

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

In re:

PHILIPPINE AIRLINES, INC.¹

Debtor.

Chapter 11

Case No. 21-11569 (SCC)

**ORDER ESTABLISHING PROCEDURES FOR INTERIM
COMPENSATION AND REIMBURSEMENT OF EXPENSES OF PROFESSIONALS**

Upon the motion (the “**Motion**”)² of Philippine Airlines, Inc. (the “**Debtor**”) in the above-captioned chapter 11 case (the “**Chapter 11 Case**”), pursuant to sections 105(a), 330, and 331 of the United States Code (the “**Bankruptcy Code**”), Rule 2016(a) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 2016-1 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Rules**”), for an order establishing the Interim Compensation Procedures for professionals whose services are authorized by this Court pursuant to sections 327, 328, or 1103 of the Bankruptcy Code and who will be required to file applications for allowance of compensation and reimbursement of expenses pursuant to sections 328, 330, and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a), all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157(a)-(b) and 1334(b), and the *Amended Standing Order of Reference M-431*, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the requested relief being a core proceeding pursuant to 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

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 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 but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Motion.



proper notice of the relief sought in the Motion having been provided to the Notice Parties, such notice having been adequate and appropriate under the circumstances, and no other or further notice needing be provided; and the Court having reviewed the Motion; and the Court having held a hearing to consider the relief requested in the Motion (the “**Hearing**”); and upon the record of the Hearing; 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 the relief granted herein being in the best interests of the Debtor, its estate, 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 to the extent set forth herein.
2. Except as may otherwise be provided by orders of this Court authorizing the retention of specific professionals, all Retained Professionals, and members of any statutory committee of creditors, may seek interim compensation and/or reimbursement of expenses, in accordance with the following Interim Compensation Procedures:

A. Monthly Statements

- (i) On or before the 20th day of each month following the month for which compensation is sought (or as soon thereafter as reasonably practicable), each Retained Professional seeking compensation shall serve a monthly statement (the “**Monthly Fee Statement**”) by email, hand, or overnight delivery, on the following parties (collectively, the “**Fee Notice Parties**”):
 - (a) the Debtor c/o Philippine Airlines, Inc., PNB Financial Center, President Diosdado Macapagal Avenue, CCP Complex, Pasay City 1300, Metro Manila, Philippines (Attn: Clara C. De Castro, Vice President of Legal Affairs; clara_decastro@pal.com.ph);
 - (b) the proposed counsel for the Debtor, Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York 10022 (Attn: Jasmine Ball, Nick S. Kaluk, III, Elie J Worenklein; jball@debevoise.com, nskaluk@debevoise.com, eworenklein@debevoise.com);

- (c) the U.S. Trustee for the Southern District of New York, 201 Varick Street, Suite 1006, New York, New York 10014 (Attn: Attn: Susan A. Arbeit; Email: susan.arbeit@usdoj.gov); and
- (d) counsel for any statutory committee appointed in this Chapter 11 Case.
- (ii) On or before the 20th day of each month following the month for which compensation is sought (or as soon thereafter as reasonably practicable), each Retained Professional shall file a Monthly Fee Statement with the Court; however, a courtesy copy of the Monthly Fee Statements need not be delivered to the Judge's chambers because this Order does not alter the fee application requirements outlined in sections 330 and 331 of the Bankruptcy Code. Retained Professionals are still required to serve and file interim and final applications for approval of fees and expenses in accordance with the relevant provisions of the Bankruptcy Code, Bankruptcy Rules, and the Local Rules.
- (iii) Any Retained Professional that fails to file a Monthly Fee Statement for a particular month or months may subsequently submit a consolidated Monthly Fee Statement that includes a request for compensation earned or expenses incurred during previous months.
- (iv) Except as otherwise ordered by the Court, each Monthly Fee Statement must contain a list of the individuals – and their respective titles (e.g., attorney, accountant, or paralegal) – who provided services during the statement period, their respective billing rates, the aggregate hours spent by each individual, a reasonably detailed breakdown of the disbursements incurred (no professional should seek reimbursement of an expense that would otherwise not be allowed pursuant to the Fee Guidelines), and contemporaneously maintained time entries for each individual in increments of tenths (1/10) of an hour.
- (v) If any party in interest has an objection to the compensation or reimbursement sought in a particular Monthly Fee Statement (an “**Objection**”), such party shall, by no later than 12:00 p.m. (Prevailing Eastern Time) on the date that is 15 days following the filing of the particular Monthly Fee Statement (the “**Objection Deadline**”), serve via electronic mail upon the Retained Professional whose Monthly Fee Statement is the subject of an Objection, a written “Notice of Objection to Fee Statement,” setting forth the nature of the Objection and the amount of fees or expenses at issue.
- (vi) At the expiration of the Objection Deadline, the Debtor shall promptly pay 80% of the fees and 100% of the expenses identified in each Monthly Fee Statement to which no Objection has been served in accordance with paragraph (v) above.³
- (vii) If a Notice of Objection to Fee Statement with respect to a particular Monthly Fee Statement is served, the Debtor shall withhold payment of that portion of the

³ The remaining twenty percent (20%) of the fees for each Monthly Statement shall be withheld from payment until further order of the Court.

Monthly Fee Statement to which the Objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth in paragraph (vi).

- (viii) If an Objection is resolved and if the party whose Monthly Fee Statement was the subject of the Objection serves on all Fee Notice Parties a statement indicating that the Objection has been withdrawn and describing the terms of the resolution, then the Debtor shall promptly pay, in accordance with paragraph (vi), that portion of the Monthly Fee Statement that is no longer subject to the Objection.
- (ix) All Objections that are not resolved by the parties shall be preserved and presented to the Court at the next interim or final fee application hearing to be heard by the Court.
- (x) The service of a Notice of Objection to Fee Statement in accordance with paragraph (v) above shall not prejudice the objecting party's right to object to any fee application made to the Court in accordance with the Bankruptcy Code on any ground, whether raised in the Objection or not. Furthermore, the decision by any party not to object to a Monthly Fee Statement shall not be a waiver of any kind and shall not prejudice that party's right to object to any fee application subsequently made to the Court in accordance with the Bankruptcy Code.

B. Interim Fee Applications

- (i) Commencing with the period ending December 31, 2021 and at four-month intervals thereafter (each such period, an “**Interim Fee Period**”), each of the Retained Professionals shall serve and file with the Court an application (an “Interim Fee Application”) for interim Court approval and allowance, pursuant to sections 330 and 331 of the Bankruptcy Code (as the case may be), of the compensation and reimbursement of expenses requested in the Monthly Fee Statements served during each applicable Interim Fee Period. Each Retained Professional shall file its Interim Fee Application no later than 45 days after the end of an Interim Fee Period. Each Retained Professional shall file its first Interim Fee Application on or before February 15, 2022 and the first Interim Fee Application shall cover the Interim Fee Period from the Petition Date (or the effective date of the Retained Professional's retention) through and including December 31, 2021.
- (ii) The Debtor's attorneys shall obtain a date from the Court for the hearing to consider Interim Fee Applications for all Retained Professionals (the “**Interim Fee Hearing**”), which shall be scheduled no earlier than 30 days after the expiration of the 45-day period set forth in paragraph (i), unless otherwise agreed to by the Debtor, the U.S. Trustee, and any statutory committee. At least 21 days prior to the Interim Fee Hearing, the Debtor's attorneys shall file a notice with the Court, with service upon the U.S. Trustee and all Retained Professionals, setting forth the time, date, and location of the Interim Fee Hearing, the period covered by the Interim Fee Applications, and the Objection Deadline.

- (iii) Any Retained Professional who fails to timely file an Interim Fee Application seeking approval of compensation and expenses previously paid pursuant to a Monthly Fee Statement shall (a) be ineligible to receive further monthly payments of fees or reimbursement of expenses as provided under the Proposed Order until such Interim Fee Application is filed, and (b) may be required to disgorge any fees paid since retention or the last fee application, whichever is later.
- (iv) The pendency of an Interim Fee Application or a Court order that payment of compensation or reimbursement of expenses was improper as to a particular Monthly Fee Statement shall not disqualify a Retained Professional from the future payment of compensation or reimbursement of expenses as set forth above, unless otherwise ordered by the Court.
- (v) Neither the payment of, nor the failure to pay, in whole or in part, monthly compensation and reimbursement as provided herein shall have any effect on the Court's interim or final allowance of compensation and reimbursement of expenses of any Retained Professionals.
- (vi) Counsel for any statutory committee of creditors, if any, may, in accordance with the Interim Compensation Procedures, collect and submit statements of expenses, with supporting vouchers, from members of such committee; *provided* that such reimbursement requests must comply with the Fee Guidelines, and any other applicable fee and expense guidelines adopted by the Court. Notwithstanding the foregoing, the Debtor is authorized to promptly pay upon the receipt of invoices therefore the reasonable, actual, and necessary expenses, other than compensation and reimbursement of expenses specified in paragraph 4 of section 503(b) of the Bankruptcy Code, incurred by a natural person who is a member of such committee in the performance of the duties of such committee. The payment of such expenses as provided herein shall be subject to, and shall not have any effect on, the Court's interim and final allowance of reimbursement of such expenses.

3. The Debtor shall include all payments to Retained Professionals on its monthly operating reports, detailed so as to state the amount paid to each Retained Professional; *provided* that amounts paid to ordinary course professionals may be stated in the aggregate on any monthly operating reports.

4. Any party in interest may object to requests for payments made pursuant to this Order on the grounds that the Debtor has not timely filed monthly operating reports, remained current with its administrative expenses and 28 U.S.C. § 1930 fees, or a manifest exigency exists, by seeking a further order of this Court.

5. During the pendency of this case notice of hearings to consider Interim Fee Applications shall be limited to the Fee Notice Parties and any party who files a Notice of Objection to Fee Statement or a notice of appearance and requests notice in this Chapter 11 Case.

6. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

7. The Debtor shall serve a copy of this Order on each of the Retained Professionals.

8. 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.

9. 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.

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

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

Dated: September 30, 2021
New York, New York

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