

Philippine Airlines Inc. (PAL) Receives U.S. Court Approval to Access US\$505 Million in Debtor-in-Possession (“DIP”) Financing

- *The DIP financing includes US\$505 million to support PAL’s ongoing operations and recovery plan*
- *Court approval of the airline’s various restructuring support agreements with its primary stakeholders to serve as the foundation for the restructuring plan*
- *Suppliers, trade creditors and employees will be paid in the ordinary course of business*
- *Passengers and employees expected to be unaffected by the restructuring*

MANILA, Philippines – October 1, 2021 – Philippine Airlines Inc. (PAL) announced today that it received U.S. court approval on a final basis to access its debtor-in-possession (“DIP”) financing totaling US\$505 million, a core feature of the flag carrier’s restructuring plan.

“This important step confirms that our recovery process is on track as we continue to work hard on securing a fully consensual reorganization plan in an efficient manner. We want to thank our lenders, aviation partners and other creditors for their high level of support and confidence in the future of PAL. We also appreciate the support of our valued customers as we continue to serve travelers and the Philippine economy,” said Gilbert F. Santa Maria, PAL President & Chief Operating Officer.

PAL’s DIP financing totals US\$505 million, comprised of a US\$250 million first lien secured Tranche A multi-draw term loan, of which US\$20 million was drawn following approvals on the “First Day” court hearing last September 9, and a second lien secured Tranche B multi-draw term loan facility of \$255 million. The DIP financing could be converted (at PAL’s discretion) to long-term unsecured debt and equity—rather than repay in cash—upon emergence from chapter 11.

“With approval to fully access our DIP financing, PAL has the additional liquidity needed to meet our current and future obligations and to continue operating as usual. PAL will emerge a leaner and more competitive airline thanks to our hardworking employees, the resolute commitment of our majority shareholder and the strong support from our stakeholders and creditors,” said Nilo Thaddeus P. Rodriguez, PAL Chief Financial Officer. “We’re grateful that the Court approved our motions and noted that it was a most efficient Chapter 11 hearing for a case of this complexity.”

In addition to the approval of the DIP financing, the U.S. Bankruptcy Court also approved the various restructuring support agreements with stakeholders, which is the critical, initial step towards confirmation of the consensual chapter 11 restructuring plan that has the support of substantially all of PAL’s primary aircraft lessors and lenders, original equipment manufacturers and maintenance, repair, and overhaul service providers, and certain funded debt lenders.

The U.S. Bankruptcy Court for the Southern District of New York also granted other approvals on a final basis, including PAL’s motions for customer programs, critical and foreign vendors and employee compensation. These approvals will enable PAL to emerge as a stronger and better-capitalized airline.

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.



MEDIA RELEASE

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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.

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.

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