

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

In re:

PHILIPPINE AIRLINES, INC.,<sup>1</sup>

Debtor.

Chapter 11

Case No. 21-11569 (SCC)

**INTERIM ORDER AUTHORIZING THE DEBTOR TO ENTER INTO, CONTINUE  
PERFORMANCE, AND PROVIDE CREDIT SUPPORT UNDER HEDGING AND  
DERIVATIVE CONTRACTS**

Upon consideration of the motion (the “**Motion**”)<sup>2</sup> of the above-captioned debtor and debtor-in-possession (the “**Debtor**”), seeking entry of an order (this “**Interim Order**”) pursuant to sections 105(a), 363, and 364(c) of the Bankruptcy Code, authorizing, but not directing, the Debtor to: (a) continue performing under its existing Derivative Contracts; (b) enter into and perform under Derivative Contracts in accordance with its ordinary business practices; and (c) provide credit support as may be necessary to implement prepetition or postpetition Derivative Contracts; and this Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 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 venue before this Court being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and notice of the Motion being adequate and appropriate under the circumstances; and the Court having found that adequate notice of the

<sup>1</sup> 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.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.



Motion and opportunity for objection has been given under the circumstances, and that no other or further notice need be provided; and the Court having reviewed the Motion and the First Day Declaration and held a hearing to consider the relief requested in the Motion on an interim basis (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 the Debtor’s 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 Motion is granted and approved on an interim basis as set forth herein.
2. Pursuant to sections 105 and 363 of the Bankruptcy Code, the Debtor is authorized, but not directed, in its sole discretion, to continue to perform under its prepetition Derivative Contracts and to enter into and perform under, new Derivative Contracts, in each case including rolling over, adjusting, modifying, paying option premiums, terminating, taking physical delivery of commodities, and otherwise engaging in transactions thereunder, without further order of the Court
3. Pursuant to section 364(c) of the Bankruptcy Code, the Debtor may provide or return Credit Support and pay settlement or termination payments, each in the ordinary course of business, with respect to prepetition or postpetition Derivative Contracts, without further order of the Court.
4. All obligations of the Debtor under the Derivative Contracts and the transactions executed thereunder shall constitute allowed administrative expense claims of the non-Debtor

party under section 503(b) of the Bankruptcy Code without the need for any such party to a Derivative Contract to file a motion seeking allowance of such administrative expense claims, provided, that the Debtor shall retain the right to dispute the amount (but not the priority) of any such claim subject to the terms of the applicable the Derivative Contract.

5. The provisions of sections 362 and 553 of the Bankruptcy Code are hereby modified to the extent necessary to permit non-Debtor counterparties to Derivative Contracts to exercise and enforce any and all rights and remedies provided in the Derivative Contracts, including but not limited to the suspension of performance thereunder, the termination, liquidation, or acceleration thereof, withholding of performance thereof, and setoff, netting, and application of any payment, settlement payment, termination value, termination payment, and any other amounts any non-Debtor party to a Derivative Contract would be entitled to receive or otherwise be obligated to pay under any Derivative Contract, in each case in accordance with the terms thereof, without the need for any further Court order. In this regard, there shall be no distinction between transactions entered into prepetition and postpetition.

6. All applicable banks and other financial institutions are hereby authorized to receive, process, honor, and pay any and all checks, drafts, wires, check transfer requests, or automated clearinghouse transfers evidencing amounts paid by the Debtor under this Order whether presented prior to, on, or after the Petition Date to the extent the Debtor has good funds standing to its credit with banks or other financial institutions. Such banks and financial institutions are authorized to rely on the representations of the Debtor as to which checks are issued or authorized to be paid pursuant to this Order without any duty of further inquiry and without liability for following the Debtor's instructions.

7. Nothing in this Order or any action taken by the Debtor in furtherance of the

implementation hereof shall be deemed to constitute an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code, and all of the Debtor's rights with respect to such matters are expressly reserved.

8. Other than the relief expressly granted herein, nothing contained herein shall create, nor is it intended to create, any rights in favor of any party, *provided, however*, that the entry of an order converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, shall constitute an event of default under the Derivative Contracts, to the extent not already expressly provided therein.

9. Nothing in this Order or the Motion shall be construed as prejudicing the rights of the Debtor to dispute or contest the amount of or basis for any claims against the Debtor in connection with or relating to the Debtor's Derivative Contracts.

10. Nothing in this Order nor the Debtor's payment of claims pursuant to this Order shall be construed as (a) an agreement or admission by the Debtor as to the validity or priority of any claim on any grounds, (b) a waiver or impairment of any of the Debtor's rights to dispute any claims on any grounds, (c) a promise by the Debtor to pay any claim, or (d) an implication or admission by the Debtor that such claim is payable pursuant to this Order.

11. The requirements set forth in Bankruptcy Rule 6003 are satisfied by the contents of the Motion.

12. 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.

13. 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 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 the Chapter 11 Case.

14. 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 Bankruptcy Rules for the Southern District of New York (the “**Local Rules**”), and no other or further notice of the Motion or the entry of this Order shall be required.

15. Notwithstanding any applicability of Bankruptcy Rule 6004 or any of the Local Rules, the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry. If any or all of the provisions of this Order are stayed, modified in a manner

adverse to any non-Debtor party to a Derivative Contract, or vacated, or if this Order otherwise terminates, then such stay, modification, vacation, or termination will not affect (a) the validity of any indebtedness, obligation, or liability incurred pursuant to or arising from any transaction entered into by the Debtor pursuant to any Derivative Contract before the receipt of written notice by the non-Debtor party of the effective date of such stay, modification, vacation, or termination, (b) the validity or enforceability of the security interests, administrative claims, and netting, setoff, collection, and termination rights authorized or created hereby or pursuant to any Derivative Contract, or any related documents, or (c) the rights of the non-Debtor party to any Derivative Contract to exercise remedies as set forth in its Derivative Contract, and each such non-Debtor party shall be entitled to the benefits of the provisions of section 364(e) of the Bankruptcy Code for any credit extended pursuant to this Order.

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

17. 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: September 9, 2021  
New York, New York

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