

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

In re:

PHILIPPINE AIRLINES, INC.,¹

Debtor.

Chapter 11

Case No. 21-11569 (SCC)

**INTERIM ORDER (A) AUTHORIZING, BUT NOT REQUIRING, THE DEBTOR
TO REMIT AND PAY SALES, USE AND FRANCHISE TAXES AND CERTAIN OTHER
GOVERNMENT CHARGES AND (B) AUTHORIZING BANKS AND OTHER
FINANCIAL INSTITUTIONS TO RECEIVE, PROCESS, HONOR, AND PAY CHECKS
ISSUED AND ELECTRONIC PAYMENT REQUESTS MADE RELATING TO THE
FOREGOING**

Upon the motion (the “**Motion**”)² of the above-captioned debtor and debtor in possession in this case (the “**Debtor**”) for entry of an interim order (this “**Interim Order**”) and a final order (the “**Final Order**”) (a) authorizing, but not requiring, the Debtor to remit and pay sales, use and franchise taxes and certain other governmental charges and (b) authorizing banks and other financial institutions to receive, process, honor, and pay checks issued and electronic payment requests made relating to the foregoing; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the Southern District of New York, dated January 31, 2012; and consideration of the Motion and the relief requested therein being a core proceeding under 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties, and

¹ The Debtor in this chapter 11 case, along with its registration number in the Philippines, is Philippine Airlines, Inc., Philippine Securities and Exchange Commission Registration No. PW 37. The Debtor’s corporate headquarters is located at PNB Financial Center, President Diosdado Macapagal Avenue, CCP Complex, Pasay City 1300, Metro Manila, Philippines.

² Each capitalized term used herein but not otherwise defined herein shall have the meaning ascribed to it in the Motion.



that no other or further notice need be provided; and the Court having reviewed the Motion and held a hearing to consider the relief requested in the Motion on an interim basis (the “**Hearing**”); and upon the First Day Declaration and the record of the Hearing; and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and the Court having determined that immediate relief is necessary to avoid irreparable harm to the Debtor and its estate as contemplated by Bankruptcy Rule 6003(b) and is in the best interests of the Debtor, its estate, the creditors and all parties in interest; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motion is GRANTED on an interim basis as set forth herein.
2. The Debtor is authorized, but not directed, in its sole discretion, and on an interim basis, to pay or remit the Taxes and Fees (including Airline Taxes & Fees) to the Authorities as they come due in the ordinary course of business, without regard to whether the Taxes and Fees accrued or arose before or after the Petition Date, absent further order of the Court, *provided however*, that the aggregate amount paid on account of Taxes and Fees shall not exceed \$4.1 million prior the entry of the final order. Any U.S. Dollar limitation in this Interim Order shall be adjusted as necessary, to account for foreign exchange conversion costs if the payment must be made in a foreign currency.
3. Nothing in this Interim Order authorizes the Debtor to accelerate any payments not otherwise due prior to the date of the Final Hearing.

4. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the implementation or enforcement of this Interim Order.

5. All applicable banks and other financial institutions are authorized and directed, when requested by the Debtor, to receive, process, honor, and pay any and all checks drawn or electronic fund transfers requested from the Debtor's accounts to Governmental Authorities, whether those checks or requests were presented or initiated prior to or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments.

6. The Debtor is authorized to issue postpetition checks, or to initiate postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of this Chapter 11 Case with respect to prepetition amounts owed in connection with any Taxes and Fees.

7. Nothing contained in the Motion or this Interim Order shall be deemed or construed as an admission as to the validity or priority of any claim or lien against the Debtor.

8. Nothing contained in this Interim Order or the Motion shall constitute a rejection or assumption by the Debtor of any executory contract or unexpired lease, whether by virtue of reference to such contract or lease in the Motion or otherwise.

9. A final hearing to consider the relief requested in the Motion shall be held on September 30, 2021, at 10:00 a.m. (Prevailing Eastern Time) and any objections or responses to the Motion shall be filed and served on the Notice Parties so as to be actually received on or prior to September 23, 2021, at 4:00 p.m. (Prevailing Eastern Time). Any objections or responses to the entry of the Final Order shall be (a) filed with the Court and (b) served upon and actually received by (i) the United States Trustee, U.S. Federal Office Building, 201 Varick

Street, Room 1006, New York, NY 10014 (Attn: Susan A. Arbeit), (ii) proposed counsel to the Debtor, Debevoise & Plimpton LLP, 919 Third Avenue, New York, NY 10022 (Attn: Jasmine Ball, Nick Kaluk, III, and Elie Worenklein), (iii) counsel to the DIP Lender, White & Case LLP, 1221 Avenue of the Americas, New York, NY 10020 (Attn: Andrew Zatz) and (iv) counsel to any official committee then appointed in this chapter 11 case, so as to be received by 4:00 p.m. (Prevailing Eastern Time) seven days before the hearing to approve the relief requested in the Motion on a final basis (the “**Objection Deadline**”). A reply to an objection may be filed with the Court and served on or before 12:00 p.m. (Prevailing Eastern Time) on the day that is at least two business days before the date of the applicable hearing. If no objections or responses are filed and served, this Court may enter the Final Order without further notice or hearing.

10. If no objections are timely filed and served as set forth herein, the Debtor shall, on or after the Objection Deadline, submit to the Court a final order substantially in the form of this Interim Order, which order shall be submitted and may be entered with no further notice or opportunity to be heard afforded any party, and the Motion shall be approved *nunc pro tunc* to the date of the commencement of this Chapter 11 Case.

11. Notwithstanding the relief granted herein and any actions taken hereunder, nothing herein shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by, any party.

12. Bankruptcy Rule 6003(b) has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtor.

13. Notwithstanding any applicability of Bankruptcy Rule 6004, the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

14. Notwithstanding any provision in the Federal Rules of Bankruptcy Procedure to the contrary, (i) the terms of this Interim Order shall be immediately effective and enforceable upon its entry, (ii) the Debtor is not subject to any stay in the implementation, enforcement or realization of the relief granted in this Interim Order and (iii) the Debtor may, in its discretion and without further delay, take any action and perform any act authorized under this Interim Order.

15. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the implementation of this Interim Order.

Dated: September 9, 2021
New York, New York

/S/ Shelley C. Chapman
THE HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE