

Philippine Airlines Inc. (PAL) Announces Initial Milestone in Recovery Plan

- PAL received U.S. Court approval for all “First Day” motions and continues operations as usual
- Ongoing suppliers, trade creditors and employees will be paid in the ordinary course of business
- Passengers and employees are unaffected by the restructuring

MANILA, Philippines – September 10, 2021 – Philippine Airlines Inc. (PAL) announced today that the United States Chapter 11 court approved all “First Day” motions on an interim or final basis for PAL’s voluntary restructuring following petitions filed on September 3, 2021.

These approvals mark an important step forward in PAL’s recovery plan, which will reduce the Company’s debt by US\$2.0 Billion and help the Company recover from the impact of the global pandemic.

“This is a significant step in our recovery plan and supports our ongoing operations to continue serving our valued customers and connecting the Philippines with the world. The combination of our substantial creditor support and the Court’s approvals enables us to progress toward an expedited emergence and full recovery. As travel demand increases and restrictions ease, we continue to increase domestic and international flights, while maintaining the safety and health of our passengers and employees,” said Gilbert F. Santa Maria, PAL President & Chief Operating Officer.

The orders granted by the U.S. Bankruptcy Court for the Southern District of New York allow PAL to operate in the normal course ensuring that the Company can continue to serve customers as a full-service airline and the flag carrier of the Philippines. PAL received authorization to:

- Honor and maintain all customer programs, including valid tickets and travel vouchers, Mabuhay Miles and benefits, and refund obligations, subject to PAL’s usual terms and conditions of use. Mabuhay Miles members can expect to continue to accrue and redeem Mabuhay Miles as usual.
- Pay ongoing suppliers and trade creditors in the ordinary course for goods and services delivered throughout the Chapter 11 process.
- Continue to pay all employee wages, compensation and benefit obligations, subject to the continuation of any temporary work arrangements as necessary and maintain employee benefit programs in the ordinary course of business throughout the Chapter 11 process.
- Access the first US\$20 Million of its debtor-in-possession financing totaling US\$505 Million.

PAL will continue to operate flights in the normal course of business in accordance with safety regulations, and the Company expects to continue to meet all its current financial obligations throughout the Chapter 11 process to employees, customers, the government, and its lessors, lenders, suppliers, and other creditors.

Filing Entities

Philippine Airlines Inc. is the only party included in the Chapter 11 filing; while PAL Holdings Inc., which is listed on the Philippine Stock Exchange (PSE: PHI), and Air Philippines Corporation, known as PAL Express, are not included in the Chapter 11 filing.



MEDIA RELEASE

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Additional Information

Additional resources for customers and other stakeholders, and other information on PAL's filings, can be accessed by visiting the Company's restructuring website at www.PALrecovery.com.

Court filings and other documents related to the Chapter 11 process in the U.S. are available on a separate website administered by PAL's claims agent, KCC, at www.kccllc.net/PAL. Information is also available by calling (866) 967-0671 (U.S./Canada) or (310) 751-2671 (International).

Debevoise & Plimpton LLP, Norton Rose Fulbright US LLP and Angara Abello Concepcion Regala & Cruz (ACCRA) are acting as legal advisors and Seabury Securities LLC as financial advisor and investment banker to the Company.

About Philippine Airlines

Philippine Airlines, Inc. (PAL) is the flag carrier of the Philippines and the country's only full-service network airline. PAL was the first commercial airline in Asia and marked its 80th anniversary in March 2021. PAL's young fleet of Boeing 777s, Airbus A350s, Airbus A330s, Airbus A321s and De Havilland DHC Q400 aircraft operate out of hubs in Manila, Cebu and Davao to 29 destinations in the Philippines and 32 destinations in Asia, North America, Australia, Europe and the Middle East. PAL was rated a 4-Star Global Airline by Skytrax in 2018 and a 5-Star Major Airline by the Association of Airline Passengers (APEX) in 2020, and was likewise voted the World's Most Improved Airline in the 2019 Skytrax worldwide passenger survey with a ranking of 30th best airline in the world.

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