

Philippine Airlines Inc. (PAL) Wins Court Approval of Recovery Plan

- *U.S. Court approves plan to significantly reduce debt, streamline fleet and acquire additional liquidity*
- *The company's reorganization plan positions the company for long-term growth and profitability*
- *PAL expects to emerge from its court-supervised Chapter 11 process before the end of 2021*

MANILA, Philippines – December 17, 2021 – Philippine Airlines, Inc. (PAL) announced that the U.S. Bankruptcy Court of the Southern District of New York has approved its Plan of Reorganization (the “Plan”). PAL filed a voluntary petition on September 3, 2021 for a prearranged restructuring under the U.S. Chapter 11 process, and has received overwhelming creditor support throughout the process.

“Today’s court approval represents a critical moment in our journey to emerge as a stronger airline. We are thankful for our loyal customers, dedicated employees, and the support of our shareholders and partners and government, which has enabled us to move efficiently through the process and reach this milestone,” said Gilbert F. Santa Maria, PAL President & Chief Operating Officer. “We have a few more procedural steps to take before we can complete the Chapter 11 process, after which we will focus intensely on serving the public, navigating the continuing challenges of the pandemic and economic recovery, and sustaining the links that connect our archipelago.”

The consensual Plan was accepted by 100% of the votes cast, which were from PAL’s primary aircraft lessors and lenders, original equipment manufacturers and maintenance, repair, and overhaul service providers, and certain funded debt lenders. The Plan provides for over US\$2.0 billion in permanent balance sheet reductions from existing creditors, allows PAL to consensually contract fleet capacity by 25%, improves PAL’s critical operational agreements and includes US\$505 million investment in long-term equity and debt financing from PAL’s majority shareholder.

The effective date of the Plan is expected to occur before the end of 2021.

PAL continues to operate flights to 32 international and 29 domestic destinations from its hubs in Manila, Cebu and Davao. The Philippine flag carrier expects to restore more routes and increase flight frequencies as travel restrictions ease and borders reopen. Following implementation of the Plan, PAL will be better positioned to capture travel

demand and serve the needs of global citizens, actively contributing to the Philippine economy.

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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