITDAR	**2.7**	**676.9**	**912.8**	**1,165.9**	**1,312.5**	**1,448.5**	**1,585.7**	**1,670.8**
EBITDAR Margin	*0.1%*	*21.7%*	*23.7%*	*26.6%*	*27.7%*	*28.8%*	*30.1%*	*30.3%*
Interest Expense, net	587.8	342.0	367.2	366.3	358.3	321.7	337.3	368.3
(Gains) / Losses on Asset Sales	20.1	-	-	-	-	-	-	-
Derivative Instruments and Foreign Exchange	(33.7)	-	-	-	-	-	-	-
Total Non-Operating Costs	**574.2**	**342.0**	**367.2**	**366.3**	**358.3**	**321.7**	**337.3**	**368.3**
Pre-Tax Income	**(1,085.0)**	**(189.6)**	**55.8**	**268.6**	**372.7**	**443.7**	**491.1**	**518.8**
Pre-Tax Margin	*(55.8%)*	*(6.1%)*	*1.4%*	*6.1%*	*7.9%*	*8.8%*	*9.3%*	*9.4%*
Income Taxes	19.3	21.1	23.6	28.0	49.6	68.2	70.5	72.1
Net Income	**(1,104.2)**	**(210.7)**	**32.2**	**240.6**	**323.0**	**375.5**	**420.6**	**446.7**
Net Margin	*(56.8%)*	*(6.7%)*	*0.8%*	*5.5%*	*6.8%*	*7.5%*	*8.0%*	*8.1%*

Please read in conjunction with associated Notes. Figures shown may not tie due to rounding.

Projected Consolidated Balance Sheets (unaudited)

US$ M	actual 2020	forecast 2021	forecast 2022	forecast 2023	forecast 2024	forecast 2025	forecast 2026	forecast 2027	forecast 2028
Total assets	**6,860.5**	**4,516.0**	**4,759.4**	**5,028.2**	**5,383.4**	**5,767.6**	**6,310.6**	**7,344.3**	**8,289.5**
Cash, restricted cash, short-term investments	978.4	977.8	984.5	1,157.5	1,495.0	1,733.4	2,102.8	2,515.4	2,936.9
Current tax assets	111.8	120.6	120.6	120.6	120.6	120.6	120.6	120.6	120.6
Accounts receivable, net of provision for doubtful accounts	233.0	139.6	164.8	199.0	218.9	238.6	258.1	265.1	280.0
Expendable spare parts and supplies, net of provision for obsolescence	81.4	70.2	58.6	72.2	82.5	89.1	94.0	108.0	113.1
Prepaid expenses	36.2	46.9	57.3	84.7	82.9	148.4	137.2	124.8	114.8
Assets held for sale	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Deposits and other assets	93.1	113.4	121.9	128.1	131.5	133.1	135.1	138.5	140.7
Intangibles	488.9	443.6	384.2	323.4	259.1	221.1	179.6	143.8	108.1
Deferred tax assets	25.2	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
Property and equipment, net	3,764.6	993.3	1,082.3	1,121.3	1,278.2	1,565.9	1,916.5	2,394.4	2,901.4
IFRS-16 lease right-of-use asset (net)	1,046.9	1,587.2	1,761.7	1,798.1	1,691.3	1,493.9	1,343.2	1,510.4	1,550.5
Total liabilities	**8,162.3**	**5,377.6**	**5,808.0**	**6,015.3**	**6,104.4**	**6,154.5**	**6,316.7**	**6,929.8**	**7,428.3**
Long-Term Debt	4,880.9	2,466.2	2,494.5	2,441.7	2,470.9	2,549.6	2,744.3	3,143.1	3,521.3
IFRS-16 Lease Liabilities	1,400.3	1,527.8	1,874.8	1,982.5	1,909.5	1,733.2	1,582.6	1,741.6	1,768.3
Accrued interest	-	17.0	16.9	20.0	19.8	23.1	24.1	26.4	27.8
Tax liabilities	68.7	10.9	1.9	(0.1)	0.6	5.6	6.3	6.9	7.4
Accounts payable and accrued expenses	525.5	369.7	478.0	552.6	592.8	630.4	656.8	694.2	728.3
Provisions for return conditions and legal claims	184.2	131.3	164.2	202.1	236.5	268.2	285.5	235.2	223.2
Employee benefits	238.6	102.9	76.5	41.6	47.3	55.9	61.0	71.9	79.1
Air traffic liability	399.2	294.1	269.4	336.2	369.0	398.1	424.4	443.9	476.3
Other liabilities	12.1	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3
Frequent flyer deferred revenue	452.8	446.4	420.5	427.3	446.6	479.1	520.3	555.3	585.1
Total equity	**(1,301.8)**	**(861.6)**	**(1,048.7)**	**(987.1)**	**(721.0)**	**(386.9)**	**(6.1)**	**414.5**	**861.2**

Please read in conjunction with associated Notes. Figures shown may not tie due to rounding.

Projected Consolidated Statements of Cash Flows (unaudited)

US$ M	forecast Apr - Dec 2021	forecast 2022	forecast 2023	forecast 2024	forecast 2025	forecast 2026	forecast 2027	forecast 2028	CUMULATIVE
Cash Flows from Operations:									
EBITDAR	**56.0**	**676.9**	**912.8**	**1,165.9**	**1,312.5**	**1,448.5**	**1,585.7**	**1,670.8**	**8,829.2**
Add-back of non-cash items:									
Maintenance and pension provisions	7.5	31.5	48.3	56.3	42.1	27.4	(2.1)	16.7	227.7
Other operating cash flows:									
Income tax paid, net of refunds	(68.5)	(30.1)	(25.6)	(27.3)	(44.7)	(67.4)	(69.9)	(71.7)	(405.2)
Working capital (net)	(22.3)	39.6	93.6	62.2	76.4	69.9	78.3	77.4	475.0
Net Cash Flows Provided by Operations	**(27.3)**	**717.9**	**1,029.1**	**1,257.1**	**1,386.3**	**1,478.4**	**1,592.0**	**1,693.3**	**9,126.7**
Cash Flows from Investing:									
Aircraft security deposits	(49.0)	(8.5)	(6.2)	(3.5)	(1.6)	(2.0)	(3.3)	(2.2)	(76.3)
Aircraft predelivery deposits, net of financing	-	(2.4)	(7.2)	29.9	(15.6)	(55.6)	16.9	1.3	(32.9)
Capital expenditures, net of financing	(181.1)	(211.0)	(175.7)	(287.8)	(395.5)	(368.3)	(440.6)	(476.8)	(2,536.7)
Aircraft return expenses	-	-	-	-	-	(9.4)	(54.7)	(36.2)	(100.3)
Interest income	1.1	1.4	1.5	1.9	2.4	2.7	3.3	3.9	18.2
Net Cash Flows Provided by Investing	**(229.0)**	**(220.5)**	**(187.7)**	**(259.4)**	**(410.3)**	**(432.5)**	**(478.5)**	**(510.0)**	**(2,728.0)**
Cash Flows from Financing:									
DIP - original Tranche A, B issuance (final draw)	174.5	-	-	-	-	-	-	-	174.5
DIP - original Tranche A repayment	(1,427.9)	-	-	-	-	-	-	-	(1,427.9)
DIP-to-Exit Finanicng - issuance / refinancing	1,600.0	-	569.9	-	1,085.4	-	-	-	3,255.4
DIP-to-Exit Financing - repayment	-	-	(569.9)	-	(1,085.4)	-	-	-	(1,655.4)
Conversion of Tranche B DIP loan to equity	934.7	-	-	-	-	-	-	-	934.7
Retirement of Tranche B DIP loan to equity	(934.7)	-	-	-	-	-	-	-	(934.7)
Other long-term debt - new debt issuance	418.9	78.0	-	-	400.0	-	-	-	896.9
Other long-term debt - debt repayment	(409.4)	(49.7)	(52.8)	(51.6)	(443.8)	(67.2)	(59.3)	(81.3)	(1,215.1)
Aircraft and engine rentals	(76.3)	(125.9)	(36.0)	(18.6)	(19.6)	(19.6)	(18.0)	(16.0)	(330.1)
Interest payments	(98.7)	(194.8)	(214.6)	(186.8)	(254.1)	(160.1)	(174.6)	(195.6)	(1,479.2)
Payments of IFRS-16 lease liability	(20.4)	(96.8)	(189.2)	(227.5)	(254.9)	(280.8)	(299.8)	(308.2)	(1,677.6)
Interest on IFRS-16 lease liability	(26.2)	(77.4)	(151.4)	(175.7)	(165.1)	(148.7)	(149.2)	(160.6)	(1,054.5)
Net Cash Flows Used in Financing Activities	**134.5**	**(466.5)**	**(644.0)**	**(660.2)**	**(737.6)**	**(676.5)**	**(700.9)**	**(761.8)**	**(4,512.9)**
Cash Flows from Other Activities:									
Pension payments	(17.1)	(24.0)	(24.4)	-	-	-	-	-	(65.6)
Purchase of LifeMiles stake	(5.0)	-	-	-	-	-	-	-	(5.0)
Sale of assets	(0.4)	-	-	-	-	-	-	-	(0.4)
Capitalization	200.0	-	-	-	-	-	-	-	200.0
Net Cash Flows Used in Other Activities	**177.5**	**(24.0)**	**(24.4)**	**-**	**-**	**-**	**-**	**-**	**129.1**
Net Cash Flow	**55.7**	**6.8**	**173.0**	**337.5**	**238.4**	**369.4**	**412.6**	**421.5**	**2,014.8**
Starting Cash Balance (consolidated AVH)	922.0	977.8	984.5	1,157.5	1,495.0	1,733.4	2,102.8	2,515.4	922.0
Ending Cash Balance (consolidated AVH)	**977.8**	**984.5**	**1,157.5**	**1,495.0**	**1,733.4**	**2,102.8**	**2,515.4**	**2,936.9**	**2,936.9**

Please read in conjunction with associated Notes. Figures shown may not tie due to rounding.

Notes to Financial Projections

Overview

The Reorganized Debtors (more generally referred to hereafter as the "**Company**") are implementing a plan to significantly reduce the Company's cost structure and realign its operating fleet. The Company believes these changes will allow it to return to profitability and grow its network as the industry recovers from the COVID pandemic. The Financial Projections also feature a significant reduction in debt and lease liabilities coupled with a substantial improvement in liquidity – giving the Company a more robust balance sheet from which to execute its plan.

The Company has identified a broad range of cost reduction initiatives that are currently being implemented. These include savings from a redesign of the Company's administrative functions and overhead processes, revisions to passenger amenity expenses including catering and lounge costs, and reductions in personnel costs resulting from renegotiated contracts with key labor groups. In addition, the Company is taking significant steps with its fleet to further reduce its unit costs, including reconfiguring aircraft to add additional seats in all aircraft, reducing the number of aircraft types and engine variants in the fleet, and eliminating surplus aircraft to increase asset utilization. In all, the Company estimates that its unit operating cost excluding fuel for passenger operations will be reduced by more than 41% versus pre-pandemic levels.

Operating Revenue

Revenue: Revenue in the Financial Projections consists of three primary elements: passenger and other passenger related revenue, cargo revenue and loyalty revenue. Passenger revenue and other passenger related revenue is earned from carrying passengers on scheduled flights operated on the Company's network spanning the Americas and between South America and Europe. Cargo revenue is generated by both carrying cargo on dedicated freighter aircraft operated by the Company's two cargo subsidiaries as well as carrying cargo in the bellies of passenger aircraft on passenger flights across the Company's network. Loyalty revenue is earned by the Company's LifeMiles subsidiary when customers redeem loyalty miles that have been sold by the Company or awarded to the Company's passengers.

Passenger revenue is forecast based on a detailed projection of traffic and passenger fare levels. This projection incorporates an assumed demand recovery curve that accounts for a gradual recovery of demand from the impact of the COVID pandemic, as well as the combined impacts of industry capacity and market stimulation. Other passenger related revenue reflects certain ancillary fees and charges earned from passengers for supplemental services related to passenger flights (e.g., excess baggage fees, seat selection fees, etc.). These revenues have been projected based on passenger volumes and expected ancillary fee rates per passenger.

Cargo revenue is forecast based on a similar projection of cargo volumes and yields – both for the Company's dedicated freighter operation as well as for the belly cargo carried by its passenger aircraft.

Loyalty revenue is forecast based on estimated mileage sales and projected redemptions based on the Company's recent experience and its outlook for general demand recovery.

Operating Expenses

The Financial Projection includes operating expenses that have been calculated from detailed cost drivers applied against the projected operating statistics from the Company's network and fleet plan. Operating expenses have been adjusted to account for assumed inflation or contractual escalation, and for cost reduction initiatives, where applicable.

Aircraft Fuel: Fuel expense is based on a projection of fuel consumption multiplied by an assume fuel price. Fuel consumption has been estimated using historical fuel burn rates by fleet type applied to the planned utilization of each aircraft from the network plan, while fuel prices are based on an underlying industry price forecast for jet fuel based on a forward curve, along with an assumed fuel price differential based on the Company's historical average differential.

Salaries, Wages and Benefits: Salaries, wages and benefits include labor expenses based on current labor contracts, expected fleet operating levels and projected benefits.

Maintenance and Repairs: Maintenance and repair expenses include costs for line maintenance and light airframe checks, along with contractual expenses for certain maintenance and repair services provided to the Company on a power-by-the-hour basis ("PBH"). These costs are estimated based historical trends adjusted for projected changes in the size and composition of the operating fleet, as well as current contractual rates for PBH services, where applicable.

Depreciation, Amortization and Impairment: Depreciation and amortization expense includes depreciation of physical assets and projected capital expenditures, depreciation of capitalized maintenance expenses, and depreciation of aircraft operating lease right-of-use assets (capitalized per IFRS-16).

Distribution, Commissions, and Other Sales & Marketing Expense: Sales and marketing expense includes the cost of global distribution systems, passenger and cargo commissions paid to sales agents, credit card commissions, loyalty related charges, and other general marketing expense.

Other Operations Expense: Other operations expense includes various expenses related to flight operations, including navigation charges and landing fees, pilot training and travel expenses, airport operations costs, ground and passenger handling charges, as well as catering and inflight entertainment expenses.

General and Administrative Expense: General and administrative expenses include non-labor overhead costs such as insurance, consultancy and legal fees, operational taxes, as well as restructuring fees related to the Company's reorganization.

Aircraft and Engine Rentals: Many of the Company's aircraft leases include a PBH period during which time the Company pays rent on only the hours that it uses a particular aircraft. Given the variable nature of these payments, these PBH payments are not capitalized pursuant to IFRS-16

(unlike fixed monthly rental payments under operating leases) and are instead expensed as aircraft rent on the P&L. In addition, the Financial Projection assumes additional expense for short-term spare engine rentals throughout the forecast period.

Income Taxes: The Company has estimated income tax expense and cash payments based on its outlook for tax loss carryforwards and the projected profitability allocated to its operating subsidiaries (where income taxes are incurred).

Notes to Projected Consolidated Balance Sheets

Capital Structure: The Company's capital structure at emergence is assumed to include:

a) New Common Equity: On the Effective Date, in accordance with and subject to the Tranche B Equity Conversion Agreement (unless otherwise provided therein or in the DIP Orders), each holder of an Allowed Tranche B DIP Facility Claim shall receive its respective allocation of New Common Equity set forth on the Tranche B Equity Allocation Schedule, in exchange for such holder's Allowed Tranche B DIP Facility Claim and, as applicable, its Tranche B Equity Contribution and/or Tranche B Asset Contribution. The Financial Projection assumes the Company receives proceeds of US$ 200 million at emergence, through the Tranche B Equity Contribution.

b) Exit Facility: Approximately US$ 1.65 billion (inclusive of PIK fees), secured by security interests in substantially all assets of the Reorganized Debtors, and US $794 million of other debt, including existing debt of LifeMiles Ltd.

c) IFRS-16 Lease Liabilities: Approximately US$ 1.55 billion of long-term operating lease liabilities capitalized pursuant to IFRS-16, excluding short-term leases of less than 12-months in duration and leases of low-value assets that are exempt from the capitalization requirements of IFRS-16

Notes to Projected Consolidated Statements of Cash Flows

During the forecast period, the Debtors estimate its business will generate net cash flow of over US$ 2.0 billion projected between April 2021 and December 2028.

Operating Cash Flow: During the forecast period, it is estimated that the Debtors will generate positive cash flow from operations before aircraft ownership payments. Cash flow from operating activities is projected to fluctuate from approximately negative US$ 27 million in 2021 (April – December) to just under US$ 1.7 billion in 2028, with aggregate cash produced from operating activities during the forecast period of over US$ 9.1 billion.

Investing Cash Flow: Net cash flow from investing activities is projected to consume over US$ 2.7 billion over the forecast period, of which more than US$ 2.5 billion is related to the cost of certain major maintenance events performed on the Company's fleet of aircraft and engines, as well as the purchase of some A320-NEO aircraft in the latter years of the forecast.

Financing Cash Flow: The Financial Projections anticipate the use of more than US$ 4.5 billion during the forecast period for operating lease payments and debt service payments on the lease and debt financings assumed in the Financial Projections.

[Exhibit E to Disclosure Statement]

[Committee Recommendation Letter]

Exhibit A-2 to Notice of Filing

Revised Disclosure Statement (Blackline)

THIS IS NOT A SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN. VOTES TO ACCEPT OR REJECT THE PLAN MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED TO THE BANKRUPTCY COURT FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
AVIANCA HOLDINGS S.A. *et al.*,[1]	:	Case No. 20-11133 (MG)
Debtors.	:	(Jointly Administered)

DISCLOSURE STATEMENT FOR JOINT CHAPTER 11 PLAN OF AVIANCA HOLDINGS S.A. AND ITS AFFILIATED DEBTORS

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Counsel for Debtors and Debtors-In-Possession

Dated: ~~August 10~~**September 3**, 2021

[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. International 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); Nicaragüense de Aviación, Sociedad Anónima (N/A); Regional Express Américas S.A.S. (N/A); Ronair N.V. (N/A); Servicio Terrestre, Aéreo 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); AV Loyalty Bermuda Ltd. (N/A); Aviacorp Enterprises S.A. (N/A). The Debtors' principal offices are located at Avenida Calle 26 # 59 – 15 Bogotá D.C., Colombia.

New York, New York

DISCLOSURE STATEMENT

DATED ~~AUGUST 10~~SEPTEMBER 3, 2021

FOR THE SOLICITATION OF VOTES ON THE PLAN OF REORGANIZATION OF AVIANCA HOLDINGS S.A. *ET AL.*

This solicitation of votes (the "Solicitation") is being conducted to obtain sufficient votes for confirmation of the chapter 11 plan of Avianca Holdings S.A. and its affiliated debtors in the above-captioned chapter 11 cases (collectively, the "Debtors"). The proposed chapter 11 plan (the "Plan") is attached to this Disclosure Statement as Exhibit A.

The deadline to vote to accept or reject the Plan is 4:00 p.m. (Eastern Time) on [_____], 2021, unless extended by the Debtors.

The record date for determining which holders of claims or interests may vote on the Plan is September 9, 2021 (the "Voting Record Date").

RECOMMENDATION: VOTE TO ACCEPT

Each of the Debtors, through their respective corporate governance processes, have approved the transactions contemplated by the Plan. The Debtors believe the Plan is in the best interests of all stakeholders and recommend that all eligible creditors **vote to accept** the Plan.

Further, the majority of holders of Tranche B DIP Facility Claims (as defined herein) have agreed to support the Plan.

[Please note that the Official Committee of Unsecured Creditors (the "Committee") recommends that all unsecured creditors **vote to accept** the Plan. A copy of the Committee's letter to that effect is attached to this Disclosure Statement as [**Exhibit E**] (the "Committee Recommendation Letter").]

IMPORTANT NOTICES

A hearing to consider confirmation of the Plan (the "Confirmation Hearing") will be held before the Honorable Martin Glenn, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, Courtroom 523, New York, NY 10004 on [_____], 2021 at [__]:00 [a].m. (prevailing Eastern Time), or as soon thereafter as counsel may be heard.

Please read this Disclosure Statement, including the Plan, in its entirety. A copy of the Plan is annexed hereto as Exhibit A. This Disclosure Statement summarizes the terms of the Plan, but such summary is qualified in its entirety by the actual provisions of the Plan. Accordingly, if there are any inconsistencies between the Plan and this Disclosure Statement, the terms of the Plan shall control.

Holders of Claims and Interests should not construe the contents of this Disclosure Statement as providing any legal, business, financial or tax advice, and should consult with their own advisers before casting a vote on the Plan.

The issuance and distribution of New Common Equity and Warrants pursuant to the Plan will be exempt from registration under the Securities Act of 1933 (as amended, the "Securities Act") and any other applicable securities laws pursuant to Section 1145 of the Bankruptcy Code. Subject to the applicable provisions of the Shareholder Agreement, these securities may be resold without registration (i) under the Securities Act or other U.S. federal securities laws pursuant to the exemption provided by Section 4(a)(1) of the Securities Act, unless the holder is an "underwriter" with respect to such securities, as that term is defined in Section 1145(b) of the Bankruptcy Code, and (ii) under state securities laws pursuant to various exemptions provided by the laws of the respective U.S. states.

The securities to be issued pursuant to the Plan have not been approved or disapproved by the Securities and Exchange Commission (the "SEC") or by any state securities commission, non-U.S. securities regulator, or similar public, governmental or regulatory authority. Neither the SEC nor any other authority has passed upon the accuracy or adequacy of this Disclosure Statement or upon the merits of the Plan. Any representation to the contrary is a criminal offense.

Certain statements and information contained in this Disclosure Statement, including statements incorporated by reference, financial projections, and other forward-looking statements, are based on estimates and assumptions. Forward-looking statements in this Disclosure Statement, including any financial projections, are subject to assumptions, risks, and uncertainties, many of which are beyond the control of the Debtors. Important assumptions and other factors that could cause actual results to differ materially include, but are not limited to, those risks and uncertainties described under the heading "Risk Factors." All forward-looking statements are as of the date made, are based on the Debtors' beliefs, intentions, and expectations as of such date, and are not guarantees of future performance. Actual results or developments may differ materially from the expectations expressed or implied in the forward-looking statements, and the Debtors and Reorganized Debtors undertake no duty to update any such statements. The Debtors and Reorganized Debtors do not intend to update or otherwise revise any forward-looking statements, including any projections contained in this Disclosure Statement, to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events or otherwise, unless instructed to do so by the Bankruptcy Court.

No independent auditor or accountant has reviewed or approved the financial projections or the liquidation analysis contained in or attached to this Disclosure Statement.

The Debtors have not authorized any person to give any information or advice, or to make any representation, in connection with the Plan or the Disclosure Statement.

The statements contained in the Disclosure Statement are made as of the date of the Disclosure Statement unless otherwise specified. The terms of the Plan govern in the event of any inconsistency between the Plan and this Disclosure Statement. The English text is the authoritative text of this Disclosure Statement. All exhibits to this Disclosure Statement are incorporated into and made a part of this Disclosure Statement as if set forth in full herein.

This Disclosure Statement is provided solely to assist Holders of Claims and Interests to determine whether to vote to accept or reject the Plan (where applicable) and whether to object to confirmation of the Plan. Nothing in the Disclosure Statement may be used by any person for any other purpose.

RELEASES

The Plan provides that ~~the following persons are~~certain Entities and Persons will be deemed to have granted the releases contained in Article IX.E thereunder~~, each in their capacity as such:~~. FOR MORE INFORMATION ABOUT SUCH RELEASES, PLEASE REFER TO SECTION V.G.5 OF THIS DISCLOSURE STATEMENT.

- **~~(i) each of the Released Parties (other than the Debtors and the Reorganized Debtors);~~**
- **~~(ii) all holders of Claims that vote to accept the Plan;~~**
- **~~(iii) all holders of Claims or Interests that are Unimpaired under the Plan;~~**
- **~~(iv) all holders of Claims in Classes that are entitled to vote under the Plan but that (a) vote to reject the Plan or do not vote either to accept or reject the Plan and (b) do not opt out of granting the releases in Article IX.E of the Plan; and~~**
- **~~(v) with respect to each of the foregoing Entities and Persons set forth in clauses (ii) through (iv), all of such Entities' and Persons' respective Related Parties.~~**

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SECTION I.
INTRODUCTION

Avianca Holdings S.A. ("AVH") and its debtor affiliates (each, a "Debtor" and, collectively, the "Debtors" and, together with their non-Debtor affiliates, "Avianca" or the "Company") submit this disclosure statement (as may be amended from time to time, the "Disclosure Statement") in connection with the Solicitation of votes on the *Joint Chapter 11 Plan of Avianca Holdings S.A. and Its Affiliated Debtors* dated ~~August 10~~**September 3**, 2021 attached hereto as **Exhibit A**.[2]

The primary purpose of this Disclosure Statement is to enable the Debtors' creditors that are entitled to vote on the Plan to make an informed decision on whether to vote to accept or reject the Plan. This Disclosure Statement contains summaries of the Plan, certain documents related to the Plan, relevant statutory provisions, and events in the chapter 11 cases (the "Chapter 11 Cases"). This Disclosure Statement is part of the "Solicitation Package" distributed to all holders of Claims in the voting Classes, which contains the following:

- this Disclosure Statement;
- the Plan (Exhibit A to this Disclosure Statement);
- an organizational chart of the Debtors and certain of their affiliates (Exhibit B to this Disclosure Statement);
- the Liquidation Analysis (Exhibit C to this Disclosure Statement);
- the Projections (Exhibit D to this Disclosure Statement); and
- for those creditors entitled to vote to accept or reject the Plan, one or more ballots (the "Ballots"), which include instructions describing the acceptable methods to submit votes.

If you are a holder of a Claim entitled to vote on the Plan and you did not receive a Ballot, received a damaged Ballot, or lost your Ballot, please contact KCC LLC ("KCC" or the "Voting Agent") by email at AviancaInfo@kccllc.com or by phone at (866) 967-1780 (U.S./Canada) or +1 (310) 751-2680 (International).

An Eligible Holder (as defined below) holding 2020 Notes Claims and/or 2023 Notes Claims in "street name" through a Nominee (as defined below) may vote through a Nominee. If you must return your ballot to your Nominee (as defined below), you must return your ballot to them in sufficient time for them to process it and return the master ballot to the Voting Agent before the Voting Deadline (as defined below), as further described below.

[2] Capitalized terms used in the Disclosure Statement, but not defined herein, have the meanings ascribed to them in the Plan. To the extent any inconsistencies exist between the Disclosure Statement and the Plan, the Plan will govern.

For your vote to be counted, the Ballot(s) reflecting your vote and/or the Master Ballot reflecting the vote of your nominee must be **actually received** by the Voting Agent not later than [_____], prevailing [_____] Time, on [_____], 2021 (the "Voting Deadline"). To be counted as votes to accept or reject the Plan, each Ballot or Master Ballot must be properly executed, completed, and delivered to the Voting Agent in accordance with the instructions set forth on the applicable Ballot or Master Ballot. Copies, faxes, and emails will not be accepted or counted as votes. **The Debtors encourage all holders of Claims to use the Voting Agent's e-ballot platform, available at http://www.kccllc.net/avianca.** If a holder elects to deliver by mail, it is recommended to use an air courier with a guaranteed next day delivery or registered mail, properly insured, with return receipt requested. In all cases, sufficient time should be allowed to ensure timely delivery.

A. *Overview of Proposed Restructuring*

As described in greater detail below, Avianca faced financial difficulties during the COVID-19 pandemic and commenced these Chapter 11 Cases to accomplish a comprehensive restructuring of their business. The Debtors believe that the post-emergence enterprise will have the ability to withstand the challenges and volatility of the airline industry and to succeed as a leading carrier in Latin America.

The Plan is the result of extensive good faith negotiations, overseen by AVH's board of directors, among the Debtors and several of their key economic stakeholders. The Plan is supported by, among others, [the Committee]; the Consenting Noteholders (as defined below), which collectively held a majority of the Debtors' 9.000% Senior Secured Notes due 2023 prior to giving effect to the DIP Roll-Up (as defined below); and a majority of the holders of Tranche B DIP Facility Claims.

The Plan provides for a comprehensive restructuring of the Company's balance sheet and a significant investment of new capital in the Company's business. The transactions contemplated in the Plan will strengthen the Company by substantially reducing its debt and increasing its cash flow and will preserve over 10,000 jobs. More specifically, in connection with the Plan:

- **The Debtors have determined to exercise their right, pursuant to the DIP Facility Documents, to convert the Tranche A-1 DIP Facility Claims and Tranche A-2 DIP Facility Claims** to seven (7)-year exit financing upon emergence**.** Subject to satisfaction of certain conditions precedent, Tranche A-1 DIP Facility Claims and Tranche A-2 DIP Facility Claims will convert ~~to seven (7)-year exit financing upon emergence~~**into indebtedness under the Exit Facility pursuant to the Plan**.

- As discussed in more detail below, the Debtors engaged in a competitive marketing process (the "Equity Solicitation Process") to determine whether an alternative investor (an "Alternative Sponsor") would be willing to provide capital to the Reorganized Debtors on terms superior to those offered by the Tranche B DIP Lenders, which, as part of the DIP Credit Agreement, committed to convert all of the Tranche B DIP Facility Claims to at least 72% of fully diluted equity securities of a new corporation or other

legal entity that may be formed on or prior to the Effective Date to, among other things, directly or indirectly acquire substantially all of the assets and/or stock of AVH (**as defined in the Plan,** "Reorganized AVH").

- Ultimately, and as discussed further below, the Equity Solicitation Process yielded one indication of interest, which did not aggregate sufficient value to satisfy all Tranche B DIP Facility Claims in full in Cash. Accordingly, the Debtors, in their business judgment, determined that the terms of the indication of interest were not superior to those offered by the Tranche B DIP Lenders. Therefore, the Debtors have elected to exercise their option under the DIP Credit Agreement to convert the Tranche B DIP Facility Claims to **equity in Reorganized AVH (as defined in the Plan, the "**New Common Equity**")** as part of the Plan. Additionally, certain holders of Tranche B DIP Facility Claims have agreed to contribute cash and/or assets to the Reorganized Debtors in an aggregate amount of $200 million in exchange for ~~equity in Reorganized AVH (the "~~New Common Equity~~")~~.

- As set forth in further detail in the Plan, holders of General Unsecured Avianca Claims will receive the cash equivalent of their Pro Rata share of (a) 1.75% of the New Common Equity and (b) warrants to purchase 5.0% of the New Common Equity, with a cashless exercise price of $1.48 billion and a five (5) year term (**as defined in the Plan,** the "Warrants"); provided, that, in the event that the Class of General Unsecured Avianca Claims votes to *accept* the Plan, holders of General Unsecured Avianca Claims will receive the cash equivalent of their Pro Rata share of an *additional* 0.75% of the New Common Equity (i.e., 2.5% of the New Common Equity in the aggregate) and the Warrants. In lieu of receiving cash, holders of General Unsecured Claims may elect to receive their Pro Rata share of the applicable percentage of New Common Equity and the Warrants by making a written election on a timely and properly delivered and completed Ballot to receive the Unsecured Claimholder Equity Package.[3]

- These recoveries are being carved out of the value of the collateral securing the Tranche B DIP Facility Claims and would not otherwise be available to holders of such unsecured Claims without the consent of holders of Tranche B DIP Facility Claims, which consent was obtained in connection with good-faith, arms'-length negotiations among the Debtors, the Committee, and holders of Tranche B DIP Facility Claims. Such negotiations resulted in a global settlement (the "Global Plan Settlement"), pursuant to which the Debtors resolved all issues that may have been raised by the Committee with respect to the Plan, including, among other things, disputes on enterprise value.

- On the Effective Date or as soon as reasonably practicable thereafter, all Interests in AVH will be cancelled, released, extinguished, or receive economically similar treatment, to the extent permitted by applicable law as determined by the Debtors in their business

[3] **The New Common Equity that will be issued in exchange for Claims under the Plan will be subject to dilution by other issuances of New Common Equity. Please refer to Section V.C.13 of this Disclosure Statement for a summary of the dilutive effect that other issuances of New Common Equity will have on the New Common Equity that will be issued pursuant to the Plan.**

judgment. Holders of Interests in AVH will not receive any distributions, nor retain any property, under the Plan.

- The foregoing transactions will eliminate approximately $3.0 billion of debt from the Debtors' consolidated balance sheet.

In developing the Plan, the Debtors conducted a careful review of their existing business operations and compared their projected value as an ongoing business enterprise with their projected value in a liquidation scenario, as well as the estimated recoveries to holders of Allowed Claims in each of these scenarios. The Debtors concluded that the potential recoveries to holders of Allowed Claims would be maximized by the Debtors' continued operation as a going concern through implementation of the Plan and the Global Plan Settlement. The Debtors believe that their businesses and assets have significant value that would not be realized in a liquidation. Moreover, the Debtors believe that any alternative to the Plan, such as an asset sale, or attempts by another party to file an alternative plan of reorganization, could result in significant delay, litigation, execution risk, and additional costs, ultimately lowering the recoveries to holders of Allowed Claims that are achieved pursuant to the Global Plan Settlement. **Accordingly, it is the Debtors' opinion that confirmation and implementation of the Plan is in the best interests of the Debtors' estates, creditors, and equity interest holders. Therefore, the Debtors recommend that, to the extent they are entitled to vote, creditors and interest holders vote to <u>accept</u> the Plan.**

B. *Summary of Classification and Estimated Recoveries of Claims and Interests Under the Plan*

The following table summarizes the classification of Allowed Claims and Interests and the estimated recoveries of their holders under the Plan. Although every reasonable effort was made to be accurate, the projections of recoveries are only estimates. The final amounts of Claims allowed by the Bankruptcy Court may vary from the estimates in this Disclosure Statement. As a result of the foregoing and other uncertainties inherent in the estimates, the estimated recoveries in this Disclosure Statement may vary from the actual recoveries realized. In addition, the ability of holders to receive distributions under the Plan depends upon, among other things, the ability of the Debtors to obtain confirmation of the Plan and to meet the conditions to confirmation and effectiveness of the Plan. **For additional explanation regarding the terms of the Plan and the treatment of Allowed Claims and Interests thereunder, please refer to the discussion in <u>Section V</u>, entitled "Summary of the Plan," as well as the Plan itself, attached to this Disclosure Statement as <u>Exhibit A</u>. The below table is qualified in its entirety by reference to the full text of the Plan.**

Class	Description	Status	Voting Rights	Estimated Recovery
1	Priority Non-Tax Claims	Unimpaired	Presumed to accept	100%
2	Other Secured Claims	Unimpaired	Presumed to accept	100%

Class	Description	Status	Voting Rights	Estimated Recovery
3	Engine Loan Claims	Impaired	**Entitled to vote**	100%
4	Secured RCF Claims	Impaired	**Entitled to vote**	100%
5	USAV Receivable Facility Claims	Unimpaired	Presumed to accept	100%
6	Grupo Aval Receivable Facility Claims	Unimpaired	Presumed to accept	100%
7	Grupo Aval Lines of Credit Claims	Impaired	**Entitled to vote**	100%
8	Grupo Aval Promissory Note Claims	Unimpaired	Presumed to accept	100%
9	Cargo Receivable Facility Claims	Unimpaired	Presumed to accept	100%
10	Pension Claims	Unimpaired	Presumed to accept	100%
11	General Unsecured Avianca Claims	Impaired	**Entitled to vote**	~~[__]%~~**1.0% – 1.4%**[4]
12	General Unsecured Avifreight Claims	Unimpaired	Presumed to accept	100%
13	General Unsecured Aerounión Claims	Unimpaired	Presumed to accept	100%
14	General Unsecured SAI Claims	Unimpaired	Presumed to accept	100%
15	General Unsecured Convenience Claims	Impaired	**Entitled to vote**	~~[__]~~**1.0**%
16	Subordinated Claims	Impaired	Deemed to reject	0%
17	Intercompany Claims	Impaired/ Unimpaired	Deemed to reject/ presumed to accept	0%
18	Existing AVH Non-Voting Equity Interests	Impaired	Deemed to reject	0%

[4] **These estimated recoveries assume that Class 11 votes to accept the Plan.**

Class	Description	Status	Voting Rights	Estimated Recovery
19	Existing AVH Common Equity Interests	Impaired	Deemed to reject	N/A
20	Existing Avifreight Equity Interests	Unimpaired	Presumed to accept	N/A
21	Existing SAI Equity Interests	Unimpaired	Presumed to accept	N/A
22	Other Existing Equity Interests	Impaired	Deemed to reject	N/A
23	Intercompany Interests	Impaired/ Unimpaired	Deemed to reject/ presumed to accept	N/A

C. *Inquiries*

If you have questions about the Solicitation Package you have received, please contact the Voting Agent, at (866) 967-1780 (U.S./Canada) or +1 (310) 751-2680 (International). Additional copies of this Disclosure Statement, the Plan, and the Plan Supplement (when filed) are available upon written request made to the Voting Agent at the following address:

Avianca Ballot Processing
c/o KCC LLC
222 N. Pacific Coast Hwy., Ste. 300
El Segundo, CA 90245
United States

Copies of this Disclosure Statement, which includes the Plan and the Plan Supplement (when filed) are also available on the Voting Agent's website, https://www.kccllc.net/avianca. **Please do not direct inquiries to the Bankruptcy Court.**

D. *Additional Information*

The Company currently files foreign private issuer reports with, and furnishes other information to, the SEC. Copies of any document filed with the SEC may be obtained by visiting the SEC website at http://www.sec.gov and performing a search for "Avianca" under the "Company Filings" link.

Additionally, the Company also files financial reports with, and furnishes other information to, the Superintendencia Financiera de Colombia (the "SFC"). Copies of any document filed with the SFC may be obtained by visiting the SFC website at https://www.superfinanciera.gov.co and performing a search for "Avianca" on the tab "*Información Relevante*."

SECTION II.
OVERVIEW OF THE DEBTORS' OPERATIONS

A. *Business Overview*

1. General Overview

Established in 1919 as the Colombian-German Air Transport Company, Avianca proudly claims a 100-year legacy as a leading provider of air travel and cargo services in Latin America and around the globe.

Today, Avianca is the second-largest airline group in Latin America and the most important carrier in the Republic of Colombia and in the Republic of El Salvador. In Colombia (Latin America's third largest economy), Avianca enjoyed a consolidated market share of 50.3% in the domestic market in 2019. Avianca is also a codeshare partner of United Airlines and a member of Star Alliance, which, with 26 members, is the world's largest global airline alliance. Avianca is well respected throughout Latin America and maintains significant customer brand equity and market share in the regions it serves.

Latin American countries have separate aeronautical regulators, route rights, employment legislation, corporate legislation, and tax regulation. Over the years, Avianca has developed itself as a combined network of several holders of Air Operator Certificates (AOCs). In effect, Avianca operates several different airlines while presenting a unified brand and customer experience to consumers. Unlike many other airlines and complex businesses, Avianca's separate businesses are organized as separate corporate entities, most of which are Debtors in these Chapter 11 Cases. Avianca believes that this structure gives it a competitive advantage in connecting its core domestic and international markets.

In addition to its passenger business, Avianca operates a cargo and package delivery business, using eleven dedicated freight aircraft as well as space in the bellies of Avianca's passenger aircraft.

2. The Debtors' Route Network

Avianca operates an extensive route network, including its strategically located hubs in Colombia and El Salvador. Before the outbreak of COVID-19, Avianca operated passenger and cargo service with over 5,000 weekly scheduled flights to more than 76 destinations in over 27 countries. Furthermore, Avianca's codeshare agreements and its membership in Star Alliance provided Avianca's customers with access to a worldwide network of over 1,300 destinations. In 2019, Avianca transported approximately 30.5 million passengers and 602,000 metric tons of cargo.

As of March 31, 2021, Avianca operated a fleet of 141 aircraft (119 jet passenger aircraft, 11 cargo aircraft, and 11 turboprop aircraft). Of these, 82 were owned and 59 were subject to long-term operating leases. As of May 31, 2021, the average age of Avianca's operative jet passenger fleet was 8.35 years.

Avianca also provides other products and services that complement its passenger and cargo businesses and diversify its sources of revenue. Its LifeMiles loyalty program is one of the largest and most recognized coalition loyalty programs in Latin America, particularly in Avianca's core markets of Colombia and Central America (excluding Panama). As of March 31, 2021, LifeMiles had approximately 10.1 million members and 742 active commercial partners. LifeMiles is a source of profits and cash flow for Avianca and is important to building and maintaining a loyal customer base. Although AVH is an indirect majority owner of LifeMiles Ltd., LifeMiles Ltd. is not a Debtor in these Chapter 11 Cases.

3. Employees

As of March 31, 2021, Avianca had a total of 14,110 employees. Approximately 69.6% of its employees were located in Colombia, 12.9% in El Salvador, 5.3% in Ecuador, 3.3% in Costa Rica, and 8.9% elsewhere.

In Colombia, approximately 26% of Avianca's employees were members of unions as of December 31, 2020. In addition, Avianca's employees were members of three different unions in two countries outside Colombia. Typically, Avianca's collective bargaining agreements have terms between two and five years. Avianca's non-unionized employees are also beneficiaries of a voluntary benefits plan, and Avianca provides employees in those countries with benefits plans and arrangements that grant bonuses, seniority and retirement benefits, partial medical benefits, disability coverage, and other benefits.

4. The Debtors' Operations

Avianca's principal product is the scheduled air transportation of customers, which generates passenger revenue. Avianca targets both business travelers and leisure travelers. Leisure travel constitutes the majority of Avianca's Colombian and Latin American traffic. Leisure travel tends to coincide with holidays, school vacations, and cultural events. As such, leisure travel typically peaks in July and August, in December and January, and during the Easter holiday.

In addition, Avianca generates revenue through its LifeMiles loyalty program, cargo and courier transportation operations, services provided to other carriers (such as maintenance and ground handling), marketing rebates, duty-free sales, charter flights, and service charges and ticket penalties.

a. Passenger Operations

As of December 31, 2020, Avianca took passengers to 65 destinations. For the months of January, February, and March 2021, Avianca operated 91, 83 and 65 routes, respectively, and served 66, 63 and 53 destinations, respectively, which represented 58%, 54%, and 43% of the capacity we offered during the same period last year, before the COVID-19 pandemic. Passenger revenue primarily comprises ticket sales (including revenue from redemption of miles under its LifeMiles loyalty program). Ancillary revenue contributes to passenger revenue and includes additional charges that are billed to passengers, such as excess

baggage fees, cancellation and change fees, and special services relating to empty seats, unaccompanied minors, and lounge passes.

Passenger revenue represented 58.7%, 84.5%, and 83.3% of Avianca's total revenue in 2020, 2019, and 2018, respectively. Further, passenger revenue represented 51.3% of Avianca's total revenue for the first quarter of 2021.

(1) International Passenger Revenue

Avianca provides international passenger flights through Aerovías del Continente Americano S.A. Avianca (based in Colombia), Taca International Airlines S.A. (based in El Salvador), Avianca Costa Rica S.A. (based in Costa Rica), and Avianca-Ecuador S.A. (based in Ecuador). Two other entities, Aviateca S.A. (based in Guatemala) and Isleña de Inversiones S.A. de C.V. (based in Honduras), have suspended their international passenger routes and related authorizations due to the COVID-19 pandemic. All of these entities are Debtors in these Chapter 11 Cases.

International passenger revenue represented approximately 49.0%, 48.8%, and 50.9% of Avianca's total passenger revenue in 2020, 2019, and 2018, respectively. Further, international passenger revenue represented 34.4% of Avianca's total passenger revenue for the first quarter of 2021.

(2) Regional Operations in Central America

Avianca formerly provided regional passenger flights within Central America through Aviateca S.A. (based in Guatemala) and Isleña de Inversiones S.A. de C.V. (based in Honduras), both of which are Debtors in these Chapter 11 Cases. Avianca continues to provide regional passenger flights within Central America through Avianca Costa Rica S.A. and Taca International Airlines S.A.

Passenger revenue from regional operations in Central America accounted for 0.03%, 0.03%, and 0.23% of Avianca's total passenger revenue in 2020, 2019, and 2018, respectively. Further, passenger revenue from regional operations in Central America represented 0.07% for the first quarter of 2021.

b. Route Network and Schedules

Avianca has historically operated approximately 768 daily scheduled flights (including domestic flights) to 76 different destinations in North America, Central America, South America, and Europe.[35] Its network combines strategically located hubs in Bogotá and San

[35] The summary that follows is provided as of December 31, 2019. Since then, Avianca has taken measures to manage the impact of reduced demand for global air transport resulting from the COVID-19 pandemic and related government travel restrictions, and has implemented a short-term plan to adjust capacity, reduce expenses, and protect the Company's liquidity. In accordance with this plan, and in line with the decisions taken across the airline industry, Avianca has decreased its capacity while maintaining its cargo freighter operations.

Salvador, as well as strong point-to-point service from and to different major destinations in North America, Central America, South America, and Europe. Avianca also provides its passengers with access to flights to approximately 140 destinations and approximately 216 additional routes worldwide through codeshare arrangements with United Airlines, Aeroméxico, All Nippon Airways, Air China, Air India, Air Canada, Azul, Copa, Etihad, EVA Airways, Gol Linheas Aereas, Iberia, Lufthansa, Silver Airways, Singapore Airlines, and Turkish Airlines. Additionally, by joining Star Alliance in 2012, Avianca extended the reach of its frequent flyer program, gaining access for its frequent flyer program members to more than 1,000 VIP lounges around the world, as well as mileage accruals and redemptions with the 26 Star Alliance members.

For international connections at its two hubs, Avianca utilizes a morning bank, an evening bank, and, for some of its connections, a midday bank of flights, with flights timed to arrive at the corresponding hub at approximately the same time and to depart a short time later. This coordinated approach to flight scheduling allows Avianca to provide more frequent services to many destinations and gives passengers more convenient connections. However, as Avianca continues to implement its strategy centered on cost leadership, certain connections through its hubs could be reduced.

The following table shows the distribution of Avianca's passenger revenue generated in each of the different regions described above, for the periods indicated therein.

			Year Ended December 31,		
Region	**1Q21**	**2020**	**2019**	**2018**	**2017**
Domestic Colombia	42.9%	26.6%	23.0%	23.9%	23.1%
Central America & Caribbean	7.9%	9.7%	11.9%	12.1%	12.7%
North America	33.9%	31.8%	29.0%	27.1%	26.0%
South America	11.5%	20.1%	22.1%	23.5%	26.1%
OTHERS	3.8%	11.8%	13.9%	13.4%	12.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Bogotá Hub

As of March 31, 2021, through its Bogotá hub, Avianca operated approximately 1,386 weekly scheduled flights to 23 destinations in Colombia, 5 in North America, 4 in South America, 8 in Central America and the Caribbean, and 1 in Europe. Avianca's domestic terminal at El Dorado International Airport allows it to efficiently manage its large volumes of domestic traffic. For its domestic operations, Avianca utilizes a "rolling hub" system whereby its inbound and outbound connecting flights operate throughout the day, instead of during designated time banks.

(2) San Salvador Hub

The San Salvador hub connects, principally, passengers from different destinations in North America, Central America, and South America. As of March 31, 2021, through its San Salvador hub, Avianca operated approximately 130 weekly scheduled flights to

seven destinations in North America, one in South America, and five in Central America and the Caribbean.

(3) San José

As of March 31, 2021, through a mini-hub in San José, Costa Rica, Avianca operated approximately 21 weekly scheduled flights to one destination in South America and one in Central America and the Caribbean. The San José mini-hub mainly connects passengers from different destinations in South America and Central America.

(4) Ecuador

As of March 31, 2021, Avianca operated approximately 87 weekly scheduled flights to five destinations in Ecuador and one in South America through its subsidiary Avianca-Ecuador S.A., which is a Debtor in these Chapter 11 Cases.

(5) Perú

As of December 31, 2020, Avianca had no operations in Perú, and Avianca Perú S.A. is in liquidation.

(6) Point-to-Point Service

In addition to the destinations served through its hubs, Avianca provides domestic and international point-to-point service between different destinations, including North, Central and South America as well as Europe.[46]

c. Cargo and Courier Operations

In addition to providing passenger transportation services, Avianca generates revenue from its cargo and courier transportation operations. Cargo and courier revenue derive primarily from the air transportation of goods, on an airport-to-airport basis, and other complementary services. In addition, Avianca generates cargo and courier revenues from domestic and international shipments of small parcels, on a door-to-door basis and with defined transit time commitments.

(1) Cargo

Avianca offers cargo service throughout most of its passenger route network. In addition, it offers cargo service to many other destinations through ninety-two interline

[46] Currently, Avianca provides point-to-point service between the following destinations: Cali–Medellín, Guayaquil–Quito, Cartagena–Medellín, Cali–Tumaco, Barranquilla–Medellín, Manta–Quito, Baltra–Guayaquil, Cali–Pasto, Managua–Miami, Cali–Cartagena, Medellín–Santa Marta, Guayaquil–San Cristobal, Medellín–Miami, Medellín–New York, Barranquilla–Miami, Barranquilla–Cali, Bucaramanga–Cartagena, Medellín–Montería, Cali–Santa Marta, Bucaramanga–Santa Marta, Cartagena–Pereira, Pereira–Santa Marta, Cartagena–San Andrés, Asunción–Medellín, Quito–Santiago de Chile.

agreements with other cargo airlines. To offer these services, Avianca uses some freighter aircraft and also efficiently uses the belly capacity of its passenger fleet. Avianca carries cargo for a variety of customers, including other international air carriers, freight-forwarding companies, export-oriented companies, and individual consumers. The cargo business is operated by Tampa Cargo S.A.S. d/b/a Avianca Cargo and Aero Transporte de Carga Unión S.A. de C.V. d/b/a Aerounión (collectively, "Avianca Cargo"). In the first quarter of 2021, Avianca Cargo was the largest cargo carrier in Colombia by gross tons, with 33.54% of market share. Additionally, Avianca Cargo was the third largest carrier of international freight to and from Miami, with a 14.95% market share.

Avianca's international cargo operations are headquartered in Bogotá, with other significant operations in Medellín, Mexico City, and Miami. The United States accounts for the majority of Avianca's international cargo traffic to and from Latin America. Within Latin America, Avianca's cargo operations focus on Colombia, Ecuador, Peru, Brazil, Mexico, Argentina, and Chile. Avianca Cargo operates to and from Europe through Avianca's scheduled passenger services to Madrid and Barcelona and through a dedicated freight service to Madrid and Amsterdam. It also offers other destinations for cargo transportation around the world through special agreements.

The cargo business is an important revenue source to the Debtors. Cargo sales accounted for 30.8%, 10.9% and 11.4% of the Debtors' operating revenues for the years ending December 31, 2020, 2019, and 2018, respectively. During 2020, the cargo business thrived while the passenger revenue dramatically decreased because of the COVID-19 pandemic.

(2) Courier

In addition to its cargo operations, Avianca also offers domestic and international courier services. Under its DEPRISA brand, which is operated through Aerovías del Continente Americano S.A. Avianca and Latin Logistics Colombia S.A.S. (which is not a Debtor in these Chapter 11 Cases) and is widely recognized throughout Colombia, Avianca provides logistics solutions in the context of sending and receiving documents, packages, and other merchandise domestically and internationally. DEPRISA is a significant player in the courier industry with more than 225 sales branches in Colombia and more than 50 abroad, and with 1,200 domestic destinations and 220 international destinations (as a result of Avianca Cargo's alliance with UPS). DEPRISA offers a wide portfolio of products and superior delivery times, including premium delivery in less than 24 hours.

DEPRISA also offers Avianca third-party logistics services complementary to transportation, such as storage, inventory control, and global distribution of employee uniforms.

Courier revenue represented 2.1%, 1.3% and 1.3% of Avianca's total revenue for the years ending December 31, 2020, 2019, and 2018, respectively. Further, courier revenue represented 3.6% of Avianca's total revenue for the first quarter of 2021.

d. LifeMiles and Other Ancillary Services

Avianca also provides several other services that complement its passenger and cargo businesses and further diversify its sources of revenue. The main other source of revenue

consists of sales of LifeMiles program rewards to commercial partners and members of the program (net of the value of the underlying rewards which, when redeemed, are recognized as passenger revenue). Other categories of revenue include services provided to other carriers (such as maintenance and ground handling), aircraft and property leases, marketing rebates, duty-free sales, charter flights, service charges, and ticket penalties.

In 2011, following a merger with TACA Airlines, Avianca launched LifeMiles as a consolidated and improved frequent flyer program. As of December 31, 2020, LifeMiles had approximately 10.1 million members. Avianca's international flights and strategic partnerships with international carriers, in addition to its extensive network of 754 commercial partners, including banks, hotels, car rental agencies, and retail stores, provide LifeMiles members with a broad range of attractive options to accrue and redeem miles. As a result of a securities purchase agreement that was approved by the Bankruptcy Court, AVH now holds, indirectly, (i) an 89.9% ownership stake in LifeMiles Ltd. (the company that operates LifeMiles) and (ii) a call option to purchase the remaining 10.1% stake.

Avianca believes that its strong loyalty program enhances customer loyalty and brand recognition and is one of its key strengths in terms of improving profitability. LifeMiles' business model benefits from strong operating margins, positive working capital dynamics, and minimal capital expenditure requirements, which provides a unique ability to gain scale quickly. This business model includes an attractive cash flow cycle, with cash inflows from the sale of miles well in advance of the cash outflows corresponding to the redemption of those miles, making it possible for LifeMiles to earn interest on such cash. In addition, LifeMiles' unit costs are largely contracted with its main partners for extended periods, providing visibility and stability to a significant portion of its total costs and gross margins.

LifeMiles Ltd. is not a Debtor in these Chapter 11 Cases.

e. Fleet Plan

As part of the Avianca 2021 Plan (which is further described below), Avianca took significant steps to streamline its fleet. In late 2019 and early 2020, Avianca renegotiated its aircraft purchase orders to align them with its adjusted strategic plans. It reduced firm commitments with Airbus from 108 A320neo aircraft to 88, and cancelled or deferred A320neo deliveries in 2020 through 2024. Avianca also entered into operating leases for 10 new A320neo aircraft with BOC Aviation and reached agreement with Boeing to postpone until 2024 the outstanding deliveries of 787-9 aircraft.

Since the onset of COVID-19, Avianca has taken further steps to streamline its fleet profile and reduce the number of future deliveries. As to future deliveries, as part of these Chapter 11 Cases, Avianca currently is undertaking negotiations with Airbus and Boeing to assume and amend or reject these purchase agreements. Avianca also ~~may reject~~**has rejected** aircraft leases of all 10 new A320neo aircraft that would have been leased from BOC Aviation starting in 2023.

The following table sets forth Avianca's firm contractual deliveries that are still scheduled through 2029, taking into account the potential rejection of the 10 new A320neo aircraft:[57]

Aircraft Type	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Boeing 787-9	—	—	—	—	2	—	—	—	—	—	**2**
Airbus A320 neo	—	—	—	—	—	20	20	20	20	**8**	**88**
Total	**—**	**—**	**—**		**2**	**20**	**20**	**20**	**20**	**8**	**90**

In addition to reducing the number of future deliveries, Avianca rejected leases with respect to 12 aircraft almost immediately after commencement of the Chapter 11 Cases and has rejected or may reject leases with respect to approximately 47 additional existing aircraft. As part of these Chapter 11 Cases, Avianca has commenced a process of amending and assuming, as so amended, its remaining aircraft leases on improved economic terms and entering into approximately 58 new leases with deliveries between 2021 and 2023. Additionally, Avianca is entering into approximately 15 new leases for aircraft previously subject to leases that Avianca is concurrently rejecting, which with respect to each aircraft will provide Avianca a simplified lease structure and better economic terms beneficial to the estate Many of the new and amended leases include "power by the hour" arrangements that will allow Avianca to adjust its expenses depending on the level of demand for passenger travel. The net effect of Avianca's lease rejections, negotiation of lease amendments, and entry into new leases is set forth in the following table, which compares Avianca's fleet profile immediately before the Petition Date and the number of aircraft that are projected to be subject to long-term leasing arrangements upon emergence from chapter 11:

Fleet Comparison

	Petition Date	Emergence (Projected)
Passenger Fleet	**147**	**98**
Freighter Fleet	**11**	**11**
TOTAL	**158**	**109**

f. Competition

Avianca faces intense passenger and cargo air transportation competition on domestic and international routes from competing airlines, charter airlines and potential new entrants in its market, as well as in the loyalty points market with regards to its LifeMiles loyalty program. Airlines compete primarily in the areas of pricing, scheduling (frequency and flight times), on-time performance, on-board experience, frequent flyer programs, and other services.

[57] The information reflected in the below table is subject to material change, pending the results of ongoing negotiations.

Avianca has already faced, and may in the future face, increased competition from existing and new participants in the markets in which it operates, including full-service and low-cost carriers. The air transportation sector is highly sensitive to price discounting and the use of aggressive pricing policies. Other factors, such as flight frequency, schedule availability, brand recognition, and quality of services offered (such as loyalty programs, VIP airport lounges, in-flight entertainment, and other amenities) also have a significant impact on market competitiveness.

Low-cost carrier business models have been gaining increasing momentum in the Latin American aviation market in recent years, particularly as challenging macroeconomic conditions in Latin America persist with the effect of limiting consumer purchasing power. Low-cost carriers' operations are typically characterized by point-to-point route networks focusing on the highest-demand city pairs, high aircraft utilization, single-class service, and fewer in-flight amenities. These low-cost carriers' penetration of Avianca's home markets has driven significant and lasting downward pressure on fares, which, when taken together with evolving passenger preferences, has compelled Avianca to further adapt its business model. Thus, Avianca is in the process of densifying its narrow-body Airbus A320 fleet, allowing for an increase of approximately 24% in seating capacity per aircraft. The Company believes that the implementation of this strategy, in conjunction with the execution of over 300 cost-saving initiatives, will enable Avianca to achieve a best-in-class cost structure.

Thus, Avianca expects to build on its core strengths, including its strong operational performance, increased capacity, brand recognition, its market leadership position in the vibrant Latin American airline market, optionality with more point-to-point routes, its membership in Star Alliance, and the strength of its LifeMiles program, while becoming a more cost-efficient airline, in order to emerge from these Chapter 11 Cases as an elite competitor for years to come.

B. *Debtors' Corporate and Governance Structure*

AVH, a Panama corporation, is the direct and indirect parent company of the Debtors' entire corporate enterprise. A chart illustrating the current organizational structure of AVH and its 40 affiliated Debtors is attached to this Disclosure Statement as **Exhibit B**.

AVH's board of directors functions as the Company's governing board. AVH's board consists of the following ten directors:

Name	Position
Óscar Darío Morales	Independent Director
Richard Schifter	Independent Director
Jairo Burgos	Independent Director
Fabio Villegas	Independent Director
James Leshaw	Independent Director
Álvaro Jaramillo	Independent Director
Rodrigo Salcedo	Independent Director
José Ofilio Gurdián	Non-Independent Director

Name	Position
Roberto Kriete	Non-Independent Director
Anko van der Werff	Non-Independent Director

Avianca has highly experienced managers for its operations, including a core management team consisting of the following individuals:

Name	Position
Adrian Neuhauser	President and Chief Executive Officer
Rohit Philip	Chief Financial Officer
Renato Covelo	Chief People Officer
Frederico Pedreira	Chief Operating Officer
Michael Swiatek	Chief Planning Officer
Manuel Ambriz	Chief Commercial Officer
Michael Ruplitsch	Chief Information Officer
Richard Galindo	Secretary / General Counsel

C. *Equity Ownership*

AVH is a public reporting company under section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act").[68] AVH's shares of non-voting common stock are traded under the symbol "PFAVH" on the Colombian Stock Exchange. Despite being shares of common stock, these shares have dividend and liquidation preferences, and are therefore known in local markets as "preferred shares." Effective November 13, 2013, AVH also issued American Depository Receipts ("ADRs")[79] in the United States through The Bank of New York Mellon, as depositary bank. The ADRs represent non-voting common shares and were traded under the symbol "AVH" on the New York Stock Exchange. As of March 31, 2021, and including the ADRs, AVH had 660,800,003 shares of common stock outstanding and 340,507,917 shares of non-voting common stock outstanding (including 4,320,632 non-voting common shares held by Fiduciaria Bogotá on behalf of AVH).

Kingsland Holdings Limited ("Kingsland") currently controls the majority of voting shares of AVH. On November 9, 2018, Synergy Aerospace Corp. ("Synergy"), which was then AVH's controlling shareholder and which, in turn, is indirectly controlled by José Efromovich and his brother Germán Efromovich, transferred common shares, comprising 78.1% of AVH's voting share capital, to BRW Aviation LLC, a Delaware limited liability company ("BRW"). BRW is owned by BRW Aviation Holding LLC, a Delaware limited liability company ("BRW Holding"), which is wholly owned by Synergy. On November 29, 2018, BRW, as borrower, and BRW Holding, as guarantor, entered into a loan agreement (the "United

[68] While AVH files certain periodic reports with the SEC as a "foreign issuer" under Section 12(b) of the Exchange Act (e.g., Form 6-F and Form 29-K), AVH does not currently prepare and maintain financial reports in the form required by Bankruptcy Rule 2015.3 for any of AVH's non-Debtor affiliates.

[79] Each ADR represents eight (8) preferred shares with a par value of $0.125 per share.

Loan Agreement") with United Airlines, Inc. ("United"), as lender, and Wilmington Trust, National Association, as administrative and collateral agent ("Wilmington Trust"). In connection with such loan, BRW pledged to Wilmington Trust, for the benefit of United, all of the common shares of AVH owned by BRW (which represented 78.1% of AVH's voting share capital) as security for BRW's obligations under the United Loan Agreement (the "Pledged Shares").

Following certain defaults by BRW under the United Loan Agreement, United commenced the exercise of certain remedies under the United Loan Agreement and related documents against BRW and BRW Holding on May 24, 2019. In connection with such remedies, Kingsland was appointed as an independent third party and was granted independent authority to act as proxy and empowered agent of Wilmington Trust under the United Loan Agreement to act as the manager of BRW and exercise voting control over the Pledged Shares. As a result, BRW Holding and Synergy lost their ability to direct the manner in which BRW votes the Pledged Shares. Through its ownership of AVH's common shares and its authority as manager of BRW (with the right to direct the voting of the Pledged Shares), Kingsland assumed voting control over AVH. In September 2019, a New York state court granted summary judgment authorizing the foreclosure on the Pledged Shares, and enjoined BRW Holding from interfering with the ability of Kingsland to exercise voting and other rights in certain equity interests in BRW. Further judicial consideration of this case, including the foreclosure process on the Pledged Shares, has been stayed since the beginning of the COVID-19 pandemic.

D. *Prepetition Indebtedness*

As of March 31, 2020, on a consolidated basis, Avianca had approximately $5,356,880,678 of outstanding indebtedness, of which approximately $5,238,077,567 (or 97.78%), was secured by certain assets of the Debtors. The secured indebtedness included both long-term indebtedness (generally incurred to finance or refinance the acquisition of aircraft), indebtedness under secured credit facilities, and indebtedness under secured notes. The amount of debt on Avianca's balance sheet that is secured by aircraft and engines is almost $3.7 billion and requires substantial payments on a periodic basis. Avianca's secured financings encumber a substantial portion of their assets, including (i) certain collections of revenue from passenger travel and cargo services, (ii) certain aircraft, aircraft engines and spare parts, (iii) certain real estate, (iv) slots at certain airports, (v) cash and cash equivalents pledged in deposit or security accounts, and (vi) certain trademarks owned by the Debtors. The weighted average interest rate paid as of March 2020 under Avianca's indebtedness was 5.16% per annum.

An overview of the Debtors' funded indebtedness as of the Petition Date is as follows. The descriptions of the Debtors' prepetition indebtedness are for informational purposes only and are qualified in their entirety by reference to the specific agreements evidencing such indebtedness.

Facility or Description	Principal Amount (approximate) (as of Petition Date)	Collateral
Secured- Debt		
Engine Loan	$58,671,190	Spare parts and engines
Secured RCF	$100,000,000	Spare parts, slots and cargo receivables
USAVflow Receivable Facility	$100,000,000	Certain credit card receivables
Grupo Aval Receivable Facility	$134,750,000	Certain credit card receivables; residual aircraft value
Grupo Aval Lines of Credit	$25,747,787	Headquarters building and aircraft residual value
NordLB Aircraft Loans	$23,062,222	Three aircraft
Stakeholder Facility and Citadel Notes	$375,000,000	Equity in LifeMiles and other Avianca subsidiaries; certain credit card receivables
2023 Notes	$484,419,000	Residual aircraft value and intellectual property
Aircraft and Export Credit Agency Loans	$~~3,409,405,830.67~~**3,409,405,830**	Various aircraft and engines
Various working capital credit lines	$61,326,649	Headquarters building and aircraft residual value
Unsecured Debt		
2020 Senior Notes	$65,580,999	N/A
Various working capital credit lines	$53,269,999	N/A
Total	**$4,891,233,677**	

In connection with the Final DIP Order, the Bankruptcy Court approved the "roll-up" of 100% of the loans and commitments under the Stakeholder Facility, the Citadel Notes, and approximately $354.5 million of the 2023 Notes (each as defined below) into the DIP Facility (collectively, the "DIP Roll-Up"). Accordingly, no amounts are outstanding under the Stakeholder Facility and the Citadel Notes, and approximately $129.9 million in principal of the 2023 Notes remains outstanding. Furthermore, pursuant to the Final DIP Order, the liens securing the 2023 Notes are subordinated to the liens securing the DIP Obligations, such that the remaining 2023 Notes are effectively unsecured claims pursuant to section 506(a) of the Bankruptcy Code.

1. Secured Debt

a. Financed Aircraft Bank Loans and Export Credit Agency Guarantees

The vast majority of the Debtors' fleet of aircraft and engines is operated pursuant to lease arrangements under which the relevant Debtor makes periodic rent payments to the relevant lessors. Approximately half of the leased fleet is subject to financing arrangements involving one of the following structures: (i) export credit agency guaranteed debt; (ii) commercial debt; (iii) loan or note facilities provided pursuant to private placements; and (iv)

loan facilities provided by commercial lenders and sponsored by Japanese investors. These fleet-related financings are provided by various commercial banks and private investors in the United States, Europe and Asia, including, among others, JPMorgan, Citibank, MUFG, New York Life, Natixis and BNP Paribas.

b. Syndicated Loans Secured by Credit Card Receivables

The Debtors are parties to two syndicated loans, each of which is secured by certain credit card receivables.

- Syndicated Loan with Banco de Bogotá S.A., New York Agency, as Initial Lender, Sole Lead Arranger and Bookrunner, and Fiduciaria Bogotá S.A., as Administrative Agent, in the principal amount of $245,000,000, bearing interest at 3-Month LIBOR + 3.9% per annum. The syndicated loan is secured by certain credit card receivables processed and collected by Credomatic. As of March 31, 2020, the syndicated loan had an outstanding balance of $134,750,000.

- Syndicated Loan with the lenders thereunder, including Deutsche Bank, AG and Citibank, N.A., as Administrative and Collateral Agent, in the principal amount of $150,000,000, bearing interest at One-Month LIBOR + 4.75% per annum (the "USAVflow Facility"). The loan is secured by collections rights under certain credit card processing agreements. As of March 31, 2020, the syndicated loan had an outstanding balance of $103,125,000.

c. Revolving Credit Facility

The Debtors are borrowers under a $100 million revolving credit facility with Citibank, N.A. as agent, secured by spare parts inventories, along with airport slots, cargo receivables, and one aircraft. As of March 31, 2020, the revolving credit facility had an outstanding balance of approximately $100,000,000.

d. Senior Secured Notes due 2023

As part of Avianca's efforts to reprofile its financial debt, Avianca launched an offer in August 2019 to exchange any and all of their outstanding unsecured 8.375% Senior Notes due 2020 (the "2020 Notes") for a new issuance of senior secured Notes, which, subject to the satisfaction of certain conditions precedent, were further subject to an automatic mandatory exchange for an equivalent principal amount of 9.00% Senior Secured Notes due 2023 (the "2023 Notes"). Holders of $484,419,000 in aggregate principal amount of the 2020 Notes tendered their notes in exchange for 2020 Secured Notes, which were further exchanged for 2023 Notes on December 31, 2019.

As of the Petition Date, the aggregate principal amount outstanding of the 2023 Secured Notes was $484,419,000. However, following the DIP Roll-Up, the outstanding principal amount of 2023 Notes is approximately $129,916,501.

e. Grupo Aval Loan Agreement

The Debtors are also borrowers under a loan agreement with Banco de Bogotá, New York Agency in the principal amount of $50,600,000, bearing interest at the 1-month LIBOR + 3.5% per annum and maturing July 30, 2024. The loan is secured by certain real property in Colombia. As of the Petition Date, the loan had an outstanding balance of approximately $25,747,787.

f. NordLB Aircraft Loan Agreements

The Debtors are also parties to multiple loan agreements with Nord/LB, which are secured by certain aircraft and, as of the Petition Date, had an outstanding balance of approximately $23.1 million.

g. Convertible Secured Stakeholder Facility and Citadel Notes

In December 2019, United Airlines, Inc. and an affiliate of Kingsland Holdings Limited funded $250 million in convertible secured loans (the "Stakeholder Loans") under a senior secured convertible term loan agreement (the "Stakeholder Loan Agreement"). The Stakeholder Loans had a four-year tenor and were subject to an interest rate of 3% per annum, payable in kind. The Stakeholder Loans were convertible into AVH equity (common shares or preferred shares at the lenders' option) at any time and, after the first anniversary of their disbursement, they were also subject to mandatory conversion in Avianca's discretion, subject to certain conditions. The obligations of AVH and the other obligors were secured by pledge agreements in respect of AVH equity interest in certain of its subsidiaries (including LifeMiles Ltd.), a New York law security agreement in respect of certain rights assigned to the lenders under the Stakeholder Loan Agreement, credit card receivables and a trust collection account in respect of certain receivables from sales, and a pledge over fiduciary rights subject to Colombian law.

Additionally, in December 2019, certain investors joined as additional lenders under the Stakeholder Loan Agreement and, in December 2019 and January 2020, collectively loaned to the Debtors (x) an additional $50 million, on substantially the same economic terms (and collateral security) as the Stakeholder Loan, and (y) an additional $25 million, also on substantially the same economic terms as the Stakeholder Loan, except that any voluntary prepayment by the Debtors on or before the earlier to occur of June 5, 2020 or the completion of a contemplated convertible bond offering to preferred shareholders by the Debtors (the "Incremental Bonds") would trigger a cash interest payment at 12% per annum in respect of the prepaid amount (such additional loans under the Stakeholder Loan Agreement, the "Incremental Loans" and, together with the Stakeholder Loans, the "Stakeholder Facility").

Further, in January 2020, the Debtors issued certain senior secured convertible notes in an aggregate principal amount of $50 million to an investment vehicle managed by Citadel Advisors LLC (the "Citadel Notes"). The Citadel Notes had a one-year tenor and were subject to an initial interest rate of 9% per annum, payable in kind (PIK). Upon the issuance of at least $140 million aggregate principal amount of Incremental Bonds, the annual interest rate on the Citadel Notes would have been subject to reduction to 3% (while it would remain payable

in kind), and the Debtors would automatically have had the right, at their discretion, to optionally prepay the Citadel Notes at par. The Citadel Notes were convertible at the election of their holders to ADRs, preferred shares of AVH, or Incremental Bonds. The obligations of AVH and the obligors under the Citadel Notes were secured by pledge agreements in respect of AVH's equity interest in certain of its subsidiaries, a New York Law governed security agreement in respect of certain rights assigned Citadel and any purchasers under the Citadel Notes, credit card receivables and a trust collection account in respect of certain receivables from sales, a cash collateral account, and a pledge over fiduciary rights subject to Colombian law.

The full amounts of the Stakeholder Facility and the Citadel Notes were outstanding on the Petition Date. However, following the DIP Roll-Up, the Stakeholder Facility and the Citadel Notes are no longer outstanding.

h. Other Secured Debt

The Debtors are borrowers under a loan agreement with Credit Agricole NY in the principal amount of $80,562,900, bearing interest at 3-month LIBOR + 1.85% per annum and maturing March 31, 2022. The loan is secured by certain spare engine units and, as of the Petition Date, the loan had an outstanding balance of approximately $58,671,190.

2. <u>Unsecured Debt</u>

a. Senior Notes

In May 2013, the Debtors issued $300 million in aggregate principal amount of 2020 Notes, which was the Debtors' first offering in the international capital markets. In April 2014, the Debtors issued $250 million in aggregate principal amount of additional 2020 Notes. The 2020 Notes are unsecured and matured on May 10, 2020, payable on May 11, 2020. As described above, the 2020 Notes were subject to an exchange offer conducted by the Debtors, pursuant to which holders of 2020 Notes representing more than 88.1% of the original aggregate principal amount thereof exchanged their 2020 Notes for Secured 2023 Notes. Consequently, as of the Petition Date, the aggregate principal of the 2020 Notes still outstanding was $65,581,000.

b. Unsecured Revolving Lines of Credit

The Debtors have unsecured revolving lines of credit with a range of financial institutions. As of the Petition Date, $53.2 million was outstanding, in the aggregate, under these various lines of credit.

c. Trade Payables

The Debtors estimate that in the aggregate, they owed approximately $251,898,018 in unsecured trade payables as of the Petition Date. However, the Debtors have reduced a substantial amount of these pre-petition trade payables as a result of payments under the First Day Motions described below.

Since the Petition Date, the Debtors have incurred and paid new trade debt in the ordinary course of business.

d. New Aircraft Commitments

Prior to the Petition Date, the Debtors were obligated to take delivery of two purchased Boeing 787-9 aircraft in 2024 and 88 purchased Airbus A320neo aircraft between 2025 and 2029. As of the Petition Date, the Debtors' financed aircraft obligations for new aircraft aggregated to over $5.69 billion dollars.

e. Other Contractual Obligations

As of June 30, 2020, the Debtors operated 62 aircraft under long-term lease agreements, pursuant to which the Debtors are required to make monthly lease payments and to bear the maintenance, servicing, insurance, repair, and overhaul expenses of the leased aircraft. As of June 30, 2020, the Debtors' aircraft lease obligations aggregated to more than $1.54 billion, with approximately $824.1 million due and payable through 2023.

f. Other Claims

The Company has other claims against it that do not consist of long-term funded debt. In the ordinary course of their business, the Debtors incur trade debt with numerous vendors in connection with their operations. The Company has a number of unsecured prepetition obligations to certain of its vendors that do not benefit from state-law lien rights or setoff rights. However, a significant number of the Debtors' prepetition trade obligations have been satisfied by the Debtors in accordance with first day relief granted by the Bankruptcy Court (as described below).

Certain Debtors are named as defendants from time to time in routine litigation proceedings including, but not limited to, personal injury and breach of contract disputes. In management's view, Claims made in connection with the legal proceedings will be Allowed in an amount that is less than the claimed amount, and the outcome of these proceedings will not have a material adverse effect on the Debtors' financial position, results of operations, or cash flows. The Debtors, however, cannot predict with certainty the outcome or effect of pending or threatened litigation or legal proceedings, and the eventual outcome could materially differ from their current estimates.

On September 8, 2020, 39 of the 41 Debtors filed their schedules of assets and liabilities (the "Schedules") and statements of financial affairs (the "Statements") detailing known claims against the Debtors. The remaining two Debtors, AV Loyalty Bermuda Ltd. and Aviacorp Enterprises S.A., filed their Schedules and Statements on October 29, 2020. Since the expiration of the Claims Bar Date (as defined below), the Debtors have been analyzing the approximately 8,800 proofs of claim filed in these Chapter 11 Cases. The Debtors estimate that the aggregate face value of General Unsecured Avianca Claims is approximately $2.5 billion to $3.5 billion.

g. Intercompany Claims

In the ordinary course of business, the Debtors enter into intercompany transactions with one another ("Intercompany Transactions," and any intercompany receivable and payable generated pursuant to an Intercompany Transaction, "Intercompany Claim"). Intercompany Transactions and Intercompany Claims between Debtors are not generally settled by actual transfers of cash among the Debtors. Instead, the Debtors track all Intercompany Transactions and Intercompany Claims electronically in their centralized accounting system, the results of which are recorded concurrently on the applicable Debtor's balance sheets and regularly reconciled. The accounting system requires that all general ledger entries be balanced at the legal-entity level; therefore, when the accounting system enters an intercompany receivable on one entity's balance sheet, it also automatically creates a corresponding intercompany payable on the applicable affiliate's balance sheet. This results in a net balance of zero when consolidating all intercompany accounts.

The Debtors maintain records of all transactions processed through their cash management system. During these Chapter 11 Cases, the Debtors have kept and will continue to keep records of any postpetition Intercompany Transactions and Intercompany Claims.

SECTION III.
KEY EVENTS LEADING TO THE CHAPTER 11 CASES

The Debtors filed their Chapter 11 Cases for one reason: the COVID-19 pandemic. As a result of the pandemic and its consequences, the Debtors faced significantly reduced revenues from ticket sales and ancillary revenues, government prohibitions around the world on international flights, substantial ongoing contractual obligations to their employees, lessors, lenders, and other creditors, and as of the Petition Date, a nearly complete standstill of the airline industry and, more generally, the global economy.

On March 20, 2020, the Republic of Colombia, like many other governments around the world, announced that it would close its airspace to restrict the spread of COVID-19. Consistent with this decision and similar closures in other of the Debtors' primary markets, Avianca announced on March 24, 2020 that it was suspending all scheduled passenger flights. The Republic of Colombia kept its airspace closed to domestic and international passenger travel until September 2020, longer than nearly all other countries in the world, when it began to permit a phased reopening. The Debtors slowly began to resume passenger travel shortly thereafter. As a result of these circumstances, the Debtors were in possession of a significant surplus of owned and leased aircraft at the outset of the Chapter 11 Cases.

In addition to the impacts of COVID-19, under previous management and going back a number of years, the Debtors and their controlling shareholders incurred substantial leverage to increase capacity which ultimately outpaced demand in Colombia and other principal markets and resulted in an unsustainable level of debt service. Concurrently, defaults by BRW under the United Loan Agreement (which were unrelated to AVH's operations), triggered alleged cross-defaults under certain of the Debtors' indebtedness beginning in mid-May 2019. This situation limited the Debtors' access to the financing markets, resulting in ratings

downgrades, and, together with other factors, contributed to the Debtors' financial distress, preventing them from consummating certain transactions that they had expected to result in a significant improvement in liquidity and severely impacting their efforts to refinance near-term maturities of existing debt and their ability to finance capital expenditures.

Upon the default under the United Loan Agreement by the then-controlling shareholder, BRW, United appointed Kingsland as an independent third party to initiate a foreclosure action against BRW and BRW Holding to enforce a share pledge granted as collateral for the United Loan Agreement, seeking to sell the Pledged Shares. During the foreclosure process, Kingsland, in its capacity as an independent third party, was entitled to exercise voting control over BRW, and, as a result, BRW Holding and Synergy lost their ability to direct the manner in which BRW votes the Pledged Shares. After these transactions, Kingsland appointed itself as BRW's manager.

In July 2019, in response to the headwinds facing the Company, AVH's new board of directors adopted a transformation plan named the "Avianca 2021 Plan," which contained three key elements: (1) the naming of a new, experienced airline leadership team with Mr. Anko van der Werff as Chief Executive Officer, Mr. Adrian Neuhauser as Chief Financial Officer, and additional executives in other key positions; (2) the launching of a comprehensive multi-year process to significantly enhance the Debtors' business and drive an annual profitability improvement of $500-plus million; and (3) the implementation of various restructuring initiatives, including the successful reprofiling of over $4.5 billion in debt, the restructuring of its long-term aircraft-related commitments and critical vendor relationships, the sale of certain non-core assets (especially excess aircraft), and the strengthening of its balance sheet to support liquidity requirements and deleveraging going forward. With respect to the third element, Avianca's debt reprofiling consisted of: (i) the extension of the maturity on the 2020 Notes (as discussed above); (ii) securing $375 million of new long-term capital financing in the form of a convertible debt financing by Avianca's stakeholders and other financing parties; and (iii) deferrals or other consents or waivers from creditors holding approximately $4.5 billion in debt and lease obligations. In addition, the Debtors raised approximately $159 million of additional cash over the course of first quarter of 2020 via sale/leaseback transactions with respect to nine mid-life A320 aircraft.

The Avianca 2021 Plan also contained comprehensive initiatives to provide for significant improvements across the business commercially and operationally. The Avianca 2021 Plan eliminated unprofitable flying, grew the strategic Bogotá hub through an improved flight schedule, expanded international service (including code-sharing), enhanced customer choice through actions such as branded fares and the sale of ancillary products, implemented improved technology, and accelerated the growth of the LifeMiles program. Additionally, the Avianca 2021 Plan implemented greater efficiency in scheduling aircraft, expanded productivity in airport and flight operations, facilitated purchasing savings, reduced fuel consumption, simplified Avianca's operating model, and significantly reduced management and back-office overhead.

In keeping with the Avianca 2021 Plan, the Debtors and their new leadership team made substantial progress on all of the foregoing key objectives during the second half of 2019 and the first quarter of 2020. The debt reprofiling plan was substantially completed by

December 2019, which resulted in significantly improved liquidity for the Debtors. By January 2020, Avianca's business model transformation milestones had been achieved and the Avianca 2021 Plan had been translated into 12 and 24-month budgets with a detailed implementation roadmap. In addition, the price of jet fuel had trended below plan assumptions, yielding further projected cost savings. Operating results were also strong, with indications of year-over-year performance improvements and exceptional execution by Avianca's entire team of employees. In total, Avianca's first quarter 2020 results (pre-COVID-19) were consistent with its detailed strategy and financial outlook contained within the Avianca 2021 Plan and 2020 budget.

COVID-19, however, substantially changed the Company's performance beginning in March 2020. Despite an effective debt reprofiling, a significant improvement in Avianca's liquidity position in early 2020, and the successful 2019 launch of the "Avianca 2021" transformation plan, the reduction in travel due to the pandemic and the measures undertaken to combat the virus (including restrictions on commercial flights and on travel) had a material adverse impact on the Debtors. Indeed, as of the Petition Date, an estimated 70% of the world's passenger fleet had been grounded (including Avianca's entire passenger fleet), thereby reducing revenues and cash flow drastically and necessitating the filing for chapter 11.

SECTION IV.
OVERVIEW OF THE CHAPTER 11 CASES

A. *Commencement of Chapter 11 Cases and First Day Motions*

On May 10, 2020, thirty-nine of the Debtors commenced their Chapter 11 Cases. Two additional Debtors commenced their Chapter 11 Cases on September 21, 2020. The Debtors continue managing their properties and operating their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. *First Day Motions*

On the Petition Date, the Debtors filed multiple motions seeking various relief from the Bankruptcy Court to facilitate a smooth transition into chapter 11 and minimize any disruptions to the Debtors' operations (the "First Day Motions"). The Bankruptcy Court granted substantially all of the relief requested in the First Day Motions and entered various orders authorizing the Debtors to, among other things:

- Pay certain prepetition taxes and assessments [Docket No. 253];
- Continue paying employee wages and benefits [Docket Nos. 291, 735];
- Enforce the automatic stay with respect to international creditors [Docket No. 46];
- Pay the prepetition claims of certain foreign vendors, fuel vendors, and lien claimants [Docket Nos. 248, 249, 250];

- Maintain various customer programs and interline agreements [Docket Nos. 252, 257];
- Continue insurance and surety bond programs [Docket No. 266];
- Continue the use of the Debtors' cash management system, bank accounts, and business forms [Docket Nos. 247, 385];
- Reject certain burdensome aircraft leases [Docket No. 277].[810]

C. *Procedural Motions and Retention of Professionals*

The Debtors have filed various motions regarding procedural issues that are common to chapter 11 cases of similar size and complexity as these Chapter 11 Cases. The Bankruptcy Court granted substantially all of the relief requested in such motions and entered various orders authorizing the Debtors to, among other things:

- Jointly administer the Debtors' estates [Docket No. 73]
- File a consolidated creditor matrix and list of 30 largest unsecured creditors and modify the requirement to file a list of equity security holders [Docket No. 41];
- Establish procedures for the interim compensation and reimbursement of expenses of chapter 11 professionals [Docket No. 256]; and
- Employ professionals in the ordinary course of business [Docket No. 260].

D. *Retention of Chapter 11 Professionals*

The Debtors filed several applications and obtained authority to retain various professionals to assist the Debtors in carrying out their duties under the Bankruptcy Code during the Chapter 11 Cases. These professionals include, but are not limited to: (i) FTI Consulting, Inc. ("FTI"), as financial advisor; (ii) Seabury Securities, LLC ("Seabury"), as financial advisor and investment banker; (iii) Oliver Wyman, Inc. and Oliver Wyman Services Limited (together, "OW"), as strategic advisor; (iv) Milbank LLP ("Milbank"), as counsel to the Debtors; (v) KCC as claims, noticing, and solicitation agent; (vi) Smith, Gambrell & Russell LLP ("SGR"), as special aircraft counsel; and (vii) Quinn Emanuel Urquhart & Sullivan LLP ("Quinn"), as special litigation counsel. The Bankruptcy Court entered orders authorizing the retention of these professionals [Docket Nos. 254 (FTI), 262, 766 (Seabury), 1258 (OW), 259 (Milbank), 52 (KCC), 263 (SGR), and 1178 (Quinn)]. Those orders, as well as the professionals' engagement letters and related filings, can be found at http://www.kccllc.net/avianca.

[810] Since the Petition Date, the Debtors filed motions and notices seeking to reject other burdensome contracts and leases.

E. *Execution of RSA with Holders of 2023 Notes*

On August 28, 2020, the Debtors entered into the Restructuring Support Agreement (the "Noteholder RSA") with a majority of the holders of the 2023 Notes (the "Consenting Noteholders"). Through the Noteholder RSA, the Consenting Noteholders agreed, among other things, to backstop $200,000,000 of new-money loans under the DIP Facility, to support the Debtors' motion to approve the DIP Facility, and to accept and support the Debtors' eventual chapter 11 plan. The Consenting Noteholders also agreed to direct Wilmington Savings Fund Society, FSB, as trustee and collateral trustee for the Existing Notes ("WSFS"), to consent and not object to (i) the Debtors' use of the Shared Collateral (as defined in the Noteholder RSA, and all other "Collateral" under the Existing Notes Indenture) as collateral to secure the DIP Facility, and (ii) the Debtors' granting of liens on the Collateral and Shared Collateral that are senior to and which prime the liens securing the 2023 Notes and all other instruments that are covered by the Collateral Sharing Agreement. The Consenting Holders also agreed to waive any deficiency claims with respect to their 2023 Notes.

In exchange for these agreements and concessions, the Debtors agreed, among other things, to (i) stipulate to the validity and priority of the 2023 Notes in the order approving the DIP Facility, and (ii) convert approximately $220 million of the 2023 Notes into loans under the DIP Facility, for the benefit of all holders of 2023 Notes (including holders of 2023 Notes who did not provide new-money loans under the DIP Facility).

F. *Approval of DIP Facility*

On October 5, 2020, the Bankruptcy Court entered an order approving the Debtors' $2 billion DIP Facility on a final basis. The DIP Facility provided the Debtors with approximately $1.2 billion in new liquidity, and ensures the Debtors' ability to pay operating expenses, finance the Chapter 11 Cases and, ultimately, restructure their debts, right-size their operations, and successfully reorganize. The DIP Facility is structured as a customary "Tranche A" facility and a convertible "Tranche B" facility secured by the same pool of collateral, including the Debtors' intellectual property, owned aircraft, and their stake in Avianca's passenger loyalty program, LifeMiles.

As part of the DIP Facility, the Debtors agreed to (i) roll up all principal and accumulated interest outstanding under the Stakeholder Facility and Citadel Notes, as well as provide a release of claims against the Stakeholder Facility lenders and the holder of the Citadel Notes, and (ii) consistent with the Noteholder RSA, roll up $220 million of the 2023 Notes. The participation of certain of the DIP Lenders in the DIP Facility fully and finally resolves the prepetition claims against the estates arising in connection with the Stakeholder Facility, and reflects the Noteholder RSA's settlement of a majority of the 2023 Notes Claims against the estates.

The DIP Facility is secured, in part, by the same collateral securing the 2023 Notes (the "Shared Collateral"); however, pursuant to the Final DIP Order, DIP Facility Claims shall be satisfied first from proceeds of the Shared Collateral (the "DIP Marshaling Provision"). As a result of the DIP Roll-Up and the DIP Marshaling Provision, no value with respect to the Shared Collateral will be available to satisfy 2023 Notes Claims after DIP Facility Claims are

satisfied, thereby rendering the 2023 Notes effectively unsecured pursuant to section 506(a) of the Bankruptcy Code. Further, pursuant to the Final DIP Order, holders of 2023 Notes Claims have no claims against any Debtor for, arising out of, or related to adequate protection (including on account of the priming liens in respect of the Shared Collateral).

The DIP Credit Agreement provides that the entire principal amount of Tranche B DIP Obligations (together with paid-in-kind and accrued interest and applicable exit fees) could, at the Debtors' option and subject to certain conditions precedent, be converted into at least 72% of the fully diluted equity securities of the Reorganized AVH at a discounted valuation. As explained below, following a thorough market test of other exit strategies, the Debtors have elected to exercise their option under the DIP Credit Agreement to convert the Tranche B DIP Facility Claims to New Common Equity as part of the Plan.

Pursuant to the DIP Facility, the Debtors agreed to comply with certain milestones, including the following milestones which remain outstanding:

- The Debtors must file a Company Approved Reorganization Plan and attach the Approved Equity Term Sheet (each as defined in the DIP Credit Agreement), no later than August 10, 2021; and

- The Bankruptcy Court must enter an order approving the disclosure statement for the Company Approved Reorganization Plan reasonably acceptable to the Majority DIP Lenders (as defined in the DIP Credit Agreement), no later than sixty (60) days after the filing of the Company Approved Reorganization Plan.

The DIP Facility provided the financing for the Debtors to consolidate ownership of their preeminent loyalty program, LifeMiles, at an accretive purchase price of approximately $200 million. The transaction was effected by the acquisition of a 19.9% minority equity stake and an option to acquire an additional 10.1% equity stake at a later date for a nominal price. This transaction adds to the 70% stake the Debtors owned as of the Petition Date, thereby permitting the Debtors to pledge their 89.9% ownership stake and the call option as collateral under the DIP Facility.

The Final DIP Order also approved and ratified the Debtors' assumption of the Assumed United Agreements (as defined below) pursuant to the United Omnibus Amendment, as well as United's option to receive repayment of its Tranche B DIP Facility Claims in cash or equity and payment of the UA Liquidated Damages Claim (as defined below) if certain conditions in the United Omnibus Amendment are not satisfied through the Plan.

G. *Appointment of Creditors' Committee*

On May 22, 2020, the Office of the United States Trustee for Region 2 (the "U.S. Trustee") appointed the Committee, pursuant to section 1102 of the Bankruptcy Code, to represent the interests of unsecured creditors in these Chapter 11 Cases [Docket No. 154]. The members of the Committee are: (i) *Caja de Auxilios y de Prestaciones de ACDAC* ("CAXDAC"); (ii) the Boeing Company; (iii) Puma Energy; (iv) SMBC Aviation Capital, Ltd.;

(v) KGAL Investment Management GmbH & Co KG; (vi) Delaware Trust Company; and (vii) the Colombian Pilots Union, *Asociación Colombiana de Aviadores Civiles* ("ACDAC").

The Committee retained Morrison & Foerster LLP as counsel ("Morrison & Foerster"), Alvarez & Marsal North America, LLC ("A&M") as its financial advisor, Alton Aviation Consultancy LLC ("Alton") as special aviation advisor, Jefferies Group LLC ("Jefferies") as its investment banker, and Arrieta, Mantilla & Asociados ("AMYA") as Colombian counsel. Lead counsel for the Committee later moved to the law firm Willkie Farr & Gallagher LLP ("Willkie"). The Bankruptcy Court entered orders authorizing the Committee's retention of these professionals [Docket Nos. 460 (Morrison & Foerster), 459 (A&M), 461 (Alton), 462 (Jefferies), 1147 (AMYA), and 1802 (Willkie)].

[The Committee supports the Plan and recommends that unsecured creditors vote in favor of the Plan.]

H. *USAVflow Litigation and Settlement*

Since late 2017, the Debtors have been party to a series of intertwined agreements (the "USAV Agreements") with USAVflow Limited ("USAV"), certain secured lenders (the "USAV Lenders," and together with USAV, the "USAV Parties"), and Citibank, N.A. ("Citibank"), pursuant to which the Debtors agreed to provide to USAV, on an ongoing basis, certain credit card receivables generated in the United States pursuant to credit card processing agreements in exchange for an initial purchase price of $150 million plus continuing monthly installments of additional purchase price. Pursuant to the USAV Agreements, USAV directly collects all payments made by Credomatic and AMEX on the credit card receivables and reserves from them the amount for USAV's debt service to the USAV Lenders, remitting the balance to the Debtors as additional purchase price.

On June 23, 2020, the Debtors filed a motion to reject the USAV Agreements [Docket No. 306] (the "Rejection Motion"). At the same time, the Debtors filed an adversary complaint (Adv. Pro. No. 20-01189) seeking to recharacterize the USAV Agreements as a financing and seeking a declaration that USAV had no security interest in postpetition receivables. On October 16, 2020, the Debtors filed a separate adversary complaint (Adv. Pro. No. 20-01244) against Citibank and USAV seeking to enforce the automatic stay and halt postpetition sweeps of cash from certain receivables accounts. The Bankruptcy Court issued an opinion on September 4, 2020 [Docket No. 850] granting in part and denying in part the Rejection Motion, which the USAV Parties appealed to the U.S. District Court for the Southern District of New York.

On October 28, 2020, the Bankruptcy Court ordered the Debtors, the USAV Parties, Citibank, and the Committee to participate in a confidential mediation with United States Bankruptcy Judge Shelley Chapman and stayed all of the aforementioned ongoing litigation. Following extensive negotiations, the parties reached a settlement. As reflected in an agreement dated February 18, 2021 (the "USAV Settlement Agreement"), the existing loan facility has been restructured to include, among other things, (i) an extended amortization schedule; (ii) substantially reduced contractual interest; and (iii) reinstated payments of additional purchase price to the Debtors. In exchange, the Debtors agreed to allow, among other things, a secured

claim of approximately $66.9 million in favor of the USAV Lenders. The USAV Settlement Agreement also provides for the dismissal, with prejudice, of all of the aforementioned litigation, and the release of all other claims and causes of action between the parties. The Bankruptcy Court approved the USAV Settlement Agreement on March 17, 2021 [Docket Nos. 1468, 1480], and the Debtors and USAV Parties entered into definitive documentation memorializing the USAV Settlement Agreement on June 3, 2021.

I. *G4S Adversary Proceeding*

On July 14, 2020, the Debtors filed an adversary complaint (Adv. Pro. 20-01194) and motion for a temporary restraining order ("TRO") and preliminary injunction against various foreign and U.S. affiliates of G4S (collectively, "G4S")—a company that provides cleaning and maintenance services to the Debtors in Ecuador—for violations of the automatic stay, including the attempted termination of the G4S services agreement and acts to collect money from the Debtors. The Debtors' request for a TRO was heard at an emergency hearing on July 17, 2020 at which the Bankruptcy Court denied the Debtors' TRO request on the basis that (i) the Bankruptcy Court may not have personal jurisdiction over the Ecuadorian G4S entity ("G4S Ecuador"); and (ii) the U.S. G4S entity ("G4S International") maintained sufficient corporate separateness from the actions of G4S Ecuador. The Bankruptcy Court did authorize the Debtors to take expedited discovery, however, to determine if the actions of the Ecuadorian and U.S. G4S entities were sufficiently intertwined such that G4S International could be held liable for the alleged stay violations by G4S Ecuador.

After further litigation, including the denial of a motion to dismiss, the Debtors and G4S reached a settlement, as reflected in a Settlement Agreement dated December 17, 2020 (the "G4S Settlement Agreement"), pursuant to which G4S agreed not to take further steps to collect prepetition amounts, the Debtors released G4S from claims for violations of the automatic stay, and G4S was permitted to file a proof of claim. The Court approved the G4S Settlement Agreement on January 19, 2021 [Docket No. 29 in Adv. Pro. 20-01194].

J. *Exclusivity*

Section 1121(b) of the Bankruptcy Code provides for a period of 120 days after the commencement of a chapter 11 case during which time a debtor has the exclusive right to file a plan of reorganization (the "Exclusive Plan Period"). In addition, section 1121(c)(3) of the Bankruptcy Code provides that if a debtor files a plan within the Exclusive Plan Period, it has a period of 180 days after commencement of the chapter 11 case to obtain acceptances of such plan (the "Exclusive Solicitation Period" and, together with the Exclusive Plan Period, the "Exclusive Periods"). Pursuant to section 1121(d) of the Bankruptcy Code, the Bankruptcy Court may, upon a showing of cause, extend the Exclusive Periods. By Order dated August 7, 2020 [Docket No. 678], the Court granted the Debtors' first motion [Docket No. 638] to extend the Exclusive Periods to January 5, 2021 and March 6, 2021, respectively. By Order dated December 16, 2020 [Docket No. 1260], the Court granted the Debtors' second motion [Docket No. 1215] to extend the Exclusive Periods to May 5, 2021 and July 5, 2021, respectively. By Order dated April 26, 2021 [Docket No. 1573], the Court granted the Debtors' third motion [Docket No. 1534] to extend the Exclusive Periods to September 2, 2021 and November 2, 2021,

respectively. On August 4, 2021, the Debtors filed a fourth motion [Docket No. 1969] to extend the Exclusive Periods to November 10, 2021 and January 10, 2022, respectively.

K. *Statements and Schedules, and Claims Bar Dates*

On September 8, 2020, 39 of the 41 Debtors filed their Schedules and Statements detailing known claims against the Debtors. The remaining two Debtors, AV Loyalty Bermuda Ltd. and Aviacorp Enterprises S.A., filed their Schedules and Statements on October 29, 2020. Amended Schedules and Statements for several Debtors were filed on May 11, 2021.

On November 16, 2020, the Bankruptcy Court entered an order [Docket No. 1180] (the "Claims Bar Date Order") approving (i) January 20, 2021 as the deadline for all creditors or other parties in interest to file proofs of Claim (the "General Bar Date"); and (ii) February 5, 2021 as the deadline for all governmental units to file a proof of Claim (the "Governmental Bar Date" and, together with the General Bar Date and the Special Bar Date (as defined below), the "Claims Bar Date").

On May 19, 2021, the Debtors, in accordance with the procedures set forth in the Claims Bar Date Order, filed a notice on the Bankruptcy Court docket [Docket No. 1706] (the "Special Bar Date Notice") establishing a special bar date of June 10, 2021 solely with respect to those Persons and Entities identified on Exhibit A of the Special Bar Date Notice.

The Debtors provided notice of the Claims Bar Date and published notice of the General Bar Date and Governmental Bar Date (i) in the United States, via the national edition of the *New York Times* and *USA Today*, (ii) in Colombia, via *El Tiempo* and *La República*, (iii) in Ecuador, via *El Comercio*, (iv) in El Salvador, via *El Diario de Hoy*, and (v) in Costa Rica, via *La República*.

L. *Labor Unions and Collective Bargaining Agreements*

The Debtors have successfully reached an agreement for the next four (4) years (and, in respect of certain aspects, the next six (6) years) with the pilots from ACDAC, the Association of Aviators of Avianca (ODEAA), the Association of Pilots of Avianca (ADPA), and the flight attendants from the Colombian Association of Flight Attendants, as well as other industrial workers in the Colombian aviation sector (ACAV). The Company signed final agreements with (i) ACDAC on October 27, 2020, (ii) ACAV on December 2, 2020, and (iii) ODEAA and ADPA on November 25, 2020. Discussions remain ongoing with other labor unions.

M. *Equity Solicitation Process*

As detailed above, the Debtors secured commitments from the Tranche B DIP Lenders to convert, subject to the terms of the DIP Credit Agreement and the DIP Orders, all of the Tranche B DIP Facility Claims to at least 72% of the fully diluted New Common Equity under the Plan. To determine whether an Alternative Sponsor would be willing to provide capital to the Reorganized Debtors on terms superior to those offered by the Tranche B DIP Lenders, the Debtors engaged in the Equity Solicitation Process.

As part of the Equity Solicitation Process, the Debtors initially contacted over 120 potentially interested parties. Many of these parties, such as current DIP Lenders, were already highly familiar with the Debtors' business, and over 30 parties accessed a virtual data room containing comprehensive information on the Debtors' business plan, cash-flow projections, and other pertinent materials. Many of these potential investors also participated in focused diligence sessions with Avianca's management team and professional advisors. The Equity Solicitation Process was overseen by an independent equity committee (the "Independent Equity Committee") empowered by AVH's board of directors to supervise the Equity Solicitation Process in all respects.

The Equity Solicitation Process yielded one indication of interest, which did not aggregate sufficient value to satisfy all Tranche B DIP Facility Claims in full in Cash. Accordingly, following review and analysis of the terms of this indication of interest, the Debtors, in their business judgment and in consultation with the Independent Equity Committee, determined that its terms were not superior to those offered by the Tranche B DIP Lenders. Therefore, the Debtors have elected to exercise their option under the DIP Credit Agreement to convert the Tranche B DIP Facility Claims to New Common Equity as part of the Plan.

Although the DIP Credit Agreement provided for the mechanic by which to convert Tranche B DIP Facility Claims to New Common Equity, the DIP Credit Agreement did not fix the percentage of the New Common Equity into which the Tranche B DIP Facility Claims would be converted. Rather, the DIP Credit Agreement provides that, at the option of the Debtors, under the Plan, Tranche B DIP Facility Claims may be converted to *at least* 72% of the fully diluted New Common Equity. At the time that the DIP Credit Agreement was negotiated, the parties did not contemplate that the Debtors would require additional equity capital to consummate the Plan. This requirement added an additional dimension to the Debtors' subsequent negotiations with the Tranche B DIP Lenders regarding the percentage of the New Common Equity into which the Tranche B DIP Facility Claims would be converted.

As part of the Global Plan Settlement, holders of Tranche B DIP Facility Claims consented to a carve out of the value of the collateral securing the Tranche B DIP Facility Claims in order to provide recoveries to holders of General Unsecured Avianca Claims. Specifically, as part of the Global Plan Settlement, holders of General Unsecured Avianca Claims will receive the cash equivalent of their Pro Rata share of (a) 1.75% of the New Common Equity and (b) the Warrants; provided, that, in the event that the Class of General Unsecured Avianca Claims votes to *accept* the Plan, holders of General Unsecured Avianca Claims will receive the cash equivalent of their Pro Rata share of an *additional* 0.75% of the New Common Equity (i.e., 2.5% of the New Common Equity in the aggregate) and the Warrants. In lieu of receiving cash, holders of General Unsecured Claims may elect to receive their Pro Rata share of the applicable percentage of New Common Equity and the Warrants by making a written election on a timely and properly delivered and completed Ballot to receive the Unsecured Claimholder Equity Package

Additionally, certain holders of Tranche B DIP Facility Claims have agreed to contribute cash and/or assets to the Reorganized Debtors in an aggregate amount of up to $200 million in exchange for an incremental allocation of New Common Equity, in accordance with

and subject to the Tranche B Equity Conversion Agreement and the United Asset Contribution Agreement.

N. *Business Plan*

In formulating the Plan, the Debtors' management and advisors, under the direction of an independent committee of AVH's board of directors, reached closure on a long-term business plan (the "Business Plan"). This long-term Business Plan was essential to the development of the Plan, and its formulation required the concerted efforts of the Debtors' management and restructuring advisors. The unprecedented challenges and uncertainties currently facing the airline industry slowed progress on this front, but the Debtors were able, during the current Exclusive Filing Period, to finalize and obtain board approval for a long-term post-pandemic Business Plan that will provide a platform for the Debtors to seek new capital and propose a feasible, value-maximizing plan of reorganization. The Business Plan forms the basis of the Financial Projections, which are attached to this Disclosure Statement as **Exhibit D**.

The Business Plan is predicated on the Debtors maintaining their long-term strategic partnership with United Airlines and other airlines in the Star Alliance. To that end, the Debtors have negotiated an amendment to their joint business agreement with United Airlines and certain other Star Alliance partners. That joint business agreement and other commercial agreements will be assumed under the Plan with the agreed modifications, as described more fully below.

O. *Executory Contracts*

Over the course of the Chapter 11 Cases, the Debtors have taken steps to improve efficiencies across all of their operations. Key to this initiative has been an in-depth review of the Debtors' many executory contracts and other business arrangements. The Debtors expect that using the tools afforded by the Bankruptcy Code to reject or renegotiate burdensome contracts will be an important step towards emergence as a profitable enterprise. With this in mind, the Debtors expanded the scope of the initial OW retention to include additional tasks important to the transformation of the Debtors' business, including, but not limited to, (i) triaging existing contracts into beneficial and non-beneficial buckets; (ii) negotiating potential modifications of procurement-related contracts, including (without limitation) with respect to pilot training contracts, catering contracts, and airport services contracts; and (iii) seeking to reduce costs and expenses in the process—all to prepare the Debtors to exit their Chapter 11 Cases.

P. *United Agreements*

In connection with their entry into the DIP Facility, certain Debtors entered into the United Omnibus Amendment, whereby the Debtors and United agreed to amend ten total agreements comprised of five bilateral alliance agreements, two codeshare agreements, two frequent flyer program agreements, and one special prorate agreement (an interline agreement in which the distribution of fees and the settlement of ticket costs between carriers are precisely defined) (collectively, the "Assumed United Agreements"), and the Debtors agreed to assume the Assumed United Agreements as so amended. Together, these Assumed United Agreements and

the United Omnibus Amendment govern the Debtors' important business relationship with United—including in their capacities as members of the Star Alliance—and the assumption of the Assumed United Agreements will inure to the Debtors' benefit upon their emergence from chapter 11 by preserving this relationship.

Pursuant to the United Omnibus Amendment, the Debtors agreed to (i) further amend the Assumed United Agreements to provide for an incremental seven (7) year extension and no-termination provision for the Debtors (with an exception permitting termination in the case of an uncured material breach by United or certain adverse events with respect to the Debtors' air operator's certificates), thus extending those agreements until September 2030, and (ii) amend and assume the JBA. If the Debtors had failed to comply with the terms of the United Omnibus Amendment, then (a) United would have been permitted to require repayment of its Tranche B DIP Loans in cash, and (b) the Debtors would have been required to pay liquidated damages of $35 million to United as an administrative expense (the "UA Liquidated Damages Claim"). These provisions were approved and ratified by the Bankruptcy Court as part of the Final DIP Order. Further, United's obligations under the Tranche B Equity Conversion Agreement and the United Asset Contribution Agreement are predicated upon the Debtors' satisfaction of the requirements in the United Omnibus Agreement, as approved by the Final DIP Order.

Accordingly, the Debtors have negotiated the JBA Letter Agreement, as described above in Section IV.N, and the Second United Omnibus Amendment, pursuant to which the Debtors agreed to amend the JBA and the Assumed United Agreements, respectively, and to assume such agreements in connection with the Plan.

Q. *Rejection of SAI Shareholders' Agreement*

On June 4, 2021, the Debtors filed a notice [Docket No. 1766] (the "SAI Shareholder Agreement Rejection Notice") on the Bankruptcy Court docket to reject the shareholders' agreement by and among AV Investments Two Colombia S.A.S. ("AV Investments"), Gabriel Serrano, and Gloria Serrano (together, the "Serranos") with respect to the equity ownership of SAI (the "SAI Shareholders' Agreement"), a Debtor in these Chapter 11 Cases. The Debtors are seeking to reject the SAI Shareholders' Agreement to relieve themselves and any future buyer of SAI from the burden of complying with its provisions—most significantly among these, a put option that may arguably require AV Investments or a purchaser to buy out the Serranos' 10% equity stake in SAI for a fixed amount of approximately $5 million, which amount was based on financial projections that are no longer reasonable. The hearing to consider any objections with respect to the SAI Shareholder Agreement Rejection Notice has been adjourned most recently to ~~September~~**October** 13, 2021.

R. *DIP Refinancing and Exit Financing*

On July 26, 2021, the Bankruptcy Court entered an order [Docket No. 1938] granting the Debtors' motion [Docket No. 1919] for authority to, among other things, execute and enter into certain commitment letters with respect to the refinancing of the "Tranche A" portion of the DIP Facility. Upon the Bankruptcy Court's entry of an order granting a motion [Docket No. 1972] **(the "DIP Amendment Motion")** for approval of a corresponding

amendment to the DIP Facility Documents **(the "DIP Amendment")**, the "Tranche A" portion of the DIP Facility will be refinanced by virtue of the Debtors' incurrence of the new Tranche A-1 DIP Obligations and Tranche A-2 DIP Obligations, which will convert, subject to satisfaction of certain conditions precedent, to seven (7)-year exit financing on the Effective Date. Accordingly, pursuant to the treatment set forth in the Plan, holders of Allowed Tranche A-1 DIP Facility Claims will receive their Pro Rata share of the Exit A-1 Notes, and holders of Allowed Tranche A-2 DIP Facility Claims will receive their Pro Rata share of the Exit A-2 Notes. **On August 18, 2021, the Bankruptcy Court entered an order granting the DIP Amendment Motion [Docket No. 2032], and on August 27, 2021, the Debtors executed the DIP Amendment.**

S. ***Grupo Aval Settlement***

Since at least 1984, the Debtors have been party to a series of agreements (the "BdB Agreements") with Banco de Bogotá S.A. ("Banco de Bogotá"), BAC Credomatic ("Credomatic"), BAC International Bank ("BAC"), and certain related subsidiaries and affiliates (together, the "Grupo Aval Entities"). The agreements include a number of credit card processing agreements, pursuant to which certain of the Grupo Aval Entities provide credit card processing services for the Debtors' airline ticket sales, in exchange for the Debtors' pledge of certain of these credit card receivables in connection with a $245 million term loan (the "Credit Card Securitization"). The agreements also include several additional financing arrangements, including, among others, (i) several working capital lines of credit and loans that provided roughly $23.5 million to the Debtors, (ii) a lease agreement and related trust agreement under which the Debtors lease their Bogotá -based headquarters from Fiduciaria Bogotá S.A., and (iii) an agreement with Credomatic governing Credomatic's ongoing and systematic purchase of the currency of the Debtors' LifeMiles loyalty program.

The Debtors and the Grupo Aval Entities have engaged in extensive confidential negotiations since the inception of these chapter 11 cases to resolve certain disputes with respect to the BdB Agreements and to preserve the commercial relationship amongst the parties on a go-froward basis. Following those negotiations, the parties reached a settlement. As reflected in an agreement dated August 25, 2021 (as defined in the Plan, the "Grupo Aval Settlement Agreement"), the Credit Card Securitization and the working capital lines of credit will each be rolled-up into the Grupo Aval Exit Facility, and the $245 million term loan will be restructured to include, among other things, (i) an extended amortization schedule, (ii) reduced contractual interest, and (iii) reinstated flow of funds to the Debtors, including the immediate release of approximately $60.1 million. Additionally, the Grupo Aval Settlement Agreement sets certain minimum revenue guarantees for the Debtors related to the Grupo Aval Entities' purchase of LifeMiles and restructures certain working capital loans with a lower interest rate and an extended maturity date. In exchange, the Debtors agreed to Allow, among other things, Claims totaling approximately $154 million in favor of the Grupo Aval Entities. On August 25, 2021, the Debtors filed a motion seeking the Bankruptcy Court's approval of the Grupo Aval Settlement Agreement [Docket No. 2048].

SECTION V.
SUMMARY OF THE PLAN

This section of the Disclosure Statement summarizes the Plan, a copy of which is annexed hereto as **Exhibit A**. The Plan constitutes a separate chapter 11 plan of reorganization for the Avianca Debtors and each Unconsolidated Debtor. The Plan serves as a motion seeking, and entry of the Confirmation Order will constitute, the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the Avianca Plan Consolidation. This summary is qualified in its entirety by reference to the provisions of the full Plan, which is attached hereto as **Exhibit A**.

As detailed above, the Debtors have elected to exercise their option under the DIP Credit Agreement to convert Tranche B DIP Facility Claims to New Common Equity as part of the Plan. However, if the Debtors determine, in their business judgment and in the exercise of their fiduciary duties, to proceed to Confirmation under a different structure than currently contained in the Plan, then the Debtors will amend the Plan accordingly, and, pursuant to Bankruptcy Rule 3019, the Debtors may proceed to Confirmation under such a modified Plan without resoliciting votes on the Plan so long as the modified Plan does not adversely change the treatment of the Claim or Interest of any holder thereof.

A. *Classification and Treatment of Claims and Interests*

1. Administrative Expenses and Other Unclassified Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expenses, DIP Facility Claims, and Priority Tax Claims have not been classified. The treatment of unclassified Claims is summarized below.

a. General Administrative Expenses

Each holder of an Allowed General Administrative Expense, to the extent such Allowed General Administrative Expense has not already been paid during the Chapter 11 Cases and without any further action by such holder, will receive, in full and final satisfaction of its General Administrative Expense, Cash equal to the Allowed amount of such General Administrative Expense on the Effective Date (or, if payment is not then due, when such payment otherwise becomes due in the applicable Reorganized Debtor's ordinary course of business without further notice to or order of the Bankruptcy Court), unless otherwise agreed by the holder of such General Administrative Expense and the applicable Debtor or Reorganized Debtor. For the avoidance of doubt, holders of General Administrative Expenses will not be required to file a request for payment with the Bankruptcy Court.

b. Restructuring Expenses

The Restructuring Expenses incurred, or estimated to be incurred, up to and including the Effective Date will be paid in full in Cash on the Effective Date (to the extent not previously paid during the course of the Chapter 11 Cases) without the requirement to file a fee application with the Bankruptcy Court or comply with the guidelines of the U.S. Trustee, and without any requirement for review or approval by the Bankruptcy Court or any other party. All

Restructuring Expenses to be paid on the Effective Date will be estimated prior to the Effective Date and such estimates will be delivered to the Debtors at least five (5) Business Days before the anticipated Effective Date; provided, that such estimate will not be considered an admission or limitation with respect to such Restructuring Expenses. In addition, the Reorganized Debtors (as applicable) will continue to pay the Restructuring Expenses related to implementation, consummation, and defense of the Plan after the Effective Date when due and payable in the ordinary course, whether incurred before, on or after the Effective Date.

c. Professional Fees

i. *Final Fee Applications*

All final requests for payment of Professional Fees incurred prior to the Effective Date must be filed with the Bankruptcy Court and served on the Reorganized Debtors, the U.S. Trustee, counsel to the Committee, and all other parties that have requested notice in these Chapter 11 Cases by no later than forty-five (45) days after the Effective Date, unless the Reorganized Debtors agree otherwise in writing. Objections to Professional Fees must be filed with the Bankruptcy Court and served on the Reorganized Debtors and the applicable Professional within thirty (30) days after the filing of the applicable final fee application. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and any prior orders of the Bankruptcy Court in the Chapter 11 Cases, the Allowed amounts of all Professional Fees will be determined by the Bankruptcy Court and, once approved by the Bankruptcy Court, will be paid in full in Cash from the Professional Fees Escrow Account as promptly as practicable; provided, however, that if the funds in the Professional Fees Escrow Account are insufficient to pay the full Allowed amounts of the Professional Fees, the Reorganized Debtors will promptly pay any remaining Allowed amounts from their Cash on hand.

For the avoidance of doubt, the immediately preceding paragraph will not affect any professional-service Entity that the Debtors are permitted to pay without seeking authority from the Bankruptcy Court in the ordinary course of the Debtors' businesses (and in accordance with any relevant prior order of the Bankruptcy Court), which payments may continue notwithstanding the occurrence of Confirmation and the Effective Date.

ii. *Professional Fees Escrow Account*

Professionals must estimate their unpaid Claims for Professional Fees incurred in rendering services to the Debtors, their Estates or the Committee (if any), as applicable, as of the Effective Date and must deliver such estimate to counsel for the Debtors no later than five (5) Business Days before the anticipated Effective Date; provided, that such estimate will not be deemed to limit the Allowed Professional Fees of any Professional. If a Professional does not provide an estimate, the Debtors will estimate the unpaid and unbilled fees and expenses of such Professional for the purposes of funding the Professional Fees Escrow Account.

On the Effective Date, the Reorganized Debtors will fund the Professional Fees Escrow Account in an amount equal to all asserted Claims for Professional Fees incurred but unpaid as of the Effective Date (including, for the avoidance of doubt, any reasonable estimates

for unbilled amounts provided prior to the Effective Date). The Professional Fees Escrow Account may be an interest-bearing account. Amounts held in the Professional Fees Escrow Account will not constitute property of the Reorganized Debtors. In the event there is a remaining balance in the Professional Fees Escrow Account following payment to all holders of Allowed Claims for Professional Fees, any such amounts will be promptly returned to, and constitute property of, the Reorganized Debtors.

iii. *Post-Effective Date Fees and Expenses*

From and after the Effective Date, the Reorganized Debtors may, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, promptly pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Reorganized Debtors on and after the Effective Date. On the Effective Date, any requirement that professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Reorganized Debtors may employ and pay any professional in the ordinary course of business without any further notice to or action, order or approval of the Bankruptcy Court.

d. *DIP Facility Claims*

On the Effective Date, the DIP Facility Claims will be ~~due and payable~~**Allowed** in the full amount **due and** owing under the DIP ~~Credit Agreement~~**Facility Documents**, including, for the avoidance of doubt, (a) the principal amounts outstanding under the DIP Facility on such date; (b) all interest accrued and unpaid thereon through and including the date of payment; and (c) all ~~accrued~~**premiums,** fees (including, without limitation, back-end fees and exit fees), expenses, and indemnification obligations payable under the DIP Facility Documents. For the avoidance of doubt, the DIP Facility Claims will not be subject to any avoidance, reduction, setoff, recoupment, recharacterization, subordination (equitable or contractual or otherwise), counter-claim, defense, disallowance, impairment, objection or any challenges under applicable law or regulation.

Tranche A-1 DIP Facility Claims. On the Effective Date, in full and final satisfaction of the Tranche A-1 DIP Facility Claims, each holder of an Allowed Tranche A-1 DIP Facility Claim will, in accordance with **and subject to** the terms of the DIP Facility Documents, receive either (i) at the election of the Debtors, its Pro Rata share of the Exit A-1 Notes, in accordance with **and subject to** the Exit **Facility Documents and the DIP** Facility Documents, or (ii) payment in full in Cash. In addition, the Debtors will pay, **on the Effective Date,** in full in Cash, all accrued and unpaid DIP Facility Claims arising under section 11.04 of the DIP Credit Agreement~~, including~~ **and all accrued and unpaid** DIP Facility Fees and Expenses ~~as set forth in~~**in accordance with** Article II.E of the Plan~~.~~**; provided, that if any Tranche A-1 DIP Facility Claims are held by the Fronting Lender (as defined in the DIP Credit Agreement) on the Effective Date, such Tranche A-1 DIP Facility Claims will be paid in full in Cash in accordance with the terms of the DIP Facility Documents.**

Tranche A-2 DIP Facility Claims. On the Effective Date, in full and final satisfaction of the Tranche A-2 DIP Facility Claims, each holder of an Allowed Tranche A-2 DIP

Facility Claim will in accordance with **and subject to** the terms of the DIP Facility Documents, receive either (i) at the election of the Debtors, its Pro Rata share of the Exit A-2 Notes, in accordance with **and subject to** the Exit Facility Documents **and the DIP Credit Agreement**, or (ii) payment in full in Cash. In addition, the Debtors will pay, **on the Effective Date,** in full in Cash, all accrued and unpaid DIP Facility Claims arising under section 11.04 of the DIP Credit Agreement, including DIP Facility Fees and Expenses as set forth in Article II.E of the Plan..

Tranche B DIP Facility Claims. On the Effective Date, in accordance with and subject to the Tranche B Equity Conversion Agreement (unless otherwise provided therein or in the DIP Orders), each holder of an Allowed Tranche B DIP Facility Claim will receive, in full and final satisfaction of its Tranche B DIP Facility Claim, its respective allocation of New Common Equity **(consisting of Claims-Based New Common Equity and, as applicable, Contribution-Based New Common Equity)** set forth on the Tranche B Equity Allocation Schedule, in exchange for such holder's Allowed Tranche B DIP Facility Claim and, as applicable, its Tranche B Equity Contribution and/or Tranche B Asset Contribution. In addition, the Debtors will pay, ~~in~~**on the Effective Date, in** full in Cash, all accrued and unpaid DIP Facility Claims arising under section 11.04 of the DIP Credit Agreement, including DIP Facility Fees and Expenses as set forth in Article II.E of the Plan. For the avoidance of doubt, to the extent any holder of an Allowed Tranche B DIP Facility Claim has (a) a Claim for deficiency arising out of, or related to, the Tranche B DIP Obligations or (b) a Claim for adequate protection arising out of, or related to, the Tranche B DIP Obligations against any Debtor, such Claims will be deemed waived as of the Effective Date, and such holder will not be entitled to any distributions under the Plan on account of such Claims.

Notwithstanding anything to the contrary in the Plan, upon the occurrence of the Effective Date, the DIP Agent and its sub-agents will be relieved of all further duties and responsibilities under the DIP ~~Loan~~**Facility** Documents **and will be deemed to have resigned, pursuant to section 9.05 of the DIP Credit Agreement, on the Effective Date**; provided, that any provisions of the DIP ~~Loan~~**Facility** Documents that by their terms survive the termination of the DIP Loan Documents will survive in accordance with the terms of the DIP ~~Loan~~**Facility** Documents.

e. DIP Facility Fees and Expenses

To the extent not previously paid during the course of the Chapter 11 Cases, the DIP Facility Fees and Expenses incurred, or estimated to be incurred, up to and including the Effective Date, will be paid in full in Cash on the Effective Date ~~or as reasonably practicable thereafter~~ in accordance with, and subject to, the terms of the DIP ~~Orders and the DIP~~ Facility Documents, without any requirement to file a fee application with the Bankruptcy Court, without the need for itemized time detail, or without any requirement for Bankruptcy Court review or approval. All DIP Facility Fees and Expenses to be paid on the Effective Date will be estimated prior to and as of the Effective Date, and such estimates must be delivered to the Debtors at least five (5) Business Days before the anticipated Effective Date; provided, that such estimates will not be considered an admission or limitation with respect to such DIP Facility Fees and Expenses. On or as soon as practicable after the Effective Date, final invoices for all DIP Facility Fees and Expenses incurred prior to and as of the Effective Date must be submitted to

the Debtors. In addition, the Debtors and the Reorganized Debtors (as applicable) will continue to pay when due pre- and post-Effective Date any DIP Facility Fees and Expenses related to the DIP Facility in accordance with, and subject to, the terms of the DIP Orders and the DIP Facility Documents, whether incurred before, on, or after the Effective Date.

Prior to the Effective Date, the Debtors will pay DIP Facility Fees and Expenses in accordance with, and subject to, the terms of the DIP Orders and the DIP Facility Documents, within ten (10) calendar days (which time period may be extended by the applicable professional in its discretion) after delivery of an invoice therefor to the Debtors, the Committee, and the U.S. Trustee, subject to the objection procedures set forth below. None of such invoices will be required to comply with the U.S. Trustee fee guidelines and (i) may be redacted to protect privileged, confidential, or proprietary information and (ii) will not be required to contain individual time detail. The Debtors, ~~counsel to~~ the Committee, and the U.S. Trustee (the "Fee Notice Parties") will have ten **(10)** calendar days following their receipt of such invoices to file objections with the Bankruptcy Court with respect to the reasonableness of the fees and expenses included therein. Within ten (10) calendar days after delivery of such invoices (the "Fee Objection Period"), without further order of, or application to, the Court or notice to any other party, such fees and expenses will be promptly paid by the Debtors unless a written objection is made by any of the Fee Notice Parties. If a written objection is made by any of the Fee Notice Parties within the Fee Objection Period to the reasonableness of the requested fees and expenses, then only the disputed portion of such fees and expenses will be withheld until the objection is resolved by the applicable parties in good faith or by order of the Bankruptcy Court, and the undisputed portion will be promptly paid by the Debtors.

In addition, the Debtors and the Reorganized Debtors (as applicable) will continue to pay post-Effective Date, when due and payable in the ordinary course, the DIP Facility Fees and Expenses in accordance with, and subject to, the terms of the DIP Facility Documents. For the avoidance of doubt, such post-Effective Date payments will not be subject to the review and objection procedures described in Article II.E of the Plan.

f. Priority Tax Claims

Except to the extent that an Allowed Priority Tax Claim has not been previously paid in full or its holder agrees to a less favorable treatment, in full and final satisfaction of each Priority Tax Claim, each holder of an Allowed Priority Tax Claim will be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code. In the event an Allowed Priority Tax Claim is Allowed as a Secured Claim, it will be classified and treated as an Allowed Other Secured Claim.

2. Classified Claims

a. Manner of Classification

The classification of Claims and Interests, except for the foregoing unclassified Claims, is set forth in Article III of the Plan.

If a Class does not have any Allowed Claims or Allowed Interests (as applicable), then that Class will be deemed not to exist as to that Debtor.

b. *Treatment of Claims and Interests*

The classification and proposed treatment of Claims and Interests are as follows.

i. *Class 1 – Priority Non-Tax Claims*

Classification: Class 1 consists of all Priority Non-Tax Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of an Allowed Priority Non-Tax Claim will (i) receive from the applicable Reorganized Debtor, in full and final satisfaction of its Priority Non-Tax Claim, payment, in Cash, equal to the Allowed amount of such Claim, on the later of the Effective Date and the date when its Priority Non-Tax Claim becomes due and payable in the ordinary course or (ii) be otherwise rendered Unimpaired.

Voting: Class 1 is Unimpaired under the Plan. Holders of Priority Non-Tax Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

ii. *Class 2 – Other Secured Claims*

Classification: Class 2 consists of all Other Secured Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of an Allowed Other Secured Claim, at the option of the Debtors, (a) will receive Cash in an amount equal to the Allowed amount of such Claim on the later of the Effective Date and the date that is ten (10) Business Days after the date such Other Secured Claim becomes an Allowed Claim; (b) on the Effective Date, such holder's Allowed Other Secured Claim will be Reinstated; (c) on the Effective Date, such holder will receive such other treatment sufficient to render such holder's Allowed Other Secured Claim Unimpaired; or (d) on the Effective Date or as soon as reasonably practicable thereafter, such holder will receive delivery of, or will retain, the applicable collateral securing any such Claim up to the secured amount of such Claim pursuant to section 506(a) of the Bankruptcy Code and payment of any

interest required under section 506(b) of the Bankruptcy Code in satisfaction of the Allowed amount of such Other Secured Claim.

Voting: Class 2 is Unimpaired under the Plan. Holders of Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

iii. *Class 3 – Engine Loan Claims*

Classification: Class 3 consists of all Engine Loan Claims.

Allowance: The Engine Loan Claims will be Allowed in the aggregate amount of $[52,967,149.35], plus accrued and unpaid interest (at the revised non-default rate) and all applicable fees, costs, expenses, and other amounts due under the terms of the Engine Loan Agreement, subject to reduction for payments made by the Debtors.

Treatment: The Engine Loan Agreement will be amended as of the Effective Date in accordance with an amendment to be included in the Plan Supplement. The amendment will provide for, among other things, no reduction in the outstanding amount of principal, payment of accrued interest (at the revised non-default rate) on regular interest payment dates, and an amended amortization schedule.

Voting: Class 3 Claims are Impaired under the Plan. Holders of Engine Loan Claims are entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

iv. *Class 4 – Secured RCF Claims*

Classification: Class 4 consists of all Secured RCF Claims.

Allowance: The Secured RCF Claims will be Allowed in the aggregate amount of $100,000,000.00, plus accrued and unpaid interest (at the revised non-default rate) due under the terms of the existing Secured RCF Agreement.

Treatment: The Secured RCF Agreement will be amended as of the Effective Date to provide for, among other things, no reduction in the outstanding amount of principal, continuation of the loan commitments, payment of accrued interest (at the revised non-

default rate) and fees on regular interest payment dates, an amended amortization schedule, and retention of the existing collateral package, in accordance with an amendment to be included in the Plan Supplement.

Voting: Class 4 is Impaired under the Plan. Holders of Secured RCF Claims are entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

v. *Class 5 – USAV Receivable Facility Claims*

Classification: Class 5 consists of all USAV Receivable Facility Claims.

Allowance: The USAV Receivable Facility Claims will be Allowed in the aggregate amount of $66,962,332.85, pursuant to the USAV Settlement Agreement.

Treatment: The USAV Receivable Facility Claims will be Reinstated, as amended pursuant to the USAV Settlement Agreement.

Voting: Class 5 is Unimpaired under the Plan. Holders of USAV Receivable Facility Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

vi. *Class 6 – Grupo Aval Receivable Facility Claims*

Classification: Class 6 consists of all Grupo Aval Receivable Facility Claims.

Allowance: The Grupo Aval Receivable Facility Claims will be Allowed in the amount of $128,552,032.00, pursuant to the Grupo Aval Settlement Agreement.

Treatment: Pursuant to the Grupo Aval Settlement Agreement and on the schedule set forth therein, each holder of an Allowed Grupo Aval Receivable Facility Claim will receive, in full and final satisfaction of its Grupo Aval Receivable Facility Claim, the consideration set forth in the Grupo Aval Settlement Agreement, namely: (i) its Pro Rata share of the Grupo Aval Exit Facility; (ii) its Pro Rata share of the Grupo Aval LifeMiles Consideration; and (iii) equal Cash payments on the first Business Day of each month

on or after the Effective Date through January 2024, in an amount equal to non-default interest accrued and unpaid under the Grupo Aval Receivable Facility through the Grupo Aval Settlement Date.

Voting: Class 6 is Unimpaired under the Plan. Holders of Grupo Aval Receivable Facility Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

vii. *Class 7 – Grupo Aval Lines of Credit Claims*

Classification: Class 7 consists of all Grupo Aval Lines of Credit Claims.

Allowance: The Grupo Aval Lines of Credit Claims will be Allowed in the aggregate amount of $11,651,000, allocated as $~~863,037.04~~**1,000,000.00** to Banco de Bogotá S.A. and $~~10,787,962.96~~**10,651,000.00** to Banco de América Central S.A. **El Salvador.**

Treatment: On the Effective Date, pursuant to the Grupo Aval Settlement Agreement, each holder of an Allowed Grupo Aval Lines of Credit Claim will receive, in full and final satisfaction of its Grupo Aval Lines of Credit Claim, (i) its Pro Rata share of the Grupo Aval Exit Facility; (ii) its Pro Rata share of the Grupo Aval LifeMiles Consideration; and (iii) equal Cash payments on the first Business Day of each month on or after the Effective Date through January 2024, in an amount equal to non-default interest accrued and unpaid under the Grupo Aval Lines of Credit through the Effective Date.

Voting: Class 7 is Impaired under the Plan. Holders of Grupo Aval Lines of Credit Claims are entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

viii. *Class 8 – Grupo Aval Promissory Note Claims*

Classification: Class 8 consists of all Grupo Aval Promissory Note Claims.

Allowance: The Grupo Aval Promissory Note Claims will be Allowed in the aggregate amount of $9,999,997.28.

Treatment: Pursuant to the Grupo Aval Settlement Agreement and on the schedule set forth therein, each holder of an Allowed Grupo Aval Promissory Note Claim will receive, in full and final satisfaction of its Grupo Aval Promissory Note Claim, the consideration set forth in the Grupo Aval Settlement Agreement, namely: (i) its Pro Rata share of the New Grupo Aval Promissory Notes, which will have the same terms and conditions as the Existing Grupo Aval Promissory Notes and (ii) equal Cash payments on the first Business Day of each month on or after the Effective Date through January 2024, in an amount equal to non-default interest accrued and unpaid under the Grupo Aval Promissory Notes through the Grupo Aval Settlement Date.

Voting: Class 8 is Unimpaired under the Plan. Holders of Grupo Aval Promissory Note Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

ix. *Class 9 – Cargo Receivable Facility Claims*

Classification: Class 9 consists of all Cargo Receivable Facility Claims.

Allowance: The Cargo Receivable Facility Claims will be Allowed in the aggregate amount of $3,176,468.00, plus accrued and unpaid interest (at the applicable non-default rate) due under the terms of the existing Cargo Receivable Facility Agreement.

Treatment: On the Effective Date, all Cargo Receivable Facility Claims will be Reinstated.

Voting: Class 9 is Unimpaired under the Plan. Holders of Cargo Receivable Facility Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

x. *Class 10 – Pension Claims*

Classification: Class 10 consists of all Pension Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment,

each holder of an Allowed Pension Claim will be fully Reinstated and continue as an ongoing obligation of the applicable Reorganized Debtor(s) to the extent provided for under the Colombian Pension Regime, the holder of such Claim being unaffected by the Chapter 11 Cases or the Plan. In addition, on the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors will pay in full in Cash, without application to or approval of the Bankruptcy Court and without a deduction from distributions made to holders of Pension Claims, any and all unpaid CAXDAC Fee Claims.

Voting: Class 10 is Unimpaired under the Plan. Holders of Pension Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

xi. *Class 11 – General Unsecured Avianca Claims*[911]

Classification: Class 11 consists of all General Unsecured Avianca Claims.

Treatment: On the Initial General Unsecured Claims Distribution Date (or on the next distribution date following Allowance, if later), each holder of an Allowed General Unsecured Avianca Claim will receive its Pro Rata share of either (A) the Unsecured Claimholder Cash Pool or (B) if such holder makes a written election on a timely and properly delivered and completed Ballot or other writing reasonably acceptable to the Debtors or Reorganized Debtors to receive the Unsecured Claimholder Equity Package, (1) the Unsecured Claimholder Equity Pool and (2) the Warrants;

provided, that, **if Class 11 votes to accept the Plan**, in addition to the treatment set forth above, each holder of an Allowed General

[911] The DIP Facility is secured, in part, by the same collateral securing the 2023 Notes (the "Shared Collateral"); however, pursuant to the Final DIP Order, DIP Facility Claims shall be satisfied first from proceeds of the Shared Collateral (the "DIP Marshaling Provision"). As a result of the DIP Roll-Up and the DIP Marshaling Provision, no value with respect to the Shared Collateral will be available to satisfy 2023 Notes Claims after DIP Facility Claims are satisfied, thereby rendering the 2023 Notes, as well as any other indebtedness secured by the Shared Collateral on equal footing with the 2023 Notes, effectively unsecured pursuant to section 506(a) of the Bankruptcy Code. Further, pursuant to the Final DIP Order, holders of 2023 Notes Claims (and holders of other indebtedness secured by the Shared Collateral) have no claims against any Debtor for, arising out of, or related to adequate protection (including on account of the priming liens in respect of the Shared Collateral). For the avoidance of doubt, 2023 Notes Claims will not include any unsecured deficiency claim held by a Consenting Noteholder on account of, arising out of, or relating to the 2023 Notes.

Unsecured Avianca Claim will also receive its Pro Rata Share of either (x) the Unsecured Claimholder Enhanced Cash Pool or (y) if such holder ~~makes a written election on a timely and properly delivered and completed Ballot or other writing reasonably acceptable to the Debtors or Reorganized Debtors~~ **duly elects** to receive the Unsecured Claimholder Equity Package, the Unsecured Claimholder Enhanced Equity Pool.

For the avoidance of doubt, if a holder of an Allowed General Unsecured Avianca Claim does not duly elect to receive the Unsecured Claimholder Equity Package, such holder will automatically receive its distribution in Cash (i.e., its Pro Rata share of the Unsecured Claimholder Cash Pool and, as applicable, the Unsecured Claimholder Enhanced Cash Pool).

Voting: Class 11 is Impaired under the Plan. Holders of General Unsecured Avianca Claims are entitled to vote to accept or reject the Plan.

Projected recoveries: ~~[___]~~ **1.0% – 1.4**%.[12]

xii. *Class 12 – General Unsecured Avifreight Claims*

Classification: Class 12 consists of all General Unsecured *Avifreight* Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of a General Unsecured Avifreight Claim will (i) receive from Reorganized Avifreight, in full and final satisfaction of its General Unsecured Avifreight Claim, payment, in Cash, equal to the Allowed amount of such Claim, on the later of the Effective Date and the date when its General Unsecured Avifreight Claim becomes due and payable in the ordinary course or (ii) be otherwise rendered Unimpaired.

Voting: Class 12 is Unimpaired under the Plan. Holders of General *Unsecured* Avifreight Claims are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

xiii. *Class 13 – General Unsecured Aerounión Claims*

[12] **These estimated recoveries assume that Class 11 votes to accept the Plan.**

Classification: Class 13 consists of all General Unsecured Aerounión *Claims*.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of a General Unsecured Aerounión Claim will (i) receive from Reorganized Aerounión, in full and final satisfaction of its General Unsecured Aerounión Claim, payment, in Cash, equal to the Allowed amount of such Claim, on the later of the Effective Date and the date when its General Unsecured Aerounión Claim becomes due and payable in the ordinary course or (ii) be otherwise rendered Unimpaired.

Voting: Class 13 is Unimpaired under the Plan. Holders of General Unsecured Aerounión Claims are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

xiv. *Class 14 – General Unsecured SAI Claims*

Classification: Class 14 consists of all General Unsecured SAI Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or the holder agrees to less favorable treatment, each holder of a General Unsecured SAI Claim will (i) receive from Reorganized SAI, in full and final satisfaction of its General Unsecured SAI Claim, payment, in Cash, equal to the Allowed amount of such Claim, on the later of the Effective Date and the date when its General Unsecured SAI Claim becomes due and payable in the ordinary course or (ii) be otherwise rendered Unimpaired.

Voting: Class 14 is Unimpaired under the Plan. Holders of General Unsecured SAI Claims are not entitled to vote to accept or reject the Plan.

Projected recoveries: 100%.

xv. *Class 15 – General Unsecured Convenience Claims*

Classification: Class 15 consists of all General Unsecured Convenience Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or such holder agrees to less favorable treatment, each holder of an Allowed General Unsecured Convenience Claim

will receive, in full and final satisfaction of its *General* Unsecured Convenience Claim, Cash in an amount equal to ~~[___]~~**1.0**% of the amount of such Allowed General Unsecured Convenience Claim.

Voting: Class 15 is Impaired under the Plan. Holders of General Unsecured *Convenience* Claims are entitled to vote to accept or reject the Plan.

Projected recoveries: ~~[___]~~ **1.0**%.

xvi. *Class 16 – Subordinated Claims*

Classification: Class 16 consists of all Subordinated Claims, if any.

Treatment: All Subordinated Claims, if any, will be discharged, cancelled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and holders of Subordinated Claims will not receive any distribution on account of such Subordinated Claims.

Voting: Class 16 is Impaired under the Plan. Holders of Subordinated Claims are deemed to have rejected the Plan pursuant to section *1126*(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 0%.

xvii. *Class 17 – Intercompany Claims*

Classification: Class 17 consists of all Intercompany Claims.

Treatment: No property will be distributed to holders of Intercompany Claims. Each Intercompany Claim will be either Reinstated or *released* and cancelled, as determined appropriate by the Debtors.

Voting: Depending on the treatment accorded, Intercompany Claims are either Unimpaired or Impaired under the Plan. Holders of Intercompany Claims are conclusively presumed to have accepted or deemed to have rejected the Plan pursuant to section 1126(f) or 1126(g) of the Bankruptcy Code and, in either case, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 0% or 100%.

xviii. *Class 18 – Existing AVH Non-Voting Equity Interests*

Classification: Class 18 consists of all Existing AVH Non-Voting Equity Interests.

Treatment: Holders of Existing AVH Non-Voting Equity Interests will ~~not receive any distribution on account of~~**retain** such Interests, which will be cancelled, released, **or** extinguished, or **will** receive economically similar treatment**,** as of the Effective Date or as soon as reasonably practicable thereafter, to the extent permitted by applicable law as determined by the Debtors in their business judgment, and holders of Existing AVH Non-Voting Equity Interests will not receive ~~or retain any property under the Plan~~**any distributions** on account of such ~~Existing AVH Non-Voting Equity~~ Interests.

Voting: Class 18 is Impaired under the Plan. Holders of Existing AVH Non-Voting Equity Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, *therefore*, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 0%.

xix. *Class 19 – Existing AVH Common Equity Interests*

Classification: Class 19 consists of all Existing AVH Common Equity Interests.

Treatment: Holders of Existing AVH Common Equity Interests will ~~not receive any distribution on account of~~**retain** such Interests, which will be cancelled, released, **or** extinguished, or **will** receive economically similar treatment**,** as of the Effective Date or as soon as reasonably practicable thereafter, to the extent permitted by applicable law as determined by the Debtors in their business judgment, and holders of Existing AVH Common Equity Interests will not receive ~~or retain any property under the Plan~~**any distributions** on account of such ~~Existing AVH Common Equity~~ Interests.

Voting: Class 19 is Impaired under the Plan. Holders of Existing AVH Common Equity Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 0%.

xx. *Class 20 –Existing Avifreight Equity Interests*

Classification: Class 20 consists of all Existing Avifreight Equity Interests.

Treatment: Each holder of an Allowed Existing Avifreight Equity Interest will have its Interest Reinstated.

Voting: Class 20 is Unimpaired under the Plan. Holders of Existing Avifreight Equity Interests are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: N/A.

xxi. *Class 21 – Existing SAI Equity Interests*

Classification: Class 21 consists of all Existing SAI Equity Interests.

Treatment: Each holder of an Allowed Existing SAI Equity Interest will have its Interest Reinstated.

Voting: Class 21 is Unimpaired under the Plan. Holders of Existing SAI Equity Interests are conclusively presumed to have accepted the *Plan* pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: N/A.

xxii. *Class 22 – Other Existing Equity Interests*

Classification: Class 22 consists of all Other Existing Equity Interests.

Treatment: Holders of Other Existing Equity Interests will not receive any distribution on account of such Interests, which will be cancelled, released, extinguished, or receive economically similar treatment as of the Effective Date or as soon as reasonably practicable thereafter, to the extent permitted by applicable law as determined by the Debtors in their business judgment, and holders of Other Existing Equity Interests will not receive or retain any property under the Plan on account of such Other Existing Equity Interests.

Voting: Class 22 is Impaired under the Plan. Holders of Other Existing Equity Interests are deemed to have rejected the Plan

pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

Projected recoveries: N/A.

xxiii. *Class 23 – Intercompany Interests*

Classification: Class 23 consists of all Intercompany Interests.

Treatment: No property will be distributed to holders of Intercompany Interests. Each Intercompany Interest will either be (i) *Reinstated* solely to the extent necessary to maintain the Reorganized Debtors' corporate structure or (ii) transferred to a newly formed holding entity in conformance with the Transaction Steps.

Voting: Depending on the treatment accorded, Intercompany Claims are either Unimpaired or Impaired under the Plan. *Holders* of Intercompany Interests are conclusively presumed to have accepted or deemed to have rejected the Plan pursuant to section 1126(f) or 1126(g) of the Bankruptcy Code and, in either case, are not entitled to vote to accept or reject the Plan.

Projected recoveries: 0% or 100%.

3. Special Provision Governing Unimpaired Claims

Except as otherwise specifically provided in the Plan, nothing in the Plan will be deemed to affect, diminish, or impair the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Reinstated Claim or Unimpaired Claim, including legal and equitable defenses to setoffs or recoupment against Reinstated Claims or Unimpaired Claims, and, except as otherwise specifically provided in the Plan, nothing in the Plan will be deemed to be a waiver or relinquishment of any Claim, Cause of Action, right of setoff, or other legal or equitable defense that the Debtors had immediately prior to the Petition Date against or with respect to any Claim that is Unimpaired by the Plan. Except as otherwise specifically provided in the Plan, the Debtors and the Reorganized Debtors will have, retain, reserve, and be entitled to assert all such Claims, Causes of Action, rights of setoff, and other legal or equitable defenses that the Debtors had immediately prior to the Petition Date fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' and Reorganized Debtors' legal and equitable rights with respect to any Reinstated Claim or Claim that is Unimpaired by the Plan may be asserted after the Confirmation Date and the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

4. Pension Claims

Under the laws of the Republic of Colombia ("Colombia"), pension obligations owed to civil aviators are entitled to several specific legal protections. Certain of these legal

protections historically stem from the fact that due to the harsh and mountainous geography of Colombia, the only feasible way to connect the economic activity and the citizens of different areas of the country was through air travel. Unfortunately, during the 1950s and1960s, air travel in Colombia was notoriously dangerous, leading to high rates of crashes and accidents. As a result, *Caja de Auxilios y Prestaciones de la Asociacion Colombiana de Aviadores Civiles ACDAC* ("CAXDAC") was created to assist the families of civil aviators who were injured or killed. In 1994, pursuant to the ratification of various pension decrees,[~~10~~13] CAXDAC was transformed from a social service entity to a pension administrator. Currently, CAXDAC is a private entity that manages public resources of certain pensions and/or resources that fund certain pension obligations. Thus, the pension obligations owed to CAXDAC that support the pensions that it administers are parafiscal in nature. CAXDAC administers the pensions of many of the Debtors' civil aviator employees.

The Debtors, Aerovías del Continente Americano S.A. Avianca ("Aerovías Avianca") and Tampa Cargo S.A.S. ("Tampa Cargo"), are employers of approximately 562 civil aviators in Colombia or their beneficiaries that are entitled to pensions administered by CAXDAC. CAXDAC asserts that, in addition to Aerovías Avianca and Tampa Cargo, any entities that directly or indirectly own Aerovías Avianca and Tampa Cargo are obligated to comply with the laws in Colombia governing pensions. In addition, CAXDAC asserts that all of the Debtors are jointly and severely liable to CAXDAC under Colombian law under the principal of (i) "enterprise unity," which provides that not only are the companies who directly employ civil aviators and the direct or indirect owners of such companies obligated to CAXDAC for the relevant pension obligations, but the entire employer company's corporate structure also can be held liable under Colombian law for the full amounts due to CAXDAC or (ii) "employer substitution," which provides that any merger, acquisition, or reorganization of the Debtors' corporate structure will not relieve the Debtors of their obligations to CAXDAC, and any new or merged entity will also be obligated to CAXDAC for all of the pension obligations due to CAXDAC.

[~~10~~13] Among the decrees enacted by Colombia with respect to civil aviators are Decree Law 1282 of 1994, Decree Law 1283 of 1994 and Law 100 of 1993. In addition, CAXDAC asserts that its administered pensions are part of the existing social security system in Colombia and are, among other protections, entitled to a privileged position under Colombian law pursuant to Articles 2494 and 2495 of the Colombian Civil Code, in accordance with Article 157 of the Code Substantive of Colombian Labor, Article 17 of Colombian Law 100 of 1993, and Article 34 of Law 1116 of 2006 "Business Insolvency Regime in the Republic of Colombia." Further, CAXDAC asserts that the Colombian Constitutional Court has granted constitutional protection to pension obligations, with such obligations entitled to first priority in any Colombian insolvency proceeding, and CAXDAC asserts that such pension rights are a fundamental constitutional right as it relates to Articles 11 (Right to Life), 49 (Health), 25 (Work), 48 (Social Security), and 53 (Payment of Wages) of the Colombian Constitution. Moreover, CAXDAC asserts that under Colombian law, labor claims (including pension claims) have priority over all other claims, whether secured or unsecured, and any recovery to secured creditors can only be made if labor claims (including pension obligations) have been paid in full or if the debtor can prove that other assets of the estate are sufficient to satisfy such outstanding labor claims. CAXDAC asserts that any chapter 11 plan that did not comply with Colombian law as outlined above likely would not be recognized in Colombia, which is the Debtors' primary market.

Accordingly, the Plan provides treatment for Pension Claims, including Pension Claims held by CAXDAC, such that Pension Claims will be Unimpaired.

5. Subordination of Claims

Except as expressly provided in the Plan, the Allowance, classification, and treatment of all Allowed Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors and the Reorganized Debtors reserve the right to reclassify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

B. *Acceptance or Rejection of Plan*

1. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code will be satisfied for purposes of Confirmation by acceptance of the Plan by any Impaired Class of Claims. The Debtors will seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests.

2. Voting Classes

Holders of Claims in the following Classes as of the Voting Record Date are entitled to vote to accept or reject the Plan: Classes 3, 4, 7, 11, and 15.

The Bankruptcy Code defines "acceptance" of a plan by a class of (i) Impaired Claims as acceptance by creditors in that class that hold at least two-thirds (~~2/3~~⅔) in dollar amount and more than one-half (~~1/2~~½) in number of the Claims that cast ballots for acceptance or rejection of the Plan and (ii) Impaired Interests as acceptance by Interest holders in that Class that hold at least two-thirds (~~2/3~~⅔) in amount of the Interests that cast ballots for acceptance or rejection of the Plan.

3. Presumed Acceptance by Non-Voting Classes

If a Class contains Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan will be presumed accepted by the holders of such Claims or Interests in such Class.

4. Presumed Acceptance by Unimpaired Classes

Classes 1, 2, 5, 6, 8, 9, 10, 12, 13, 14, 20, 21, and, depending on their respective treatment, Classes 17 and 23, are Unimpaired under the Plan. Holders of Claims or Interests in

such Classes are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.]

5. Elimination of Vacant Classes

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing will be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

6. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court will, after notice and a hearing, determine such controversy on or before the Confirmation Date.

C. *Means for Implementation of Plan*

1. General Settlement of Claims and Interests

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan will constitute an arms' length and good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan, and all distributions made to holders of Allowed Claims and Interests in any Class in accordance with the Plan are intended to be, and will be, final. Among other things, the Plan provides for a global settlement among the Debtors and various creditors of the Debtors (the "Global Plan Settlement"), which provides substantial value to the Debtors' Estates.

2. Substantive Consolidation

a. Avianca Plan Consolidation

The Plan serves as a motion seeking, and entry of the Confirmation Order will constitute, the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the Avianca Plan Consolidation.

In chapter 11 cases with multiple affiliated debtors, bankruptcy courts may exercise their equitable powers to "substantively consolidate" the assets and liabilities of two or more of the debtors' estates to create a single common pool of assets to which the creditors of the consolidated debtors can look for recovery on their claims. The Plan is premised upon the substantive consolidation of the Estates of the Avianca Debtors with one another, solely for purposes of the Plan, including voting, Confirmation, the occurrence of the Effective Date, and distribution. Consequently, a creditor of one of the substantively consolidated Avianca Debtors will be treated as a creditor of the substantively consolidated group of Avianca Debtors. The Avianca Debtors are all of the Debtors except Aerounión, Avifreight, and SAI.

The Debtors believe that substantive consolidation of the Avianca Debtors is appropriate and warranted in these Chapter 11 Cases as a component of the Global Settlement of all Claims and Interests. As a general matter, the Avianca Debtors have operated in a manner consistent with substantive consolidation. Many of the most significant General Unsecured Avianca Claims are subject to cross-entity guarantees, and the separate corporate existence of many of the Avianca Debtors was driven principally by local regulatory requirements.

The operations of the Avianca Debtors are also so complex and tightly integrated that untangling each Avianca Debtor's separate operations would be difficult, time-consuming and expensive. This exercise would provide little benefit to any stakeholder, because the Debtors estimate that no holder of a General Unsecured Avianca Claim would receive materially superior recoveries if the Avianca Debtors were each required to propose separate plans of reorganization or liquidation. Furthermore, the Supporting Tranche B Lenders may be unwilling to contribute additional capital as set forth in the Plan if the Plan does not incorporate the Global Plan Settlement, including the Avianca Plan Consolidation. Without those additional capital contributions, the Debtors believe that the value of distributions (if any) to holders of General Unsecured Avianca Claims would likely be significantly less than the value of the distributions set forth in the Plan.

As set forth more fully in Article V.B of the Plan, in the event that the Bankruptcy Court orders only partial, or does not order, Avianca Plan Consolidation, the Debtors reserve the right to (i) proceed with no or partial Avianca Plan Consolidation, (ii) propose one or more Sub-Plans, (iii) proceed with confirmation of one or more Sub-Plans to the exclusion of the other Sub-Plans, (iv) withdraw some or all of the Sub-Plans, or (v) withdraw the Plan. Subject to the immediately preceding sentence, the Debtors' inability to obtain approval of the Avianca Plan Consolidation or confirm any Sub-Plan, or the Debtors' election to withdraw the Avianca Plan Consolidation or any Sub-Plan, will not impair confirmation or consummation of any other Sub-Plan. In the event that the Bankruptcy Court does not order the Avianca Plan Consolidation, (i) Claims against a particular Debtor will be treated as Claims against solely such Debtor's Estate for all purposes and administered as provided in the applicable Sub-Plan and (ii) the Debtors will not be required to resolicit votes with respect to the Plan or the applicable Sub-Plan.

Except as otherwise provided in the Plan, solely for voting, Confirmation, and distribution purposes hereunder, and subject to the following sentence, (i) all assets and all liabilities of the Avianca Debtors will be treated as though they were merged; (ii) all guarantees of any Avianca Debtor of the payment, performance, or collection of obligations of another Avianca Debtor will be eliminated and cancelled; (iii) all joint obligations of two or more Avianca Debtors and multiple Claims against such Entities on account of such joint obligations will be treated and allowed as a single Claim against the consolidated Avianca Debtors; (iv) all Claims between any Avianca Debtors will be deemed cancelled; and (v) each Claim filed in the Chapter 11 Case of any Avianca Debtor will be deemed filed against the consolidated Avianca Debtors and a single obligation of the consolidated Avianca Debtors' Estate. The substantive consolidation and deemed merger effected pursuant to Article V.B of the Plan will not affect (other than for purposes of the Plan as set forth in Article V.B of the Plan) (i) the legal and organizational structure of the Reorganized Avianca Debtors, except as provided in the Restructuring Transactions; (ii) defenses to any Causes of Action or requirements for any third

party to establish mutuality to assert a right of setoff; (iii) the claims, rights, or remedies of the DIP Agent and each of the DIP Lenders under the DIP ~~Credit Agreement and the DIP Orders~~**Facility Documents** until the satisfaction and discharge of all obligations under the DIP ~~Credit Agreement and DIP Orders~~**Facility Documents** in accordance with the Plan on the Effective Date; and (iv) distributions out of any insurance policies or proceeds of such policies.

b. Confirmation in the Event of Partial or No Avianca Plan Consolidation

In the event that the Bankruptcy Court orders partial, or does not order, the Avianca Plan Consolidation, the Debtors reserve the right to (i) proceed with no or partial Avianca Plan Consolidation, (ii) propose one or more Sub-Plans, (iii) proceed with confirmation of one or more Sub-Plans to the exclusion of other Sub-Plans, (iv) withdraw some or all of the Sub-Plans, or (v) withdraw the Plan. The Debtors' inability to obtain approval of the Avianca Plan Consolidation or confirm any Sub-Plan, or the Debtors' election to withdraw the Avianca Plan Consolidation or any Sub-Plan, will not impair confirmation or consummation of any other Sub-Plan. In the event that the Bankruptcy Court does not order the Avianca Plan Consolidation, (i) Claims against a particular Debtor will be treated as Claims against solely such Debtor's Estate for all purposes and administered as provided in the applicable Sub-Plan and (ii) the Debtors will not be required to resolicit votes with respect to the Plan or the applicable Sub-Plan.

c. Claims Against Avianca Debtors and Unconsolidated Debtors

If one or more Avianca Debtors and one or more Unconsolidated Debtors are obligated on a particular Claim, the holder of such Claim will be deemed to have no Claim against the Avianca Debtors and one Claim against each applicable Unconsolidated Debtor for purposes of Confirmation and distribution. For the avoidance of doubt, no such holder will receive distributions totaling an amount in excess of 100% of its Allowed Claim.

3. Restructuring Transactions

Prior to, on, or after the Effective Date, subject to and consistent with the terms of their obligations under the Plan, the Debtors and the Reorganized Debtors will be authorized to enter into such transactions and take such other actions as may be necessary or appropriate to effect a corporate and other Entity restructuring of their businesses, to otherwise simplify the overall corporate and other Entity structure of the Debtors, and/or to reincorporate or reorganize certain of the Debtors under the laws of jurisdictions other than the laws under which such Debtors currently are incorporated or formed, which restructuring may include one or more mergers, consolidations, dispositions, transfers, assignments, contributions, liquidations or dissolutions, as may be determined by the Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties and obligations of certain of the Debtors vesting in one or more surviving, resulting or acquiring entities (collectively, the "Restructuring Transactions"). Subject to the terms of the Plan, in each case in which the surviving, resulting or acquiring Entity in any such transaction is a successor to a Debtor, such surviving, resulting or acquiring Entity will perform the obligations of such Debtor pursuant to the Plan to pay or otherwise satisfy the Allowed Claims against and Interests in such Debtor, except as provided in any contract, instrument or other agreement or document effecting

a disposition to such surviving, resulting or acquiring Entity, which may provide that another Debtor will perform such obligations.

In effecting the Restructuring Transactions, the Debtors and the Reorganized Debtors will implement the Transaction Steps and be permitted to: (1) execute and deliver appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation, or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable non-bankruptcy law and such other terms to which the applicable Entities may agree; (2) form new Entities, execute and deliver appropriate documents in connection therewith containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable non-bankruptcy law, and issue equity in such newly formed Entities; (3) execute and deliver appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable Entities may agree and effectuate such transfers, assignments, assumptions, or delegations in accordance with such instruments, including to any Entities formed in accordance with the Restructuring Transactions and the Plan; (4) file appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable non-bankruptcy law; and (5) take all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings, or vacating previously filed filings or recordings, that may be required by applicable non-bankruptcy law in connection with such transactions. Each agent of the Debtors and other Persons authorized to make filings with respect to the Debtors (including, without limitation, each resident agent) will be directed to cooperate with and to take direction from the Debtors and the Reorganized Debtors as to the foregoing. To the extent known, any such Restructuring Transactions will be summarized in the Description of Restructuring Transactions, and in all cases, such transactions will be subject to the terms and conditions of the Plan and any consents or approvals required under the Plan or the Tranche B Equity Conversion Agreement.

On the Effective Date or as soon as reasonably practicable thereafter, all Interests in AVH will be cancelled, released, extinguished, or receive economically similar treatment, to the extent permitted by applicable law as determined by the Debtors in their business judgment.

4. Sources of Consideration for Plan Distributions

a. Cash

The Reorganized Debtors will fund distributions under the Plan required to be paid in Cash, if any, with Cash on hand (including Cash from operations and Cash received under the DIP Facility in accordance with the DIP Facility Documents) and Cash received on the Effective Date (including borrowings under the Exit Facility and the Tranche B Equity Contributions).

b. Exit Facility

On the Effective Date, the Reorganized Debtors will be authorized to execute, deliver, and enter into the Exit Facility Documents, subject to the requisite approvals, without

further (i) notice to or order of the Bankruptcy Court, (ii) vote, consent, authorization, or approval of any Person, or (iii) action by the holders of Claims or Interests.

The Reorganized Debtors will be authorized to convert/repay the Tranche A-1 DIP Obligations and Tranche A-2 DIP Obligations with the Exit Facility and use the proceeds of such borrowings for any purpose permitted thereunder. Without limiting the foregoing, the Reorganized Debtors will pay, as and when due, all fees, expenses, losses, damages, indemnities, and other amounts, including any applicable refinancing premiums and applicable exit fees, provided under the DIP Facility Documents related to the DIP Facility and/or the Exit Facility Documents relating to such Exit Facility.

The Exit Facility Documents will constitute legal, valid, binding, and authorized joint and several obligations of the applicable Reorganized Debtors, enforceable in accordance with their respective terms, and such obligations will not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever under applicable law, the Plan or the Confirmation Order and will not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any other applicable non-bankruptcy law. The financial accommodations to be extended pursuant to the Exit Facility Documents are reasonable and are being extended, and will be deemed to have been extended, in good faith and for legitimate business purposes.

On the Effective Date, all of the Liens to be granted in accordance with the Exit Facility Documents (a) will be deemed to be approved; (b) will be legal, binding, and enforceable Liens on the collateral granted under the respective Exit Facility Documents in accordance with the terms thereof; (c)(i) will be deemed perfected on the Effective Date and (ii) the priorities of such Liens will be as set forth in the respective Exit Facility Documents, and, in the case of this clause (ii), subject only to such Liens as may be permitted under the Exit Facility Documents; and (d) will not be subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever and will not constitute preferential transfers, fraudulent conveyances or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law. The Reorganized Debtors and the secured parties (and their designees and agents) under such Exit Facility Documents will be authorized to make all filings and recordings, and to obtain all governmental approvals and consents, to establish and perfect such Liens under the provisions of the applicable state, provincial, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection of the Liens granted under the Exit Facility Documents will occur automatically by virtue of the entry of the Confirmation Order and funding on or after the Effective Date, and any such filings, recordings, approvals, and consents will not be necessary or required), and the Reorganized Debtors and the secured parties (and their designees and agents) under such Exit Facility Documents will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens to third parties.

To the extent that any holder of a Secured Claim that has been satisfied or discharged pursuant to the Plan, or any agent for such holder, has filed or recorded any Liens to secure such holder's Secured Claim, then on or as soon as practicable after the Effective Date,

such holder (or the agent for such holder) will**, at the Debtors' or Reorganized Debtors' sole cost and expense,** take any and all steps **reasonably** requested by the Debtors, Reorganized Debtors, or the Exit Facility Indenture Trustee that are necessary to cancel and/or extinguish such Liens (it being understood that such Liens held by holders of Secured Claims that are satisfied on the Effective Date pursuant to the Plan will be automatically canceled/or extinguished on the Effective Date by virtue of the entry of the Confirmation Order).

c. New Common Equity

Reorganized AVH will be authorized to issue or cause to be issued, and will issue, the New Common Equity without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule, or the vote, consent, authorization, or approval of any Person.

~~The New Common Equity will be subject to dilution from (i) equity issued in exchange for the Tranche B Equity Contribution pursuant to the Tranche B Equity Conversion Agreement, (ii) equity issued pursuant to any employee or management incentive plans, and (iii) other equity issuances to the extent provided in the Warrant Agreement and the New Organizational Documents.~~

All of the New Common Equity issued and/or distributed pursuant to the Plan will be duly authorized, validly issued, and, as applicable, fully paid and non-assessable. Each distribution and issuance of the New Common Equity under the Plan will be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions will bind each Entity receiving such distribution or issuance.

All of the New Common Equity issued and/or distributed pursuant to the Plan, whether solely in exchange for Claims or, in the case of certain Tranche B DIP Lenders, in exchange for Tranche B DIP Facility Claims and the Tranche B Equity Contribution, will be exempt from the registration requirements of Section 5 of the Securities Act and any "Blue Sky" Laws of any U.S. jurisdiction pursuant to section 1145(a) of the Bankruptcy Code, except to the extent that they are subject to the provisions of section 1145(b)(1).

d. Warrants

Reorganized AVH will be authorized to issue or cause to be issued, and will issue, the Warrants without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule, or the vote, consent, authorization, or approval of any Person.

The Warrants will be automatically exercisable upon any scheme of merger, acquisition, reorganization liquidation, dissolution, winding-up, or sale of Reorganized AVH or the sale of all or substantially all of the assets of Reorganized AVH where the Exercise Price is achieved. The Warrants will have standard anti-dilution protection, and the Warrants will be fully transferable, subject to applicable securities laws and regulations. Holders of Warrants will have standard information rights during the period prior to the registration of the New Common Equity or listing of the New Common Equity on a global securities exchange.

All of the Warrants issued and/or distributed pursuant to the Plan will be duly authorized, validly issued, and, as applicable, fully paid and non-assessable. Each distribution and issuance of the Warrants under the Plan will be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions will bind each Entity receiving such distribution or issuance.

All of the Warrants issued and/or distributed pursuant to the Plan will be exempt from the registration requirements of Section 5 of the Securities Act and any "Blue Sky" Laws of any U.S. jurisdiction pursuant to section 1145(a) of the Bankruptcy Code, except to the extent that they are subject to the provisions of section 1145(b)(1).

5. Corporate Existence

Except as otherwise provided in the Plan, and despite the Avianca Plan Consolidation, each Debtor and each of its direct and indirect subsidiaries will continue to exist after the Effective Date as a separate corporation, limited liability company, limited partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, limited partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective bylaws, limited liability company agreement, operating agreement, limited partnership agreement (or other formation documents) in effect prior to the Effective Date, except to the extent such formation documents are amended under the Plan or otherwise, and to the extent such documents are amended, such documents will be deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable law); provided, that after the Effective Date, AVH and its direct and indirect subsidiaries may be liquidated, wound up, and/or dissolved in accordance with applicable law and applicable rules of corporate governance.

6. Vesting of Assets in the Reorganized Debtors

Except as otherwise provided in the Plan, on the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property in each applicable Estate, and any property acquired by the Debtors pursuant to the Plan will vest in the Reorganized Debtors and, if applicable, any Entity or Entities formed pursuant to the Restructuring Transactions to hold the assets and/or equity of the Reorganized Debtors, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the applicable Reorganized Debtors may operate their businesses and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court, and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

The Plan will be conclusively deemed to be adequate notice that Liens, Claims, charges or other encumbrances are being extinguished. Any Person having a Lien, Claim, charge or other encumbrance against any of the property vested in accordance with the foregoing paragraph will be conclusively deemed to have consented to the transfer, assignment and vesting

of such property to or in the Reorganized Debtors free and clear of all Liens, Claims, charges or other encumbrances by failing to object to confirmation of the Plan, except as otherwise provided in the Plan.

7. Cancellation of Loans, Securities, and Agreements

Except as otherwise provided in the Plan **or the Tranche B Equity Conversion Agreement**, on the Effective Date or as soon as reasonably practicable thereafter with respect to each Debtor: (1) the DIP Facility Claims, Grupo Aval Receivable Facility Claims, Grupo Aval Lines of Credit Claims, 2020 Notes Claims, 2023 Notes Claims, Direct Loan Claims, ~~Existing AVH Non-Voting Equity Interests, Existing AVH Common Equity Interests,~~ Other Existing Equity Interests, and any other certificate, equity security, share, note, purchase right, option, warrant, or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of, or ownership interest in, the Debtors giving rise to any Claim or Interest (except such certificates, notes, or other instruments or documents evidencing indebtedness or obligation of, or ownership interest in, the Debtors that are Reinstated **or otherwise retained by holders thereof** pursuant to the Plan), will, to the fullest extent permitted by applicable law, be deemed cancelled, released, surrendered, extinguished, and discharged as to the Debtors without any need for further action or approval of the Bankruptcy Court or any holder thereof or any other Person or Entity, and the Reorganized Debtors will not have any continuing obligations thereunder or in any way related thereto; and (2) the obligations of the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws or certificate or articles of incorporation, or similar documents governing the shares, certificates, notes, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of, or ownership interest in, the Debtors (except such agreements, certificates, notes or other instruments evidencing indebtedness or obligation of or ownership interest in the Debtors that are specifically Reinstated pursuant to the Plan) will be deemed satisfied in full, released, and discharged without any need for further action or approval of the Bankruptcy Court or any holder thereof or any other Person or Entity.

Notwithstanding such cancellation and discharge, the DIP Credit Agreement, the DIP Facility Indentures, the **other DIP Facility Documents, the** Direct Loan Promissory Note, the 2020 Notes Indenture, and the 2023 Notes Indenture will continue in effect to the extent necessary (i) to allow the holders of Claims to receive distributions under the Plan; (ii) to allow the Debtors, the Reorganized Debtors, and the agents and Indenture Trustees under such documents to take other actions pursuant to the Plan on account of Claims; (iii) to allow holders of Claims to retain their respective rights and obligations vis-à-vis other holders of Claims pursuant to such documents; (iv) to allow the agents**, including the DIP Agent,** and Indenture Trustees under such documents to enforce their rights, claims, causes of action and interests under such documents against any party other than the Debtors, including, but not limited to, any rights with respect to priority of payment and/or to exercise charging liens; (v) to preserve any rights of the agents**, including the DIP Agent,** and Indenture Trustees under such documents to payment of fees, expenses, and indemnification obligations under such documents, including any rights to priority of payment and/or to exercise charging liens; (vi) to allow the agents**, including the DIP Agent,** and Indenture Trustees under such documents to enforce any obligations owed to them under the Plan; (vii) to allow the agents**, including the DIP Agent,** and Indenture Trustees under such documents to exercise rights and obligations relating to the interests of

creditors under such documents; (viii) to allow the agents**, including the DIP Agent,** and Indenture Trustees under such documents to appear in the Chapter 11 Cases or in any proceeding in the Bankruptcy Court or any other court relating to the such documents; provided, that nothing in Article V.G of the Plan will affect the discharge of Claims pursuant to the Plan.

Notwithstanding any provision in the Plan to the contrary, the Debtors or the Reorganized Debtors will promptly pay in Cash in full the reasonable and documented 2020 Notes Indenture Trustee Claims, subject to an aggregate cap of $875,000, without the filing of fee applications with or approval by the Bankruptcy Court; provided, that the 2020 Notes Indenture Trustee and its counsel will provide the Debtors or Reorganized Debtors (as applicable) and the Committee with invoices (or other documentation as the Debtors or Reorganized Debtors (as applicable) may reasonably request) for which it seeks payment within five (5) Business Days after the entry of the Confirmation Order, provided, further, that, to the extent that the Debtors and the Committee have no objection to such fees and expenses, such fees and expenses will be paid within five (5) Business Days of the Effective Date. To the extent that the Debtors or the Reorganized Debtors (as applicable) or the Committee objects to any of the fees and expenses of the 2020 Notes Indenture Trustee or its advisors, the Debtors or the Reorganized Debtors (as applicable) will not be required to pay any disputed portion of such fees and expenses until a resolution of such objection is agreed to by the Debtors or Reorganized Debtors (as applicable), the Committee, and the 2020 Notes Indenture Trustee or upon further order of the Bankruptcy Court upon a motion filed by the 2020 Notes Indenture Trustee.

Except for the foregoing, upon the occurrence of the Effective Date, the agents and indenture trustees under the DIP ~~Credit Agreement~~**Facility Documents**, the DIP Facility Indentures, the Direct Loan Promissory Note, the 2020 Notes Indenture, and the 2023 Notes Indenture will be relieved of all further duties and responsibilities related to such documents; provided, that any provisions of such documents that by their terms survive their termination will survive in accordance with their terms.

Upon the full payment or other satisfaction of an Allowed Other Secured Claim, or promptly thereafter, the holder of such Allowed Other Secured Claim will deliver to the Debtors or Reorganized Debtors, as applicable, any collateral or other property of a Debtor held by such holder, together with any termination statements, instruments of satisfaction, or releases of all security interests with respect to its Allowed Other Secured Claim that may be reasonably required to terminate any related financing statements, mortgages, mechanics' or other statutory Liens, or lis pendens, or similar interests or documents and take ~~and~~ all other steps reasonably requested by the Debtors, the Reorganized Debtors, or the Exit Facility Indenture Trustee that are necessary to cancel and/or extinguish Liens securing such holder's Claim.

8. Corporate and Other Entity Action

On the Effective Date, all actions contemplated under the Plan (including, for the avoidance of doubt, the Plan Supplement) will be deemed authorized and approved in all respects, including, with respect to the applicable Reorganized Debtors: (1) appointment of the New Boards pursuant to Article V.J of the Plan and any other managers, directors, or officers for the Reorganized Debtors identified in the Plan Supplement; (2) the issuance and distribution of the New Common Equity by Reorganized AVH; (3) entry into the New Organizational

Documents; (4) entry into the Exit Facility Documents; (5) implementation of the Restructuring Transactions (which, pursuant to Article V.C of the Plan, may be implemented prior to, on, or after the Effective Date); (6) transfer of intellectual property to a stand-alone subsidiary of Reorganized Avianca; and (7) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate or other Entity structure of the Debtors or the Reorganized Debtors, and any corporate or other Entity action required by the Debtors or Reorganized Debtors in connection with the Plan, will be deemed to have occurred and will be in effect, without any requirement of further action by the security holders, managers, or officers of the Debtors or the Reorganized Debtors. On or before the Effective Date, the appropriate officers of the Debtors or Reorganized Debtors, as applicable, will be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effectuate the transactions contemplated under the Plan) in the name, and on behalf, of the Reorganized Debtors, including any and all agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by Article V.H of the Plan will be effective notwithstanding any requirements under applicable non-bankruptcy law.

9. New Organizational Documents

On or prior to the Effective Date or as soon thereafter as is practicable, the applicable Reorganized Debtors will, if so required under applicable local law, file their New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in their respective states or countries of incorporation in accordance with the corporate laws of the respective states or countries of incorporation or formation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents will prohibit the issuance of non-voting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the laws of their respective states or countries of incorporation or formation, and their respective New Organizational Documents, without further order of the Bankruptcy Court.

10. Directors and Officers of Reorganized Debtors

a. Reorganized AVH Board

On the Effective Date, the Reorganized AVH Board will consist of at least ~~[ ]~~**nine (9)** directors, one of which will be an independent director selected in consultation with the Committee. The identities of the other directors will, to the extent known, be disclosed in the Plan Supplement. The composition of the boards of directors or managers, as applicable, of each other Reorganized Debtor will be identified no later than the hearing on Confirmation. Except to the extent that a member of a Debtor's board of directors or managers, as applicable, continues to serve as a director or manager of the corresponding Reorganized Debtor after the Effective Date, the members of the Debtors' boards of directors or managers, as applicable, will have no continuing obligations to the Reorganized Debtors on or after the Effective Date in their capacities as such, and each such director or manager will be deemed to have resigned or will otherwise cease to be a director or manager of the applicable Debtor on the Effective Date.

Commencing on the Effective Date, each of the directors or managers, as applicable, of the Reorganized Debtors will serve pursuant to the terms of the applicable New Organizational Documents and may be replaced or removed in accordance with such documents.

b. Officers of Reorganized Debtors

Except as otherwise provided in the Plan Supplement, the officers of the Debtors immediately before the Effective Date will serve as the initial officers of each of the respective Reorganized Debtors on and after the Effective Date. After the Effective Date, the selection of officers of the Reorganized Debtors will be as provided by their respective organizational documents.

c. New Subsidiary Boards

On the Effective Date, the applicable New Subsidiary Boards will be appointed in accordance with the applicable New Organizational Documents.

11. Effectuating Documents; Further Transactions

On and after the Effective Date, the applicable Reorganized Debtors and the officers and members of the boards of directors thereof will be authorized to, and may issue, execute, deliver, file, or record, such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, and the securities issued pursuant to the Plan in the name, and on behalf, of the Reorganized Debtors, without the need for any approvals, authorization, or consents, except for those expressly required pursuant to the Plan or the New Organizational Documents.

12. Section 1146 Exemption

Pursuant to section 1146 of the Bankruptcy Code, (a) the issuance, transfer or exchange of any securities, instruments or documents, (b) the creation of any lien, mortgage, deed of trust or other security interest, (c) the making or assignment of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, pursuant to, in furtherance of, or in connection with the Plan, including, without limitation, any deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan or the reinvesting, transfer or sale of any real or personal property of the Debtors pursuant to, in implementation of or as contemplated in the Plan (whether to one or more of the Reorganized Debtors or otherwise), (d) the grant of collateral under the Exit Facility Documents, and (e) the issuance, renewal, modification or securing of indebtedness by such means, and the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, the Confirmation Order, will not be subject to any document recording tax, stamp tax, conveyance fee or other similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, sales tax, use tax or other similar tax or governmental assessment. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded will, pursuant to the Confirmation Order, be ordered and directed to accept such

instrument without requiring the payment of any filing fees and expenses, documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax or similar tax.

13. Authorization and Issuance of New Common Equity

On the Effective Date, Reorganized AVH will issue the New Common Equity in accordance with the terms of the Transaction Steps, the Plan, and the Tranche B Equity Conversion Agreement. All of the New Common Equity, when so issued, will be duly authorized, validly issued, and, in the case of the New Common Equity, fully paid, and non-assessable.

a. Dilution of New Common Equity

As set forth in the Plan:

- **Claims-Based New Common Equity[14] will be subject to dilution by the issuance of Contribution-Based New Common Equity, Warrant-Based New Common Equity, and any Post-Emergence New Common Equity.**

- **Contribution-Based New Common Equity[15] will be subject to dilution by the issuance of Warrant-Based New Common Equity and any Post-Emergence New Common Equity.**

- **Warrant-Based New Common Equity[16] will be subject to anti-dilution protections with respect to the issuance of Post-Emergence New Common Equity[17] as set forth in the Warrant Agreement.**

[14] **The Plan defines "Claims-Based New Common Equity" as "New Common Equity issued to holders of Allowed Tranche B DIP Facility Claims and Allowed General Unsecured Avianca Claims on account of such Claims."**

[15] **The Plan defines "Contribution-Based New Common Equity" as "New Common Equity issued to certain holders of Allowed Tranche B DIP Facility Claims in exchange for each such holder's Tranche B Equity Contribution and/or Tranche B Asset Contribution and on account of the commitment premium set forth in the Tranche B Equity Conversion Agreement."**

[16] **The Plan defines "Warrant-Based New Common Equity" as "New Common Equity issued with respect to the exercise of the Warrants, amounting to 5.0% of the New Common Equity (on a post-dilution basis with respect to the issuance of Claims-Based New Common Equity and Contribution-Based New Common Equity)."**

[17] **The Plan defines "Post-Emergence New Common Equity" as "New Common Equity issued by Reorganized AVH from time to time following the Effective Date, including** pursuant to any employee or management incentive plans**."**

b. Effect of Dilution on Distributions to Holders of Claims

As a result of the dilutive effect of the issuance of the Contribution-Based New Common Equity, at emergence, the Claims-Based New Common Equity issued to holders of Allowed Tranche B DIP Facility Claims and Allowed General Unsecured Avianca Claims on account of such Claims will account for approximately 79% of the aggregate New Common Equity then issued and outstanding. In addition to being subject to dilution by the issuance of the Contribution-Based New Common Equity, as described above and as set forth in the Plan, the Claims-Based New Common Equity will be subject to further dilution by the issuance of Fees-Based New Common Equity, Warrant-Based New Common Equity, and Post-Emergence New Common Equity.

14. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, but subject in all respects to Article IX.D of the Plan, the Reorganized Debtors will retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Schedule of Retained Causes of Action, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action will be preserved notwithstanding the occurrence of the Effective Date; provided, that the Reorganized Debtors waive their rights to assert Preference Actions against holders of General Unsecured Claims (but reserve the right to assert any such Preference Actions solely as counterclaims or defenses to Claims asserted against the Debtors; provided, that any such assertion may solely be defensive, without any right to seek or obtain an affirmative recovery on account of any such counterclaim). The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors in their discretion.

No Person or Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or the Reorganized Debtors will not pursue any and all available Causes of Action against them. Unless any Cause of Action against a Person is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order of the Bankruptcy Court, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, will apply to such Causes of Action upon, after, or as a consequence of the confirmation of the Plan or the occurrence of the Effective Date.

15. Grupo Aval Settlement

Capitalized terms used and not otherwise defined in this Section V.C.15 shall have the meanings ascribed to such terms in the Grupo Aval Settlement Agreement.

a. Grupo Aval Settlement Agreement

The terms, conditions, obligations, covenants, and agreements set forth in the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation, all of

which will be ratified and affirmed and will continue in full force and effect (in each case as amended, restated, supplemented, or otherwise modified from time to time), are valid, effective, and non-avoidable post-petition obligations of the Debtors' Estates. The Debtors are authorized to enter into and perform the Grupo Aval Definitive Documentation, including any amendments and modifications that may be agreed in writing among the Debtors and the Grupo Aval Entities.

The Grupo Aval Settlement Agreement and Grupo Aval Definitive Documentation constitute legal, valid, binding, and non-avoidable post-petition obligations of the Debtors and their estates, enforceable against them in accordance with their terms.

Effective as of the Effective Date, the admissions, agreements, and releases contained in the Grupo Aval Definitive Documentation relating to the restructuring of the Working Capital Lines of Credit, including the Working Capital Lines of Credit Definitive Documentation (each as defined in the Term Sheet), will be binding upon the Settling Parties, the Debtors' Estates, and any and all other parties in interest, including, without limitation, the Committee and any other person or entity acting or seeking to act on behalf of the Debtors' Estates, including any chapter 7 or chapter 11 trustee or examiner appointed or elected for any of the Debtors, in all circumstances and for all purposes.

Effective as of the Settlement Effective Date, any liens and security interests granted pursuant to the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation are (a) deemed approved, (b) legal, valid, binding, and enforceable liens on, and security interests in, the collateral granted thereunder in accordance with the terms of the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation and with the priorities established in respect thereof under applicable non-bankruptcy law and (c) deemed perfected as of the earlier of the Settlement Effective Date and the date of perfection of liens in connection with any transaction among the Settling Parties prior to the Settlement Effective Date, subject only to such liens and security interests as may be permitted under the Settlement and the Grupo Aval Definitive Documentation. Any guarantees, mortgages, deeds of trust, pledges, liens, and other security interests granted pursuant to or in connection with the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation, the payment of fees contemplated thereunder, and the execution and consummation of the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation have been and are being undertaken in good faith, for good and valuable consideration, for reasonably equivalent value and for legitimate business purposes as an inducement to lenders to extend credit thereunder and are reasonable and will be deemed not to constitute a preferential transfer, fraudulent conveyance, fraudulent transfer, or other voidable transfer and will not otherwise be subject to avoidance, recharacterization, or subordination for any purpose whatsoever under the Bankruptcy Code or any other applicable non-bankruptcy law, and the priorities of such liens and security interests will be as set forth in the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation.

b. Grupo Aval Exit Facility

On or prior to the Effective Date, the Reorganized Debtors will be authorized to execute, deliver, and enter into the Grupo Aval Exit Facility Agreement, subject to the requisite approvals, without further (i) notice to or order of the Bankruptcy Court; (ii) vote, consent, authorization, or approval of any Person; or (iii) action by the holders of Claims or Interests.

The Reorganized Debtors will pay, as and when due, all fees, expenses, losses, damages, indemnities, and other amounts, including any applicable refinancing premiums and applicable exit fees, provided under the Grupo Aval Exit Facility Agreement related to the Grupo Aval Exit Facility.

The Grupo Aval Exit Facility Agreement will constitute legal, valid, binding, and authorized joint and several obligations of the applicable Reorganized Debtors, enforceable in accordance with their respective terms, and such obligations will not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever under applicable law, the Plan, or the Confirmation Order and will not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any other applicable non-bankruptcy law. The financial accommodations to be extended pursuant to the Grupo Aval Exit Facility Agreement are reasonable and are being extended, and will be deemed to have been extended, in good faith and for legitimate business purposes.

The sale and transfer of any Grupo Aval Credit Card Receivables (as defined in the Grupo Aval Settlement Agreement) as contemplated in the Grupo Aval Exit Facility (the "Restructured Credit Card Securitization Facility") will constitute a valid, final, definitive, enforceable, irrevocable, indefeasible, and non-avoidable "true sale" and transfer, enforceable against the Debtors, their Estates, and all third parties, and not a lending transaction or any other economic arrangement other than a true sale, will confer upon the applicable Grupo Aval Entity good and valid title to all of the rights and receivables (and all collections derived therefrom) arising under all Credit Card Processing Agreements, and vests the applicable Grupo Aval Entity with the definitive and indefeasible ownership thereof (whether or not such rights and receivables are in existence as of the Settlement Effective Date).

As of the Settlement Effective Date, all of the Liens to be granted in accordance with the Grupo Aval Exit Facility Agreement (a) will be deemed to be approved; (b) will be legal, binding, and enforceable Liens on the collateral granted under the respective Grupo Aval Exit Facility Agreement documents in accordance with the terms thereof; (c)(i) will be deemed perfected as of the earlier of the Settlement Effective Date and the date of perfection of liens in connection with the Credit Card Securitization (as defined in the Grupo Aval Settlement Agreement) prior to the Settlement Effective Date and (ii) the priorities of such Liens will be as set forth in the respective Grupo Aval Exit Facility Agreement documents, and, in the case of this clause (ii), subject only to such Liens as may be permitted under the Grupo Aval Exit Facility Agreement; and (d) will not be

subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever and will not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law. The Reorganized Debtors and the secured parties (and their designees and agents) under such Grupo Aval Exit Facility Agreement will be authorized to make all filings and recordings, and to obtain all governmental approvals and consents, to establish and perfect such Liens under the provisions of the applicable state, provincial, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection of the Liens granted under the Grupo Aval Exit Facility Agreement will occur automatically by virtue of the entry of the Confirmation Order and funding on or after the Effective Date, and any such filings, recordings, approvals, and consents will not be necessary or required), and the Reorganized Debtors and the secured parties (and their designees and agents) under such Grupo Aval Exit Facility Agreement will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens to third parties.

D. *Treatment of Executory Contracts and Unexpired Leases*

1. Assumption and Rejection of Executory Contracts and Unexpired Leases

Except as otherwise provided in the Plan, each Executory Contract and Unexpired Lease will be deemed rejected, without the need for any further notice to or action, order, or approval of the Bankruptcy Court, as of the Effective Date, pursuant to section 365 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease (a) was previously assumed or rejected; (b) previously expired or terminated pursuant to its own terms; (c) is the subject of a motion or notice to reject, assume, or assume and assign filed on or before the Confirmation Date; or (d) is designated specifically as an Executory Contract or Unexpired Lease on the Schedule of Assumed Contracts; provided, that the Debtors reserve the right to seek enforcement of an assumed or assumed and assigned Executory Contract or Unexpired Lease following the Confirmation Date, including, but not limited to, seeking an order of the Bankruptcy Court for the rejection of such Executory Contract or Unexpired Lease for cause; provided, further, that the Debtors reserve the right to seek, following the Confirmation Date, assumption of an Executory Contract or Unexpired Lease that was deemed rejected. The amendment of an Executory Contract or Unexpired Lease after the Petition Date will not, by itself, constitute the assumption of such Executory Contract or Unexpired Lease. The assumption of Executory Contracts and Unexpired Leases under the Plan may include the assignment of certain of such contracts to Affiliates. Unless previously approved by the Bankruptcy Court, the Confirmation Order will constitute an order of the Bankruptcy Court approving the above-described rejections, assumptions and assignments, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code and effective on the occurrence of the Effective Date.

Unless otherwise provided by an order of the Bankruptcy Court, at least twenty-one (21) days prior to the Confirmation Hearing or such other date set by the Bankruptcy Court, the Debtors will file, or cause to be filed, the Schedule of Assumed Contracts. Any objection to the assumption of an Executory Contract or Unexpired Lease under the Plan (other than those

Executory Contracts and Unexpired Leases that were previously assumed by the Debtors or are the subject of a motion or notice to assume or assume and assign filed on or before the Confirmation Date) must be Filed, served and actually received by the Debtors no later than seven (7) days prior to the Confirmation Hearing; provided, that, if the Debtors file an amended Schedule of Assumed Contracts (the "**Amended Schedule of Assumed Contracts**") **prior to the Confirmation Hearing**, then, with respect to any lessor or counterparty affected by such Amended Schedule of Assumed Contracts, objections to the assumption of the relevant Executory Contract or Unexpired Lease must be filed by the earlier of (i) seven (7) days from the date the Amended Schedule of Assumed Contracts is filed and (ii) the Confirmation Hearing**; provided, further, that if the Debtors file an Amended Schedule of Assumed Contracts after the Confirmation Hearing, but prior to the Effective Date, then, with respect to any lessor or counterparty affected by such Amended Schedule of Assumed Contracts, objections to the assumption of the relevant Executory Contract or Unexpired Lease must be filed by seven (7) days from the date the Amended Schedule of Assumed Contracts is filed; provided, further, that the Debtors may file an Amended Schedule of Assumed Contracts after the Effective Date with the consent of the lessors or counterparties affected by such Amended Schedule of Assumed Contracts**. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption of any Executory Contract or Unexpired Lease will be deemed to have consented to such assumption.

With respect to Aircraft Leases that were not previously assumed, had not previously expired or terminated pursuant to their terms, or are not subject to a motion to assume or assume and assign filed on or before the Confirmation Date, the Debtors will assume only those Aircraft Leases and related Executory Contracts that are designated specifically as an Unexpired Lease or Executory Contract on the Schedule of Assumed Contracts. For the avoidance of doubt, any Executory Contracts or Unexpired Leases that are ancillary to Aircraft Leases will not be assumed and will be deemed rejected, even if the Debtors assume the relevant Aircraft Lease, unless such Executory Contracts or Unexpired Leases were previously assumed, are subject to a motion to assume or assume and assign filed on or before the Confirmation Date, or are designated specifically as an Executory Contract or Unexpired Lease on the Schedule of Assumed Executory Contracts. No provision in an assumed or assumed and assigned Aircraft Lease will restrict, limit, or prohibit the assumption, assignment, or sale of such assumed Aircraft Lease (including any "change of control" provision), and any such anti-assignment provision will be unenforceable in connection with the assumption or assumption and assignment of such Aircraft Lease pursuant to section 365(f) of the Bankruptcy Code. For any rejected Aircraft Lease, the relevant property will be disposed of in accordance with agreement of the parties or, in the absence of such agreement, in accordance with the terms of the applicable Second Stipulation; otherwise, in the absence of such agreement or an applicable Second Stipulation, such property will be deemed abandoned.

With respect to Aircraft Leases that are subject to a motion to assume or assume and assign filed on or before the Confirmation Date or are designated specifically as an Unexpired Lease or Executory Contract on the Schedule of Assumed Contracts but that are subject to ongoing negotiations with respect to definitive documentation relating to the amendment of such Aircraft Leases, the terms of the relevant Second Stipulation will remain in effect until (x) the effectiveness of the assumption or assumption and assignment of such Aircraft Lease (which effectiveness will occur pursuant to the relevant order of the

Bankruptcy Court approving the assumption or assumption and assignment of such Aircraft Lease or upon the Debtors' or the Reorganized Debtors' entry into definitive documentation with respect to the amendment of such Aircraft Lease), (y) in the event that the Debtors or Reorganized Debtors **are unable to reach an agreement with respect to definitive documentation relating to the amendment of such Aircraft Lease, the rejection of such Aircraft Lease, or (z) as otherwise agreed by the parties.**

With respect to aircraft that were subject to an Aircraft Lease that (x) previously was rejected by the Debtors but that (y) are subject to a new lease executed by the Debtors pursuant to an order of the Bankruptcy Court (each, a "New Aircraft Lease"), the end of the Stipulation Period (as such period is defined in the relevant Second Stipulation) will be deemed the date of entry into the New Aircraft Lease, solely to the extent provided by the order of the Bankruptcy Court approving such New Aircraft Lease.

Except as otherwise provided in the Plan or agreed to by the Debtors and the applicable counterparty, each Executory Contract and Unexpired Lease assumed pursuant to Article VI.A of the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Effective Date, will revest in, ~~and~~ be fully enforceable by, ~~the~~**and constitute binding obligations of the** applicable Reorganized Debtor in accordance with its terms (including any amendments to any Executory Contracts and Unexpired Leases that were entered into after the Petition Date), except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law**. To the extent that the terms of an Aircraft Lease assumed pursuant to Article VI.A of the Plan or by any order of the Bankruptcy Court require the obligations of a Reorganized Debtor thereunder to be guaranteed by the relevant Reorganized Debtor's ultimate parent, Reorganized AVH shall contractually assume such guarantee obligations**. To the maximum extent permitted by law, to the extent that any provision in any Executory Contract or Unexpired Lease assumed or assumed and assigned pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption or assumption and assignment of such Executory Contract or Unexpired Lease (including any "change of control" provision), then such provision will be deemed modified or stricken such that the transactions contemplated by the Plan will not entitle the non-Debtor that is party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto.

All Executory Contracts and Unexpired Leases that are not expressly assumed will be deemed rejected as of the Effective Date. Unless otherwise provided by an order of the Bankruptcy Court that is entered after Confirmation, Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed with the Bankruptcy Court no later than thirty (30) days from the latest of (i) the date of entry of an order of the Bankruptcy Court approving such rejection, (ii) entry of the Confirmation Order, and (iii) the effective date of the rejection of such Executory Contract or Unexpired Lease. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed within such time will be Disallowed, forever barred from assertion, and will not be enforceable against the Debtors or the Reorganized Debtors, or property thereof, without the need for any objection by the Debtors or the Reorganized Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and**

any Claim arising out of the rejection of the Executory Contract or Unexpired Lease will be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules, if any, or a Proof of Claim to the contrary. Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases will be classified as General Unsecured Claims, as applicable, and may be objected to in accordance with the provisions of Article VI.C of the Plan and applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

2. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed

Except as set forth below, any Cure Claims will be satisfied for the purposes of section 365(b)(1) of the Bankruptcy Code, by payment in Cash, on the Effective Date or as soon as reasonably practicable thereafter, of the cure amount set forth on the Schedule of Assumed Contracts for the applicable Executory Contract or Unexpired Lease, or on such other terms as the parties to such Executory Contracts or Unexpired Leases and the Debtors or Reorganized Debtors, as applicable, may otherwise agree. Any Cure Claim will be deemed fully satisfied, released, and discharged upon the payment of the Cure Claim. The Debtors may settle any Cure Claim without any further notice to or action, order, or approval of the Bankruptcy Court.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan will result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any such Executory Contract or Unexpired Lease at any time before the date that the Debtors assume or assume and assign such Executory Contract or Unexpired Lease. Subject to the resolution of any timely objections in accordance with Article VI.C of the Plan, any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed or assumed and assigned will be deemed Disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

3. Dispute Resolution

In the event of a timely filed objection regarding (i) the amount of any Cure Claim; (ii) the ability of the Debtors or the Reorganized Debtors to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under an Executory Contract or Unexpired Lease to be assumed; or (iii) any other matter pertaining to assumption or the cure of defaults required by section 365(b)(1) of the Bankruptcy Code (each, an "**Assumption Dispute**"), such dispute will be resolved by a Final Order of the Bankruptcy Court (which may be the Confirmation Order) or as may be agreed upon by the Debtors and the counterparty to the Executory Contract or Unexpired Lease. During the pendency of an Assumption Dispute, the applicable counterparty must continue to perform under the applicable Executory Contract or Unexpired Lease.

To the extent an Assumption Dispute relates solely to the amount of a Cure Claim, the Debtors may assume and/or assume and assign the applicable Executory Contract or Unexpired Lease prior to the resolution of such Assumption Dispute; provided, that the Debtors reserve Cash in an amount sufficient to pay the Cure Claim asserted by the counterparty pending resolution of the Assumption Dispute. To the extent that the Assumption Dispute is resolved or

determined unfavorably to the Debtors, the Debtors may reject the applicable Executory Contract or Unexpired Lease after such determination.

For the avoidance of doubt, if the Debtors are unable to resolve an Assumption Dispute relating solely to the amount of a Cure Claim prior to the Confirmation Hearing, such Assumption Dispute may be scheduled to be heard by the Bankruptcy Court after the Confirmation Hearing (an "**Adjourned Cure Dispute**"); provided, that the Reorganized Debtors may settle any Adjourned Cure Dispute after the Effective Date without any further notice to any party or any action, order, or approval of the Bankruptcy Court.

4. Insurance Policies & Indemnification Obligations

Each of the insurance policies of the Debtors, including all director and officer insurance policies in place as of the Petition Date, are deemed to be and treated as Executory Contracts under the Plan. On the Effective Date, the Debtors will be deemed to have assumed all insurance policies, including all director and officer insurance policies in place as of the Petition Date, provided, that the Reorganized Debtors will not indemnify officers, directors, equity holders, agents, or employees, as applicable, of the Debtors for any claims or Causes of Action arising out of or relating to any act or omission that is a criminal act or constitutes intentional fraud, gross negligence, or willful misconduct.

In addition, after the Effective Date, all current and former officers, directors, agents, or employees who served in such capacity at any time before the Effective Date will be entitled to the full benefits of any D&O Policy (including any "tail" policy) for the full term of such policy regardless of whether such officers, directors, agents, and/or employees remain in such positions after the Effective Date, in each case, to the extent set forth in such policies. In addition, after the Effective Date, the Reorganized Debtors must not terminate or otherwise reduce the coverage under any D&O Policy (including any "tail policy") in effect as of the Petition Date; provided, that, for the avoidance of doubt, any insurance policy, including tail insurance policies, for directors', members', trustees', and officers' liability to be purchased or maintained by the Reorganized Debtors after the Effective Date will be subject to the ordinary-course corporate governance of the Reorganized Debtors.

Notwithstanding anything in the Plan, any Indemnification Obligation to indemnify current and former officers, directors, members, managers, agents, sponsors, or employees with respect to all present and future actions, suits, and proceedings against the Debtors or such officers, directors, members, managers, agents, or employees based upon any act or omission for or on behalf of the Debtors will (i) remain in full force and effect, (ii) not be discharged, impaired, or otherwise affected in any way, including by the Plan, the Plan Supplement, or the Confirmation Order, (iii) not be limited, reduced or terminated after the Effective Date, and (iv) survive unimpaired and unaffected irrespective of whether such Indemnification Obligation is owed for an act or event occurring before, on or after the Petition Date; provided, that the Reorganized Debtors must not indemnify officers, directors, members, or managers, as applicable, of the Debtors for any claims or Causes of Action that are not indemnified by such Indemnification Obligation. All such obligations will be deemed and treated as executory contracts to be assumed by the Debtors under the Plan and will continue as obligations of the Reorganized Debtors, and, if necessary to effectuate such assumption under

local law, Reorganized AVH must contractually assume such obligations. Any claim based on the Debtors' obligations under the Plan will not be a Disputed Claim or subject to any objection, in either case, by reason of section 502(e)(1)(B) of the Bankruptcy Code.

For the avoidance of doubt, and notwithstanding anything in the Plan, the Reorganized Debtors will retain all Interests in Avianca Enterprises, LLC after the Effective Date. The Reorganized Debtors will be prohibited from liquidating, winding up, dissolving, or taking any other similar action with respect to Avianca Enterprises, LLC for a period of seven (7) years after the Effective Date.

5. Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided in the Plan, each Executory Contract and Unexpired Lease that is assumed and, if applicable, assigned to the Reorganized Debtors, will include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously terminated or is otherwise not in effect.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts or Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases will not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

6. Reservation of Rights

Nothing contained in the Plan will constitute an admission by the Debtors that any Executory Contract or Unexpired Lease is, in fact, an Executory Contract or Unexpired Lease or that the Debtors or the Reorganized Debtors has any liability thereunder.

7. Contracts and Leases Entered into after Petition Date

Contracts and leases entered into after the Petition Date by any Debtor, will be performed by the applicable Debtor or Reorganized Debtor, as the case may be, liable thereunder in the ordinary course of its business or as authorized by the Bankruptcy Court. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order, and, on the Effective Date, will revest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms, except as such terms may have been modified by order of the Bankruptcy Court.

8. Compensation and Benefits Plans

All employment, confidentiality, and non-competition agreements, collective bargaining agreements, offer letters (including any severance set forth therein), bonus, gainshare and incentive programs, vacation, holiday pay, severance, retirement, supplemental retirement, indemnity, executive retirement, pension, deferred compensation, medical, dental, vision, life

and disability insurance, flexible spending account, and other health and welfare benefit plans, programs, agreements and arrangements, and all other wage, compensation, employee expense reimbursement, and other benefit obligations (including, for the avoidance of doubt, letter agreements with respect to certain employees' rights and obligations in the event of certain terminations of their employment in connection with and following the implementation of the Restructuring Transactions) (collectively, the "Compensation and Benefits Plans") are deemed to be, and will be treated as, Executory Contracts under the Plan and, on the Effective Date, will be deemed assumed (or, in the event that AVH is party to such agreements or arrangements, assumed and assigned to Reorganized AVH) pursuant to sections 365 and 1123 of the Bankruptcy Code (in each case, as amended prior to or on the Effective Date); provided, that no employee equity or equity-based incentive plans, or any provisions set forth in any Compensation and Benefits Plans that provide for rights to acquire equity interests in any of the Debtors, including, without limitation, Existing AVH Equity Interests, will be assumed, or deemed assumed, by the Reorganized Debtors, or assumed and assigned, or deemed to be assumed and assigned, to Reorganized AVH.

9. USAV Transaction Documents and USAV Settlement Agreement

Without limiting the procedures relating to the assumption and assumption and assignment of Executory Contracts set forth in Article VI of the Plan, in order to comply with the Debtors' obligations under the USAV Settlement Agreement, Reorganized AVH will assume all obligations of AVH under the USAV Transaction Documents on the Effective Date pursuant to sections 365 and 1123 of the Bankruptcy Code. For the avoidance of doubt, the USAV Settlement Agreement and any amended and restated transaction documents related thereto will survive consummation of the Plan.

10. United Agreements

In order to comply with the Debtors' obligations under the United Omnibus Amendment, the Second United Omnibus Amendment, and the JBA Letter Agreement, notwithstanding anything to the contrary in Article VI of the Plan, on the Effective Date, the United Agreements, as amended or modified pursuant to the United Omnibus Amendment, the Second Omnibus Amendment, and the JBA Letter Agreement, as applicable, will be assumed pursuant to sections 365 and 1123 of the Bankruptcy Code, and the United Agreements as so amended will vest in the Reorganized Debtors pursuant to Article V.F of the Plan and be binding obligations on the Reorganized Debtors.

11. Grupo Aval Settlement Agreement

Without limiting the procedures relating to the assumption and assumption and assignment of Executory Contracts set forth in Article VI of the Plan, in order to comply with the Debtors' obligations under the Grupo Aval Settlement Agreement, Reorganized AVH will assume all obligations of AVH under the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation on the Effective Date pursuant to sections 365 and 1123 of the Bankruptcy Code. For the avoidance of doubt, the Grupo Aval Settlement Agreement and the Grupo Aval Definitive Documentation will survive consummation of the Plan. For the avoidance of doubt, the Visa Colombia Processing

Agreement and the Master Agreement (each as defined and as amended pursuant to the Grupo Aval Settlement Agreement) will be deemed assumed pursuant to the Grupo Aval Settlement Order.

E. *Procedures for Resolving Contingent, Unliquidated, and Disputed Claims*

1. Allowance of Claims and Interests

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases before the Effective Date (including the Confirmation Order), no Claim will become an Allowed Claim unless and until such Claim is deemed Allowed pursuant to the Plan or a Final Order (including the Confirmation Order) Allowing such Claim. On and after the Effective Date, each of the Reorganized Debtors will have and retain any and all rights and defenses the corresponding Debtor had with respect to any Claim immediately before the Effective Date.

2. Claims Administration Responsibilities

Except as otherwise expressly provided in the Plan and notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, after the Effective Date, the Reorganized Debtors will have the authority (i) to file, withdraw, or litigate to judgment objections to Claims or Interests; (ii) to settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; and (iii) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court. For the avoidance of doubt, except as otherwise provided in the Plan, from and after the Effective Date, the Reorganized Debtors will have and retain any and all rights and defenses the Debtors had immediately prior to the Effective Date with respect to any Disputed Claim, including the Retained Causes of Action.

3. General Unsecured Claims Observer

The Committee may appoint, as of the Effective Date, a General Unsecured Claims Observer with duties limited to consulting with the Reorganized Debtors with respect to the Allowance of General Unsecured Avianca Claims in excess of $10,000,000; provided, that the General Unsecured Claims Observer will have standing to appear before the Bankruptcy Court with respect to matters arising out of or related to reconciliation, Allowance, and settlement of any General Unsecured Avianca Claims, as well as any objections thereto.

The General Unsecured Claims Observer may employ, without further order of the Bankruptcy Court, professionals to assist in carrying out the duties as limited above, and the General Unsecured Claims Observer Costs, including reasonable professional fees and expenses, will be reimbursed by the Reorganized Debtors in the ordinary course of business in an aggregate amount not to exceed $250,000 as soon as reasonably practicable after invoiced.

Upon the death, resignation or removal of the General Unsecured Claims Observer, the Reorganized Debtors will appoint a successor General Unsecured Claims Observer with approval of the Bankruptcy Court. Upon the resolution of all Disputed General Unsecured Avianca Claims, the General Unsecured Claims Observer will be released and discharged of and

from further authority, duties, responsibilities, and obligations relating to and arising from and in connection with the Chapter 11 Cases.

4. Estimation of Claims

Before or after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, may at any time request the Bankruptcy Court to estimate any Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim for all purposes under the Plan. If the estimated amount constitutes a maximum limitation of the amount of such Claim, the Debtors or the Reorganized Debtors, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate Allowance of such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event will any holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such holder has filed a motion requesting the right to seek such reconsideration on or before 21 days after the date on which such Claim is estimated. All of the aforementioned objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims and Interests may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

5. Adjustment to Claims Register Without Objection

Any duplicate Claim or any Claim that has been paid or otherwise satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the claims register by the Debtors or Reorganized Debtors upon stipulation between the parties without an objection to such Claim having to be filed and without any further notice or action, order, or approval of the Bankruptcy Court.

6. Time to File Objections to Claims

The Debtors and Reorganized Debtors, as applicable, will be entitled to object to Claims. After the Effective Date, except as expressly provided in the Plan to the contrary, the Reorganized Debtors will have and retain any and all rights and defenses that the Debtors had with regard to any Claim to which they may object, except with respect to any Claim that is Allowed. Any objections to Proofs of Claim must be served and filed on or before the later of (a) 180 days after the Effective Date, and (b) on such later date as may be fixed by the Bankruptcy Court, after notice and a hearing, upon a motion by the Reorganized Debtors that is filed before the date that is 180 days after the Effective Date. The expiration of such period will not limit or affect the Debtors' rights to dispute Claims asserted in the ordinary course of business other than through a Proof of Claim.

7. Disallowance of Claims

Any Claims held by Persons from whom property is recoverable under sections 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under sections 522(f), 522(h), 544, 545, 547, 548, or 549 of the Bankruptcy Code, will be deemed Disallowed pursuant to section 502(d) of the Bankruptcy Code, and holders of such Claims will not receive any distributions on account of such Claims until such time as the applicable Cause of Action against that Person has been settled or a Bankruptcy Court order with respect thereto has been entered and, if such Cause of Action has been resolved in favor of the applicable Debtor or Estate, all sums due from that Person have been turned over or paid to the Debtors or the Reorganized Debtors, as applicable. All Claims filed on account of an indemnification obligation to a director, officer, or employee will be deemed satisfied and may be expunged from the Claims Register as of the Effective Date to the extent such indemnification obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order, or approval of the Bankruptcy Court.

8. Amendments to Claims

On and after the Effective Date, a Claim may not be amended without the prior authorization of the Reorganized Debtors or order of the Bankruptcy Court.

9. No Distributions Pending Allowance

If an objection, motion to estimate, or other challenge to a Claim is filed, no payment or distribution will be made on account of such Claim unless and until (and only to the extent that) such Claim becomes an Allowed Claim.

10. Distributions After Allowance

As soon as reasonably practicable after the date that the order or judgment of a court of competent jurisdiction allowing any Disputed Claim becomes a Final Order, the Reorganized Debtors will provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable ~~nonbankruptcy~~**non-bankruptcy** law.

11. Disputed Claims Reserve

Any amounts or property that would be distributable in respect of any Disputed General Unsecured Avianca Claim had such Disputed General Unsecured Avianca Claim been Allowed on the Effective Date, together with all earnings thereon (net of any taxes imposed thereon or otherwise payable by the Disputed Claims Reserve), as applicable, will be deposited in the Disputed Claims Reserve. The amount of, or the amount of property constituting, the Disputed Claims Reserve will be determined prior to the Confirmation Hearing, based on the Debtors' good faith estimates or an order of the Bankruptcy Court estimating such Disputed Claims, and will be established on or about the Effective Date.

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary, or the receipt of a determination by the IRS, the Disbursing Agent will treat the

Disputed Claims Reserve as a "disputed ownership fund" governed by Treasury Regulation section 1.468B-9 and to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes. All parties (including the Debtors, the Reorganized Debtors, the Disbursing Agent, and the holders of Disputed General Unsecured Avianca Claims) will be required to report for tax purposes consistently with the foregoing.

The Disputed Claim Reserve will be responsible for payment, out of the assets of the Disputed Claim Reserve, of any taxes imposed on the Disputed Claim Reserve or its assets. In the event, and to the extent, any Cash in the Disputed Claim Reserve is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets of such reserve (including any income that may arise upon the distribution of the assets in such reserve), assets of the Disputed Claim Reserve may be sold to pay such taxes.

To the extent that a Disputed General Unsecured Avianca Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent will distribute to the holder thereof out of the Disputed Claims Reserve any amount or property to which such holder is entitled hereunder (net of any allocable taxes imposed thereon or otherwise incurred or payable by the Disputed Claims Reserve, including in connection with such distribution). No interest will be paid with respect to any Disputed Claim that becomes an Allowed Claim after the Effective Date.

In the event the remaining assets of the Disputed Claims Reserve are insufficient to satisfy all the Disputed General Unsecured Avianca Claims that have become Allowed, such Allowed General Unsecured Avianca Claims will be satisfied pro rata from such remaining assets. After all assets have been distributed from the Disputed Claims Reserve, no further distributions will be made in respect of Disputed General Unsecured Avianca Claims. At such time as all Disputed General Unsecured Avianca Claims have been resolved, any remaining assets in the Disputed Claims Reserve will be distributed Pro Rata to all holders of Allowed General Unsecured Avianca Claims.

The Disbursing Agent may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of the Disputed Claims Reserve for all taxable periods through the date on which final distributions are made.

12. Claims Resolution Procedures Cumulative

All of the objection, estimation, and resolution procedures with respect to Disputed Claims are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved in accordance with the Plan without further notice or Bankruptcy Court approval.

F. *Provisions Governing Distributions*

1. Timing and Calculation of Amounts to Be Distributed

Unless otherwise provided in the Plan or paid pursuant to a prior Bankruptcy Court order, including, but not limited to, the Foreign Creditors Order, on the Effective Date or, with respect to General Unsecured Avianca Claims, the Initial General Unsecured Claims

Distribution Date, or as soon as reasonably practicable thereafter (or, if a Claim is not an Allowed Claim on the Effective Date or, with respect to General Unsecured Avianca Claims, the Initial General Unsecured Claims Distribution Date, on the date that such Claim becomes Allowed or as soon as reasonably practicable thereafter), each holder of an Allowed Claim or Allowed Interest will receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Interests in the applicable Class. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day.

For the avoidance of doubt, the Reorganized Debtors will retain the ability to pay Claims pursuant to a prior Bankruptcy Court order, including, but not limited to, the Foreign Creditors Order, after the Effective Date.

2. Disbursing Agent

All distributions under the Plan will be made by the Disbursing Agent on the Effective Date or the Initial General Unsecured Claims Distribution Date, as applicable, or (in each case) as soon as reasonably practicable thereafter. If the Disbursing Agent is one or more of the Reorganized Debtors, the Disbursing Agent will not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety will be borne by the Reorganized Debtors.

3. Rights and Powers of Disbursing Agent

a. Powers of the Disbursing Agent

Without further order of the Bankruptcy Court, the Disbursing Agent will be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated hereby; (c) employ professionals and incur reasonable fees and expenses to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

b. Incurred Expenses

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and documented expenses incurred by the Disbursing Agent on or after the Effective Date (including taxes and reasonable attorney fees and expenses) in connection with making distributions will be paid in Cash by the Reorganized Debtors.

4. Delivery of Distributions and Undeliverable or Unclaimed Distributions

a. Delivery of Distributions by Disbursing Agent or Servicer

The Disbursing Agent will make all distributions required under the Plan, except that with respect to distributions to holders of Allowed Claims governed by a separate agreement (which will include the DIP Facility and the Indentures), and administered by a Servicer (which will include the DIP Agent and the Indenture Trustees), the Disbursing Agent, the Debtor, and the applicable Servicer will exercise commercially reasonable efforts to implement appropriate mechanics governing such distributions in accordance with the Plan. All reasonable and documented fees and expenses of the Servicers (including the reasonable and documented fees and expenses of its counsel and agents) incurred after the Effective Date in connection with making distributions will be paid by the Reorganized Debtors. **Notwithstanding anything to the contrary in the Plan or the Confirmation Order, the DIP Agent will not make any distributions or act as the Disbursing Agent in respect of the Exit Facility or any securities of the Reorganized Debtors.**

b. Delivery of Distributions in General

Except as otherwise provided in the Plan or prior Bankruptcy Court order, the Disbursing Agent will make distributions to holders of Allowed Claims as of the Distribution Record Date at the address for each such holder as indicated on the proofs of Claims (or, if no Proof of Claim has been filed, the Debtors' records as of the date of any such distribution); provided, however, that the manner of such distributions will be determined at the discretion of Reorganized Debtors.

c. Minimum Distributions

No (A) fractional New Common Equity or Warrants (as applicable) or (B) Cash payment of less than $25.00 will be distributed to a holder of an Allowed Claim on account of such Allowed Claim. When any distribution pursuant to the Plan would otherwise result in the issuance of a number of shares of New Common Equity or Warrants (as applicable) that is not a whole number, the actual distribution of such New Common Equity or Warrants (as applicable) will be rounded as follows: (a) fractions of greater than one-half (½) shares of New Common Equity or Warrants (as applicable) will be rounded to the next higher whole number and (b) fractions of one-half (½) or less of New Common Equity or Warrants (as applicable) will be rounded to the next lower whole number with no further payment therefor. The total number of authorized shares of New Common Equity or Warrants (as applicable), as applicable, to be distributed to holders of Allowed Claims may be adjusted as necessary to account for the foregoing rounding.

d. Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder will be made unless and until the Disbursing Agent has determined the then-current address of such holder, at which time such distribution will be made to such holder without interest; provided, however, that such distributions will be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the date on which such distribution was attempted to be made; provided, further, that the Debtors or

Reorganized Debtors, as applicable, will use reasonable efforts to locate a holder if any distribution is returned as undeliverable. After such date, all unclaimed property or interests in property will revert to Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandonment, or unclaimed property laws to the contrary), and the claim of any holder to such property or interest in property will be discharged and forever barred~~.~~**; provided, that all distributions of Cash from the Unsecured Claimholder Cash Pool and, as applicable, the Unsecured Claimholder Enhanced Cash Pool that are unclaimed by holders of Allowed General Unsecured Avianca Claims will be distributed on a Pro Rata basis to the holders of Allowed General Unsecured Avianca Claims whose distributions were not returned as undeliverable.**

5. Exemption from Securities Laws

The offer, issuance, and distribution under the Plan of the New Common Equity and the Warrants will be exempt, without further act or actions by any Entity, from registration under the Securities Act and any other applicable securities laws to the fullest extent permitted by section 1145 of the Bankruptcy Code, except with respect to an Entity that is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code. Subject to the transfer provisions, if any, and other applicable provisions set forth in the New Organizational Documents, these securities may be resold without registration under the Securities Act or other federal securities laws pursuant to the exemption provided by section 4(a)(1) of the Securities Act, unless the holder is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code. In addition, subject to the transfer provisions, if any, and other applicable provisions set forth in the New Organizational Documents, such section 1145 exempt securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states.

(a) The offer, sale, issuance, and distribution under the Plan of any New Common Equity and Warrants issued to an Entity that is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code, will be exempt from registration under the Securities Act and any other applicable securities laws in reliance on the exemption from registration set forth in Section 4(a)(2) under the Securities Act and/or Regulation D promulgated thereunder and on equivalent state law registration exemptions or, solely to the extent such exemptions are not available, other available exemptions from registration under the Securities Act. Such securities will be considered "restricted securities" and may not be transferred except pursuant to an effective registration statement or under an available exemption from the registration requirements of the Securities Act, such as, under certain conditions, the resale provisions of Rule 144 of the Securities Act, subject to, in each case, the transfer provisions, if any, and other applicable provisions set forth in the New Organizational Documents.

(b) Each holder of New Common Equity will be deemed to be a party to**,** and **will be** bound to the terms of**,** the Shareholders Agreement from and after the Effective Date, even if not a signatory thereto.

6. Compliance with Tax Requirements

In connection with the Plan, to the extent applicable, the Reorganized Debtors and the Disbursing Agent will comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions pursuant to the Plan will be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Disbursing Agent will be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, liens, and encumbrances. Notwithstanding the above, each holder of an Allowed Claim or Allowed Interest that is to receive a distribution under the Plan will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such holder by any governmental unit, including income, withholding and other tax obligations, on account of such distribution. The Debtors have the right, but not the obligation, to not make a distribution until such holder has made arrangements satisfactory to any issuing or disbursing party for payment of any such tax obligations. The Debtors may require, as a condition to receipt of a distribution, that the holder of an Allowed Claim complete and return a Form W-8 or W-9 or similar form, as applicable to each such holder.

7. No Postpetition Interest on Claims and Interests

Unless otherwise specifically provided for in the Plan, the Confirmation Order, or other Bankruptcy Court order, postpetition interest will not accrue or be paid on any Claims or Interests, and no holder of a Claim or Interest will be entitled to interest accruing on or after the Petition Date on any such Claim or Interest.

8. Setoffs and Recoupment

Except for Claims that are expressly Allowed hereunder, the Debtors and the Reorganized Debtors may, but will not be required to, set off against any Claim or Interest (for purposes of determining the Allowed amount of such Claim or Interest on which distribution will be made), any claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the holder of such Claim or Interest; provided, that neither the failure to do so nor the allowance of any Claim or Interest hereunder will constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claim the Debtors or the Reorganized Debtors may have against the holder of such Claim or Interest.

9. Claims Paid or Payable by Third Parties

a. Claims Paid by Third Parties

The Debtors or Reorganized Debtors, as applicable, will reduce in full a Claim, and such Claim will be disallowed without an objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim receives payment (before or after the Effective Date) on account of such

Claim from a party that is not a Debtor or Reorganized Debtors; provided, however, if such holder is required to repay all or any portion of a Claim (either by contract or by order of a court of competent jurisdiction) to the party that is not a Debtor or Reorganized Debtor, and such holder in fact repays all or a portion of the Claim to such third party, the repaid amount of such Claim will remain subject to the applicable treatment set forth in the Plan and the respective rights and defenses of the Debtors or Reorganized Debtors, as applicable, and the holder of such Claim. To the extent a holder of a Claim receives a distribution on account of such Claim under the Plan and receives payment from a party that is not a Debtor or the Reorganized Debtor on account of such Claim, such holder must, within ten (10) days of receipt thereof, repay or return the distribution to the applicable Debtor or Reorganized Debtor, to the extent the holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such holder to timely repay or return such distribution will result in the holder owing the applicable Reorganized Debtor annualized interest at the federal judgment rate, as in effect as of the Petition Date, on such amount owed for each Business Day after the 10-day grace period specified above until the amount is repaid.

b. Claims Payable by Third Parties

To the extent that one or more of the Debtors' insurers agree to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' payment thereof, the applicable portion of such Claim may be expunged without an objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court; provided, however, if such holder is required to repay all or any portion of a Claim (either by contract or by order of a court of competent jurisdiction) to a Debtor insurer, and such holder in fact repays all or a portion of the Claim to such insurer, the repaid amount of such Claim will remain subject to the applicable treatment set forth in the Plan and the respective rights and defenses of the Debtors or Reorganized Debtors, as applicable, and the holder of such Claim.

c. Applicability of Insurance Policies

Except as otherwise provided in the Plan, distributions to holders of Allowed Claims will be in accordance with the provisions of any applicable insurance policy. Except as otherwise expressly set forth in the Plan, nothing in the Plan will constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity, including any holders of Claims, may hold against any other Entity under any insurance policies, including against insurers or any insured, nor will anything contained in the Plan constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

10. Allocation Between Principal and Accrued Interest

Except as otherwise provided in the Plan, the aggregate consideration paid to holders with respect to their Allowed Claims will be treated pursuant to the Plan as allocated first to the principal amount of such Allowed Claims (to the extent thereof) and, thereafter, to the interest, if any, accrued through the Effective Date.

G. Settlement, Release, Injunction, and Related Provisions

1. Compromise and Settlement

The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (1) in the best interests of the Debtors, their Estates, and all holders of Claims, (2) fair, equitable, and reasonable, (3) made in good faith, and (4) approved by the Bankruptcy Court pursuant to applicable bankruptcy law. In addition, the allowance, classification, and treatment of any Allowed Claims of a Released Party take into account any Causes of Action, whether under the Bankruptcy Code or otherwise under applicable non-bankruptcy law, that may exist between the Debtors and any Released Party and, as of the Effective Date, any and all such Causes of Action are settled, compromised, and released as set forth in the Plan except as specified on the Schedule of Retained Causes of Action. The Confirmation Order will authorize and approve the releases by all Entities of all such contractual, legal, and equitable subordination rights and Causes of Action that are satisfied, compromised, and settled pursuant hereto except as specified on the Schedule of Retained Causes of Action. Notwithstanding anything in the Plan to the contrary, nothing in the Plan will compromise or settle, in any way whatsoever, (i) any Causes of Action that the Debtors or Reorganized Debtors, as applicable, may have against any Entity that is not a Released Party, (ii) any Causes of Action that are preserved pursuant to Article V.N of the Plan, (iii) any Causes of Action included on the Schedule of Retained Causes of Action, or (iv) any Claims or Interests in Unimpaired Classes.

In accordance with the provisions of the Plan, and pursuant to Bankruptcy Rule 9019, without any further notice to, or action, order, or approval of, the Bankruptcy Court, after the Effective Date, the applicable Reorganized Debtors may, in their sole and absolute discretion, compromise and settle (1) Claims (including Causes of Action) against and Interests in the Debtors not previously Allowed (if any) and (2) claims (including Causes of Action) against other Entities.

2. Discharge of Claims and Termination of Interests

Except as otherwise provided in the Plan, effective as of the Effective Date of each applicable Debtor: (a) the rights afforded in the Plan and the treatment of all Claims and Interests will be in exchange for and in complete satisfaction, discharge, and release of all claims and interests of any nature whatsoever, including any interest accrued on such claims from and after the Petition Date, against the applicable Debtors or any of their assets, property or estates; (b) the Plan will bind all holders of Claims against and Interests in such Debtors, notwithstanding whether any such holders failed to vote to accept or reject the Plan or voted to reject the Plan; (c) all Claims and Interests will be satisfied, discharged and released in full, and such Debtors' liability with respect thereto will be extinguished completely, including any liability of the kind specified under section 502(g) of the Bankruptcy Code; and (d) all entities will be precluded from asserting against such Debtors, such Debtors' estates, the applicable Reorganized Debtors, their successors and assigns and their assets and properties any other Claims or Interests based upon any documents, instruments or any act or omission, transaction or other activity of any kind or nature that occurred before the Effective Date.

3. Release of Liens

Except as otherwise expressly provided in the Plan or the Tranche B Equity Conversion Agreement, or in any contract, instrument, release, or other agreement or document that is created, amended or Reinstated pursuant to the Plan (including the Exit Facility Documents, the Grupo Aval Exit Facility Agreement, the USAV Receivable Facility Agreement, the Engine Loan Agreement, and the Secured RCF Agreement), on the Effective Date, and concurrently with the applicable distributions made pursuant to the Plan and the effectiveness of the Exit Facility Documents, the amended Engine Loan Agreement, and the amended Secured RCF Agreement, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates will be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests will revert to the Reorganized Debtors and each of their successors and assigns, and the Exit Facility Indenture Trustee, the DIP Agent, Indenture Trustees, and Citibank, N.A. (as "Bank" under the Direct Loan) will be directed to release any such mortgages, deeds of trust, Liens, pledges or other security interests held by such holder and to take such actions as may be requested by the Reorganized Debtors to evidence the release of such mortgages, deeds of trust, Liens, pledges or other security interests, including the execution, delivery and filing or recording of any related releases or discharges as may be requested by the Reorganized Debtors or may be required in order to effectuate the foregoing, in each case, at the Reorganized Debtors' sole cost and expense. On and after the Effective Date, the Reorganized Debtors (and any of their respective agents, attorneys or designees) will be authorized to execute and file on behalf of creditors Form UCC-3 termination statements, intellectual property assignments, mortgage or deed of trust releases, or such other forms or release documents in any jurisdiction as may be necessary or appropriate to evidence such releases and implement the provisions of Article IX.C of the Plan, including, for the avoidance of doubt, with respect to the DIP Facility.

4. Releases by the Debtors

Notwithstanding anything contained in the Plan to the contrary, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, to the maximum extent permitted by applicable law, the applicable Debtors and the Estates are deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged each Released Party from, and covenanted not to sue on account of, any and all claims, interests, obligations (contractual or otherwise), rights, suits, damages, Causes of Action (including Avoidance Actions), remedies, and liabilities whatsoever, including any derivative claims assertable by or on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, fixed or contingent, matured or unmatured, disputed or undisputed, liquidated or unliquidated, existing or hereafter arising, in law, equity, or otherwise, that the Debtors or the Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity (including any Debtor), based on or relating to, or in any manner arising from, in whole or in part, the Debtors; the Chapter 11 Cases; the DIP Facility; the issuance, distribution, purchase, sale, or rescission of the purchase or sale of any security of the Debtors or Reorganized

Debtors; the assumption, rejection, or amendment of any Executory Contract or Unexpired Lease; the subject matter of, or the transactions or events giving rise to, any Claim or Interest that receives treatment pursuant to the Plan; the business or contractual arrangements between any Debtor and any Released Party; the restructuring of Claims and Interests before or during the Chapter 11 Cases; and the negotiation, formulation, preparation, consummation, or dissemination of (i) the Plan (including, for the avoidance of doubt, the Plan Supplement), (ii) the Exit Facility Documents, (iii) the Disclosure Statement, (iv) the Noteholder RSA, (v) the DIP Facility Documents, or (vi) related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined by a Final Order of a court of competent jurisdiction to have constituted willful misconduct, intentional fraud, or gross negligence. Notwithstanding anything to the contrary in the foregoing, (1) the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, the Exit Facility, or any assumed Executory Contract or Unexpired Lease; and (2) the releases set forth above do not release any claims or Causes of Action of the Debtors against parties to the Tranche B Equity Conversion Agreement and the United Asset Contribution Agreement for any breach of the provisions thereof; and (3) the releases set forth above will be effective with respect to a Released Party if and only if the releases granted by such Released Party pursuant to Article IX.E of the Plan are enforceable in the jurisdiction(s) in which the Released Claims may be asserted under applicable law.

Entry of the Confirmation Order will constitute the Bankruptcy Court's approval, pursuant to applicable bankruptcy law, of the releases described in Article IX.D of the Plan and will constitute the Bankruptcy Court's finding that such releases (1) are an essential means of implementing the Plan; (2) are an integral and non-severable element of the Plan and the transactions incorporated in the Plan; (3) confer substantial benefits on the Debtors' Estates; (4) are in exchange for the good and valuable consideration provided by the Released Parties; (5) are a good-faith settlement and compromise of the Claims and Causes of Action released by Article IX.D of the Plan; (6) are in the best interests of the Debtors, their Estates, and all holders of Claims and Interests; (7) are fair, equitable, and reasonable; and (8) are given and made after due notice and opportunity for hearing. The releases described in Article IX.D of the Plan will, on the Effective Date, have the effect of *res judicata* (a matter adjudged), to the fullest extent permissible under applicable laws of the Republic of Colombia and any other jurisdiction in which the Debtors operate.

5. Releases by Holders of Claims or Interests

Except as otherwise expressly provided in the Plan, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, to the maximum extent permitted by applicable law, each Releasing Party will be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged the Released Parties from, and covenanted not to sue on account of, any and all claims, interests, obligations (contractual or otherwise), rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims assertable by or on behalf of a Debtor, whether known or unknown,

foreseen or unforeseen, fixed or contingent, matured or unmatured, disputed or undisputed, liquidated or unliquidated, existing or hereafter arising, in law, equity or otherwise, that such Releasing Party would have been legally entitled to assert in its own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity (including any Debtor), based on or relating to, or in any manner arising from, in whole or in part, the Debtors; the Chapter 11 Cases; the DIP Facility; the issuance, distribution, purchase, sale, or rescission of the purchase or sale of any security of the Debtors or Reorganized Debtors; the assumption, rejection or amendment of any Executory Contract or Unexpired Lease; the subject matter of, or the transactions or events giving rise to, any Claim or Interest that received treatment pursuant to the Plan; the business or contractual arrangements between any Debtor and any Released Party; the restructuring of Claims and Interests before or during the Chapter 11 Cases; and the negotiation, formulation, preparation, consummation, or dissemination of (i) the Plan (including, for the avoidance of doubt, the Plan Supplement), (ii) the Exit Facility Documents, (iii) the Disclosure Statement, (iv) the Noteholder RSA, (v) the Tranche B Equity Conversion Agreement, (vi) the United Asset Contribution Agreement, (vii) the DIP Facility Documents, or (viii) related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined by a Final Order of a court of competent jurisdiction to have constituted willful misconduct, intentional fraud, or gross negligence (collectively, the "Released Claims"). Notwithstanding anything to the contrary in the foregoing, (i) the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, any assumed Executory Contract or Unexpired Lease, or agreement or document that is created, amended or Reinstated pursuant to the Plan (including the Exit Facility Documents, the Grupo Aval Exit Facility Agreement, the USAV Receivable Facility Agreement, the Engine Loan Agreement, and the Secured RCF Agreement) and (ii) the releases set forth above do not release any post-Effective Date obligations of the Debtors under the Tranche B Equity Conversion Agreement, the United Asset Contribution Agreement, the United Agreements or the JBA Letter Agreement, or any Claims or Causes of Action for breach that any party to the Tranche B Equity Conversion Agreement, the United Asset Contribution Agreement, the United Agreements or the JBA Letter Agreement may have against any other party to those agreements.

Entry of the Confirmation Order will constitute the Bankruptcy Court's approval, pursuant to applicable bankruptcy law, of the releases described in Article IX.E of the Plan and will constitute the Bankruptcy Court's finding that such releases (a) are an essential means of implementing the Plan; (b) are an integral and non-severable element of the Plan and the transactions incorporated therein; (c) confer substantial benefits on the Debtors' Estates; (d) are in exchange for the good and valuable consideration provided by the Released Parties; (e) are a good-faith settlement and compromise of the Claims and Causes of Action released by Article IX.E of the Plan; (f) are in the best interests of the Debtors, their Estates, and all holders of Claims and Interests; (g) are fair, equitable, and reasonable; (h) are given and made after due notice and opportunity for hearing; and (i) are a bar to any of the parties deemed to grant the releases contained in Article IX.E of the

Plan asserting any Claim or Cause of Action released by the releases contained in Article IX.E of the Plan against any of the Released Parties.

The releases described in Article IX.E of the Plan will, on the Effective Date, have the effect of *res judicata* (a matter adjudged), to the fullest extent permissible under applicable laws of the Republic of Colombia and any other jurisdiction in which the Debtors operate.

a. Parties Deemed to Have Granted Releases

The Plan provides that the following Entities and Persons are deemed to have granted the releases contained in Article IX.E of the Plan, each in their capacity as such:

- (i) each of the **Released Parties** (other than the Debtors and the Reorganized Debtors);[18]
- (ii) all holders of Claims that **vote to accept** the Plan;
- (iii) all holders of Claims or Interests that are **Unimpaired** under the Plan;
- (iv) all holders of Claims in Classes that are entitled to vote under the Plan but that:
  - (a) **vote to reject** the Plan or **do not vote either to accept or reject** the Plan ***and***
  - (b) **do not opt out** of granting the releases in Article IX.E of the Plan; and
- (v) with respect to each of the foregoing Entities and Persons set forth in clauses (ii) through (iv), all of such Entities' and Persons' respective **Related Parties**.[19]

[18] **The Plan defines "Released Parties" as "collectively, each of the following in their capacity as such: (A)(i) the Debtors, (ii) the Reorganized Debtors, (iii) the Committee and its members, (iv) the DIP Agent, (v) the DIP Lenders, (vi) the Consenting Noteholders, (vii) the Supporting Tranche B DIP Lenders, (viii) the Exit Facility Indenture Trustee, (ix) the DIP Indenture Trustee; (x) the Exit Facility Lenders, (xi) the Indenture Trustees, and (xii) the Grupo Aval Entities (as defined in the Grupo Aval Settlement Agreement), and (B) with respect to each of the foregoing Entities and Persons set forth in clause (A), all of such Entities' and Persons' respective Related Parties."**

The Plan further provides that, "[n]otwithstanding the foregoing, (i) any Entity or Person that opts out of the releases set forth in Article IX.E of the Plan on its Ballot shall not be deemed a Released Party; (ii) any director or officer of the Debtors whose term of service lapsed prior to July 1, 2019 and who did not subsequently hold a director or officer position with any of the Debtors after such date shall not be deemed a Released Party; and (iii) any Entity or Person that would otherwise be a Released Party hereunder but is party to one or more Retained Causes of Action shall not be deemed a Released Party with respect to such Retained Causes of Action."

[19] **The Plan defines "Related Parties" as, "with respect to (w) any Entity or Person, (x) such Entity's or Person's predecessors, successors and assigns, parents, subsidiaries, affiliates, affiliated investment funds or investment vehicles, managed or advised accounts, funds, or other entities, and investment**

b. Parties Not Deemed to Have Granted Releases

The Plan provides that the following Entities and Persons are *not* deemed to have granted the releases contained in Article IX.E of the Plan, each in their capacity as such:

- **Holders of Claims or Interests in that are Impaired and are not entitled to vote under the Plan; and**
- **Holders of Claims in Classes that are entitled to vote under the Plan that:**
  - **(a) vote to reject the Plan or do not vote either to accept or reject the Plan *and***
  - **(b) *opt out* of granting the releases in Article IX.E of the Plan.**

IF YOU HOLD A CLAIM IN A CLASS THAT IS ENTITLED TO VOTE UNDER THE PLAN AND YOU (X) VOTE TO REJECT THE PLAN OR (Y) DO NOT VOTE EITHER TO ACCEPT OR REJECT THE PLAN, YOU MAY OPT OUT OF GRANTING THE RELEASES IN ARTICLE IX.E OF THE PLAN.

6. Exculpation

Without affecting or limiting the releases set forth in Article IX.D and Article IX.E of the Plan, and notwithstanding anything in the Plan to the contrary, to the fullest extent permitted by applicable law, no Exculpated Party will have or incur, and each Exculpated Party will be released and exculpated from, any claim or Cause of Action in connection with or arising out of the administration of the Chapter 11 Cases; the negotiation and pursuit of the DIP Facility, the Exit Facility, the Disclosure Statement, any settlement or other acts approved by the Bankruptcy Court, the Tranche B Equity Conversion Agreement, the United Asset Contribution Agreement, the Restructuring Transactions, and the Plan, or the solicitation of votes for, or confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration and implementation of the Plan or the property to be distributed under the Plan; the issuance or distribution of securities under or in connection with the Plan; the issuance, distribution, purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors under or in connection with the Plan; or the transactions in furtherance of any of the foregoing; other than claims or liabilities arising out of or relating to any act or omission of an Exculpated Party that is determined by a Final Order of a court of competent jurisdiction to have constituted willful misconduct,

advisors, sub-advisors, or managers, (y) with respect to each of the foregoing in clauses (w) and (x), such Entity's or Person's respective current and former officers, directors, principals, members, partners, employees, agents, trustees, advisory board members, financial advisors, attorneys, accountants, actuaries, investment bankers, consultants, representatives, management companies, fund advisors and other professionals; and (z) with respect to each of the foregoing in clauses (w)–(y), such Entity's or Person's respective heirs, executors, estates, servants, and nominees."

intentional fraud, or gross negligence, but in all respects such Exculpated Parties will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities. The Exculpated Parties have, and upon implementation of the Plan, will be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. This exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable laws, rules, or regulations protecting such Exculpated Parties from liability. Notwithstanding anything to the contrary in the foregoing, the exculpation set forth above does not exculpate any post-Effective Date obligations of any party or Entity under the Plan, the Exit Facility, or any assumed Executory Contract or Unexpired Lease.

7. Injunction

UPON ENTRY OF THE CONFIRMATION ORDER, ALL HOLDERS OF CLAIMS AND INTERESTS AND OTHER PARTIES IN INTEREST, ALONG WITH THEIR RESPECTIVE PRESENT OR FORMER EMPLOYEES, AGENTS, OFFICERS, DIRECTORS, PRINCIPALS, AFFILIATES, AND RELATED PARTIES WILL BE ENJOINED FROM TAKING ANY ACTIONS TO INTERFERE WITH THE IMPLEMENTATION OR CONSUMMATION OF THE PLAN IN RELATION TO ANY CLAIM EXTINGUISHED, DISCHARGED, OR RELEASED PURSUANT TO THE PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES THAT HAVE HELD, HOLD, OR MAY HOLD CLAIMS AGAINST OR INTERESTS IN THE DEBTORS AND OTHER PARTIES IN INTEREST, ALONG WITH THEIR RESPECTIVE PRESENT OR FORMER EMPLOYEES, AGENTS, OFFICERS, DIRECTORS, PRINCIPALS, AFFILIATES, AND RELATED PARTIES ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE RELEASED PARTIES, OR THE EXCULPATED PARTIES (TO THE EXTENT OF THE EXCULPATION PROVIDED PURSUANT TO ARTICLE IX.F OF THE PLAN WITH RESPECT TO THE EXCULPATED PARTIES): (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY LIEN OR ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OR THE ESTATES OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (IV)

ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM SUCH ENTITIES OR AGAINST THE PROPERTY OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF RIGHT IN A DOCUMENT FILED WITH THE BANKRUPTCY COURT EXPLICITLY PRESERVING SUCH SETOFF, AND NOTWITHSTANDING AN INDICATION OF A CLAIM OR INTEREST OR OTHERWISE THAT SUCH ENTITY ASSERTS, HAS, OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO APPLICABLE LAW OR OTHERWISE; AND (V) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN.

BY ACCEPTING DISTRIBUTIONS PURSUANT TO THE PLAN, EACH HOLDER OF AN ALLOWED CLAIM OR INTEREST EXTINGUISHED, DISCHARGED, OR RELEASED PURSUANT TO THE PLAN WILL BE DEEMED TO HAVE AFFIRMATIVELY AND SPECIFICALLY CONSENTED TO BE BOUND BY THE PLAN, INCLUDING, WITHOUT LIMITATION, THE INJUNCTIONS SET FORTH IN ARTICLE IX.G OF THE PLAN.

THE INJUNCTIONS IN ARTICLE IX.G OF THE PLAN WILL EXTEND TO ANY SUCCESSORS OF THE DEBTORS, THE REORGANIZED DEBTORS, THE RELEASED PARTIES, AND THE EXCULPATED PARTIES AND THEIR RESPECTIVE PROPERTY AND INTERESTS IN PROPERTY.

8. Subordination Rights

The classification and manner of satisfying all Claims and Interests under the Plan take into consideration all subordination rights, whether arising under general principles of equitable subordination, contract, section 510(c) of the Bankruptcy Code, or otherwise, that a holder of a Claim or Interest may have against other Claim or Interest holders with respect to any distribution made pursuant to the Plan. Except as provided in the Plan, all subordination rights that a holder of a Claim may have with respect to any distribution to be made pursuant to the Plan will be discharged and terminated, and all actions related to the enforcement of such subordination rights will be permanently enjoined.

SECTION VI.
VOTING PROCEDURES AND REQUIREMENTS

Before voting to accept or reject the Plan, each holder of a claim entitled to vote (an "Eligible Holder") should carefully review the Plan, which is attached to this Disclosure Statement as **Exhibit A**. All descriptions of the Plan set forth in this Disclosure Statement are subject to the terms and provisions of the Plan.

A. *Voting Deadline*

All Eligible Holders have been sent a Ballot together with this Disclosure Statement. Such holders should read the Ballot carefully and follow the instructions contained therein. Please use only the Ballot that accompanies this Disclosure Statement to cast your vote. Special procedures are set forth below for holders of securities through a broker, dealer, commercial bank, trust company, or other agent or nominee (a "Nominee").

The Debtors have engaged KCC as their Voting Agent to assist in the transmission of voting materials and in the tabulation of votes with respect to the Plan. **FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE VOTING AGENT AT THE ADDRESS SET FORTH BELOW ON OR BEFORE THE VOTING DEADLINE OF 5:00 P.M. (EASTERN TIME) ON [_____], 2021 (the "Voting Deadline"), UNLESS EXTENDED BY THE DEBTORS IN THEIR SOLE DISCRETION.**

Ballots must be delivered to the Voting Agent in accordance with the instructions set forth on the applicable Ballot and actually received by the Voting Deadline. Votes will not be accepted orally, by fax, or by email.

The Debtors encourage all holders of Claims to use the Voting Agent's e-ballot platform, available at http://www.kccllc.net/avianca. If a holder elects to deliver by mail, it is recommended to use an air courier with a guaranteed next day delivery or registered mail, properly insured, with return receipt requested. In all cases, sufficient time should be allowed to ensure timely delivery.

The Debtors expressly reserve the absolute right to extend, by oral or written notice to the Voting Agent, the Voting Deadline. The Debtors will not have any obligation to publish, advertise, or otherwise communicate any such extension, other than by filing a notice on the Bankruptcy Court docket and posting a notice on the Voting Agent's website. There can be no assurance that the Debtors will exercise any right to extend the solicitation period and Voting Deadline. Except as permitted by the debtors, in their sole discretion, or as permitted by the Bankruptcy Court pursuant to Bankruptcy Rule 3018, Ballots received by the Voting Agent after the Voting Deadline will not be counted or otherwise used in connection with the Debtors' request for Confirmation of the Plan.

AN ELIGIBLE HOLDER HOLDING 2020 NOTES CLAIMS OR 2023 NOTES CLAIMS IN "STREET NAME" THROUGH A NOMINEE MAY VOTE AS FURTHER DESCRIBED BELOW.

IF YOU MUST RETURN YOUR BALLOT TO YOUR NOMINEE, YOU MUST RETURN YOUR BALLOT TO THEM IN SUFFICIENT TIME FOR THEM TO PROCESS IT AND RETURN THE MASTER BALLOT TO THE VOTING AGENT BEFORE THE VOTING DEADLINE.

If a Ballot is damaged or lost, you may contact the Voting Agent at the telephone number or email address set forth below to receive a replacement Ballot. Any Ballot that is

executed and returned but that does not indicate an acceptance or rejection of the Plan will not be counted.

If you have any questions concerning voting procedures, you may contact the Voting Agent at:

Avianca Ballot Processing Center

c/o KCC
222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245

U.S./Canada: (866) 967-1780
International: +1 (310) 751-2680
AviancaInfo@kccllc.com

Additional copies of this Disclosure Statement are available upon request made to the Voting Agent, at the telephone numbers or e-mail address set forth immediately above.

B. *Voting Procedures*

The Debtors are providing copies of this Disclosure Statement (including all exhibits and appendices) as part of the Solicitation Package provided to Eligible Holders, which includes a Ballot. Record holders of certain Claims may include Nominees. If such Nominees do not hold Claims for their own account, they must provide copies of the Solicitation Package to their customers that are the Eligible Holders thereof as of the Record Date. Any Eligible Holder that has not received a Ballot should contact its Nominee or the Voting Agent.

Eligible Holders should provide all of the information requested by the Ballot and return all Ballots received in the enclosed, self-addressed, postage-paid envelope provided with each such Ballot either to the Voting Agent or their Nominee, as applicable.

The Record Date for determining which holders are entitled to vote on the Plan is September 9, 2021. The applicable administrative agent or indenture trustee under any debt documents will not vote on behalf of its respective holders. Such holders must submit their own Ballot.

C. *Parties Entitled to Vote*

Under the Bankruptcy Code, only holders of Claims or Interests in "impaired" classes are entitled to vote on the Plan. Under section 1124 of the Bankruptcy Code, a class of Claims or Interests is "impaired" under the Plan unless (1) the Plan leaves unaltered the legal, equitable, and contractual rights to which such Claim or Interest entitles the holder thereof or (2) notwithstanding any legal right to an accelerated payment of such Claim or Interest, the Plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of an impaired Claim or Interest will not receive or retain any distribution under the Plan on account of such Claim or Interest, the Bankruptcy Code deems such holder to have rejected the plan, and, accordingly, holders of such Claims and Interests do not actually vote on the Plan and will not receive a Ballot. If a Claim or Interest is not impaired by the Plan, the Bankruptcy Code presumes the holder of such Claim or Interest to have accepted the Plan and, accordingly, holders of such Claims and Interests are not entitled to vote on the Plan, and thus will not receive a Ballot.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The Bankruptcy Code defines "acceptance" of a plan by a class of (i) Claims as acceptance by creditors in that class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Claims that cast ballots for acceptance or rejection of the Plan and (ii) Interests as acceptance by interest holders in that class that hold at least two-thirds (2/3) in amount of the Interests that cast ballots for acceptance or rejection of the Plan.

The Claims in the following classes are Impaired under the Plan and entitled to vote to accept or reject the Plan:

- **Class 3: Engine Loan Claims**
- **Class 4: Secured RCF Claims**
- **Class 7: Grupo Aval Lines of Credit Claims**
- **Class 11: General Unsecured Avianca Claims**
- **Class 15: General Unsecured Convenience Claims**

Holders of General Unsecured Avianca Claims in Class 11 will receive their distributions in Cash unless they validly elect to receive the Unsecured Claimholder Equity Package in accordance with the Solicitation Procedures and provide all the information and documentation required thereby.

1. Beneficial Holders

An Eligible Holder that holds a Claim as a record holder in its own name should vote on the Plan by completing and signing a Ballot (a "Beneficial Ballot") and returning it directly to the Voting Agent on or before the Voting Deadline using the enclosed pre-addressed, postage-paid return envelope.

An Eligible Holder holding a Claim in "street name" through a Nominee (each, a "Beneficial Holder") may vote on the Plan by one of the following two methods (as selected by such Eligible Holder's Nominee):

- Complete and sign the enclosed Beneficial Ballot. Return the Beneficial Ballot to your Nominee as promptly as possible and in sufficient time to allow such Nominee to process your instructions and return a completed "master" Ballot (each, a "Master Ballot") to the Voting Agent by the Voting Deadline. If no pre-addressed, postage-paid return envelope was enclosed for this purpose, contact the Voting Agent for instructions; or

- Complete and sign the pre-validated Beneficial Ballot (as described below) provided to you by your Nominee. Return the pre-validated Beneficial Ballot to the Voting Agent by the Voting Deadline using the return envelope provided in the Solicitation Package.

If it is a Nominee's customary and accepted practice to forward the solicitation information to (and collect votes from) Beneficial Holders by voter information form ("VIF"), e-mail, telephone, or other customary means of communication, the Nominee may employ that method of communication in lieu of sending the paper Beneficial Ballot and/or Solicitation Package.

Any Beneficial Ballot returned to a Nominee by an Eligible Holder will not be counted for purposes of acceptance or rejection of the Plan until such Nominee properly completes and delivers to the Voting Agent that Beneficial Ballot (properly validated) or a Master Ballot casting the vote of such Eligible Holder.

If a Beneficial Holder holds Claims in Class 11 (General Unsecured Avianca Claims) through more than one Nominee or through multiple accounts, such Beneficial Holder may receive more than one Beneficial Ballot and each such Beneficial Holder should execute a separate Beneficial Ballot for each block of Claims in Class 11 (General Unsecured Avianca Claims) that it holds through any Nominee and must return each such Beneficial Ballot to the appropriate Nominee. Votes cast by Beneficial Holders through Nominees will be applied to the applicable positions held by such Nominees, as of the Voting Record Date, as evidenced by the applicable securities position report(s) obtained from DTC. Votes submitted by a Nominee pursuant to a Master Ballot will not be counted in excess of the amount of such Claims held by such Nominee as of the Voting Record Date.

If a Beneficial Holder is registered directly with the applicable indenture trustee, the voting amounts of those Claims shall be the amounts set forth on the books and records of the applicable indenture trustee as of the Voting Record Date.

2. Nominees

A Nominee that, on the Record Date, is the record holder of Claims for one or more Eligible Holders can obtain the votes of the Eligible Holders of such Claims, consistent with customary practices for obtaining the votes of securities held in "street name," in one of the following two ways:

- Pre-Validated Ballots. The Nominee may "pre-validate" a Beneficial Ballot by (i) signing the Beneficial Ballot; (ii) indicating on the Beneficial

Ballot the amount and the account number of the Claims held by the Nominee for the Beneficial Holder; and (iii) forwarding such Beneficial Ballot, together with the Disclosure Statement, a pre-addressed, postage-paid return envelope addressed to, and provided by, the Voting Agent, and other materials requested to be forwarded, to the Beneficial Holder for voting. The Beneficial Holder must then complete the information requested in the Beneficial Ballot and return the Beneficial Ballot directly to the Voting Agent in the pre-addressed, postage-paid return envelope so that it is **received** by the Voting Agent on or before the Voting Deadline. A list of the Beneficial Holders to whom "pre-validated" Beneficial Ballots were delivered should be maintained by Nominees for inspection for at least one (1) year from the Voting Deadline.

- Master Ballots. If the Nominee elects not to pre-validate Beneficial Ballots, the Nominee may obtain the votes of Beneficial Holders by forwarding to the Beneficial Holders the unsigned Beneficial Ballots, VIF, e-mail, or other customary method of collecting votes from a Beneficial Holder, together with the Disclosure Statement, a pre-addressed, postage-paid return envelope provided by, and addressed to, the Nominee, and other materials requested to be forwarded. Each such Beneficial Holder must then indicate his, her, or its vote on the Beneficial Ballot, complete the information requested on the Beneficial Ballot, review the certifications contained on the Beneficial Ballot, execute the Beneficial Ballot, and return the Beneficial Ballot to the Nominee. If it is accepted practice for a Nominee to collect votes through a VIF, e-mail, or other customary method of communication, the Beneficial Holder shall follow the Nominee's instruction for completing and submitting its votes to the Nominee. After collecting the Beneficial Holders' votes, the Nominee should, in turn, complete a master ballot (the "Master Ballot") compiling the votes and other information from the Beneficial Holders, execute the Master Ballot, and deliver the Master Ballot to the Voting Agent so that it is **received** by the Voting Agent on or before the Voting Deadline. All Beneficial Ballots returned by Beneficial Holders should either be forwarded to the Voting Agent (along with the Master Ballot) or retained by Nominees for inspection for at least one (1) year from the Voting Deadline. EACH NOMINEE SHOULD ADVISE ITS BENEFICIAL HOLDERS TO RETURN THEIR BENEFICIAL BALLOTS TO THE NOMINEE BY A DATE CALCULATED BY THE NOMINEE TO ALLOW IT TO PREPARE AND RETURN THE MASTER BALLOT TO THE VOTING AGENT SO THAT IT IS RECEIVED BY THE VOTING AGENT ON OR BEFORE THE VOTING DEADLINE.

3. Miscellaneous

All Ballots must be signed by the Eligible Holder, or any person who has obtained a properly completed Ballot proxy from the Eligible Holder by the Record Date. Unless otherwise ordered by the Bankruptcy Court, Ballots that are signed, dated, and timely received,

but on which a vote to accept or reject the Plan has not been indicated, will not be counted. The Debtors may request that the Voting Agent attempt to contact such voters to cure any such defects in the Ballots. Any Ballot marked to both accept and reject the Plan shall not be counted. If you return more than one Ballot voting different Claims, the Ballots are not voted in the same manner, and you do not correct this before the Voting Deadline, those Ballots will not be counted. An otherwise properly executed Ballot (other than a Master Ballot) that attempts to partially accept and partially reject the Plan will likewise not be counted.

The Ballots provided to Eligible Holders will reflect the principal amount of such Eligible Holder's Claim; however, when tabulating votes, the Voting Agent may adjust the amount of such Eligible Holder's Claim to reflect the full amount, including prepetition interest.

Under the Bankruptcy Code, for purposes of determining whether the requisite acceptances have been received, only Eligible Holders that actually vote will be counted. The failure of a holder to deliver a duly executed Ballot to the Voting Agent or its Nominee will be deemed to constitute an abstention by such holder with respect to voting on the Plan and such abstentions will not be counted as votes for or against the Plan.

Except as provided below, unless the Ballot is timely submitted to the Voting Agent before the Voting Deadline together with any other documents required by such Ballot, the Debtors may, in their sole discretion, reject such Ballot as invalid, and therefore decline to utilize it in connection with seeking confirmation of the Plan.

4. Fiduciaries and Other Representatives

If a Beneficial Holder Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or another person acting in a fiduciary or representative capacity, such person should indicate such capacity when signing and, if requested, must submit proper evidence satisfactory to the Debtors of authority to so act. Authorized signatories should submit the separate Beneficial Holder Ballot of each Eligible Holder for whom they are voting.

UNLESS THE BALLOT OR THE MASTER BALLOT IS SUBMITTED TO THE VOTING AGENT ON OR BEFORE THE VOTING DEADLINE, SUCH BALLOT WILL BE REJECTED AS INVALID AND WILL NOT BE COUNTED AS AN ACCEPTANCE OR REJECTION OF THE PLAN; *PROVIDED, THAT* THE DEBTORS RESERVE THE RIGHT, IN THEIR SOLE DISCRETION, TO REQUEST THE BANKRUPTCY COURT TO ALLOW SUCH BALLOT TO BE COUNTED.

D. *Multiple Claims Within Class*

To the extent a holder of Claims holds multiple Claims within a particular Class, the Debtors may, in their discretion, instruct the Voting Agent to aggregate, to the extent possible, such holder's Claims for purposes of counting votes.

E. *Agreements upon Furnishing Ballots*

The delivery of an accepting Ballot pursuant to one of the procedures set forth above will constitute the agreement of the corresponding creditor with respect to such Ballot to accept: (a) all of the terms of, and conditions to, this Solicitation; and (b) the terms of the Plan including the injunction, releases, and exculpations set forth in Article IX of the Plan. All parties in interest retain their right to object to confirmation of the Plan pursuant to section 1128 of the Bankruptcy Code, subject to any applicable terms of the RSAs.

F. *Withdrawal or Change of Votes on Plan*

Subject to the provisions of the RSA, any Eligible Holder that has previously submitted to the Voting Agent before the Voting Deadline a properly completed Ballot may revoke its Ballot and change its vote by submitting to the Voting Agent before the Voting Deadline a subsequent, properly completed Ballot voting for acceptance or rejection of the Plan. If more than one timely, properly completed Ballot is received with respect to the same Claim, the Ballot that will be counted for purposes of determining whether sufficient acceptances required to confirm the Plan have been received will be the Ballot that the Voting Agent determines in its sole discretion was the last to be received. However, if a holder timely submits both a paper Ballot and E-Ballot on account of the same Claim, the E-Ballot shall supersede the paper Ballot, even if the paper Ballot is received later.

G. *Waivers of Defects, Irregularities, etc.*

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawals of Ballots will be determined by the Voting Agent or the Debtors, as applicable, in their sole discretion, which determination will be final and binding. The Debtors reserve the right to reject any and all Ballots submitted by any of their respective creditors not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, as applicable, be unlawful. The Debtors further reserve their respective rights to waive any defects or irregularities or conditions of delivery as to any particular Ballot. The interpretation (including the Ballot and the respective instructions thereto) by the applicable Debtor, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determines. Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

H. *Requirement to File a Proof of Claim*

Any person or entity that is required to timely file a proof of claim in the form and manner specified by the Claims Bar Date Order and who failed to do so on or before the Claims

Bar Date associated with such claim shall not, with respect to such claim, be treated as a creditor of the Debtors for the purposes of voting on the Plan.

I. *Further Information; Additional Copies*

If you have any questions or require further information about the voting procedures for voting your claims or about the packet of material you received, or if you wish to obtain an additional copy of the Plan, the Disclosure Statement, or any exhibits to such documents, please contact the Voting Agent.

SECTION VII.
CONFIRMATION OF THE PLAN

A. *Confirmation Hearing*

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a confirmation hearing upon appropriate notice to all required parties. Notice of the confirmation hearing will be provided to all known creditors and equity holders or their representatives. The confirmation hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the continuation date made at the confirmation hearing, at any subsequent continued confirmation hearing, or notice filed on the docket for the Chapter 11 Cases.

B. *Objections to Confirmation*

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to the confirmation of a chapter 11 plan. Any objection to confirmation of the Plan must (i) be in writing, (ii) conform to the Bankruptcy Rules and the Local Rules, (iii) set forth the name of the objector, the nature of the Claims or Interests asserted by the objector, and (iv) state with particularity the legal and factual basis for the objection. Objections must be filed with the Bankruptcy Court, together with proof of service, and must be served on the following parties so as to be received no later than [_____].

a) **Debtors**:
Avianca Holdings S.A.
Avenida Calle 26 # 59 – 15
Bogotá D.C., Colombia
Attn: Richard Galindo Sanchez

b) **Counsel to Debtors**:
Milbank LLP
55 Hudson Yards
New York, NY 10001
Attn: Gregory A. Bray
Evan Fleck
Benjamin Schak
Kyle R. Satterfield

c) **Counsel to the Committee**:
Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019
Attn: Brett Miller
Todd Goren

d) **Office of the U.S. Trustee**:
William K. Harrington
Office of the U.S. Trustee for Region 2
201 Varick Street, Room 1006
New York, NY 10014
Attn: Brian Masumoto
Greg Zipes

An objection to Confirmation may not be considered by the Bankruptcy Court if it is not timely served and filed.

C. *Requirements for Confirmation of Plan – Consensual Confirmation*

The Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for Confirmation are that the Plan is feasible and is in the "best interests" of holders of Claims and Interests that are Impaired under the Plan.

1. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization. This requirement is often referred to as the "feasibility" requirement. The Debtors believe that the Plan satisfies this requirement.

For purposes of determining whether the Plan meets this requirement, the Debtors, in consultation with its financial advisors, have analyzed their ability to meet the obligations that they will incur or assume under the Plan. As part of that analysis, the Debtors have prepared consolidated projected financial results (the "Financial Projections") for each fiscal year following the Effective Date through 2028. These Financial Projections, and the assumptions on which they are based, are attached to this Disclosure Statement as **Exhibit D**.

The Debtors prepared the Financial Projections based on certain assumptions that the Debtors believe to be reasonable at the time of preparation. Those of these assumptions that the Debtors consider to be significant are described in the Financial Projections. The Financial Projections have not been prepared or examined by independent accountants. Many of the assumptions on which the Financial Projections are based are subject to significant uncertainties. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect actual financial results. Therefore, the actual results achieved throughout the period covered by the Financial Projections may vary materially from the projected results. All holders of Claims who are entitled to vote to accept or reject the Plan are urged to carefully examine, in

consultation with their financial advisors, all of the assumptions on which the Financial Projections are based in evaluating the feasibility of the Plan.

2. Best Interests Test

Section 1129(a)(7) of the Bankruptcy Code, known as the "best interests" test, requires the Debtors to show that each holder of an Impaired Claim or Interest that voted to reject the Plan, will receive, under the Plan, property with a value not less than the amount that such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date. Based on the Liquidation Analysis attached to this Disclosure Statement as **Exhibit C**, the Debtors believe that all holders of Impaired Claims and Interests will receive, under the Plan, property with a value greater than or equal to the value that they would have received in a chapter 7 liquidation.

To estimate the potential recoveries in a chapter 7 liquidation, the Debtors estimated the amount of liquidation proceeds that might be available for distribution (net of liquidation costs) and the allocation of those proceeds among the Classes of Claims and Interests based on their relative priorities under chapter 7 of the Bankruptcy Code.

The net amount of value available in a liquidation to the holders of unsecured Claims would be reduced by, first, the Claims of secured creditors to the extent of the value of their respective collateral and, second, the administrative expenses and priority claims allowed in chapter 7. Those administrative expenses would include the compensation of a trustee, as well as counsel and other professionals retained by the trustee, asset disposition expenses, applicable taxes, litigation costs, unpaid administrative expenses incurred by the Debtors and the Committee in the Chapter 11 Cases, and Claims arising from the Debtors' operations during the Chapter 11 Cases. The liquidation itself may trigger certain priority Claims that would otherwise be due in the ordinary course of business. Those priority Claims would have to be paid in full from the liquidation proceeds before any balance would be made available to pay unsecured Claims. The liquidation would also prompt the rejection of executory contracts and unexpired leases, and thereby create a significantly greater aggregate amount of unsecured Claims.

In a chapter 7 liquidation, no junior Class of Claims or Interests may be paid unless all Classes of Claims or Interests senior to such junior Class are paid in full. Section 510(a) of the Bankruptcy Code provides that subordination agreements are enforceable in a bankruptcy case to the same extent that such subordination agreements are enforceable under applicable non-bankruptcy law. Therefore, no Class of Claims or Interests that is contractually subordinated to another Class would receive any payment on account of its Claims or Interests, unless and until such senior Class was paid in full. If the probable distribution to unsecured creditors, net of all of the foregoing, has a value greater than the value of distributions to be received by the unsecured creditors under the Plan, the Plan is not in the best interests of creditors and cannot be confirmed by the Bankruptcy Court.

The Liquidation Analysis demonstrates that each holder of Impaired Claims and Interests will receive at least as much, if not more, under the Plan as it would receive if the

Debtors were liquidated in chapter 7. Therefore, the Debtors believe that the Plan satisfies the requirements of the "best interests" test.

D. *Requirements for Confirmation of Plan – Non-Consensual Confirmation*

Under the Bankruptcy Code, an impaired class of claims accepts a chapter 11 plan if holders of (i) two-thirds (2/3) in amount and (ii) a majority in number of the allowed claims in the class vote to accept the plan. Claims of the holders that fail to vote are not counted in determining the thresholds for acceptance of the plan.

If any impaired class of claims or interests votes to reject the Plan or is deemed to reject the plan, the Bankruptcy Code nevertheless allows the plan to be confirmed over that class's rejection, so long as the Plan satisfies (i) each of the requirements of section 1129(a) other than the requirement for acceptance by each impaired class and (ii) certain additional requirements set forth in section 1129(b) discussed below. This power to confirm a plan over dissenting classes – often referred to as a "cram down" –assures that no single group of claims or interests can block a restructuring that otherwise meets the requirements of the Bankruptcy Code and is in the interests of the other constituents in the case.

Under section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm the Plan over rejection by an Impaired Class of Claims or Interests if the Plan (i) is accepted by at least one Impaired Class of Claims, (ii) "does not discriminate unfairly," and (iii) is "fair and equitable" with respect to each dissenting Impaired Class.

1. Unfair Discrimination

The "unfair discrimination" test applies to Classes of Claims or Interests that are of equal priority and legal character but are receiving different treatment under the Plan. The test does not require that the treatment be the same, but that such treatment be "fair." Bankruptcy courts take into account a number of factors in determining whether a plan discriminates "unfairly," and, accordingly, a plan could treat two classes of unsecured claims differently without unfairly discriminating against the class receiving inferior treatment. This test applies only to Classes that reject or are deemed to reject the plan.

2. Fair and Equitable

A chapter 11 plan is fair and equitable with respect to a dissenting class only if no class senior to such dissenting class receives more than it is entitled to on account of such senior claims or interests. The "fair and equitable" test imposes certain statutory requirements that depend on the type of claims or interests in the dissenting class.

To be fair and equitable with respect to a dissenting class of impaired secured claims, a chapter 11 plan must provide that each holder of claims in such class either (i) retains its liens on the property subject to such liens (or if sold, on the proceeds thereof) to the extent of the allowed amount of its secured claim and receives deferred cash payments having a value, as of consummation of the chapter 11 plan, of at least such allowed amount or (ii) receives the "indubitable equivalent" of its secured claim.

To be fair and equitable with respect to a dissenting class of impaired unsecured claims, a chapter 11 plan must provide that either (i) each holder of a claim in such class receives or retains property having a value, as of consummation of the chapter 11 plan, equal to the allowed amount of its unsecured claim or (ii) no holder of claims or interests that are junior to the claims in the dissenting class will receive or retain any property under the chapter 11 plan.

To be fair and equitable with respect to a dissenting class of impaired equity interests, a chapter 11 plan must provide that either (i) each holder of an interest in such class receives or retains property having a value, as of consummation of the chapter 11 plan, equal to the greater of (A) the allowed amount of any fixed liquidation preference or fixed redemption price of its interest and (B) the value of its interest or (ii) no holders of interests that are junior to the interests in the dissenting class will receive or retain any property under the chapter 11 plan.

The Debtors believe the Plan does not discriminate unfairly and satisfies the "fair and equitable" requirement with respect to each Class. As noted above, under the Global Plan Settlement, recoveries for General Unsecured Avianca Claims are being carved out of the value of the collateral securing the Tranche B DIP Facility Claims and would not otherwise be available to holders of such Claims without the consent of holders of Tranche B DIP Facility Claims, which consent was obtained in connection with good-faith, arms'-length negotiations among the Debtors, the Committee, and holders of Tranche B DIP Facility Claims.

If all Confirmation requirements (other than acceptance by each Impaired Class) are satisfied, the Debtors will ask the Bankruptcy Court to confirm the Plan under section 1129(b) of the Bankruptcy Court.

SECTION VIII.
RISK FACTORS

Before voting to accept or reject the Plan, holders of Claims who are entitled to vote should read and carefully consider the Plan and all of the information in this Disclosure Statement, including the risk factors set forth in this Section VIII and including all other information that this Disclosure Statement refers to or incorporates.

The risks described in this Section VIII should not be regarded as the only risks associated with the Plan or its implementation. Additional risk factors identified in the Debtors' public filings with the SEC may also be relevant and should be reviewed and considered in conjunction with this Disclosure Statement. New risks may emerge from time to time, and it is impossible to predict all such risks and uncertainties.

A. *Bankruptcy Law Considerations*

The Debtors cannot predict the amount of time needed to implement the Plan.

Lengthy chapter 11 cases could disrupt the Debtors' businesses, impair prospects for reorganization on terms contained in the Plan, and provide an opportunity for other plans to be proposed.

The Debtors cannot be certain that the Chapter 11 Cases will be of short duration or will not be materially disruptive to the Debtors' businesses. If the Debtors are unable to obtain confirmation of the Plan for any reason, the Debtors may be forced to operate in chapter 11 for an extended period while trying to develop a different chapter 11 plan that can be confirmed. The Debtors cannot assure parties in interest that the Plan will be confirmed, and even after confirmation of the Plan, it is impossible to predict with certainty the amount of time that will be needed to implement the complex transactions that the Plan anticipates. Moreover, the Bankruptcy Code limits the time during which the Debtors will have the exclusive right to file a plan, before other parties in interest are permitted to propose and file alternative plans.

A long chapter 11 case may also involve additional expenses and divert the attention of management from operation of the business, as well as create concerns for personnel, vendors, suppliers, service providers and customers. Even if the Plan is confirmed, the bankruptcy proceedings may adversely affect the Debtors' relationships with key customers and employees. Significant delay may result in the termination of the Noteholder RSA, the DIP Facility, and/or the Tranche B Equity Conversion Agreement due to missed milestones, other termination events, or other applicable events of default, to the extent that the Debtors are unable to obtain waivers or amendments from the relevant consenting stakeholders or lenders.

The Debtors may be unable to obtain confirmation of the Plan.

Although the Debtors believe that the Plan will satisfy all requirements for confirmation (including "cramdown" requirements), there can be no assurance that the Bankruptcy Court will reach the same conclusion. Modifications to the Plan may be required for confirmation, and those modifications may be sufficiently material to require re-solicitation of votes on the Plan.

If the Plan is not confirmed, there can be no assurance that the Chapter 11 Cases will continue; the Chapter 11 Cases may instead be converted into liquidation cases under chapter 7 of the Bankruptcy Code. Likewise, there can be no assurance that any alternative chapter 11 plan or plans will be on terms as favorable to the holders of Claims as the terms of the Plan. If a liquidation or a protracted reorganization occurs, there is a substantial risk that the Debtors' going concern value will be substantially eroded to the detriment of all stakeholders. See Section XI.A of this Disclosure Statement, as well as the Liquidation Analysis attached as **Exhibit C**, for a discussion of the effects that a chapter 7 liquidation may have on creditor recoveries.

The Bankruptcy Court may not order the Avianca Plan Consolidation.

The Plan is premised upon the consolidation of the estates of the Avianca Debtors with one another, solely for purposes of the Plan, including voting, Confirmation, the occurrence of the Effective Date, and distribution. The Debtors can provide no assurance, however, that a party in interest will not object to the Avianca Plan Consolidation or that the Bankruptcy Court will determine that the Avianca Plan Consolidation is appropriate.

As set forth more fully in Article V.B of the Plan, in the event that the Bankruptcy Court orders only partial, or does not order, Avianca Plan Consolidation, the Debtors reserve the

right to (i) proceed with no or partial Avianca Plan Consolidation, (ii) propose one or more Sub-Plans, (iii) proceed with confirmation of one or more Sub-Plans to the exclusion of the other Sub-Plans, (iv) withdraw some or all of the Sub-Plans, or (v) withdraw the Plan. Subject to the immediately preceding sentence, the Debtors' inability to obtain approval of the Avianca Plan Consolidation or confirm any Sub-Plan, or the Debtors' election to withdraw the Avianca Plan Consolidation or any Sub-Plan, shall not impair confirmation or consummation of any other Sub-Plan. In the event that the Bankruptcy Court does not order the Avianca Plan Consolidation, (i) Claims against a particular Debtor will be treated as Claims against solely such Debtor's Estate for all purposes and administered as provided in the applicable Sub-Plan and (ii) the Debtors will not be required to resolicit votes with respect to the Plan or the applicable Sub-Plan.

The Effective Date may not occur.

Although the Debtors believe that the Effective Date will occur soon after the Confirmation Date and that there is not a material risk that the Debtors will not be able to obtain the necessary governmental approvals (including any antitrust approval), there can be no assurance as to the occurrence or timing of the Effective Date. The Debtors expect that the transactions contemplated under the Plan may require review under the antitrust laws of certain jurisdictions. The Effective Date is also subject to certain conditions precedent, **including with respect to the Grupo Aval Settlement Agreement,** as set forth in Article X.A of the Plan. Failure to meet any of these conditions could prevent the Effective Date from occurring.

If the Effective Date does not occur, the Plan shall be null and void in all respects and the Confirmation Order may be vacated. In that case, no distributions will be made under the Plan, the Debtors and all holders of Claims and Interests will be restored to the status quo ante immediately prior to Confirmation, and the Debtors' obligations with respect to Claims and Interests will remain unchanged.

The Noteholder RSA may be terminated.

The Noteholder RSA contains provisions that give the respective consenting stakeholders the right to terminate the Noteholder RSA if certain conditions are not satisfied. Termination of the Noteholder RSA could make Confirmation of the Plan impossible and result in protracted Chapter 11 Cases, which could significantly and detrimentally affect the Debtors' relationships with, among others, vendors, suppliers, employers, and customers.

The Tranche B Equity Conversion Agreement may be terminated, and the Tranche B Equity Contribution may not be available.

The Tranche B Equity Conversion Agreement contains provisions that give the consenting stakeholders the right to terminate that agreement if certain conditions are not satisfied. Termination of the Tranche B Equity Conversion Agreement could make Confirmation of the Plan impossible and result in protracted Chapter 11 Cases, which could significantly and detrimentally affect the Debtors' relationships with, among others, vendors, suppliers, employers, and customers.

Further, the Debtors' ability to convert the Tranche B DIP Facility Claims into New Common Equity and the obligation of the applicable Tranche B Lenders to make the

Tranche B Equity Contribution are subject to the satisfaction of certain conditions precedent. The Debtors cannot give assurances that these conditions precedent will be satisfied. If the Debtors cannot satisfy such conditions precedent, the Debtors' ability to consummate the Plan will be materially and adversely affected.

The DIP Facility may be terminated.

The DIP Facility, along with the use of cash collateral, is intended to provide liquidity to the Debtors during the pendency of the Chapter 11 Cases. If the Chapter 11 Cases take longer than expected to conclude, the Debtors may exhaust or lose access to their financing. Unless the Debtors receive necessary waivers or are able to refinance the DIP Facility, the DIP Facility will mature on November 10, 2021. If the DIP Facility matures, the Debtors also would lose access to cash collateral to operate their business. There is no assurance that the Debtors will be able to obtain additional financing from the Debtors' existing lenders or otherwise, nor is there any assurance that the Debtors will receive consent from the DIP Lenders to continue to use their cash collateral in the event that the DIP matures. If the DIP Facility matures (or otherwise terminates), the Debtors may lose their option to convert the Tranche B DIP Facility Claims into equity in Reorganized AVH and may therefore be required to pay the Tranche B DIP Facility Claims in cash. In either such case, the liquidity necessary for the orderly functioning of the Debtors' business may be materially impaired.

Parties in interest may oppose or object to the Plan.

Parties in interest could oppose and object to either the entirety of the Plan or specific provisions of the Plan. Although the Debtors believe that the Plan complies with all relevant Bankruptcy Code provisions, there can be no guarantee that a party in interest will not file an objection to the Plan or that the Bankruptcy Court will not sustain such an objection.

Releases, injunctions and exculpations contained in the Plan may not be approved.

Article IX of the Plan provides for certain releases, injunctions, and exculpations, for Claims and Causes of Action that may otherwise be asserted against the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties. The releases, injunctions, and exculpations provided in the Plan may be objected to by parties in interest and may not be approved by the Bankruptcy Court. If the releases and exculpations are not approved, certain Released Parties or Exculpated Parties may withdraw their support for the Plan.

The Debtors may be unable to obtain prompt and effective enforcement of the Bankruptcy Court's orders in relevant jurisdictions outside the United States, including Colombia, Panama, and the United Kingdom.

The Reorganized Debtors may seek to obtain recognition or enforcement of the Plan and the Confirmation Order in jurisdictions outside the United States, including jurisdictions where the Debtors and/or the Reorganized Debtors are organized or conduct operations. Failure to obtain prompt and effective recognition and enforcement could prevent the Debtors and the Reorganized Debtors from implementing the Plan or effectuating an orderly reorganization under the Bankruptcy Code. If the Plan is not given effect outside the United States, there can be no assurance that the Chapter 11 Cases will continue. The Chapter 11 Cases

may instead be converted into liquidation cases under the chapter 7 of the Bankruptcy Code, or the Debtors or the Reorganized Debtors may be forced to liquidate, dissolve, or attempt reorganization under non-U.S. laws. If the Debtors or Reorganized Debtors fail to obtain recognition and enforcement of the Plan, there is a substantial risk that the Debtors' going concern value will be substantially eroded to the detriment of all stakeholders.

B. *Risks Associated with the Debtors' Business and Industry*

The airline industry is highly competitive.

The airline industry is highly competitive, including in the markets in which the Debtors operate. Historically, the Debtors have had among the highest operating costs of Colombian airlines, partially due to their route structure and fleet mix. The restructuring outlined in this Disclosure Statement includes steps to address this competitive disadvantage, including labor cost reductions, fleet rationalization, network redesign, and financial restructuring. Given the industry and economic environment, however, it is likely that major competitors will implement their own restructuring initiatives. The effects of other airlines' restructuring actions on Avianca's competitive cost position cannot yet be determined. Because the Colombian airline industry is highly competitive, there can be no assurance that the Reorganized Debtors will be able to preserve their current market positions.

Fuel prices are volatile.

Aviation fuel is one of the most significant expenses for an airline. Its price is directly influenced by the price of crude oil, which, in turn, is influenced by a wide variety of macroeconomic and geopolitical events beyond the control of the Reorganized Debtors.

If the future price of aviation fuel is higher than the prices assumed in this Disclosure Statement's projections, the financial performance of the Reorganized Debtors could be materially and adversely impacted. In particular, hostilities in the Middle East could disrupt the supply of crude oil and lead to increased fuel costs.

The Debtors' business is subject to Colombian and international regulations.

The airline industry is highly regulated, and the imposition of new or modified regulations can have a significant impact on the Reorganized Debtors. For example, governmental agencies may enact new regulations relating to environmental, safety, security, scheduling, or other industry-related matters. Such regulations could have a material adverse effect on the Reorganized Debtors' financing condition and operational results by increasing operating expenses or restricting the Reorganized Debtors' operations.

Colombian regulation of the civil aviation industry does not significantly vary from the regulatory scheme of most other countries. Generally speaking, Colombian and foreign airlines are allowed to compete in the market under principles of free competition. However, the government is empowered to impose restrictions to prevent unfair competition and abuses by persons or companies having a preeminent position in the marketplace, as well as to guarantee efficiency and safety.

Colombia is a party to the Chicago Convention for International Air Transportation. Accordingly, the internal rules and regulations applicable to the airline industry, known as the *Reglamentos Aeronáuticos de Colombia* (Colombian Aeronautical Regulations), comply with the standard rules, regulations, and recommended practices for the industry established by the International Civil Aviation Organization.

Pursuant to the legislation in force in Colombia, any company willing to operate in the country as a public transportation company for commercial air services, as is the case for Avianca, must hold an operations permit and a certificate of operations issued by the *Unidad Administrativa Especial de Aeronáutica Civil* (Civil Aviation Authority of Colombia or "Aerocivil"). Aerocivil will grant an operations permit and certificate of operations only after a company proves its administrative, technical, and financial capabilities for the activities proposed to be conducted. Furthermore, an airline must maintain those capabilities, and these permits and certificates can be neither assigned nor transferred.

Although Colombia has substantially loosened its historical restrictions on foreign investment in the air transportation industry, a limited number of bilateral air transportation agreements between Colombia and other countries (including the United Kingdom and the United States) still require that Colombian nationals maintain substantial ownership and effective control of airlines that are permitted to exercise air traffic rights under those bilateral agreements. Following consummation of the Plan, the Reorganized Debtors may not meet the requirements of some bilateral agreements to which Colombia is a party. Although the Debtors expect to seek all necessary waivers, no assurances can be given that the Reorganized Debtors will receive such waivers.

Certain contracts are subject to change of control provisions.

The Debtors and their subsidiaries (including non-Debtor LifeMiles entities) are party to certain contracts that include change of control provisions. In some instances, the Debtors may need to obtain waivers of these provisions from the respective contracting parties to these contracts so as not to be in default. However, the receipt of such waivers is not a condition precedent to either Confirmation or to the Effective Date. If the Debtors are unable to secure such waivers, the consequences of them being in breach of such contracts might have a material adverse impact upon the Reorganized Debtors' operations and their financial condition.

Avianca is subject to competitive price discounting.

The airline industry is highly competitive and susceptible to price discounting, particularly in the international markets. Under domestic Colombian law, carriers are not restricted in setting domestic fares so long as such fares fall within the then-effective, government-approved range of fares (which are adjusted annually) and fares offered by one airline are frequently matched by competing airlines. Despite the improved financial condition of the Reorganized Debtors as a result of the reorganization, the Reorganized Debtors may have difficulty withstanding a prolonged industry recession, fare war or other unforeseen circumstances or crisis, which may adversely and materially affect the operations and financial performance of the Reorganized Debtors.]

The Debtors may be subject to labor disputes.

The Debtors have various collective bargaining agreements ("CBAs") with their pilots, their flight attendants, and their ground personnel. There can be no assurance that major disputes, including disputes with any certified collective bargaining representatives of the Reorganized Debtors' employees, will not arise in the future. Those disputes and the costs associated with their resolution could adversely affect the Reorganized Debtors' operations and financial performance.

The COVID-19 pandemic may continue to impair the Debtors' business and financial condition.

Global financial markets have experienced significant volatility and losses as a result of the ongoing COVID-19 pandemic. This pandemic, and the actions taken by federal, state and local governments in response thereto, have significantly affected virtually all facets of the global economy. Restrictions on, and public concern regarding, travel and public interaction have materially curtailed air passenger travel. The COVID-19 pandemic resulted in the temporary grounding of the Debtors' passenger fleet and may result in extended groundings in the future.

Quarantines and other measures imposed in response to the COVID-19 outbreak, as well as ongoing concern regarding the virus' potential impact, have had and will likely continue to have a negative effect on economies and financial markets, including supply chain issues and other business disruptions. The timely delivery of goods to the Debtors' by their suppliers could be adversely affected by supply chain disruptions. The Debtors expect that the COVID-19 pandemic will materially affect results in the current and potentially future operating periods; however, the duration and extent of potential disruptions is highly uncertain and will depend on future developments with respect to, among other things, the pace of ongoing worldwide vaccination efforts, the formation of new variants of the virus, the efficacy of vaccines with respect to new variants of the virus, and the spread and severity of the virus. An extended period of further economic deterioration could exacerbate the other risks described herein. Additional effects of the recent conditions in the global economy include higher rates of unemployment, consumer hesitancy, and limited availability of credit, each of which may constrict the Debtors' business operations.

These have had a material effect on the Debtors' revenue growth and incoming payments, and the impact may continue. If these or other conditions limit the Debtors' ability to grow revenue or cause the Debtors' revenue to decline and the Debtors cannot reduce costs on a timely basis or at all, the Debtors' operating results may be materially and adversely affected.

C. *Risks Related to Ownership of New Common Equity and Warrants*

A liquid trading market for the New Common Equity and/or the Warrants may not develop.

There is currently no market for the New Common Equity or the Warrants, and there can be no assurance as to the development or liquidity of any market for any such securities. The New Common Equity and the Warrants may, therefore, be illiquid securities without an active trading market. The Reorganized Debtors may be under no obligation to list

the New Common Equity on any national securities exchange. There can be no assurance that an active trading market for the New Common Equity will develop, nor can any assurance be given as to the prices at which the New Common Equity might be traded, even if an active trading market develops. Accordingly, holders of the New Common Equity may bear certain risks associated with holding securities for an indefinite period of time.

The New Common Equity and the Warrants may be subject to restrictions on transfers.

Any New Common Equity or Warrants issued to an entity that is an "underwriter," as defined in section 1145(b) of the Bankruptcy Code, will be "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only pursuant to registration or an applicable exemption from registration under the Securities Act and other applicable law. In addition, while the New Common Equity and the Warrants will not be freely tradable if, at the time of a transfer, the holder is an "affiliate" of the Reorganized Debtors as defined in Rule 144(a)(1) under the Securities Act or had been such an "affiliate" within 90 days of the transfer. "Affiliate" holders will be permitted to sell New Common Equity or Warrants without registration only if they comply with an exemption from registration, including Rule 144 under the Securities Act.

The New Common Equity and the Warrants will not be registered under the Securities Act or any other securities laws, and the Debtors make no representation regarding the right of any holder to freely resell securities.

The terms of the New Organizational Documents and the Shareholder Agreement are expected to contain prohibitions on the transfer of the New Common Equity, to the extent such transfer would subject the Reorganized Debtors to the registration and reporting requirements of the Securities Act and the Securities Exchange Act. Furthermore, the terms of the New Organizational Documents and the Shareholder Agreement may contain additional transfer restrictions.

The New Common Equity may become diluted.

The ownership percentage represented by the New Common Equity distributed on the Effective Date will be subject to dilution from the equity issued in connection with the Tranche B Equity Contribution; equity issued pursuant to any employee or management incentive plans, any other shares that may be issued in connection with the Plan or post-emergence in accordance with the terms of the New Organization Documents, and the conversion of any options, warrants, convertible securities, exercisable securities, or other securities that may be issued post-emergence.

Ownership of the New Common Equity may be concentrated in the hands of a limited number of holders.

The Debtors expect that certain holders of Claims will acquire a significant ownership interest in the New Common Equity pursuant to the Plan. Such holdersmay be in a position to control the outcome of all actions requiring stockholder approval, including the election of directors, without the approval of other stockholders. This concentration of ownership could also facilitate or hinder a negotiated change of control of the Reorganized

Debtors and may consequently affect the value of the New Common Equity. Further, the possibility that one or more holders of significant numbers of shares of New Common Equity may sell all or a large portion of their New Common Equity in a short period of time may adversely affect the market price of the New Common Equity.

Certain holders of Claims expected to acquire a significant ownership interest in the New Common Equity may currently own, or may in the future acquire, direct or indirect interests in other airlines or other companies in the aviation industry. Such holders, together with other significant holders of New Common Equity, may be in a position to control stockholder approval of any transactions between the Reorganized Debtors and such other industry participants.

Equity interests will be subordinated to the Reorganized Debtors' indebtedness

In any subsequent reorganization, liquidation, dissolution, or winding up of the Reorganized Debtors, the New Common Equity would rank below all debt claims against the Reorganized Debtors. As a result, holders of the New Common Equity will not be entitled to receive any payment or other distribution upon the reorganization, liquidation, dissolution, or winding up of the Reorganized Debtors until after all the Reorganized Debtors' obligations to their debt holders have been satisfied.

Implied valuation of New Common Equity not intended to represent trading value of New Common Equity

The valuation of the Reorganized Debtors is not intended to represent the trading value of New Common Equity in public or private markets and is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things: (a) prevailing interest rates; (b) conditions in the financial markets; (c) the anticipated initial securities holdings of prepetition creditors, some of whom may prefer to liquidate their investment rather than hold it on a long-term basis; and (d) other factors that generally influence the prices of securities. The actual market price of the New Common Equity is likely to be volatile. Many factors, including factors unrelated to the Reorganized Debtors' actual operating performance and other factors not possible to predict, could cause the market price of the New Common Equity to rise and fall. Accordingly, the implied value, stated herein and in the Plan, of the New Common Equity to be issued does not necessarily reflect, and should not be construed as reflecting, values that will be attained for these securities in the public or private markets.

No intention to pay dividends

The Reorganized Debtors may not pay any dividends on the New Common Equity and may instead retain any future cash flows for debt reduction and to support their operations. As a result, the success of an investment in the New Common Equity may depend entirely upon any future appreciation in the value of the New Common Equity. There is, however, no guarantee that the New Common Equity will appreciate in value or even maintain their initial value.

D. *Risks Related to Exit Facility and Other Debt Obligations*

The Exit Facility may not become available to the Reorganized Debtors.

The Debtors' ability to convert the Tranche A-1 DIP Facility Claims and Tranche A-2 DIP Facility Claims into indebtedness under the Exit Facility is subject to the satisfaction of certain conditions precedent. The Debtors cannot give assurances that these conditions precedent will be satisfied. If the Debtors cannot satisfy such conditions precedent, the Debtors' ability to consummate the Plan will be materially and adversely affected.

Even if the Debtors successfully convert the Tranche A-1 DIP Facility Claims and Tranche A-2 DIP Facility Claims into indebtedness under the Exit Facility, any inability of the Reorganized Debtors to remain in compliance with covenants or to comply with other conditions under the Exit Facility (including financial covenants) could materially and adversely affect the Reorganized Debtors' ability to operate their businesses.

Defects may exist in the collateral securing the Exit Facility.

The indebtedness under the Exit Facility will be secured, subject to certain exceptions and permitted liens, by security interests in substantially all assets of the Reorganized Debtors (henceforth, the "Collateral"). The Collateral securing the Exit Facility may be subject to exceptions, defects, encumbrances, liens, and other imperfections. Further, it cannot be assured that the remaining proceeds from a sale of the Collateral would be sufficient to repay holders of the obligations under the Exit Facility all amounts owed in accordance therewith. The fair market value of the Collateral is subject to fluctuations based on factors that include, among others, the ability to sell Collateral in an orderly manner, general economic conditions, the availability of buyers, the Reorganized Debtors' failure to implement their business strategy, and similar factors. The amount received upon a sale of Collateral would be dependent on numerous factors, including the actual fair market value of the Collateral at such time, and the timing and manner of the sale. By its nature, portions of the Collateral may be illiquid and may not have readily ascertainable market value. In the event of a subsequent foreclosure, liquidation, bankruptcy, or similar proceeding, it cannot be assured that the proceeds from any sale or liquidation of the Collateral will be sufficient to pay the Reorganized Debtors' obligations under the Exit Facility, in full or at all. There can also be no assurance that the Collateral will be saleable, and, even if saleable, the timing of its liquidation would be uncertain. Accordingly, there may not be sufficient collateral to pay all or any of the amounts due under the Exit Facility.

E. *Risks Affecting the Value of Plan Distributions*

The amount of Claims could be greater than projected.

There can be no assurance that the estimated Allowed amount of Claims in certain Classes will not be significantly more than projected, which in turn, could cause the value of distributions to be reduced substantially. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the ultimate results. Therefore, the actual amount of Allowed Claims may materially vary from the Debtors' projections and feasibility analysis.

Projections and other forward-looking statements are not assured, and actual results may vary.

Certain of the information contained herein is, by nature, forward-looking, and contains estimates and assumptions, which might ultimately prove to be incorrect, and projections, which may be materially different from actual future experiences. Many of the assumptions underlying the projections are subject to significant uncertainties that are beyond the control of the Debtors or Reorganized Debtors, including the timing, confirmation, and consummation of the Plan, customer demand for the Reorganized Debtors' products, inflation, and other unanticipated market and economic conditions. There are uncertainties associated with any projections and estimates, and they should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various Classes that might be allowed. Some assumptions may not materialize, and unanticipated events and circumstances may affect the actual results. Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic, and competitive risks, and the assumptions underlying the projections may be inaccurate in material respects. In addition, unanticipated events and circumstances occurring after the approval of this Disclosure Statement by the Bankruptcy Court, including any natural disasters, terrorist attacks, health epidemics, or mandated lockdowns or quarantines, may affect the actual financial results achieved. Those results may vary significantly from the forecasts and such variations may be material.

The extent of leverage may limit the Reorganized Debtors' ability to obtain additional financing.

Although the Plan will result in the elimination of a substantial amount of debt, the Reorganized Debtors will continue to bear a significant amount of indebtedness and lease obligations after the Effective Date, including at least $1.6 billion of secured funded debt under the Exit Facility. The Reorganized Debtors' ability to service their debt obligations will depend, among other things, on their future operating performance, which depends partly on economic, financial, competitive, and other factors beyond the Reorganized Debtors' control. The Reorganized Debtors may not be able to generate sufficient cash from operations to meet their debt service obligations as well as finance their fleet, fund necessary capital expenditures and invest in sales and marketing. In addition, if the Reorganized Debtors need to refinance their debt, obtain additional financing, or sell assets or equity, they may not be able to do so on commercially reasonable terms, if at all.

F. *Other Risks*

The Debtors may withdraw the Plan.

Subject to the terms of, and without prejudice to, the rights of any party to the Tranche B Equity Conversion Agreement or the Noteholder RSA, the Plan may be revoked or withdrawn prior to the Confirmation Date by the Debtors.

The Debtors have no duty to update.

The statements contained in the Disclosure Statement are made by the Debtors as of the date of the Disclosure Statement, unless otherwise specified herein, and the delivery of the

Disclosure Statement after that date does not imply that the information set forth in this Disclosure Statement has been updated or has remained accurate since that date. The Debtors have no duty to update the Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

No representations outside the Disclosure Statement are authorized.

No representations concerning or related to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in the Disclosure Statement.

Any representations or inducements made to secure your vote for acceptance or rejection of the Plan that are other than those contained in, or included with, the Disclosure Statement should not be relied upon in making the decision to vote to accept or reject the Plan.

No legal or tax advice is provided by the Disclosure Statement.

The contents of the Disclosure Statement should not be construed as legal, business, or tax advice. Each holder of a Claim or Interest should consult their own legal counsel, financial advisor, and accountant as to legal, financial, tax, and other matters concerning their Claim or Interest.

The Disclosure Statement is not legal advice to you. The Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

No admissions are made in this Disclosure Statement or the Plan.

Nothing contained herein or in the Plan will constitute an admission of, or will be deemed evidence of, the tax or other legal effects of the Plan on the Debtors or holders of Claims or Interests.

Tax consequences

For a discussion of certain tax considerations to the Debtors and certain holders of Claims in connection with the implementation of the Plan, see Section X of this Disclosure Statement.

SECTION IX.
TRANSFER RESTRICTIONS AND CONSEQUENCES UNDER FEDERAL SECURITIES LAWS

A. *1145 Securities*

The offering, issuance and distribution of the New Common Equity and Warrants pursuant to the Plan (the "1145 Securities") will be exempt, without further act or actions by any Entity, from registration under section 5 of the Securities Act and any other applicable securities laws to the fullest extent permitted by section 1145 of the Bankruptcy Code.

Section 1145 of the Bankruptcy Code generally exempts from registration under the Securities Act and state and local securities laws the offer or sale under a chapter 11 plan of a security of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under a plan, if such securities are offered or sold in exchange for a claim against, or an interest in, the debtor or such affiliate, or principally in such exchange and partly for cash. Section 1145 of the Bankruptcy Code also exempts from registration the offer of a security through any right to subscribe sold in the manner provided in the prior sentence, and the sale of a security upon the exercise of such right. In reliance upon this exemption, the 1145 Securities will be exempt from the registration requirements of the Securities Act, and state and local securities laws. These securities may be resold without registration under the Securities Act or other federal or state securities laws pursuant to the exemption provided by section 4(a)(1) of the Securities Act, unless the holder is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code. In addition, 1145 Securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states.

Section 1145(b) of the Bankruptcy Code defines "underwriter" for purposes of the Securities Act as one who, except with respect to ordinary trading transactions, (a) purchases a claim with a view to distribution of any security to be received in exchange for the claim, (b) offers to sell securities issued under a plan for the holders of such securities, (c) offers to buy securities issued under a plan from persons receiving such securities, if the offer to buy is made with a view to distribution or (d) is an issuer, as used in section 2(a)(11) of the Securities Act, with respect to such securities, which includes control persons of the issuer.

"Control," as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. The legislative history of Section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent (10%) or more of a class of voting securities of a reorganized debtor may be presumed to be a "controlling person" and, therefore, an underwriter.

Notwithstanding the foregoing, control person underwriters may be able to sell securities without registration pursuant to the resale limitations of Rule 144 of the Securities Act which, in effect, permit the resale of securities received by such underwriters pursuant to a chapter 11 plan, subject to applicable volume limitations, notice and manner of sale requirements, and certain other conditions. Parties who believe they may be statutory underwriters as defined in section 1145 of the Bankruptcy Code are advised to consult with their own legal advisers as to the availability of the exemption provided by Rule 144.

B. *Section 4(a)(2) Securities*

The offering, issuance and sale of the New Common Equity and Warrants that are not 1145 Securities is being made in reliance on the exemption from registration set forth in section 4(a)(2) of the Securities Act and/or Regulation D thereunder (the "4(a)(2) Securities") or, solely to the extent section 4(a)(2) of the Securities Act or Regulation D thereunder is not available, any other available exemption from registration under the Securities Act. Such

securities will be considered "restricted securities", will bear customary legends and transfer restrictions, and may not be transferred except pursuant to an effective registration statement or under an available exemption from the registration requirements of the Securities Act.

Rule 144 provides a limited safe harbor for the public resale of restricted securities if certain conditions are met. These conditions vary depending on whether the holder of the restricted securities is an "affiliate" of the issuer. Rule 144 defines an affiliate of the issuer as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer."

A non-affiliate of an issuer that is not subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") and who has not been an affiliate of the issuer during the 90 days preceding such sale may resell restricted securities after a one-year holding period whether or not there is current public information regarding the issuer.

An affiliate of an issuer that is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act may resell restricted securities after the one-year holding period if at the time of the sale certain current public information regarding the issuer is available. An affiliate must also comply with the volume, manner of sale and notice requirements of Rule 144. First, the rule limits the number of restricted securities (plus any unrestricted securities) sold for the account of an affiliate (and related persons) in any three-month period to the greater of 1% of the outstanding securities of the same class being sold or, if the class is listed on a stock exchange, the average weekly reported volume of trading in such securities during the four weeks preceding the filing of a notice of proposed sale on Form 144 or if no notice is required, the date of receipt of the order to execute the transaction by the broker or the date of execution of the transaction directly with a market maker. Second, the manner of sale requirement provides that the restricted securities must be sold in a broker's transaction, directly with a market maker or in a riskless principal transaction (as defined in Rule 144). Third, if the amount of securities sold under Rule 144 in any three month period exceeds 5,000 shares or has an aggregate sale price greater than $50,000, an affiliate must file or cause to be filed with the SEC three copies of a notice of proposed sale on Form 144, and provide a copy to any exchange on which the securities are traded.

The Debtors believe that the Rule 144 exemption will not be available with respect to any 4(a)(2) Securities (whether held by non-affiliates or affiliates) until at least one year after the Effective Date. Accordingly, unless transferred pursuant to an effective registration statement or another available exemption from the registration requirements of the Securities Act, nonaffiliated holders of 4(a)(2) Securities will be required to hold their 4(a)(2) Securities for at least one year and, thereafter, to sell them only in accordance with the applicable requirements of Rule 144, pursuant to the an effective registration statement or pursuant to another available exemption from the registration requirements of applicable securities laws. Except to the extent that Majority Tranche B Lenders (or such other required threshold as may be set forth in the Tranche B Equity Conversion Agreement or New Organizational Documents) determine otherwise, it is currently contemplated that the Reorganized Debtors will not be subject to the reporting requirements of Section 13 or 15(b) of the Exchange Act; however, there may be a period after emergence from chapter 11 during which the Reorganized Debtors are subject to the

reporting requirements of Section 13 or 15(b). During any such period, the holding periods described above may decrease from one-year to six months.

In addition to the foregoing, all transfers of New Common Equity will be subject to the transfer provisions and other applicable provisions set forth in the Shareholder Agreement and the New Organizational Documents.

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Legends. To the extent certificated or issued by way of direct registration on the records of the Reorganized AVH's transfer agent, certificates evidencing the New Common Equity held by holders of 10% or more of the outstanding New Common Equity, or who are otherwise underwriters as defined in section 1145(b) of the Bankruptcy Code, and all 4(a)(2) Securities will bear a legend substantially in the form below:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [DATE OF ISSUANCE], HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER.

The Reorganized Debtors, as applicable, reserve the right to reasonably require certification, legal opinions or other evidence of compliance with Rule 144 as a condition to the removal of such legend or to any resale of the 4(a)(2) Securities. The Reorganized Debtors also reserve the right to stop the transfer of any 4(a)(2) Securities if such transfer is not in compliance with Rule 144, pursuant to an effective registration statement or pursuant to another available exemption from the registration requirements of applicable securities laws. All persons who receive 4(a)(2) Securities will be required to acknowledge and agree, pursuant to and to the extent set forth in the applicable Rights Offering subscription form, that (a) they will not offer, sell or otherwise transfer any 4(a)(2) Securities except in accordance with an exemption from registration, including under Rule 144 under the Securities Act, if and when available, or pursuant to an effective registration statement, and (b) the 4(a)(2) Securities will be subject to the other restrictions described above.

In any case, recipients of securities issued under or in connection with the Plan are advised to consult with their own legal advisers as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER OR AN AFFILIATE AND THE HIGHLY FACT-SPECIFIC NATURE OF THE AVAILABILITY OF EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, INCLUDING THE EXEMPTIONS AVAILABLE UNDER SECTION 1145 OF THE BANKRUPTCY CODE AND RULE 144 UNDER THE SECURITIES ACT, NONE OF THE DEBTORS MAKE ANY

REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO DISPOSE OF THE SECURITIES TO BE ISSUED UNDER OR OTHERWISE ACQUIRED PURSUANT TO THE PLAN. THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF THE SECURITIES TO BE ISSUED UNDER OR OTHERWISE ACQUIRED PURSUANT TO THE PLAN CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES AND THE CIRCUMSTANCES UNDER WHICH THEY MAY RESELL SUCH SECURITIES.

SECTION X.
CERTAIN TAX CONSEQUENCES OF PLAN

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to holders of Tranche A-1 DIP Facility Claims, Tranche A-2 DIP Facility Claims, Tranche B DIP Facility Claims, or General Unsecured Avianca Claims (collectively, the "Addressed Claims"), as well as Exit A-1 Notes, Exit A-2 Notes (together, the "Exit Notes"), New Common Equity, or Warrants. The following discussion does not address the U.S. federal income tax consequences to holders of Claims who are unimpaired or who are not entitled to vote because they are deemed to accept or reject the Plan, holders of Addressed Claims who have also purchased New Common Equity in exchange for cash and/or assets, holders of any General Unsecured Avianca Claims who have negotiated any change in the terms of their Claims but whose Claims will otherwise remain outstanding after the consummation of the Plan, or any holder of a Claim that is not considered debt for U.S. federal income tax purposes.

This discussion is limited to U.S. Holders of Addressed Claims, Exit Notes, New Common Equity, or Warrants who hold their Addressed Claims, Exit Notes, New Common Equity, or Warrants as capital assets for purposes of the Internal Revenue Code of 1986, as amended (the "Code"). This discussion does not address rules relating to special categories of holders, including financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, tax-exempt organizations, traders in securities that elect to mark-to-market, persons subject to special accounting rules under section 451(b) of the Code, U.S. expatriates, investors that hold Addressed Claims, Exit Notes, New Common Equity, or Warrants as part of a straddle, hedging, constructive sale or conversion transaction, holders whose functional currency is not the U.S. dollar or holders who will actually or constructively own 5% or more of the New Common Equity Interests (by either vote or value). The discussion does not address any state, local or foreign taxes, the "Medicare" tax on net investment income, the federal alternative minimum tax or any other federal tax other than the federal income tax.

Generally, the Plan is not expected to have any material U.S. federal income tax consequences to the Debtors. Accordingly, this discussion does not address any U.S. federal income tax consequences relevant to the implementation of the Plan to the Debtors.

The discussion of U.S. federal income tax consequences below is based on the Code, Treasury Regulations, judicial authorities, published positions of the U.S. Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations (possibly with retroactive effect). The U.S. federal income tax consequences of the contemplated

transactions are complex and subject to significant uncertainties. Holders should note that no rulings from the IRS have been sought with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions.

This discussion is not a comprehensive description of all of the U.S. federal tax consequences that may be relevant with respect to the Plan. U.S Holders are urged to consult their own tax advisors regarding their particular circumstances and the U.S. federal tax consequences with respect to the Plan, as well as any tax consequences arising under the laws of any state, local or foreign tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws.

As used herein, the term "U.S. Holder" means a beneficial owner of Addressed Claims, Exit Notes, New Common Equity, or Warrants, as applicable, that for U.S. federal income tax purposes is any of the following:

- an individual citizen or resident of the United States;

- a corporation or any other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Addressed Claims, Exit Notes, New Common Equity, or Warrants, the U.S. federal income tax treatment of a partner therein generally will depend upon the status of the partner and the activities of the partnership and accordingly, this summary does not apply to partnerships. A partner of a partnership exchanging Addressed Claims pursuant to the Plan should consult its own tax advisor regarding the U.S. federal income tax consequences to the partner of exchanging Addressed Claims.

A. *U.S. Holders of Addressed Claims*

Pursuant to the Plan, each holder of Addressed Claims will receive either Exit Notes, New Common Equity, Warrants, or Cash (or some combination thereof) in satisfaction of its Addressed Claims (the "Consideration"). The U.S. federal income tax consequences of the Plan to U.S. Holders of Addressed Claims will depend on whether the exchange of the Addressed Claims pursuant to the Plan constitutes a taxable transaction or a tax-deferred transaction, such as an exchange governed by section 368 of the Code. Whether the exchange constitutes a taxable transaction or a tax-deferred transaction will depend on the manner in which

the transactions undertaken pursuant to the Plan are consummated (which is not yet finally determined or certain), whether the relevant Addressed Claims is treated as a "security" for U.S. federal income tax purposes and whether the Consideration received in exchange (in whole or partial consideration) for the relevant Addressed claim is treated as a "security" for U.S. federal income tax purposes.

Whether a debt instrument constitutes a "security" for U.S. federal income tax purposes is determined based on all the relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are a number of other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor at the time of issuance, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current or accrued basis. A U.S. Holder of Addressed Claims should consult its own tax advisor to determine whether its Addressed Claims should be treated as securities for U.S. federal income tax purposes.

If the exchange of Addressed Claims for any of the Consideration constitutes a tax-deferred transaction, generally, U.S. Holders of Addressed Claims that constitute securities could be required to recognize gain (to the extent that the portion of the Consideration received by the U.S. Holder that is not eligible for tax-deferred treatment exceeds the U.S. Holder's adjusted tax basis in the Addressed Claims), but generally would not be permitted to recognize loss, upon the exchange. In such case, a U.S. Holder's tax basis in the Consideration received (other than (i) any cash or (ii) Consideration treated as received in satisfaction of accrued but unpaid interest and accrued OID, if any) should be equal to the tax basis in the Addressed Claims exchanged therefor increased by the amount of any gain recognized upon the exchange, and the holding period for such Consideration should include the holding period for the exchanged Addressed Claims. The remainder of this discussion assumes that the exchange of Addressed Claims for the Consideration will constitute a taxable transaction. However, each U.S. Holder of Addressed Claims should consult its own tax advisor about the consequences to them that may apply in the event that the exchange of the Addressed Claims pursuant to the Plan constitutes a tax-deferred transaction, such as an exchange governed by section 368 of the Code

If the exchange of Addressed Claims for the Consideration constitutes a taxable transaction, each U.S. Holder of an Addressed Claim generally will recognize gain or loss in an amount equal to the difference between (i) (A) the Cash, (B) the "issue price" for any Exit Notes received and/or (C) the fair market value of any New Common Equity or Warrants received (other than any Consideration treated as received for accrued but unpaid interest and accrued original issue discount ("OID"), if any or required to be considered a "fee" see "Treatment of Additional GUAC Amount" below) and (ii) the U.S. Holder's adjusted tax basis in its Addressed Claim immediately prior to the exchange (other than any tax basis attributable to accrued but unpaid interest and accrued OID, if any). The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax

status of the U.S. Holder, the nature of the Addressed Claim in such U.S. Holder's hands, whether the Addressed Claim was purchased at a discount, and whether and to what extent the U.S. Holder previously has claimed a bad debt deduction with respect to its Addressed Claim. If recognized gain is capital gain, it generally would be long-term capital gain if the U.S. Holder held its Addressed Claim for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations. To the extent that a portion of the Consideration received is allocable to accrued but unpaid interest or OID, the U.S. Holder may recognize ordinary income. *See* "Accrued Interest" and "Market Discount" below. A U.S. Holder's tax basis in any Exit Notes, New Common Equity, or Warrants received should be equal to the "issue price" of such Exit Notes or the fair market value of such New Common Equity or Warrants, as applicable . A U.S. Holder's holding period in any Exit Notes, New Common Equity, or Warrants received should begin on the day following the Effective Date.

A U.S. Holder will have taxable interest income to the extent of any Consideration allocable to accrued but unpaid interest or OID not previously included in income, as more fully described below under "Accrued Interest," which amounts will not be included in the amount realized with respect to a U.S. Holder's Addressed Claim.

B. *Consequences of Owning Exit Notes, New Common Equity, and Warrants*

1. Ownership of Exit Notes

The Debtors, to the extent required to adopt a position, intend to treat the Exit Notes as debt for U.S. federal income tax purposes and the discussion below assumes such treatment. The Exit Notes will be treated as issued with OID for U.S. federal income tax purposes if the sum of all principal and interest payments (other than "qualified stated interest") provided by the Exit Notes exceeds the issue price (as defined below) of the Exit Notes by more than a statutorily defined *de minimis* amount. U.S. Holders, whether on the cash or accrual method of accounting for U.S. federal income tax purposes, generally must include the OID in gross income as it accrues (on a constant yield to maturity basis), regardless of whether cash attributable to such OID is received at such time. OID accrued by a U.S. Holder generally will be treated as foreign source ordinary income and generally will be considered "passive" category income in computing the foreign tax credit such U.S. Holder may claim for U.S. federal income tax purposes. The availability of a foreign tax credit is subject to certain conditions and limitations and the rules governing the foreign tax credit are complex. Holders should consult their own tax advisors regarding the rules governing the foreign tax credit and deductions.

The amount of OID includible in gross income by a U.S. Holder of Exit Notes in any taxable year generally is the sum of the "daily portions" of OID with respect to the Exit Notes for each day during such taxable year on which the U.S. Holder holds the Exit Notes. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" for the Exit Notes may be of any length and may vary in length over the term of the Exit Notes provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period.

The amount of OID allocable to any accrual period will be an amount equal to the product of the "adjusted issue price" for the Exit Notes at the beginning of the accrual period and its yield to maturity (determined on a constant yield method, compounded at the close of each accrual period and properly adjusted for the length of the accrual period). OID allocable to the final accrual period is the difference between the amount payable at maturity and the adjusted issue price at the beginning of the final accrual period. The "adjusted issue price" of the Exit Notes at the beginning of any accrual period is equal to its issue price, increased by the accrued OID for each prior accrual period and reduced by any payments previously made on the Exit Notes other than interest paid in kind. The "yield to maturity" of the Exit Notes is the discount rate that, when used in computing the present value (as of the issue date) of all principal and interest payments to be made on the Exit Notes, produces an amount equal to the issue price of the Exit Notes.

The issue price of the Exit Notes will depend on whether the Exit Notes are "publicly traded" for U.S. federal income tax purposes as of the issue date of the Exit Notes. The Exit Notes will be treated as publicly traded for U.S. federal income tax purposes if they are traded on an "established market," within the meaning of applicable regulations, at any time during a 31-day period ending 15 days after the issue date of the Exit Notes. The issue date is the date of the exchange of the Tranche A DIP Facility Claims for the Exit Notes. Reorganized AVH may not be able to determine whether the Exit Notes are publicly traded until after the exchange.

If the Exit Notes are publicly traded, then the issue price of each of the Exit A-1 Notes and Exit A-2 Notes will be their respective fair market values determined as of the issue date. If the Exit Notes are not publicly traded but the Tranche A-1 DIP Facility Claims and Tranche A-2 DIP Facility Claims are "publicly traded" (under the rules described above), the issue price of the Exit A-1 Notes and Exit A-2 Notes would be the fair market value of the Tranche A-1 DIP Facility Claims and the Tranche A-2 DIP Facility Claims, as applicable, exchanged for the Exit A-1 Notes and Exit A-2 Notes, as applicable, determined as of the issue date. If neither the Exit Notes nor the Tranche A-1 DIP Facility Claims or Tranche A-2 DIP Facility Claims are "publicly traded" (under the rules described above), the issue price of the Exit Notes will be the stated principal amount of the Exit Notes.

2. Distributions on New Common Equity

Subject to the discussion below under "Possible Treatment of Reorganized AVH as a Passive Foreign Investment Company," any distributions with respect to the New Common Equity (including any amounts withheld in respect of taxes thereon) generally will be treated as taxable dividends to the extent paid out of Reorganized AVH's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent the amount of any distribution exceeds Reorganized AVH's current and accumulated earnings and profits for a taxable year (as determined under U.S. federal income tax principles), the distribution will first be treated as a tax-free return of capital to the extent of the U.S. Holder's adjusted tax basis in the New Common Equity, and thereafter as capital gain, subject to the discussion below under "Market Discount." The Debtors do not know whether Reorganized AVH will keep record of its earnings and profits in accordance with U.S. federal income tax principles. Therefore, U.S.

Holders should expect that any distribution on the New Common Equity generally will be treated as a dividend unless otherwise noted.

Any such taxable dividends received by a corporate U.S. Holder will not be eligible for the "dividends received deduction." Any such taxable dividends will be eligible for reduced rates of taxation as "qualified dividend income" for non-corporate U.S. Holders if the following conditions are met: (i) either (1) Reorganized AVH is eligible for the benefits of a comprehensive income tax treaty with the United States that the Secretary of the U.S. Treasury has determined is satisfactory and that includes an exchange of information program (which includes, as of the date hereof, the Convention between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital Gains) or (2) the New Common Equity is readily tradable on an established securities market in the United States (including, e.g., the NYSE or NASDAQ); (ii) the U.S. Holder meets the holding period requirement for the New Common Equity (generally more than 60 days during the 121-day period that begins 60 days before the ex-dividend date); and (iii) Reorganized AVH was not in the year prior to the year in which the dividend was paid (with respect to a U.S. Holder that held New Equity Interests), and is not in the year in which the dividend is paid, a passive foreign investment company ("PFIC"). Otherwise, such taxable dividends will not be eligible for reduced rates of taxation as "qualified dividend income."

No assurance can be given that Reorganized AVH will qualify, or remain qualified, for the benefits of a comprehensive income tax treaty, and it is not expected that the New Common Equity will be considered readily tradable on an established securities market in the United States as described above. In addition, as discussed below under "Possible Treatment of Reorganized AVH as a Passive Foreign Investment Company," no assurance can be given that Reorganized AVH will not be treated as a PFIC. Accordingly, each non-corporate U.S. Holder is urged to consult its tax advisor regarding whether taxable dividends received by such U.S. Holder will be eligible for qualified dividend income treatment.

3. Sale, Exchange, or Other Taxable Disposition of New Common Equity

Subject to the discussion below under "Possible Treatment of Reorganized AVH as a Passive Foreign Investment Company," a U.S. Holder generally will recognize gain or loss on a sale, exchange or other taxable disposition of New Common Equity equal to the difference between the amount realized on the disposition and the U.S. Holder's adjusted tax basis in the New Common Equity. Subject to the discussion below under "Market Discount," this gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if the U.S. Holder has held (or is deemed to hold) the New Common Equity for more than one year. Generally, for U.S. Holders who are individuals, long-term capital gains are subject to U.S. federal income tax at a maximum rate of 20%. For foreign tax credit limitation purposes, gain or loss recognized upon a disposition generally will be treated as from sources within the United States. The deductibility of capital losses is subject to limitations for U.S. federal income tax purposes.

4. Ownership, Disposition, and Exercise of Warrants

Subject to the discussion below under "Possible Treatment of Reorganized AVH as a Passive Foreign Investment Company" and except as discussed below with respect to the cashless exercise of the Warrants, a U.S. Holder that elects to exercise the Warrants will be treated as purchasing, in exchange for its Warrants and the amount of cash funded by the U.S. Holder to exercise the Warrants, the New Common Equity it is entitled to purchase pursuant to the Warrants. Such a purchase generally will be treated as the exercise of an option under general tax principles, and as such a U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the Warrants. A U.S. Holder's aggregate tax basis in the New Common Equity will equal the sum of (a) the amount of cash paid by the U.S. Holder to exercise its Warrants plus (b) such U.S. Holder's tax basis in its Warrants immediately before the Warrants are exercised. A U.S. Holder's holding period in the New Common Equity received upon exercise of the Warrants will begin on the day following exercise.

The tax consequences of a cashless exercise of the Warrants are not clear under current U.S. federal income tax law. A cashless exercise may be tax-free, either because the exercise is not a realization event or, if it is treated as a realization event, because the exercise is treated as a "recapitalization" for U.S. federal income tax purposes. In either tax-free situation, a U.S. Holder's tax basis in the New Common Equity received generally would equal the U.S. Holder's tax basis in the Warrants. If the cashless exercise was not a realization event, it is unclear whether a U.S. Holder's holding period for the New Common Equity would be treated as commencing on the date of exercise of the Warrants or the day following the date of exercise of the Warrants. If the cashless exercise were treated as a recapitalization, the holding period of the New Common Equity would include the holding period of the Warrants.

It is also possible that a cashless exercise could be treated as a taxable exchange in which gain or loss would be recognized. For example, a portion of the Warrants to be exercised on a cashless basis could, for U.S. federal income tax purposes, be deemed to have been surrendered in payment of the exercise price of the remaining portion of such Warrants, which would be deemed to be exercised. In such event, a U.S. Holder could be deemed to have surrendered Warrants with an aggregate fair market value equal to the exercise price for the total number of Warrants deemed exercised. The U.S. Holder would recognize capital gain or loss in an amount equal to the difference between the fair market value of the Warrants deemed surrendered and the U.S. Holder's tax basis in such Warrants. In this case, a U.S. Holder's tax basis in the New Common Equity received would equal the sum of the U.S. Holder's initial investment in the Warrants deemed exercised and the exercise price of such Warrants. It is unclear whether a U.S. Holder's holding period for the New Common Equity would commence on the date of exercise of the Warrants or the day following the date of exercise of the Warrants.

Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise, there can be no assurance which, if any, of the alternative tax consequences and holding periods described above would be adopted by the IRS or a court of law. Accordingly, U.S. Holders should consult their tax advisors regarding the tax consequences of a cashless exercise.

Under section 305 of the Code, certain transactions that affect an increase in the proportionate interest of a shareholder or warrant holder (treating warrants as stock for this

purpose) in the corporation's assets are treated as creating deemed distributions to such shareholder or warrant holder in respect of such "stock" interest. Any deemed distribution will be taxed and reported to the IRS in the same manner as an actual distribution on stock and thus could potentially be taxable as a dividend (in whole or in part), despite the absence of any actual payment of cash (or property) to the U.S. Holder.

A U.S. Holder that elects not to exercise the Warrants may be entitled to claim a capital loss equal to the amount of tax basis allocated to the Warrants, subject to any limitations on such U.S. Holder's ability to utilize capital losses (as discussed above). Such U.S. Holders are urged to consult with their tax advisors regarding the tax considerations of either electing to exercise or electing not to exercise the Warrants.

Subject to the discussion below under "Possible Treatment of Reorganized AVH as a Passive Foreign Investment Company," unless a non-recognition provision applies, U.S. Holders generally will recognize capital gain or loss upon the sale, exchange, or other disposition (other than exercise) of the Warrants. Such capital gain will be long-term capital gain if, at the time of the sale, exchange, or other disposition, the U.S. Holder held the Warrants for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates. The deductibility of capital losses is subject to certain limitations (as discussed above).

5. Possible Treatment of Reorganized AVH as a Passive Foreign Investment Company

Reorganized AVH may be classified as a PFIC for U.S. federal income tax purposes. In general, a foreign corporation will be classified as a PFIC if (i) 75% or more of its gross income in a taxable year is passive income, or (ii) 50% or more of its assets in a taxable year, averaged quarterly over the year, produce, or are held for the production of, passive income. Passive income for this purpose generally includes, among other items, interest, dividends, royalties, rents and annuities. For purposes of these PFIC tests, if Reorganized AVH directly or indirectly owns at least 25% (by value) of the stock of another corporation, Reorganized AVH will be treated as owning its proportionate share of such other corporation's gross assets and receiving its proportionate share of such other corporation's gross income.

Based upon the nature of our current and projected income, assets and activities, we do not believe we are, nor do we currently expect to become, a PFIC for U.S. federal income tax purposes. However, the determination of whether we are a PFIC is a factual determination made annually and thus may be subject to change. Because these determinations are based on the nature of our income and assets from time to time, and involve the application of complex tax rules, no assurances can be provided that we will not be considered a PFIC for the current or any past or future tax year.

If contrary to our expectation, Reorganized AVH is a PFIC for any taxable year during which a U.S. Holder holds (or is deemed to hold) New Common Equity or Warrants, Reorganized AVH will continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which the U.S. Holder holds (or is deemed to hold) the New Common Equity or Warrants unless (i) Reorganized AVH ceases to be a PFIC and (ii) the U.S. Holder makes a "deemed sale" election under the PFIC rules. In general, if Reorganized AVH is a PFIC

for any taxable year during which a U.S. Holder holds (or is deemed to hold) New Common Equity or Warrants, any gain recognized by the U.S. Holder on a sale or other taxable disposition of New Common Equity or Warrants, as well as the amount of any "excess distribution" (defined below) received by such U.S. Holder, would be allocated ratably over the U.S. Holder's holding period for the New Common Equity or Warrants. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before Reorganized AVH became a PFIC would be taxed as ordinary income. The amounts allocated to each other taxable year would be subject to tax at the highest rate in effect for that taxable year, and an interest charge would be imposed. For purposes of these rules, an excess distribution is the amount by which any distribution received by a U.S. Holder on its New Common Equity in a taxable year exceeds 125% of the average of the annual distributions on the New Common Equity received during the preceding three years or the U.S. Holder's holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment or "qualified electing fund" treatment) of the New Common Equity. However, the election to have "qualified electing fund" treatment apply is not available to U.S. Holders with respect to the Warrants. It is not known whether Reorganized AVH will make available the information necessary for U.S. Holders to make a "qualified electing fund" election with respect to their New Common Equity or Warrants.

The rules relating to PFICs are complex. Each U.S. Holder is urged to consult its tax advisor regarding whether Reorganized AVH is or will become a PFIC and, if so, the U.S. federal income tax consequences of holding the New Common Equity.

C. *Treatment of Additional GUAC Amount*

Pursuant to the Plan, in addition to any Warrants, if the Class of holders of General Unsecured Avianca Claims votes to accept the Plan, holders General Unsecured Avianca Claims will receive their Pro Rata share of the Unsecured Claimholder Enhanced Cash Pool or, with respect to holders that elect to receive the Unsecured Claimholder Equity Package, the Unsecured Claimholder Enhanced Equity Pool (the "Additional GUAC Amount"). The U.S. federal income tax treatment of the Additional GUAC Amount is not entirely clear. Assuming that the exchange of General Unsecured Avianca Claims for the Consideration is a tax realization event as we expect, then we believe that (and, if required to adopt a position for U.S federal income tax purposes, we intend to treat) such excess as part of the amount realized in consideration for the General Unsecured Avianca Claims. It is possible, however, that the Additional GUAC Amount could be considered a "fee," in which case a U.S. Holder would recognize ordinary income rather than treating this as part of the amount realized for the General Unsecured Avianca Claims. You should consult your tax adviser as to the proper treatment of the Additional GUAC Amount. The discussion assumes that the Additional GUAC Amount is properly treated as part of the amount realized in consideration for the General Unsecured Avianca Claims.

D. *Accrued Interest*

To the extent that any amount received by a U.S. Holder of a surrendered Addressed Claim is attributable to accrued but unpaid interest or OID, the receipt of such amount should be taxable to the U.S. Holder as ordinary interest income (to the extent not already taken

into income by the U.S. Holder, and subject to a special exception that may be available to cash-method U.S. Holders in certain circumstances). Conversely, a U.S. Holder of an Addressed Claim may be able to recognize a deductible loss (or, possibly, a write off against a reserve for worthless debts) to the extent that any accrued interest or OID was previously included in the U.S. Holder's gross income but was not paid in full. Such loss may be ordinary, but the tax law is unclear on this point.

If the fair market value of the consideration is not sufficient to fully satisfy all principal and interest on an Addressed Claim, the extent to which such consideration will be attributable to accrued interest is unclear. Under the Plan, the aggregate consideration received in respect of Addressed Claims will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid interest, if any, that accrued on such Claims before the Petition Date. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for U.S. federal income tax purposes, while certain Treasury Regulations treat payments as allocated first to any accrued but unpaid interest. The IRS could take the position that the consideration received by a U.S. Holder should be allocated in some way other than as provided in the Plan. U.S. Holders of Addressed Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

E. *Market Discount*

Under the "market discount" provisions of the Code, some or all of any gain realized by a U.S. Holder of an Addressed Claim who receives consideration pursuant to the Plan in satisfaction of its Addressed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the Addressed Claim. In general, a debt instrument is considered to have been acquired with "market discount" if the U.S. Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with original issue discount, its adjusted issue price, in either case, by at least a statutorily defined de minimis amount.

Any gain recognized by a U.S. Holder on the taxable disposition of an Addressed Claim acquired with market discount should generally be treated as ordinary income to the extent of the market discount that accrued thereon while the Addressed Claim was considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued).

U.S. Holders are urged to consult their own tax advisors regarding the tax consequences of the exchange of Addressed Claims that were acquired with market discount pursuant to the Plan.

F. *Information Reporting and Backup Withholding*

The Debtors and the Reorganized Debtors will withhold all amounts required by law to be withheld and will comply with all applicable reporting requirements of the Code. In general, information reporting requirements may apply to distributions (or deemed distributions)

or payments made to a holder under the Plan or with respect to their New Common Equity or Warrants. In addition, dividends and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently 24%) if a recipient of those payments fails to furnish to the payor certain identifying information and, in some cases, a certification that the recipient is not subject to backup withholding. Backup withholding is not an additional tax but is, instead, an advance payment that may entitle the holder to a refund from the IRS to the extent it results in an overpayment of tax, provided that the required information is timely provided to the IRS.

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a U.S. taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer claiming a loss in excess of specified thresholds. U.S. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

The U.S. federal income tax consequences of the Plan are complex. The foregoing summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular U.S. Holder in light of such U.S. Holder's circumstances and income tax situation. All holders of Claims and Interests should consult with their tax advisors as to the particular tax consequences to them of the transactions contemplated by the Plan, including the applicability and effect of any state, local, or foreign tax laws, and of any change in applicable tax laws.

G. *Certain United Kingdom Tax Consequences of the Plan*

1. Introduction

The comments below are of a general nature and are not intended to be an exhaustive summary of all United Kingdom tax consequences of the Plan. The United Kingdom tax consequences of the Plan are complex and not free from doubt, in particular as a result of the multi-jurisdiction nature of the Debtors and the anticipated status of certain Debtors as transparent for tax purposes.

The comments below are based on current United Kingdom tax legislation as applied in England and Wales and HM Revenue & Customs ("HMRC") published practice (which may not be binding on HMRC) relating only to certain aspects of United Kingdom tax, both of which may be subject to change, possibly with retrospective effect.

The comments below do not purport to constitute legal or tax advice. Any Holders of Claims or Interests who are in any doubt as to their own tax position, who are resident in the United Kingdom or who may be subject to tax in a jurisdiction other than the United Kingdom should consult professional advisors immediately.

2. Certain United Kingdom Tax Consequences for the Debtors

Certain of the Reorganized Debtors, including Reorganized AVH, consider that they are resident in the United Kingdom for tax purposes by virtue of having recently been incorporated in the United Kingdom.

3. Certain United Kingdom Tax Consequences for Holders of New Common Equity

The United Kingdom tax treatment of prospective holders of the New Common Equity in the capital of Reorganized AVH depends on their individual circumstances and may be subject to change in the future.

The comments below relate only to the position of persons who are not resident in the United Kingdom for tax purposes and, insofar as they relate to the New Common Equity, who are the absolute beneficial owners of their New Common Equity and any dividends or other distributions payable on their New Common Equity and who hold their New Common Equity as a capital investment. Certain classes of persons (such as charities, trustees, brokers, dealers, market makers, depositaries, clearance services, certain professional investors, persons connected with the Debtors or persons who acquire or are deemed to acquire the New Common Equity by reason of an office or employment) may be subject to special rules and the comments below do not apply to such holders.

Any prospective holders of the New Common Equity who are in doubt as to their own tax position, who are resident in the United Kingdom or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult professional advisors immediately.

a. Taxation of Dividends

Payments of dividends on the New Common Equity may be made by Reorganized AVH without withholding or deduction for or on account of United Kingdom income tax.

Dividends may be chargeable to United Kingdom tax by direct assessment (including self-assessment), irrespective of the residence of the holder of the New Common Equity. However, dividends should not be chargeable to United Kingdom tax in the hands of holders of the New Common Equity (other than certain trustees) who are not resident for tax purposes in the United Kingdom, except where the holder carries on a trade, profession or vocation in the United Kingdom through a branch or agency, or in the case of a corporate holder, carries on a trade through a permanent establishment in the United Kingdom, in connection with which the dividend is received or to which the New Common Equity is attributable.

b. Taxation of Capital Gains

Capital gains on the disposal or deemed disposal of the New Common Equity should not be chargeable to United Kingdom tax in the hands of holders of the New Common Equity (other than certain trustees) who are not resident for tax purposes in the United Kingdom, except where the holder carries on a trade, profession or vocation in the United Kingdom through a branch or agency, or in the case of a corporate holder, carries on a trade through a permanent

establishment in the United Kingdom, in connection with which the capital gain is realized or to which the New Common Equity is attributable.

A holder who is an individual and who is temporarily resident for tax purposes outside the United Kingdom at the date of disposal (or deemed disposal) of the New Common Equity may also be liable, on their return to the United Kingdom, to United Kingdom tax on chargeable gains (subject to any available exemption or relief).

c. Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No United Kingdom stamp duty or SDRT should be payable on the issue of the New Common Equity in registered form by Reorganized AVH.

SDRT will be payable on the transfer of, or an agreement to transfer, the New Common Equity.

No United Kingdom stamp duty should be payable on the transfer of the New Common Equity provided that this does not involve a written instrument of transfer. Stamp duty, generally at the rate of 0.5% of the amount or value of the consideration for the transfer, could arise in respect of a written instrument effecting the transfer of the New Common Equity.

THE UNITED KINGDOM TAX CONSIDERATIONS RELATING TO THE PLAN ARE COMPLEX AND NOT FREE FROM DOUBT. THE FOREGOING COMMENTS DO NOT ADDRESS ALL ASPECTS OF UNITED KINGDOM TAX THAT MAY BE RELEVANT TO A PARTICULAR HOLDER. ALL HOLDERS OF CLAIMS, INTERESTS AND NEW COMMON EQUITY SHOULD CONSULT WITH PROFESSIONAL ADVISORS AS TO THE TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY CHANGE IN UNITED KINGDOM TAX LAW OR HMRC PRACTICE.

H. *Importance of Obtaining Professional Tax Assistance*

The foregoing summary has been provided for informational purposes only. All holders of Claims and Interests are urged to consult their own tax advisors concerning the federal, local, and non-U.S. income tax and other tax consequences that may result from implementation of the Plan.

SECTION XI.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF PLAN

If the Plan is not confirmed, alternatives include (i) liquidation of the Debtors under chapter 7 of the Bankruptcy Code, (ii) formulation of an alternative plan (or alternative plans) of reorganization or liquidation in the Chapter 11 Cases; (iii) a sale of substantially all assets under section 363 of the Bankruptcy Code, or (iv) dismissal of the Chapter 11 Cases in contemplation of liquidation or dissolution under non-U.S. law. Each of these possibilities is

discussed below. **The Debtors have concluded that the Plan is the best alternative and will maximize recoveries to parties in interest, assuming that it is confirmed and consummated.**

A. *Liquidation under Chapter 7 or Chapter 11 of Bankruptcy Code*

If the Plan is not confirmed, the Chapter 11 Cases could be converted to liquidation cases under chapter 7 of the Bankruptcy Code. In chapter 7, a trustee would be appointed to promptly liquidate the Debtors' assets.

Although it is impossible to predict precisely how the proceeds of a liquidation would be distributed to the respective holders of Claims, the Debtors believe that the value of their Estates would be substantially diminished in a chapter 7 liquidation, due to additional administrative expenses involved in the appointment of a trustee and attorneys, accountants, and other professionals to assist such trustee, along with an increase in the amount of unsecured Claims. The assets available for distribution to creditors would be reduced by those additional expenses and by Claims, some of which would be entitled to priority, that would arise by reason of the liquidation and from the rejection of leases and executory contracts in connection with the cessation of the Debtors' operations.

The Debtors could also be liquidated pursuant to the provisions of a chapter 11 plan. In a liquidation under chapter 11, the Debtors' assets could be sold in a more orderly fashion over a longer period of time than in a chapter 7 liquidation. Thus, a chapter 11 liquidation might result in larger recoveries than in a chapter 7 liquidation, but the delay in distributions could result in lower present values being received and higher administrative costs. Because a trustee is not required in a chapter 11 liquidation, expenses for professional fees could be lower than in a chapter 7 liquidation. However, the drafting and pursuit of a liquidation plan and the balloting and tabulation of votes on such plan would result in additional administrative costs. Any distributions under a chapter 11 liquidation plan probably would be delayed.

It is highly unlikely that Interest holders would receive any distribution in a liquidation under either chapter 7 or chapter 11.

The Debtors believe that any liquidation is a much less attractive alternative for creditors than the Plan because of the greater recoveries that the Debtors anticipate will be provided under the Plan. **The Debtors believe that the Plan affords substantially greater benefits to holders of Claims than would liquidation under any chapter of the Bankruptcy Code.**

The Liquidation Analysis, prepared by the Debtors with their financial advisors, premised upon a chapter 7 liquidation, is attached hereto as **Exhibit C**. In the Liquidation Analysis, the Debtors have considered the nature, status, and underlying value of their assets, the ultimate realizable value of such assets, and the extent to which the assets are subject to liens and security interests. Based on this analysis, it is likely that a liquidation of the Debtors' assets would produce less value for distribution to creditors and equity interest holders than that recoverable in each instance under the Plan.

B. *Alternative Chapter 11 Plans*

If the Plan is not confirmed, the Debtors (or if the Debtors' exclusive period in which to file a plan of reorganization expires or is terminated, any other party in interest) could attempt to formulate a different plan. Such a plan might involve (i) a reorganization and continuation of the Debtors' businesses or (ii) an orderly liquidation of their assets. **The Debtors, however, believe that the Plan, as described herein, enables their creditors to realize the most value under the circumstances.**

The Debtors could continue to operate its businesses and manage its properties as debtors-in-possession, subject to the restrictions imposed by the Bankruptcy Code. However, it is not clear whether the Debtors could continue as a going concern in protracted Chapter 11 Cases if Confirmation of the Plan is denied due to, among other things, the high costs of operating during the Chapter 11 Cases and the eroding confidence of the Debtors' customers and trade vendors. If the DIP Facility were terminated, it likely would be very difficult for the Debtors to find alternative financing.

C. *Sale under Section 363 of the Bankruptcy Code*

If the Plan is not confirmed, the Debtors could seek from the Bankruptcy Court, after notice and hearing, authorization to sell their assets under section 363 of the Bankruptcy Code. The DIP Lenders and other secured creditors would be entitled to credit bid on any property to which their security interests are attached to the extent of the value of their security interests, and to offset their Claims against the purchase price of the property. In addition, the security interests in the Debtors' assets held by holders of secured Claims would attach to the proceeds of any sale of the Debtors' assets to the extent of the security interests in those assets. The Debtors do not believe a sale of its assets under section 363 of the Bankruptcy Code would yield a higher recovery for the holders of Claims under the Plan, in part because the Debtors may be unable to transfer their non-U.S. operating licenses to a purchaser of the Debtors' assets.

D. *Dismissal and Local Liquidation or Dissolution*

If the Plan is not confirmed, the Chapter 11 Cases could be dismissed, in which case separate liquidation or dissolution proceedings may be commenced in the various jurisdictions where the Debtors are organized. Such proceedings may be lengthy, are unlikely to be effectively coordinated across national borders, and are unlikely to preserve the going-concern value of the Debtors' enterprise. **Accordingly, the Debtors believe that dismissal of the Chapter 11 Cases in favor of local proceedings is a much less attractive alternative for creditors as compared to the Plan.**

~~**SECTION XII.**~~ **[*Remainder of page intentionally left blank.*]**

SECTION XII.
CONCLUSION AND RECOMMENDATION

The Debtors believe the Plan is in the best interests of the Debtors' Estates and urge the holders of Claims in the Voting Classes to vote in favor of the Plan.

[As set forth in the Committee Recommendation Letter attached hereto as [**Exhibit E]**, the Committee recommends that all unsecured creditors in Voting Classes vote to accept the Plan.]

Dated: ~~August 10~~**September 3**, 2021
~~New York, New York~~**Bogotá, Colombia**

Respectfully submitted,

Avianca Holdings S.A., on behalf of itself and each of its Debtor affiliates

/s/ Adrian Neuhauser
Name: Adrian Neuhauser
Title: President and Chief Executive Officer

Exhibit A to Disclosure Statement

Plan

Exhibit B to Disclosure Statement

Organizational Chart

Exhibit C to Disclosure Statement

Liquidation Analysis

~~[*To be filed.*]~~

Exhibit D to Disclosure Statement

Financial Projections

~~[*To be filed.*]~~

[Exhibit E to Disclosure Statement]

[Committee Recommendation Letter]