

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

In re:

PHILIPPINE AIRLINES, INC.¹

Debtor.

Chapter 11

Case No. 21-11569 (SCC)

**ORDER (A) GRANTING ADMINISTRATIVE EXPENSE STATUS TO
DEBTOR'S UNDISPUTED OBLIGATIONS TO VENDORS ARISING FROM THE
POSTPETITION DELIVERY OF GOODS AND SERVICES ORDERED PREPETITION
AND (B) AUTHORIZING DEBTOR TO PAY UNDISPUTED POSTPETITION
OBLIGATIONS IN THE ORDINARY COURSE OF BUSINESS**

Upon the motion (the “**Motion**”)² of Philippine Airlines, Inc., the debtor and debtor in possession in this chapter 11 case (the “**Debtor**”) for entry of an order (this “**Order**”) (a) granting administrative expense status to the Debtor’s undisputed obligations to vendors and suppliers (the “**Vendors**”) arising from the postpetition delivery or performance of goods and services (the “**Goods and Services**”) ordered pursuant to prepetition purchase or service orders (the “**Prepetition Orders**”) and (b) authorizing the Debtor to pay postpetition obligations in the ordinary course of business, all as set forth more fully in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); 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

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.



Notice Parties, and no other or further notice needing to be provided; and the Court having reviewed the Motion and held a hearing to consider the relief requested in the Motion (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, its 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 hereby GRANTED as set forth herein.
2. The Vendors shall be afforded administrative expense priority status, pursuant to section 503(b) of the Bankruptcy Code, with respect to the undisputed obligations of the Debtor for Goods and Services delivered, or performed, and accepted postpetition, including under Prepetition Orders.
3. The Debtor is authorized, but not directed, in its sole discretion, to pay, in its sole discretion, all undisputed obligations arising from the postpetition delivery or shipment by the Vendors of Goods and Services, including shipments of parts, inventory, supplies, equipment, other goods and services consistent with its customary practices in the ordinary course of its business.
4. The Debtor shall continue to maintain records with respect to all transfers of cash so that all transactions may be readily ascertained, traced, and recorded properly.

5. 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.

6. 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.

7. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall (a) create, nor is it intended to create, any rights in favor of, or enhance the status of any claim held by any person or entity or (b) be deemed to convert the priority of any claim from a prepetition claim into an administrative expense claim.

8. 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 delivery or performance of any Goods and Services.

9. 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.

10. The requirements of Bankruptcy Rule 6003 are satisfied by the contents of the Motion.

11. 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.

12. 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 effective immediately and enforceable upon its entry.

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

14. 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