

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

In re:

PHILIPPINE AIRLINES, INC.¹

Debtor.

Chapter 11

Case No. 21-11569 (SCC)

**ORDER AUTHORIZING THE DEBTOR TO ASSUME, AND PERFORM UNDER,
RESTRUCTURING SUPPORT AGREEMENTS**

Upon the motion (the “**Motion**”)² of the above-captioned debtor and debtor in possession (the “**Debtor**”) for the entry of an order (this “**Order**”), pursuant to section 363(b)(1) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) authorizing the Debtor to assume and perform under the RSAs listed on Schedule 1, all as more fully set forth in the Motion; and the Court having 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, 2019; and this Court having the power to enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtor’s notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having found that the assumption of the RSAs does not constitute a solicitation for purposes of sections 1125 and 1126 of the Bankruptcy Code; and this Court

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 not otherwise defined herein shall have the meaning(s) ascribed to such terms in the Motion.



having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the “**Hearing**”); and upon the declaration of Douglas Walker in support of the Motion (ECF No. 20); and this 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 that such relief is in the best interest 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 this Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted as set forth therein.
2. The RSAs and their terms are approved in their entirety pursuant to sections 363(b)(1) and 365(a) of the Bankruptcy Code and Bankruptcy Rule 9019.
3. The Debtor is authorized to assume the RSAs and to take all actions to comply with and implement the terms thereof, pursuant to sections 363(b)(1) and 365(a) of the Bankruptcy Code and Bankruptcy Rule 9019, and the RSAs shall be assumed effective upon the entry of this Order.
4. The Debtor’s entry into and performance under the RSAs shall not constitute a solicitation of votes in violation of section 1125 of the Bankruptcy Code.
5. The RSAs shall be binding and enforceable in accordance with its terms against each of the parties thereto and their successors and assigns.
6. For avoidance of doubt, the Amendment Agreements shall become effective only upon the effective date of a Plan that is consistent with the terms of the Plan Term Sheet attached to the RSAs (the “**Proposed Plan**”) and the applicable RSA and the satisfaction of the other

conditions to effectiveness set forth therein. With respect to Airbus, during any period prior to the effective date of the Proposed Plan and the Amendment Agreements, the Debtor shall not assert any right or claim against Airbus in respect of any delay in performance, whether excusable or non-excusable, or non-performance by Airbus thereunder to the extent the Airbus's performance or non-performance under the Existing Documents comports with the Amendment Agreements and not the Existing Documents.

7. The "Restructuring Expenses" set forth in the RSAs are allowed as administrative expenses of the Debtor under sections 503(b) and 507 of the Bankruptcy Code and the Debtor is authorized to make payment of such Restructuring Expenses to the applicable Supporting Creditors in accordance with the applicable RSA.

8. The failure to describe specifically or include any particular provision of the RSAs in the Motion or this Order shall not diminish or impair the effectiveness of such provision, it being the intent of this Court that the Debtor's entry into the RSAs and performance thereunder are approved in their entirety.

9. The Debtor is authorized to file additional RSAs that are agreed upon after the entry of this Order, under notice of presentment with a seven-day objection period.

10. The parties to the RSAs are authorized, but not directed, to enter into amendments to the RSAs from time to time as necessary, subject to the terms and conditions set forth in the RSAs and without further order of the Court.

11. The Debtor is hereby authorized, directed and empowered to take all actions, execute all documents, and make all payments that may be necessary to perform under the RSAs and implement the relief granted in this Order, and such actions shall not constitute a solicitation of acceptances or rejections of a plan pursuant to section 1125 of the Bankruptcy Code.

12. The RSAs shall be solely for the benefit of the parties thereto and no other person or entity shall be a third-party beneficiary thereof. No entity shall have any right to seek or enforce specific performance of the RSAs, other than the parties thereto.

13. To the extent the automatic stay provisions of section 362 of the Bankruptcy Code would otherwise apply, such provisions are vacated and modified to enable the implementation of the RSAs and enable each of the Parties to enforce each applicable RSA's terms without the need for further court order, including, without limitation, permitting the applicable Supporting Creditors to exercise all rights and remedies under the applicable RSA in accordance with its terms, to terminate the RSAs in accordance with its terms and to deliver any notice contemplated thereunder, without further order of the Court.

14. In accordance with and subject to the terms of the applicable RSA and paragraph 15 hereof, the following Supporting Creditors shall have allowed claims against the Debtor as set forth below, without the need of such Supporting Creditors filing a proof of claim:

- (a) Airbus shall have an allowed unsecured claim against the Debtor in the net amount of \$1,557,629.06 for sales of parts and/or provision of services by Airbus under purchase orders that are not related to the Existing Documents (as defined in the applicable RSA), which claim shall (i) be and be deemed in full and final satisfaction of all claims that are not related to the Existing Documents and (ii) treated as an Ordinary Course Trade Claim as described in the Proposed Plan; *provided*, however, that the foregoing shall not limit or impair the Airbus's rights to assert an administrative or other claim permitted or otherwise allowed under the RSA or the Amendment Agreements, including additional Ordinary Course Trade Claims under certain purchase orders in the asserted amount of \$1,944,839.25 that Airbus acknowledges is subject to reconciliation and agreement between itself and the Company, which claims shall also be treated as Ordinary Course Trade Claims as described in the Proposed Plan to the extent the amount is agreed and reconciled by the Parties.
- (b) Asia United Bank Corporation shall have an allowed prepetition unsecured claim against the Debtor in the net amount of \$75,486,656.25, which claim shall be treated as an impaired General Unsecured Claim as described in the Proposed Plan.

- (c) Philippine National Bank shall have a prepetition unsecured claim against the Debtor in the amount of ((x) US\$113,776,031.03 plus (y) any accrued interest and any other amount which are due and payable under the SBLC Facility (as defined in the applicable RSA) and the Revolving Facility (as defined in the applicable RSA) as of the Petition Date less (z) the value of the Collateral, which has been agreed to be ₱1,360,963,000, which amount shall be converted into US Dollars using the exchange rate on the first Business Day prior to the Petition Date, as quoted at 4:00 p.m. (Manila Time), the BAP AM Weighted Average Rate of exchange for Philippine Pesos as published in Bloomberg, which claim shall (i) be and be deemed in full and final satisfaction of all claims related to the SBLC Facility and the Revolving Credit Facility, and (ii) be treated as an impaired General Unsecured Claim as described in the Proposed Plan.
- (d) Rolls-Royce PLC shall have: (i) a prepetition unsecured claim against the Debtor in the net amount of \$89,496,109.00 (the “**RR Prepetition Unsecured Claim**”); and (ii) a cure claim associated in the net amount of \$33,463,519.00 (the “**RR Cure Claim**”), which RR Cure Claim shall be paid in accordance with the terms of the applicable Amendment Agreements. The RR Prepetition Unsecured Claim shall be treated as an impaired General Unsecured Claim as described in the Proposed Plan.

15. The allowance of any claim under this Order is subject to the applicable RSAs remaining in full force and effect until the effective date of the Proposed Plan. If the applicable RSA is terminated before the Proposed Plan becomes effective in accordance with its terms, the allowance of the applicable claims set forth in this Order shall be vacated, and, the parties rights, including a Supporting Creditor’s right to file a proof of claim in respect of any claims it purportedly has in accordance with any order of this Court or as otherwise permitted under the RSA, and the parties’ defenses, including the Debtor’s right to object to the validity, enforceability or amount of a Supporting Creditor’s claims, shall be fully preserved.

16. The Letter Agreement attached to the RSA entered into between the Company and IAE International Aero Engines AG and International AERO Engines, LLC, is hereby approved and the Debtor is authorized to enter into and comply with the provisions of such Letter Agreement.

17. In the event of any inconsistency between the terms and conditions of the RSAs and this Order, the provisions of this Order shall govern and control.

18. Notwithstanding anything to the contrary herein, nothing in this Order shall require the Debtor or any directors or officers of the Debtor, in such person's capacity as a director or officer of the Debtor, to take any action inconsistent with or to refrain from taking any action consistent with, its or their fiduciary obligations under applicable law.

19. Notice of the Motion as provided therein and the notice procedures set forth herein shall be deemed good and sufficient notice and the requirements of the Bankruptcy Rules and the Local Bankruptcy Rules for the Southern District of New York are satisfied by such notice.

20. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

21. This Court shall retain jurisdiction with respect to any and all matters arising from or relating to the implementation or interpretation of this Order.

Dated: September 30, 2021
New York, New York

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

Schedule 1

List of Restructuring Support Agreements

RSAs entered into with Aircraft Counterparties – Operating Leases

- RSA entered into with Aircraft MSN 6201 LLC and Aircraft MSN 6253 LLC
- RSA entered into with PP5012 Aircraft Leasing Limited and PP5103 Aircraft Leasing Limited
- RSA entered into with Pajun Aviation Leasing 1 Limited and Pajun Aviation Leasing 2 Limited
- RSA entered into with Pajun Aviation Leasing 3 Limited
- RSA entered into with Avation Pacific Leasing II Pte. Ltd.
- RSA entered into with CIT Aerospace International, SAF Leasing II (AOE 2) Limited, Avolon Aerospace AOE 95 Limited, CIT Group Finance (Ireland), HKAC Leasing 6291 (Ireland) Limited, Avolon Aerospace AOE 106 Limited, and Avolon Aerospace AOE 108 Limited
- RSA entered into with ECAF I 1482 DAC and ECAF I 6363 DAC
- RSA entered into with Fly Aircraft Holdings Twenty-One Ltd, Fly Aircraft Holdings Twenty-Two Ltd, Fly Aircraft Holdings Twenty-Six Ltd, and Fly Aircraft Holdings Twenty-Eight Ltd
- RSA entered into with Wilmington Trust SP Services (Dublin) Limited (“Castlake”)
- RSA entered into with Wilmington Trust SP Services (Dublin) Limited (“Chorus”)
- RSA entered into with AWAS 1 Ireland Limited and AWAS 5371 Trust
- RSA entered into with DCAL 2 Leasing Limited and DCAL 1 Leasing Limited
- RSA entered into with Celestial Aviation Trading 68 Limited, Celestial EX-IM Trading 1 Limited, LAF Leasing Ireland 3 Limited, and Celestial Aviation Trading 100 Limited
- RSA entered into with Nanshi Aviation Leasing Limited
- RSA entered into with HAITONG Unitrust No. 3 Limited and HAITONG Unitrust No. 4 Limited
- RSA entered into with JPL Stratos Leasing 1 Limited
- RSA entered into with JPA No. 112 Co., Ltd., and DVB Bank SE, Singapore Branch
- RSA entered into with Macquarie Airfinance Acquisitions (UK) Ltd
- RSA entered into with Orix Aviation Systems Limited
- RSA entered into with RPPF Engine Leasing Limited
- RSA entered into with SMBC Aviation Capital Limited

- RSA entered into with TrueNoord Pinatubo Limited

RSAs entered into with Aircraft Counterparties – Finance Leases

- RSA entered into with BDO Unibank, Inc.- Trust and Investments Group, Ascend Aircraft Leasing Limited I, Ascend Aircraft Leasing Limited II, Ascend Aircraft Leasing Limited III, BDO Unibank, Inc., and BDO Capital & Investment Corporation
- RSA entered into with Cathay United Bank, Co., Ltd. and Prime Aviation Leasing
- RSA entered into with China Banking Corporation, China Banking Corporation – Trust and Asset Management Group, Pioneer Aircraft Leasing I Limited, Pioneer Aircraft Leasing II Limited, and Pioneer Aircraft Leasing III Limited
- RSA entered into with JA Mitsui Leasing, Ltd. and Paragon Aircraft Leasing Limited
- RSA entered into with MUFG Bank, Ltd., Singapore Branch, and Peak Aircraft Leasing Limited II
- RSA entered into with Ascend Aircraft Leasing Limited IV and PK AirFinance S.à r.l.
- RSA entered into with Peak Aircraft Leasing Limited I and PK AirFinance S.à r.l.
- RSA entered into with Premiere Aero Leasing Limited and PK AirFinance S.à r.l.
- RSA entered into with Paramount Aircraft Leasing Limited and PK AirFinance S.à r.l. (“Paramount 2”)
- RSA entered into with Philippine National Bank, Phoenix Aircraft Leasing Limited, and Prima Aircraft Leasing Limited
- RSA entered into with Pacific Aircraft Leasing (2012) LLC, Pacific Aircraft Leasing (2012) Trust, Porto Aircraft Leasing (2012) LLC, Porto Aircraft Leasing (2012) Trust, Penta Aircraft Leasing (2013) LLC, Penta Aircraft Leasing (2013) Trust, Wilmington Trust Company, Wells Fargo Trust Company, National Association, and Export Import Bank of the United States
- RSA entered into with Alhena Ltd. and BNP Paribas (Singapore branch)
- RSA entered into with Paramount Aircraft Leasing Limited and PK AirFinance S.à r.l. (“Paramount 1”)

RSAs entered into with Original Equipment Manufacturers

- RSA entered into with Airbus S.A.S.
- RSA entered into with Rolls Royce plc
- RSA entered into with IAE International Aero Engines AG and International Aero Engines, LLC

RSAs entered into with Local Banks

- RSA entered into with Asia United Banking Corporation

- RSA entered into with Union Bank of the Philippines
- RSA entered into with Industrial and Commercial Bank of China Limited – Manila Branch