

**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)

**ORDER AUTHORIZING THE DEBTOR TO EMPLOY AND  
PAY PROFESSIONALS USED IN THE ORDINARY COURSE OF BUSINESS**

Philippine Airlines, Inc. (“**PAL**”), the debtor and debtor in possession in this Chapter 11 Case (the “**Debtor**”), pursuant to sections 105(a), 327, 328, and 330 of title 11 of the United States Code (as amended, the “**Bankruptcy Code**”), for an order authorizing, but not directing, the Debtor to (a) establish certain procedures for the Debtor to retain and compensate professionals that the Debtor employs in the ordinary course of business identified on **Exhibit 1** and **Exhibit 2** annexed hereto (the “**Ordinary Course Professionals**”), effective as of the Petition Date, without (i) the submission of separate employment applications or (ii) the issuance of separate retention orders for each individual Ordinary Course Professional; and (b) compensate and reimburse such professionals without individual fee applications, 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 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 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 proper notice of

<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.



the Motion having been provided under the Case Management Order, and such notice having been adequate and appropriate under the circumstances, and no other or further notice being 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 being 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 to the extent set forth herein.

2. Pursuant to sections 105(a), 327, 328, and 330 of the Bankruptcy Code, to the extent deemed necessary by the Debtor, the Debtor is authorized to employ the Ordinary Course Professionals listed on **Exhibit 1** and **Exhibit 2** annexed hereto in the ordinary course of its business in accordance with the following procedures (the “**OCP Procedures**”):

- (i) The Debtor will be authorized to employ the Ordinary Course Professionals listed on the OCP List in accordance with the OCP Procedures, effective as of the Petition Date.
- (ii) Each Ordinary Course Professional will provide the Debtor’s attorneys, within 30 days after the later of the date (a) of entry of this Order or (b) on which the Ordinary Course Professional commences services for the Debtor, (i) a declaration substantially in the form annexed as **Exhibit 3** to this Order (the “**OCP Declaration**”), certifying that such Ordinary Course Professional does not represent or hold any interest adverse to the Debtor or its estate with respect to the matter on which the professional is to be employed, and (ii) a completed retention questionnaire (the “**Retention Questionnaire**”), substantially in the form annexed to this Order as **Exhibit 4**.
- (iii) Upon receipt of the OCP Declaration and the Retention Questionnaire, the Debtor’s attorneys will file the same with the Court and serve a copy of each upon: (a) the Office of the United States Trustee (Attn: Susan A. Arbeit, Esq.) (the “**U.S. Trustee**”); and (b) counsel for any official committee that is appointed in this Chapter 11 Case (the “**Notice Parties**”).

- (iv) The Notice Parties will have seven days after service of the OCP Declaration and Retention Questionnaire (the “**Objection Deadline**”) to file with the Court and serve by email on (a) counsel for the Debtor and (b) the relevant Ordinary Course Professional (or its counsel if known) (together, the “**Objection Recipients**”) a written objection stating, with specificity, the legal and/or factual bases for such objection.
- (v) If no objection to the retention of an Ordinary Course Professional is filed with the Court and served on the Objection Recipients by the Objection Deadline, the retention, employment, and compensation of the Ordinary Course Professional will be deemed approved without the need for a hearing and without further Order of the Court; *provided* that if an objection is filed by the Objection Deadline and such objection cannot be resolved within 14 days after the Objection Deadline, the Debtor will schedule the matter for a hearing before the Court.
- (vi) The Debtor will be authorized to add or remove Ordinary Course Professionals from the OCP List throughout this Chapter 11 Case; *provided* that the Debtor file with the Court and serve on the Notice Parties a notice listing those Ordinary Course Professionals to be added to or removed from the OCP List, along with the attendant OCP Declarations and Retention Questionnaires (the “**Supplemental OCP Notice**”); and *provided further* that each additional Ordinary Course Professional shall be subject to these OCP Procedures.
- (vii) If no objection to the Supplemental OCP Notice is filed with the Court and served upon the Debtor’s counsel so as to be actually received within seven calendar days after the filing of the applicable Supplemental OCP Notice, the amended OCP List will be deemed approved by the Court in accordance with the provisions of this Motion and without the need for a hearing or further Court order. Any Ordinary Course Professionals retained pursuant to a Supplemental OCP Notice will be paid in accordance with the terms and conditions as set forth in these OCP Procedures.
- (viii) Subject to the foregoing and the OCP Caps (as defined below), the Debtor will be authorized to pay postpetition compensation and reimburse expenses to each of the Ordinary Course Professionals retained in the same manner as such Ordinary Course Professional was compensated and reimbursed before the Petition Date, without prior application to the Court by such Ordinary Course Professional, in the full undisputed amount billed by each such Ordinary Course Professional upon receipt of reasonably detailed invoices indicating the nature of the services rendered and expenses incurred, in each case calculated in accordance with such Ordinary Course Professional’s standard billing practices, *provided* that the Debtor shall have the right to dispute any such invoices.
- (ix) For each Ordinary Course Professional set forth on **Exhibit 1** to this Order (each, a “**Tier 1 OCP**”), total compensation and reimbursements shall not exceed \$75,000 per month (on average over a rolling three-month basis), for each month starting from the first full month following the Petition Date, for services rendered

to the Debtor (the “**Tier 1 Monthly Cap**”), and \$350,000 for the duration of this Chapter 11 Case (the “**Tier 1 Case Cap**”).

- (x) For each Ordinary Course Professional set forth on **Exhibit 2** to this Order (each, a “**Tier 2 OCP**”), total compensation and reimbursements shall not exceed \$10,000 per month (on average over a rolling three-month basis), for each month starting from the first full month following the Petition Date, for services rendered to the Debtor (the “**Tier 2 Monthly Cap**,” and together with the Tier 1 Monthly Cap, the “**OCP Monthly Caps**”), and \$50,000 for the duration of this Chapter 11 Case (the “**Tier 2 Case Cap**,” and together with the Tier 1 Case Cap, the “**OCP Case Caps**”; the OCP Monthly Caps and the OCP Case Caps are, together, the “**OCP Caps**”).
- (xi) To the extent an Ordinary Course Professional’s monthly compensation and reimbursements are less than the applicable OCP Monthly Cap, the amount by which such compensation and reimbursements are below the applicable OCP Monthly Cap may be carried over to successive periods, subject at all times to the applicable OCP Case Cap, subject to further order of the Court.
- (xii) To the extent an Ordinary Course Professional seeks compensation in excess of the applicable OCP Monthly Cap (“**Excess Fees**”), (a) the Debtor may pay the Ordinary Course Professional’s fees and expenses up to the applicable OCP Cap, and (b) such Ordinary Course Professional shall, with respect to the Excess Fees, file with the Court a notice of fees in excess of the applicable cap (the “**Notice of Excess Fees**”) and an invoice setting forth, in reasonable detail, the nature of the services rendered and disbursements actually incurred. The Notice Parties shall then have 14 days to file an objection to the Notice of Excess Fees with the Court. If after 14 days no objection is filed, the Ordinary Course Professional may be paid 100% of its fees and 100% of its expenses on account of the Excess Fees without the need to file a fee application and such Excess Fees will be deemed approved. If an objection is timely filed and such objection cannot be resolved within 20 days of it being filed, the Debtor will schedule the matter for a hearing before the Court.
- (xiii) Payment to any one Ordinary Course Professional shall not exceed the applicable OCP Case Cap, unless otherwise ordered by the Court. In the event that an Ordinary Course Professional’s fees and expenses exceed the applicable OCP Case Cap, such Ordinary Course Professional shall be required to file a separate retention application to be retained as a professional pursuant to section 327 of the Bankruptcy Code.
- (xiv) If (a) the Debtor, (b) the United States Trustee, and (c) the Committee agree to increase one or more of the OCP Caps, the increased cap amount, as applicable, shall be deemed approved without further action of the Court, *provided* that the Debtor shall file a notice with the Court of any such agreed increase. In the absence of an agreement, the OCP Caps described above will be enforced, subject

to the right of the Debtor to file a motion, on notice to the Notice Parties, seeking an order to increase one or more of the OCP Caps.

- (xv) At three-month intervals during the pendency of this Chapter 11 Case (each, a “**Quarter**”), with the first such period commencing on the Petition Date and ending on November 30, 2021, the Debtor will file with the Court and serve on the Notice Parties, no later than 31 days after the last day of such Quarter, a statement that will include the following information for each Ordinary Course Professional: (a) the name of the Ordinary Course Professional; and (b) for each Quarter, the aggregate amounts paid as compensation for services rendered and as reimbursement of expenses incurred by such Ordinary Course Professional.

3. Entry of this Order and approval of the OCP Procedures does not affect the Debtor’s ability to (a) dispute any invoice submitted by an Ordinary Course Professional or (b) retain additional Ordinary Course Professionals from time to time as needed, and the Debtor reserves all of its rights with respect thereto.

4. The form of OCP Declaration and Retention Questionnaire attached hereto are hereby approved.

5. The Debtor is authorized to take all reasonable action necessary to effectuate the relief granted in this Order.

6. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Order.

Dated: September 30, 2021  
New York, New York

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

**Exhibit 1**

**Tier 1 Ordinary Course Professionals**

**Tier 1 OCP List**

<b>Name of Professional</b>	<b>Services Performed By Professional</b>
Hogan Lovells	U.S. regulatory counsel; certain non-bankruptcy U.S.-based litigation
Togut, Segal & Segal LLP	Expert retained in connection with Philippine insolvency proceedings
Angara Abello Concepcion Regala & Cruz Law Offices	Philippine legal counsel
Quisumbing Torres (Baker McKenzie)	Counsel for certain labor matters

**Exhibit 2**

**Tier 2 Ordinary Course Professionals**



**Tier 2 OCP List**

<b>Name of Professional</b>	<b>Services Performed By Professional</b>
Holman Fenwick Willan Middle East LLP	Middle East regulatory counsel
Holman Fenwick Willan Singapore LLP	Asia and UK regulatory counsel; advise on certain customer claims
Lowndes Jordan	New Zealand regulatory counsel
Stikeman Elliot	Canadian regulatory counsel
Laguesma Magsalin Consulta & Gastardo	Counsel for certain labor matters
Zambrano & Gruba Law Offices	Counsel for certain tax matters

**Exhibit 3**

**OCP Declaration**

**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)

**AFFIDAVIT AND DISCLOSURE STATEMENT OF \_\_\_\_\_,  
ON BEHALF OF \_\_\_\_\_**

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

\_\_\_\_\_, being duly sworn, deposes and says as follows:

1. I am a \_\_\_\_\_ of \_\_\_\_\_,  
located at \_\_\_\_\_ (the “**Firm**”).

2. Philippine Airlines, Inc. (“**PAL**”), the debtor and debtor in possession in this chapter 11 case (the “**Debtor**”), has requested the Firm provide \_\_\_\_\_ services to the Debtor, and the Firm has consented to provide such services (the “**Services**”).

3. The Services include, but are not limited to, the following:  
\_\_\_\_\_.

4. The Firm may have performed services in the past and may perform services in the future, in matters unrelated to this chapter 11 case, for persons that are parties in interest in the Debtor’s chapter 11 case. As part of its customary practice, the Firm is retained in cases, proceedings, and transactions involving many different parties, some of whom may represent or

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be claimants, employees of the Debtor, or other parties in interest in this chapter 11 case. The Firm does not perform services for any such person in connection with this chapter 11 case. In addition, the Firm does not have any relationship with any such person, their attorneys, or their accountants that would be adverse to the Debtor or the Debtor's estate with respect to the matters on which the Firm is to be retained.

5. Neither I, nor any principal of, or professional employed by, the Firm has agreed to share or will share any portion of the compensation to be received from the Debtor with any other person other than the principals and regular employees of the Firm.

6. Neither I, nor any principal of, or professional employed by, the Firm, insofar as I have been able to ascertain, holds or represents any interest adverse to the Debtor or the Debtor's estate with respect to the matters on which the Firm is to be retained.

7. As of the date of the commencement of its chapter 11 case, the Debtor owes the Firm \$[AMOUNT] in respect of prepetition services rendered to the Debtor.

8. The Firm is conducting further inquiries regarding its retention by any creditors of the Debtor, and upon conclusion of that inquiry, or at any time during the period of its employment, if the Firm should discover any facts bearing on the matters described in this affidavit, the Firm will supplement the information contained in this Affidavit.

*[Remainder of Page Intentionally Left Blank]*

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct, and that this Affidavit and Disclosure Statement was executed on **[DATE]**.

\_\_\_\_\_  
Affiant Name

SWORN TO AND SUBSCRIBED before  
me this \_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Notary Public

**Exhibit 4**

**Retention Questionnaire**

**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)

**RETENTION QUESTIONNAIRE**

TO BE COMPLETED BY PROFESSIONALS EMPLOYED by Philippine Airlines, Inc.  
 (“**PAL**”), the debtor and debtor in possession in this chapter 11 case, (the “**Debtor**”).

DO NOT FILE THIS QUESTIONNAIRE WITH THE COURT.

RETURN FOR FILING BY THE DEBTOR TO:

DEBEVOISE & PLIMPTON LLP  
919 Third Avenue  
New York, New York 10022  
Attn: Jasmine Ball, Nick S. Kaluk, III. and Elie J. Worenklein

All questions **must** be answered. Please use “none,” “not applicable,” or “N/A,” as appropriate.

If more space is needed, please complete on a separate page and attach.

1. Name and address of company:

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2. Date of retention: \_\_\_\_\_

3. Type of services to be provided (accounting, legal, etc.):

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4. Brief description of services to be provided:

5. Arrangements for compensation (hourly, contingent, etc.)

(a) Average hourly rate (if applicable): \_\_\_\_\_

(b) Estimated average monthly compensation based on prepetition retention (if company was employed prepetition): \_\_\_\_\_

6. Prepetition claims against the Debtor held by the company:

Amount of claim: \$ \_\_\_\_\_

Date claim arose: \_\_\_\_\_

Nature of claim: \_\_\_\_\_

7. Prepetition claims against the Debtor held individually by any member, associate, or professional employee of the company:

Name: \_\_\_\_\_

Status: \_\_\_\_\_

Amount of claim: \$ \_\_\_\_\_

Date claim arose: \_\_\_\_\_

Nature of claim: \_\_\_\_\_



8. Disclose the nature and provide a brief description of any interest adverse to the Debtor or to the Debtor's estate for the matters on which the company is to be employed.

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9. Name and title of individual completing this form.

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Dated: \_\_\_\_\_