

Jasmine Ball
Nick S. Kaluk, III
Elie J. Worenklein
DEBEVOISE & PLIMPTON LLP
919 Third Avenue
New York, NY 10022
Telephone: (212) 909-6000
Facsimile: (212) 909-6836

*Proposed Counsel to the Debtor and Debtor
in Possession*

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

In re:

PHILIPPINE AIRLINES, INC.,¹

Debtor.

Chapter 11

Case No. 21-____ (____)

**DEBTOR'S MOTION FOR ENTRY OF AN ORDER EXTENDING TIME TO FILE
SCHEDULES, STATEMENTS OF FINANCIAL AFFAIRS, AND RULE 2015.3
FINANCIAL REPORTS**

Philippine Airlines, Inc., the above-captioned debtor and debtor in possession (the “**Debtor**” or “**PAL**,” and collectively with the Debtor’s non-debtor affiliates, the “**Airline**”) hereby moves (the “**Motion**”) for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “**Proposed Order**”), granting the relief described below. In support of the Motion, the Debtor relies upon and incorporates by reference the *Declaration of Nilo Thaddeus Rodriguez in Support of First Day Motions and Applications* (the “**First Day Declaration**”), which was filed with the Court on the Petition Date (as defined herein). In further support of the Motion, the Debtor, by and through its undersigned proposed counsel, respectfully represents:

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.



Jurisdiction and Venue

1. The United States Bankruptcy Court for the Southern District of New York (the “**Court**”) has 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. The Debtor confirms its consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), to the entry of a final order by the Court in connection with this motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for the relief requested herein are sections 105(a) and 521 of title 11 of the United States Code (the “**Bankruptcy Code**”), Bankruptcy Rules 1007 and 9006, and Rules 1007-1 and 9013-1 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Rules**”).

Background

4. On September 3, 2021 (the “**Petition Date**”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor is authorized to continue to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As of the date hereof, no trustee, examiner or statutory committee has been appointed in this chapter 11 case (the “**Chapter 11 Case**”).

5. The Debtor and its affiliates are the largest airline group in the Philippines, and the Debtor is the national flag carrier of the Philippines. Its principal activity is to provide air

transportation for passengers and cargo within and outside the Philippines. The Debtor is among the oldest airlines in the Asia Pacific region, having been founded in February 1941. With approximately 4,500 employees and over \$3 billion in annual revenues prior to the COVID-19 pandemic, the Debtor is the leading airline in the Philippines airline market.

6. In 2020, the Debtor was confronted with an extraordinary set of circumstances and flight disruptions induced by the COVID-19 pandemic. The COVID-19 crisis has had a catastrophic impact upon the aviation industry, causing major airlines to effectively halt many business operations. For major airlines such as PAL, the dramatic reduction in worldwide air travel caused significant balance sheet losses and created intractable challenges to meeting existing payment obligations.

7. In response to these unprecedented circumstances, PAL undertook a number of cost cutting measures and began discussions with key stakeholders in the hopes of mapping out a healthy future for the Airline. Those discussions, which spanned many months and involved all major stakeholders and their retained professionals, culminated in several restructuring support agreements (the “**RSAs**”), with substantially all of its aircraft lessors and lenders outlining the material terms for a proposed chapter 11 plan of reorganization (the “**Proposed Plan**”). The RSAs and the Proposed Plan contemplate (a) the reduction of the Debtor’s aircraft related obligations by approximately \$2.1 billion, (b) a \$505 million infusion of working capital to fund the Debtor’s ongoing operations during the Chapter 11 Case and upon emergence from its primary shareholder (the “**DIP Lender**”), (c) optimizing the Debtor’s fleet size, composition and ownership costs as required by the new market, (d) maintaining and enhancing the Debtor’s key contracts and business partners to strengthen the Debtor’s viability during the pending COVID-

19 pandemic and beyond, and (e) obtaining commitments for a \$150 million exit facility from new investors to ensure PAL has adequate liquidity and runway to complete its restructuring.

8. The Debtor likewise engaged in good faith negotiations with its other critical creditors, including its primary original equipment manufacturers (“**OEM**”) and maintenance, repair, and overhaul service providers (“**MRO**”), to ensure that the Debtor continues to obtain the benefit of such critical goods and services. In addition, the OEMs and MROs have agreed to support the Proposed Plan by entering into RSAs, thereby providing additional certainty and predictability to the Debtor’s restructuring and Chapter 11 Case.

9. Prior to the Debtor’s Chapter 11 Case, the Debtor also (a) engaged in numerous good faith negotiations with a large number of its ordinary course vendors and suppliers, resulting in agreements to extend payment terms to provide the Debtor with additional breathing room and runway to assist it through the COVID-19 pandemic and (b) undertook a resizing of its operations, including the reduction of its workforce by 32% to meet expected post-COVID-19 operational needs.

10. Additional information regarding the events leading up to the Petition Date is set forth in the First Day Declaration and is incorporated herein by reference.

Relief Requested

11. Pursuant to sections 105(a) and 521 of the Bankruptcy Code, Bankruptcy Rules 1007 and 9006, and Local Rules 1007-1 and 9013-1 the Debtor requests entry of the Proposed Order: (a) extending the deadline by which the Debtor must file its schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs (collectively, the “**Schedules and Statements**”) by a total of 30 days, through and including October 18, 2021; (b) extending the

deadline by which the Debtor must file its initial reports of financial information with respect to entities in which the Debtor holds a controlling or substantial interest as set forth in Federal Rule of Bankruptcy Procedure 2015.3 (the “**2015.3 Reports**”), or to file a motion with the Court seeking a modification of such reporting requirements for cause, without prejudice to the Debtor’s ability to request additional extensions, to the later of: (i) ten days after the meeting of creditors (the “**341 Meeting**”) to be held pursuant to section 341 of the Bankruptcy Code and (ii) 59 days from the Petition Date; and (c) granting related relief.

Basis for Relief

A. Good and Sufficient Cause Exists to Extend Time to File Schedules and Statements

12. Pursuant to section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, the Debtor is required to file its Schedules and Statements within 14 days of the Petition Date. 11 U.S.C. § 521(a); Fed. R. Bankr. P. 1007(b)(1), (c). Bankruptcy Rule 1007(c) provides that an extension of time to file the Schedules and Statements may be granted “on motion for cause shown.” Fed. R. Bankr. P. 1007(c), 9006(b). Section 105(a) of the Bankruptcy Code grants the Court broad authority to issue any order that is necessary and appropriate to carry out the provisions of the Bankruptcy Code. 11 U.S.C. § 105(a).

13. The Debtor submits that under the circumstances of its Chapter 11 Case, sufficient cause exists to extend the deadline to file the Schedules and Statements. Completing the Schedules and Statements requires the expenditure of considerable time and effort by the Debtor’s administrative staff to collect, review and assemble the necessary information. The Debtor would need to compile information relating to thousands of claims, contracts and assets of the Debtor, which are located among various depositories that are primarily outside of the United States.

14. Prior to the Petition Date, the Debtor has primarily focused on negotiating the various RSAs with substantially all of its lessors and lenders, as well as securing the necessary DIP financing. The Debtor has also been expeditiously preparing the necessary pleadings to commence this case. Given the amount of work entailed in completing the Schedules and Statements, and the competing demands upon the Debtor's limited personnel both before and during the initial post petition period, the Debtor will not be in a position to properly and accurately complete the Schedules and Statements within the required fourteen-day period. Nevertheless, recognizing the importance of the Schedules and Statements in this Chapter 11 Case, the Debtor intends to complete the Schedules and Statements as quickly as possible under the circumstances. Accordingly, the Debtor respectfully requests that the Court extend the deadline by when the Debtor must file its Schedules and Statements by approximately 30 days through and including October 18, 2021.²

15. The relief requested herein will not prejudice any party in interest. In fact, all parties will benefit from the enhanced accuracy of the information-gathering process. The Debtor intends to work in good faith with the Office of the United States Trustee for the Southern District of New York (the "**U.S. Trustee**") and other parties in interest to provide access to relevant information regarding the Debtor's business and financial affairs throughout this case.

² Pursuant to Local Rule 9006-2, "[u]nless otherwise provided in the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, or order of the Court, when a motion to extend the time to take any action is filed before the expiration of the period prescribed by the Bankruptcy Code, Bankruptcy Rules, Local Bankruptcy Rules, or order of the Court, with a return date that is no later than 14 days after the date of such filing or, if the Court is unable to schedule a return date within such period, as soon thereafter as the return date may be scheduled by the Court, the time shall automatically be extended until the Court resolves the motion to extend the time. An extension under this rule shall not require the issuance or entry of an order extending the time." LBR 9006-2. As such, to the extent that the Court does not act on this motion prior to the deadline for the Debtor to file its Schedules and Statements, such deadline shall be automatically extended until the Court acts on this motion.

16. Courts in this District have routinely granted similar relief in other cases. *See, e.g., In re Stoneway Capital, Ltd.*, Case No. 21-10646 (JLG) (Bankr. S.D.N.Y. April 15, 2021) [ECF No. 34] (granting thirty-day extension); *In re Garrett Motion Inc.*, Case No. 20-12212 (MEW) (Bankr. S.D.N.Y. Sept. 24, 2020) [ECF No. 77] (granting thirty-day extension); *In re LATAM Airlines Group S.A.*, Case No. 20-11254 (JLG) (Bankr. S.D.N.Y. June 1, 2020) [ECF No. 75] (granting forty-five-day extension); *In re Avianca Holdings S.A.*, Case No. 20-11133 (MG) (Bankr. S.D.N.Y. May 12, 2020) [ECF No. 44] (granting fifty-nine-day extension); *In re Internap Tech. Sols., Inc.*, Case No. 20-22393 (RDD) (Bankr. S.D.N.Y. Mar. 19, 2020) [ECF No. 39] (granting fifty-nine-day extension from the petition date); *In re Windstream Holdings, Inc.*, 19-22312 (RDD) (Bankr. S.D.N.Y. Feb. 28, 2019) [ECF No. 54] (granting forty-four-day extension from the petition date); *In re Sears Holdings Corp.*, Case No. 18-23538 (RDD) (Bankr. S.D.N.Y. Oct. 16, 2018) [ECF No. 103] (granting forty-five-day extension); *In re Answers Holdings, Inc.*, Case No. 17-10496 (SMB) (Bankr. S.D.N.Y. Mar. 10, 2017) [ECF No. 50] (granting forty-five-day extension from the petition date); *In re Republic Airways Holdings Inc.*, Case No. 16-10429 (SHL) (Bankr. S.D.N.Y. Feb. 29, 2016) [ECF No. 49] (granting thirty-day extension).³ Accordingly, the Debtor's request for an additional 30 days to file its Schedules and Statements is well within the range permitted by this Court.

17. The Debtor reserves the right to seek further extension of the deadline to file its Schedules and Statements and requests that any relief granted with respect to this motion be without prejudice to the Debtor's ability to seek further extensions or modifications of the requirements of section 521 of the Bankruptcy Code and Bankruptcy Rule 1007.

³ Because of the voluminous nature of the orders cited herein, they are not attached to this motion. Copies of these orders are available upon request.

B. Good and Sufficient Cause Exists to Extend Time to File 2015.3 Reports

18. Pursuant to Bankruptcy Rule 2015.3, a chapter 11 debtor must file, no later than seven days before the date set for the meeting of creditors and no less than every six months thereafter, periodic financial reports of the value, operations and profitability of each entity that is not a publicly traded corporation or a debtor in the chapter 11 case, and in which the estate holds a substantial or controlling interest. Fed. R. Bankr. P. 2015.3(a)–(c). Bankruptcy Rule 9006(b)(1) allows the Court to extend any such period of time or deadline for cause. Fed. R. Bankr. P. 9006(b)(1). Similarly, Bankruptcy Rule 2015.3(d) provides the Court with the ability to modify these reporting requirements for cause, including the debtor’s inability, “after a good faith effort, to comply with those reporting requirements, or that the information . . . is publicly available.” Fed. R. Bankr. P. 2015.3(d).

19. The Debtor holds interests in certain non-Debtor subsidiaries that may fall under the requirements of Bankruptcy Rule 2015.3. Cause exists to extend the deadlines for filing the 2015.3 Reports as requested herein based on (a) the size, complexity and global nature of the Debtor’s business and (b) the substantial burdens imposed by complying with Bankruptcy Rule 2015.3 in the early days of this Chapter 11 Case. The Debtor does not currently prepare or maintain financial reports in the form required by Bankruptcy Rule 2015.3. To prepare the Rule 2015.3 Reports, the Debtor will have to compile information from books, records and documents relating to a large volume of transactions at numerous locations around the world. The Debtor is already engaged in various other tasks necessary to commence and facilitate this Chapter 11 Case, including negotiating the RSAs with its lenders and lessors, securing the required DIP financing and preparing the documents, reports and schedules required by the Bankruptcy Code

and the Bankruptcy Rules. These tasks impose a substantial burden on the Debtor's employees and advisors to complete in a short period of time.

20. Extending the deadline to file the initial 2015.3 Reports will also enable the Debtor to work with its advisors and the U.S. Trustee to determine the appropriate nature and scope of the reports and any proposed modifications to the reporting requirements established by Bankruptcy Rule 2015.3. Accordingly, the Debtor respectfully requests that the Court grant an extension of time by which the Debtor must file its initial 2015.3 Reports to the later of (a) ten days after the 341 Meeting and (b) 59 days from the Petition Date, pursuant to Bankruptcy Rule 2015.3(d).

21. Courts in this District have routinely granted the relief requested herein. *See, e.g., In re LATAM Airlines Group S.A.*, Case No. 20-11254 (JLG) (Bankr. S.D.N.Y. June 1, 2020) [ECF No. 75] (granting debtors the later of 30 days after 341 meeting and 59 days after petition date); *In re Avianca Holdings S.A.*, Case No. 20-11133 (MG) (Bankr. S.D.N.Y. May 12, 2020) [ECF No. 44] (same); *In re Internap Tech. Sols., Inc.*, Case No. 20-22393 (RDD) (Bankr. S.D.N.Y. Mar. 19, 2020) [ECF No. 39] (same); *In re Windstream Holdings, Inc.*, 19-22312 (RDD) (Bankr. S.D.N.Y. Feb. 28, 2019) [ECF No. 54] (granting debtors the later of 30 days after the 341 meeting and 44 days after the petition date); *In re FULLBEAUTY Brands Holding Corp.*, Case No. 19-22185 (RDD) (Bankr. S.D.N.Y. Feb. 7, 2019) [ECF No. 46] (same); *In re Nine West Holdings, Inc.*, Case No. 18-10947 (SCC) (Bankr. S.D.N.Y. Apr. 9, 2018) [ECF No. 71] (same); *In re Cenveo, Inc.*, Case No. 18-22178 (RDD) (Bankr. S.D.N.Y. Feb. 6, 2018) [ECF No. 42] (same); *In re 21st Century Oncology Holdings, Inc.*, Case No. 17-22770 (RDD) (Bankr. S.D.N.Y. May 26, 2017) [ECF No. 34] (granting debtors the later of 30 days after the 341 meeting and 90 days after the petition date). Accordingly, the Debtor's request to extend the

filing deadline for the 2015.3 Reports pursuant to Bankruptcy Rule 9006(b)(1) and Rule 2015.3(d) is more conservative than the precedent in this District and is appropriate and warranted under the circumstances.

Notice

22. Notice of this Motion has been provided to the following parties, or, in lieu thereof, their counsel (the “**Notice Parties**”): (a) the Office of the United States Trustee for the Southern District of New York; (b) the holders of the thirty largest unsecured claims against the Debtor; (c) the parties to the RSAs; (d) the DIP Lender; (e) the United States Attorney’s Office for the Southern District of New York; (f) the Internal Revenue Service; (g) the Securities and Exchange Commission; (h) the Federal Aviation Administration; and (i) any party that has requested service pursuant to Bankruptcy Rule 2002. A copy of this Motion and any order approving it will also be made available on the Debtor’s Case Information Website located at www.kccllc.net/PAL. In light of the nature of the relief requested in this Motion, the Debtor respectfully submits that no further notice is necessary.

No Prior Request

23. No previous request for the relief sought herein has been made by the Debtor to this or any other court.

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WHEREFORE, the Debtor respectfully requests that the Court enter the Proposed Order granting the relief requested herein and such other and further relief as the Court deems just and proper.

Dated: September 3, 2021
New York, New York

DEBEVOISE & PLIMPTON LLP

By: /s/ Jasmine Ball

Jasmine Ball
Nick S. Kaluk, III
Elie J. Worenklein
919 Third Avenue
New York, NY 10022
Telephone: (212) 909-6000
Facsimile: (212) 909-6836
Email: jball@debevoise.com
nskaluk@debevoise.com
eworenklein@debevoise.com

*Proposed Counsel to the Debtor and Debtor
in Possession*

Exhibit A

Proposed Order

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

In re:

PHILIPPINE AIRLINES, INC.,¹

Debtor.

Chapter 11

Case No. 21-____ (____)

**ORDER GRANTING DEBTOR'S MOTION FOR ENTRY OF AN ORDER EXTENDING
TIME TO FILE SCHEDULES, STATEMENTS OF FINANCIAL AFFAIRS AND RULE
2015.3 FINANCIAL REPORTS**

Upon the motion (the “**Motion**”)² of Philippine Airlines, Inc. (“**PAL**”), the debtor and debtor in possession in this chapter 11 case (the “**Debtor**”), pursuant to sections 105(a) and 521 of the Bankruptcy Code, Bankruptcy Rules 1007 and 9006, and Local Rules 1007-1 and 9013-1, for entry of an order (this “**Order**”): (a) extending the deadline by which the Debtor must file the Schedules and Statements without prejudice to the Debtor’s ability to request additional extensions for cause; (b) extending the deadline by which the Debtor must file its initial 2015.3 Reports, or to file a motion with this Court seeking a modification of such reporting requirements for cause, without prejudice to the Debtor’s ability to request additional extensions, to the later of: (i) ten days after the 341 Meeting and (ii) 59 days from the Petition Date; and (c) granting related relief, all as further set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief

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 Capitalized terms used herein but not otherwise defined herein shall have the meaning ascribed to them in the Motion.

requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and adequate notice of the Motion and opportunity for objection having been given under the circumstances; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein and that such relief is in the best interests of the Debtor, its estate, its creditors and all parties in interest; and any objections to the Motion having been withdrawn or overruled on the merits; 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 hereby granted as set forth herein.
2. Pursuant to sections 105(a) and 521 of the Bankruptcy Code and Bankruptcy Rule 1007(c), the time in which the Debtor shall file its Schedules and Statements is extended for an additional 30 days, through and including October 18, 2021, without prejudice to the Debtor's right to seek further extensions of time within which to file its Schedules and Statements.
3. The time within which the Debtor must file the 2015.3 Reports (or to file a motion with the Court seeking a modification of such reporting requirements for cause) is extended to the later of (a) ten days after the 341 Meeting and (b) 59 days from the Petition Date, without prejudice to the Debtor's right to seek additional extensions.
4. The contents of the Motion and the notice procedures set forth therein are good and sufficient notice and satisfy the Bankruptcy Rules and the Local Rules, and no other or further notice of the Motion or the entry of this Order shall be required.

5. Any Bankruptcy Rule (including Bankruptcy Rule 6004(h)) or Local Rule that might otherwise delay the effectiveness of this Order is hereby waived, and the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

6. The Debtor is authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.

7. This Court shall retain exclusive jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated: _____, 2021
New York, New York

THE HONORABLE [●]
UNITED STATES BANKRUPTCY JUDGE