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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
PHILIPPINE AIRLINES, INC.,[1]	Case No. 21-_____ (___)
Debtor.	

DEBTOR'S APPLICATION FOR ENTRY OF AN ORDER APPOINTING KURTZMAN CARSON CONSULTANTS LLC AS CLAIMS AND NOTICING AGENT FOR THE DEBTOR PURSUANT TO 28 U.S.C. § 156(c), 11 U.S.C. § 105(a) AND S.D.N.Y. LBR 5075-1 *NUNC PRO TUNC* TO THE PETITION DATE

Philippine Airlines, Inc., the above-captioned debtor and debtor in possession (the "**Debtor**" or "**PAL**," and collectively with the Debtor's non-debtor affiliates, the "**Airline**"), hereby moves for entry of an order, substantially in the form attached hereto as **Exhibit A** (the "**Proposed Order**"), appointing Kurtzman Carson Consultants LLC ("**KCC**") as claims and noticing agent in the Debtor's chapter 11 case (the "**Application**"). In support of the Application, the Debtor relies upon and incorporates by reference the *Declaration of Nilo Thaddeus Rodriguez in Support of First Day Motions and Applications* (the "**First Day**

[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.

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Declaration"), which was filed with the Court on the Petition Date (as defined herein). In further support of the Application, the Debtor, by and through its undersigned proposed counsel, respectfully represents:

Jurisdiction and Venue

1. The United States Bankruptcy Court for the Southern District of New York (the "**Court**") has 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 December 1, 2016. The Debtor confirms its consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), to the entry of a final order by the Court in connection with this motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. This is a core proceeding under 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are section 156(c) of title 28 of the United States Code, section 503(b)(1)(A) of title 11 of the United States Code (the "**Bankruptcy Code**") and Rule 5075-1 of the Local Bankruptcy Rules for the Southern District of New York (the "**Local Rules**").

Background

4. On September 3, 2021 (the "**Petition Date**), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor is authorized to continue to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As of the date hereof, no trustee, examiner or statutory committee has been appointed in this chapter 11 case (the "**Chapter 11 Case**").

5. The Debtor and its affiliates are the largest airline group in the Philippines and the Debtor is the national flag carrier of the Philippines. Its principal activity is to provide air transportation for passengers and cargo within and outside the Philippines. The Debtor is among the oldest airlines in the Asia Pacific region, having been founded in February 1941. With approximately 4,500 employees and over $3 billion in annual gross revenue prior to the COVID-19 pandemic, the Debtor is the leading airline in the Philippines airline market.

6. In 2020, the Debtor was confronted with an extraordinary set of circumstances and flight disruptions induced by the COVID-19 pandemic. The COVID-19 crisis has had a catastrophic impact upon the aviation industry, causing major airlines to effectively halt many business operations. For major airlines such as PAL, the dramatic reduction in worldwide air travel caused significant balance sheet losses and created intractable challenges to meeting existing payment obligations.

7. In response to these unprecedented circumstances, PAL undertook a number of cost cutting measures and began discussions with key stakeholders in the hopes of mapping out a healthy future for the Airline. Those discussions, which spanned many months and involved all major stakeholders and their retained professionals, culminated in several restructuring support agreements (the "**RSAs**") with substantially all of its aircraft lessors and lenders outlining the material terms for a proposed chapter 11 plan of reorganization (the "**Proposed Plan**"). The RSAs and the Proposed Plan contemplate (a) the reduction of the Debtor's aircraft related obligations by approximately $2.1 billion, (b) a $505 million infusion of working capital to fund the Debtor's ongoing operations during the Chapter 11 Case and upon emergence from its primary shareholder, (c) optimizing the Debtor's fleet size, composition and ownership costs as required by the new market, (d) maintaining and enhancing the Debtor's key contracts and

business partners to strengthen the Debtor's viability during the pending COVID-19 pandemic and beyond, and (e) obtaining commitments for a $150 million exit facility from new investors to ensure PAL has adequate liquidity and runway to complete its restructuring.

8. The Debtor likewise engaged in good faith negotiations with its other critical creditors, including its primary original equipment manufacturers ("**OEM**") and maintenance, repair, and overhaul service providers ("**MRO**"), to ensure that the Debtor continues to obtain the benefit of such critical goods and services. In addition, the OEMs and MROs have agreed to support the Proposed Plan by entering into RSAs, thereby providing additional certainty and predictability to the Debtor's restructuring and Chapter 11 Case.

9. Prior to the Debtor's Chapter 11 Case, the Debtor also (a) engaged in numerous good faith negotiations with a large number of its ordinary course vendors and suppliers, resulting in agreements to extend payment terms to provide the Debtor with additional breathing room and runway to assist it through the COVID-19 pandemic and (b) undertook a resizing of its operations, including the reduction of its workforce by 32% to meet expected post-COVID-19 operational needs.

10. Additional information regarding the events leading up to the Petition Date is set forth in the First Day Declaration and is incorporated herein by reference.

Relief Requested

11. This Application is made pursuant to 28 U.S.C. § 156(c), section 105(a) of the Bankruptcy Code and S.D.N.Y. LBR 5075-1, seeking entry of an order appointing KCC as the claims and noticing agent for the Debtor in connection with this Chapter 11 Case *nunc pro tunc* to the Petition Date, including assuming full responsibility for the distribution of notices and the maintenance, processing and docketing of proofs of claim filed in the Debtor's Chapter 11 Case. In support of this Application, the Debtor submits the Declaration of Evan Gershbein, Executive

Vice President of Corporate Restructuring Services at KCC (the "**Gershbein Declaration**"), attached hereto as **Exhibit B** and incorporated by reference herein.

12. The Debtor's selection of KCC to act as the claims and noticing agent has satisfied the Court's *Protocol for the Employment of Claims and Noticing Agents under 28 U.S.C. § 156(c)* (the "**Claims Agent Protocol**"), in that the Debtor has obtained and reviewed engagement proposals from at least two other court-approved claims and noticing agents to ensure selection through a competitive process. Moreover, the Debtor submits, based on all engagement proposals obtained and reviewed, that KCC's rates are competitive and reasonable given KCC's quality of services and expertise. The terms of retention are set forth in the Agreement for Services annexed hereto as **Exhibit C** (the "**Engagement Agreement**"); provided however, that KCC is seeking approval solely of the terms and provisions as set forth in this Application and the proposed order attached hereto.

13. Although the Debtor has not yet filed its schedules of assets and liabilities, the Debtor estimates that there will be in excess of 1,600 potential creditors to be noticed. In view of the number of anticipated claimants and the complexity of the Debtor's business, the Debtor submits that the appointment of a claims and noticing agent is both necessary and in the best interests of both the Debtor's estate and its creditors.

14. By appointing KCC as the claims and noticing agent in this Chapter 11 Case, the distribution of notices and the processing of claims will be expedited, and the Clerk's office will be relieved of the administrative burden of processing what may be an overwhelming number of claims.

KCC's Qualifications

15. KCC is comprised of leading industry professionals with significant experience in both the legal and administrative aspects of large, complex chapter 11 cases. KCC's

professionals have experience in noticing, claims administration, solicitation, balloting and facilitating other administrative aspects of chapter 11 cases and experience in matters of this size and complexity. KCC's professionals have acted as debtors' administrative advisor and/or official claims and noticing agent in many large bankruptcy cases in this district and in other districts nationwide, including: *In re MatlinPatterson Global Opportunities Partners II L.P.*, Case No. 21-11255 (DSJ) (Bankr. S.D.N.Y. July 8, 2021) [ECF No. 26]; *In re Garrett Motion Inc.*, Case No. 20-12212 (MEW) (Bankr. S.D.N.Y. Sept. 24, 2020) [ECF No. 76]; *In re Avianca Holdings S.A.*, Case No. 20-11133 (MG) (Bankr. S.D.N.Y. May 13, 2020) [ECF No. 52]; *In re The McClatchy Company*, Case No. 20-10418 (MEW) (Bankr. S.D.N.Y. Feb. 14, 2020) [ECF No. 71]; *In re The College of New Rochelle*, Case No. 19-23694 (RDD) (Bankr. S.D.N.Y. Sept. 27, 2019) [ECF No. 49]; *In re Windstream Holdings, Inc.*, Case No. 19-22312 (RDD) (Bankr. S.D.N.Y. Feb. 28, 2019) [ECF No. 59]; *In re Waypoint Leasing Holdings Ltd.*, Case No. 18-13648 (DSJ) (Bankr. S.D.N.Y. Nov. 27, 2018) [ECF No. 24]; *In re 21st Century Oncology Holdings, Inc.*, Case No. 17-22770 (RDD) (Bankr. S.D.N.Y. May 26, 2017) [ECF No. 37]; *In re Westinghouse Electric Company LLC*, Case No. 17-10751 (MEW) (Bankr. S.D.N.Y. Mar. 31, 2017) [ECF No. 79]; *In re Sunco Liquidation, Inc., (f/k/a Sungevity, Inc.)*, Case No. 17-10561 (LSS) (Bankr. D. Del. Mar. 15, 2017) [ECF No. 43]; *In re Aquion Energy, Inc.*, Case No. 17-10500 (KJC) (Bankr. D. Del. Mar. 10, 2017) [ECF No. 29]; *In re Eastern Outfitters, LLC*, Case No. 17-10243 (LSS) (Bankr. D. Del. Feb. 8, 2017) [ECF No. 47]; *In re Toisa Limited*, Case No. 17-10184 (SCC) (Bankr. S.D.N.Y. Jan. 31, 2017) [ECF No. 16]; *In re AOG Entertainment, Inc.*, Case No. 16-11090 (SMB) (Bankr. S.D.N.Y. May 2, 2016) [ECF No. 42]; *In re MPM Silicones, LLC*, Case No. 14-22503 (RDD) (Bankr. S.D.N.Y. Apr. 15, 2014) [ECF No. 36]; *In re Metro Affiliates, Inc.*, Case No. 13-13591 (SHL) (Bankr. S.D.N.Y. Nov. 7, 2013) [ECF No. 43]; *In re*

Flat Out Crazy, LLC, Case No. 13-22094 (RDD) (Bankr. S.D.N.Y. Feb. 21, 2013) [ECF No. 124]; *In re Broadview Networks Holdings, Inc.*, Case No. 12-13581 (SCC) (Bankr. S.D.N.Y. Sept. 14, 2012) [ECF No. 87].[2] KCC will follow procedures that conform to applicable guidelines promulgated by the Clerk of the Court and the Judicial Conference, and as may be entered by the Court's order.

Services to Be Provided

16. This Application pertains only to the work to be performed by KCC under the Clerk's delegation of duties permitted by 28 U.S.C. § 156(c) and S.D.N.Y. LBR 5075-1, and any work to be performed by KCC outside of this scope is not covered by this Application or by any order granting approval hereof. Specifically, KCC will perform the following tasks in its role as claims and noticing agent (the "**Claims and Noticing Services**"), as well as all quality control relating thereto:

(a) Prepare and serve required notices and documents in the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules in the form and manner directed by the Debtor and/or the Court, including (i) notice of the commencement of the Chapter 11 Case and the initial meeting of creditors under Bankruptcy Code § 341(a), (ii) notice of any claims bar date, (iii) notices of transfers of claims, (iv) notices of objections to claims and objections to transfers of claims, (v) notices of any hearings on a disclosure statement and confirmation of the Debtor's plan or plans of reorganization, including under Bankruptcy Rule 3017(d), (vi) notice of the effective date of any plan and (vii) all other notices, orders, pleadings, publications and other documents as the Debtor or Court may deem necessary or appropriate for an orderly administration of the Chapter 11 Case.

(b) Maintain an official copy of the Debtor's schedules of assets and liabilities and statement of financial affairs (collectively, the "**Schedules and Statements**"), listing the Debtor's known creditors and the amounts owed thereto;

[2] Because of the voluminous nature of the orders cited herein, such orders have not been attached to this application. Copies of these orders are available upon request to the Debtor's proposed counsel.

(c) Maintain (i) a list of all potential creditors, equity holders and other parties-in-interest, (ii) a "core" mailing list consisting of all parties described in sections 2002(i), (j) and (k) and those parties that have filed a notice of appearance pursuant to Bankruptcy Rule 9010 and (iii) update said lists and make said lists available upon request by a party-in-interest or the Clerk;

(d) Furnish a notice to all potential creditors of the last date for the filing of proofs of claim and a form for the filing of a proof of claim, after such notice and form are approved by this Court, and notify said potential creditors of the existence, amount and classification of their respective claims as set forth in the Schedules and Statements, which may be effected by inclusion of such information (or the lack thereof, in cases where the Schedules and Statements indicate no debt due to the subject party) on a customized proof of claim form provided to potential creditors;

(e) Maintain a post office box or address for the purpose of receiving claims and returned mail, and process all mail received;

(f) For *all* notices, motions, orders or other pleadings or documents served, prepare and file or caused to be filed with the Clerk an affidavit or certificate of service within seven business days of service which includes (i) either a copy of the notice served or the docket numbers(s) and title(s) of the pleading(s) served, (ii) a list of persons to whom it was mailed (in alphabetical order) with their addresses, (iii) the manner of service and (iv) the date served;

(g) Process all proofs of claim received, including those received by the Clerk's Office, and check said processing for accuracy, and maintain the original proofs of claim in a secure area;

(h) Provide an electronic interface for filing proofs of claim;

(i) Maintain the official claims register for the Debtor (the "**Claims Registers**") on behalf of the Clerk on a case specific website; upon the Clerk's request, provide the Clerk with certified, duplicate unofficial Claims Registers; and specify in the Claims Registers the following information for each claim docketed: (i) the claim number assigned, (ii) the date received, (iii) the name and address of the claimant and agent, if applicable, who filed the claim, (iv) the amount asserted, (v) the asserted classification(s) of the claim (*e.g.*, secured, unsecured, priority, *etc*.) and (vi) any disposition of the claim;

(j) Provide public access to the Claims Registers, including complete proofs of claim with attachments, if any, without charge;

(k) Implement necessary security measures to ensure the completeness and integrity of the Claims Registers and the safekeeping of the original claims;

(l) Record all transfers of claims and provide any notices of such transfers as required by Bankruptcy Rule 3001(e);

(m) Relocate, by messenger or overnight delivery, all of the court-filed proofs of claim to the offices of KCC, not less than weekly;

(n) Upon completion of the docketing process for all claims received to date for each case, turn over to the Clerk copies of the Claims Registers for the Clerk's review (upon the Clerk's request);

(o) Monitor the Court's docket for all notices of appearance, address changes and claims-related pleadings and orders filed and make necessary notations on and/or changes to the Claims Registers and any service or mailing lists, including to identify and eliminate duplicative names and addresses from such lists;

(p) Identify and correct any incomplete or incorrect addresses in any mailing or service lists;

(q) Assist in the dissemination of information to the public and respond to requests for administrative information regarding the case as directed by the Debtor or the Court, including through the use of a case website and/or call center;

(r) If the case is converted to a case under chapter 7 of the Bankruptcy Code, contact the Clerk's Office within three days of the notice to KCC of entry of the order converting the case;

(s) Thirty (30) days prior to the close of this Chapter 11 Case, to the extent practicable, request that the Debtor submit to the Court a proposed order dismissing KCC and terminating the services of such agent upon completion of its duties and responsibilities and upon the closing of this case;

(t) Within seven days of notice to KCC of entry of an order closing the Chapter 11 Case, provide to the Court the final version of the Claims Registers as of the date immediately before the close of the Chapter 11 Case; and

(u) At the close of this Chapter 11 Case, box and transport all original documents, in proper format, as provided by the Clerk's Office, to (i) the Federal Archives Record Administration, located at Central Plains Region, 200 Space Center Drive, Lee's Summit, MO 64064 or (ii) any other location requested by the Clerk's Office.

17. The Claims Registers, if any, shall be open to the public for examination without charge during and on a case-specific website maintained by KCC.

Professional Compensation

18. The Debtor respectfully requests that the undisputed fees and expenses incurred by KCC in the performance of the above services be treated as administrative expenses of the Debtor's chapter 11 estate pursuant to 28 U.S.C. § 156(c) and 11 U.S.C. § 503(b)(1)(A) and be paid in the ordinary course of business without further application to or order of the Court. KCC agrees to maintain records of all services showing dates, categories of services, fees charged and expenses incurred, and to serve monthly invoices on the Debtor, the office of the United States Trustee for the Southern District of New York (the "**U.S. Trustee**"), counsel for the Debtor, counsel for any official committee, if any, monitoring the expenses of the Debtor and any party-in-interest who specifically requests service of the monthly invoices. If any dispute arises relating to the Engagement Agreement or monthly invoices, the parties shall meet and confer in an attempt to resolve the dispute; if resolution is not achieved, the parties may seek resolution of the matter from the Court.

19. Prior to the Petition Date, the Debtor provided KCC a retainer in the amount of $65,000. KCC seeks to first apply the retainer to all prepetition invoices, and thereafter, to have the retainer replenished to the original retainer amount, and thereafter, to hold the retainer under the Engagement Agreement during the Chapter 11 Case as security for the payment of fees and expenses incurred under the Engagement Agreement.

KCC's Disinterestedness

20. Although this Application does not propose to employ KCC under section 327 of the Bankruptcy Code (however, such retention will be sought by separate application), KCC

nonetheless has reviewed its electronic database to determine whether it has any relationships with the creditors and parties in interest provided by the Debtor, and, to the best of the Debtor's knowledge, information and belief, and except as disclosed in the Gershbein Declaration, KCC has represented that it neither holds nor represents any interest materially adverse to the Debtor's estate in connection with any matter on which it would be employed.

21. Moreover, in connection with its retention as claims and noticing agent, KCC represents in the Gershbein Declaration, among other things, that:

a. KCC is not a creditor of the Debtor;

b. KCC does not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as the claims and noticing agent in this Chapter 11 Case;

c. by accepting employment in this Chapter 11 Case, KCC waives any rights to receive compensation from the United States government in connection with this Chapter 11 Case;

d. in its capacity as the claims and noticing agent in this Chapter 11 Case, KCC will not be an agent of the United States and will not act on behalf of the United States;

e. KCC will not employ any past or present employees of the Debtor in connection with its work as the claims and noticing agent in this Chapter 11 Case;

f. KCC is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code with respect to the matters upon which it is engaged;

g. in its capacity as claims and noticing agent in this Chapter 11 Case, KCC will not intentionally misrepresent any fact to any person;

h. KCC shall be under the supervision and control of the Clerk's Office with respect to the receipt and recordation of claims and claim transfers;

i. KCC will comply with all requests of the Clerk's Office and the guidelines promulgated by the Judicial Conference of the United States for the implementation of 28 U.S.C. § 156(c); and

j. none of the services provided by KCC as claims and noticing agent in this Chapter 11 Case shall be at the expense of the Clerk's Office.

22. KCC will supplement its disclosure to the Court if any facts or circumstances are discovered that would require such additional disclosure.

Basis for Relief

23. Section 156(c) of title 28 of the United States Code, which governs the staffing and expenses of bankruptcy courts, and authorizes the Court to use "facilities" or "services" other than the Clerk's Office for administration of bankruptcy cases, provides as follows:

> Any court may utilize facilities or services, either on or off the court's premises, which pertain to the provision of notices, dockets, calendars, and other administrative information to parties in cases filed under the provisions of title 11, United States Code, where the costs of such facilities or services are paid for out of the assets of the estate and are not charged to the United States. The utilization of such facilities or services shall be subject to such conditions and limitations as the pertinent circuit council may prescribe.

28 U.S.C. § 156(c).

24. In addition, Local Bankruptcy Rule 5075-1(b) provides in pertinent part as follows:

> The Court may permit, subject to the supervision of the Clerk, the use of services and agents to maintain Court records, issue notices, file certain documents, and maintain and disseminate

> other administrative information when the costs of such services and agents are paid for by the estate.

Local Bankruptcy Rule 5075-1(b).

25. The Court has promulgated the Claims Agent Protocol "to ensure the use of competitive process in the selection of claims and noticing agents in instances where the Court has authorized such use under 28 U.S.C. § 156(c)." In compliance with the Claims Agent Protocol, the Debtor obtained and reviewed engagement proposals from three court-approved claims and noticing agents, including KCC. The Debtor provided each court-approved claims and noticing agent the basic facts about this Chapter 11 Case and asked each company to submit a written proposal based upon such facts. The Debtor then asked each company case-specific pricing questions. Ultimately, the Debtor chose KCC as their claims and noticing agent based on its capability and favorable price terms.

26. Local Bankruptcy Rule 5075-1(b) requires the retention—pursuant to an order of the Court—of an approved claims and noticing agent in a case having 250 or more creditors and/or equity security holders. This Chapter 11 Case is such a case.

27. Given the number of creditors and other parties in interest involved in this Chapter 11 Case, the Debtor seeks an order appointing KCC as the claims and noticing agent in this Chapter 11 Case pursuant to 28 U.S.C. § 156(c), Local Bankruptcy Rule 5075-1 and the Claims Agent Protocol to relieve this Court and the Clerk's Office of the administrative burdens associated with this case.

Nunc Pro Tunc Relief is Appropriate

28. At the Debtor's request, KCC has been serving in a claims and noticing agent capacity since prior to the Petition Date with assurances that the Debtor would seek approval of its employment and retention effective *nunc pro tunc* to the Petition Date, so that KCC may be

compensated for its pre-application services in this Chapter 11 Case. The Debtor believes that no party-in-interest will be prejudiced by the granting of the *nunc pro tunc* employment, as provided herein, because KCC has provided and continues to provide valuable services to the Debtor's estate in the interim period.

29. Courts in this district have routinely approved *nunc pro tunc* employment for claims and noticing agents similar to that requested herein. *See, e.g., In re Garrett Motion Inc.*, Case No. 20-12212 (MEW) (Bankr. S.D.N.Y. Sept. 24, 2020) [ECF No. 76] (approving *nunc pro tunc* employment to perform bankruptcy administration services); *In re Avianca Holdings S.A.*, Case No. 20-11133 (MG) (Bankr. S.D.N.Y. May 13, 2020) [ECF No. 52] (same); *In re The McClatchy Company*, Case No. 20-10418 (MEW) (Bankr. S.D.N.Y. Feb. 14, 2020) [ECF No. 71] (same); *In re Westinghouse Electric Company LLC*, Case No. 17-10751 (MEW) (Bankr. S.D.N.Y. Mar. 31, 2017) [ECF No. 79] (same); *In re Toisa Limited*, Case No. 17-10184 (SCC) (Bankr. S.D.N.Y. Jan. 31, 2017) [ECF No. 16] (same); *In re Chassix Holdings, Inc.*, Case No. 15-10578 (MEW) (Bankr. S.D.N.Y. May 13, 2015) [ECF No. 397] (same); *In re NII Holdings, Inc.*, Case No. 14-12611 (SCC) (Bankr. S.D.N.Y. Nov. 21, 2014) [ECF No. 243] (same); *In re MPM Silicones, LLC*, Case No. 14-22503 (RDD) (Bankr. S.D.N.Y. May 16, 2014) [ECF No. 216] (same); *In re Sbarro LLC*, Case No. 14-10557 (MG) (Bankr. S.D.N.Y. Apr. 7, 2014) [ECF No. 123] (same).[3]

30. This Application complies with the *Protocol for the Employment of Claims and Noticing Agents under 28 U.S.C. § 156(c)* and conforms to the standard Application in use in this Court.

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[3] Because of the voluminous nature of the orders cited herein, such orders have not been attached to this application. Copies of these orders are available upon request to the Debtor's proposed counsel.

31. To the extent that there is any inconsistency between this Application, the Court's order and the Engagement Agreement, the Court's order shall govern.

Notice

32. Notice of this Application has been provided to the following parties, or, in lieu thereof, their counsel (the "**Notice Parties**"): (a) the Office of the United States Trustee for the Southern District of New York; (b) the holders of the 30 largest unsecured claims against the Debtor; (c) the parties to the RSAs; (d) the United States Attorney's Office for the Southern District of New York; (e) the Internal Revenue Service; (f) the Securities and Exchange Commission; (g) the Federal Aviation Administration; and (h) any party that has requested service pursuant to Bankruptcy Rule 2002. A copy of this Motion and any order approving it will also be made available on the Debtor's Case Information Website located at www.kccllc.net/PAL. In light of the nature of the relief requested in this Motion, the Debtor respectfully submits that no further notice is necessary.

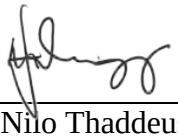
No Prior Request

33. No prior request for the relief sought in this Application has been made to this or any other court.

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WHEREFORE, the Debtor respectfully requests entry of an order, substantially in the form attached hereto as **Exhibit A**, authorizing KCC to act as claims and noticing agent and granting the relief requested herein and granting such other relief as is just and proper.

Dated: September 3, 2021
Metro Manila, Philippines



Name: Nilo Thaddeus Rodriguez
Title: Chief Financial Officer



Name: Gilbert F. Santa Maria
Title: President, Chief Operating Officer & Director

Exhibit A

Proposed Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
PHILIPPINE AIRLINES, INC.,[1]	Case No. 21-_____ (___)
Debtor.	

ORDER APPOINTING KURTZMAN CARSON CONSULTANTS LLC AS CLAIMS AND NOTICING AGENT FOR THE DEBTOR PURSUANT TO 28 U.S.C. § 156(c), 11 U.S.C. § 105(a) AND S.D.N.Y. LBR 5075-1 *NUNC PRO TUNC* TO THE PETITION DATE

Upon the application (the "**Application**")[2] of Philippine Airlines, Inc., the debtor and debtor in possession (the "**Debtor**") in the above-captioned case (the "**Chapter 11 Case**"), for an order appointing Kurtzman Carson Consultants LLC ("**KCC**") as claims and noticing agent under 28 U.S.C. §156(c), Section 105(a) of the Bankruptcy Code and S.D.N.Y. LBR 5075-1 to, among other things, (a) distribute required notices to parties in interest, (b) receive, maintain, docket and otherwise administer the proofs of claim filed in the Debtor's Chapter 11 Case, and (c) provide such other administrative services—as required by the Debtor—that would fall within the purview of services to be provided by the Clerk's Office and upon the Gershbein Declaration submitted in support of the Application; and the Debtor having estimated that there are in excess of 1,600 creditors in this Chapter 11 Case, many of which are expected to file proofs of claim, and the receiving, docketing and maintaining of proofs of claim would be

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[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 meanings ascribed to such terms in the Application.

unduly time consuming and burdensome for the Clerk; and the Court being authorized under 28 U.S.C. §156(c) to utilize, at the Debtor's expense, outside agents and facilities to provide notices to parties in title 11 cases and to receive, docket, maintain, photocopy, and transmit proofs of claim; and the Court being satisfied that KCC has the capability and experience to provide such services and that KCC does not hold an interest adverse to the Debtor or the estate respecting the matters upon which it is to be engaged; and good and sufficient notice of the Application having been given; and no other or further notice being required; and the employment of claims and noticing agent being in the best interest of the Debtor, the estate and creditors; and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Application is approved solely as set forth in this Order.

2. The Debtor is authorized to retain KCC effective *nunc pro tunc* to the Petition Date under the terms of the Engagement Agreement attached to the Application as **Exhibit C**, and KCC is authorized and directed to perform noticing services and to receive, maintain, record and otherwise administer the proofs of claim filed in this Chapter 11 Case, and all related tasks, all as described in the Application (the "**Claims and Noticing Services**").

3. KCC shall serve as the custodian of court records and shall be designated as the authorized repository for all proofs of claim filed in this Chapter 11 Case and is authorized and directed to maintain official Claims Registers for the Debtor, to provide public access to every proof of claim unless otherwise ordered by the Court and to provide the Clerk with a certified duplicate thereof upon the request of the Clerk.

4. KCC is authorized and directed to provide an electronic interface for filing proofs of claim and to obtain a post office box or address for the receipt of proofs of claim.

5. KCC is authorized to take such other action to comply with all duties set forth in the Application.

6. The Debtor is authorized to compensate KCC in accordance with the terms of the Engagement Agreement upon the receipt of reasonably detailed invoices setting forth the services provided by KCC and the rates charged for each, and to reimburse KCC for all reasonable and necessary expenses it may incur, upon the presentation of appropriate documentation, without the need for KCC to file fee applications or otherwise seek Court approval for the compensation of its services and reimbursement of its expenses.

7. KCC shall maintain records of all services showing dates, categories of services, fees charged and expenses incurred, and shall serve monthly invoices on the Debtor, the office of the United States Trustee, counsel for the Debtor and counsel for any official committee, if any, monitoring the expenses of the Debtor and any party-in-interest who specifically requests service of the monthly invoices.

8. The parties shall meet and confer in an attempt to resolve any dispute which may arise relating to the Engagement Agreement or monthly invoices, and that the parties may seek resolution of the matter from the Court if resolution is not achieved.

9. Pursuant to section 503(b)(1)(A) of the Bankruptcy Code, the fees and expenses of KCC under this Order shall be an administrative expense of the Debtor's estate.

10. KCC may apply its retainer to all prepetition invoices, which retainer shall be replenished to the original retainer amount, and thereafter, KCC may hold its retainer under the Engagement Agreement during the Chapter 11 Case as security for the payment of fees and expenses incurred under the Engagement Agreement.

11. The Debtor shall indemnify KCC under the terms of the Engagement Agreement.

12. To the extent applicable in the Engagement Agreement, all requests by KCC for the payment of indemnification shall be made by means of an application to the Court and shall be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the Engagement Agreement and is reasonable under the circumstances of the litigation or settlement in respect of which indemnity is sought, *provided however*, that in no event shall KCC be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct.

13. In the event KCC seeks reimbursement from the Debtor for attorneys' fees and expenses in connection with the payment of an indemnity claim, the invoices and supporting time records for the attorneys' fees and expenses shall be included in KCC's own applications, both interim and final, but determined by this Court after notice and a hearing.

14. The limitation of liability provision in section IX.B of the Engagement Agreement is deemed to be of no force or effect with respect to the services to be provided pursuant to this Order.

15. In the event KCC is unable to provide the services set out in this order, KCC will immediately notify the Clerk and Debtor's attorney and cause to have all original proofs of claim and computer information turned over to another claims and noticing agent with the advice and consent of the Clerk and Debtor's attorney.

16. The Debtor may submit a separate retention application, pursuant to 11 U.S.C. § 327 and/or any applicable law, for work that is to be performed by KCC that is not specifically authorized by this Order.

17. The Debtor and KCC are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Application.

18. Notwithstanding any term in the Engagement Agreement to the contrary, the Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

19. KCC shall not cease providing claims processing services during the Chapter 11 Case for any reason, including nonpayment, without an order of the Court.

20. In the event of any inconsistency between the Engagement Agreement, the Application and the Order, the Order shall govern.

Dated: _____, 2021
New York, New York

THE HONORABLE [●]
UNITED STATES BANKRUPTCY JUDGE

Exhibit B

Gershbein Declaration

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
PHILIPPINE AIRLINES, INC.,[1]	Case No. 21-_____ (___)
Debtor.	

DECLARATION OF EVAN GERSHBEIN IN SUPPORT OF DEBTOR'S APPLICATION FOR ENTRY OF AN ORDER APPOINTING KURTZMAN CARSON CONSULTANTS LLC AS CLAIMS AND NOTICING AGENT FOR THE DEBTOR PURSUANT TO 28 U.S.C. § 156(c), 11 U.S.C. § 105(a) AND S.D.N.Y. LBR 5075-1 *NUNC PRO TUNC* TO THE PETITION DATE

I, Evan Gershbein, under penalty of perjury, declare as follows:

1. I am the Executive Vice President of Corporate Restructuring Services of Kurtzman Carson Consultants LLC ("**KCC**"), a chapter 11 administrative services firm, whose offices are located at 222 N. Pacific Coast Hwy., 3rd Floor, El Segundo, CA 90245. Except as otherwise noted, I have personal knowledge of the matters set forth herein and, if called and sworn as a witness, I could and would testify competently thereto.

2. I submit this declaration in support of the *Debtor's Application for Entry of An Order Appointing Kurtzman Carson Consultants LLC as Claims and Noticing Agent for the Debtor Pursuant to 28 U.S.C. §156(c), 11 U.S.C. §105(a) and S.D.N.Y LBR 5075-1 Nunc Pro Tunc to the Petition Date* for the above-captioned debtor and debtor in possession (the "**Debtor**"), which was filed contemporaneously herewith (the "**Application**").[2]

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[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 meanings ascribed to such terms in the Application.

3. KCC is comprised of leading industry professionals with significant experience in both the legal and administrative aspects of large, complex chapter 11 cases. KCC's professionals have experience in noticing, claims administration, solicitation, balloting and facilitating other administrative aspects of chapter 11 cases and experience in matters of this size and complexity. KCC's professionals have acted as debtors' administrative advisor and/or official claims and noticing agent in many large bankruptcy cases in this district and in other districts nationwide, including: *In re MatlinPatterson Global Opportunities Partners II L.P.*, Case No. 21-11255 (DSJ) (Bankr. S.D.N.Y. July 8, 2021) [ECF No. 26]; *In re Garrett Motion Inc.*, Case No. 20-12212 (MEW) (Bankr. S.D.N.Y. Sept. 24, 2020) [ECF No. 76]; *In re Avianca Holdings S.A.*, Case No. 20-11133 (MG) (Bankr. S.D.N.Y. May 13, 2020) [ECF No. 52]; *In re The McClatchy Company*, Case No. 20-10418 (MEW) (Bankr. S.D.N.Y. Feb. 14, 2020) [ECF No. 71]; *In re The College of New Rochelle*, Case No. 19-23694 (RDD) (Bankr. S.D.N.Y. Sept. 27, 2019) [ECF No. 49]; *In re Windstream Holdings, Inc.*, Case No. 19-22312 (RDD) (Bankr. S.D.N.Y. Feb. 28, 2019) [ECF No. 59]; *In re Waypoint Leasing Holdings Ltd.*, Case No. 18-13648 (DSJ) (Bankr. S.D.N.Y. Nov. 27, 2018) [ECF No. 24]; *In re 21st Century Oncology Holdings, Inc.* Case No. 17-22770 (RDD) (Bankr. S.D.N.Y. May 26, 2017) [ECF No. 37]; *In re Westinghouse Electric Company LLC*, Case No. 17-10751 (MEW) (Bankr. Mar. 31, 2017) [ECF No. 79]; *In re Sunco Liquidation, Inc., (f/k/a Sungevity, Inc.)*, Case No. 17-10561 (LSS) (Bankr. D. Del. Mar. 15, 2017) [ECF No. 43]; *In re Aquion Energy, Inc.*, Case No. 17- 10500 (KJC) (Bankr. D. Del. Mar. 10, 2017) [ECF No. 29]; *In re Eastern Outfitters, LLC*, Case No. 17-10243 (LSS) (Bankr. D. Del. Feb. 8, 2017) [ECF No. 47] *In re Toisa Limited*, Case No. 17-10184 (SCC) (Bankr. S.D.N.Y. Jan. 31, 2017) [ECF No. 16]; *In re AOG Entertainment, Inc.*, Case No. 16-11090 (SMB) (Bankr. S.D.N.Y. May 2, 2016) [ECF No. 42]; *In re MPM Silicones, LLC*,

Case No. 14-22503 (RDD) (Bankr. S.D.N.Y. Apr. 15, 2014) [ECF No. 36]; *In re Metro Affiliates, Inc.*, Case No. 13-13591 (SHL) (Bankr. S.D.N.Y. Nov. 7, 2013) [ECF No. 43]; *In re Flat Out Crazy, LLC*, Case No. 13-22094 (RDD) (Bankr. S.D.N.Y. Feb. 21, 2013) [ECF No. 124]; *In re Broadview Networks Holdings, Inc.*, Case No. 12-13581 (SCC) (Bankr. S.D.N.Y. Sept. 14, 2012) [ECF No. 87].[3]

4. As agent and custodian of Court records pursuant to 28 U.S.C. § 156(c), KCC will perform, at the request of the Office of the Clerk of the Bankruptcy Court (the "**Clerk's Office**"), the services specified in the Application and the Engagement Agreement, and, at the Debtor's request, any related administrative, technical and support services as specified in the Application and the Engagement Agreement. In performing such services, KCC will charge the Debtor the rates set forth in the Engagement Agreement, which is attached as **Exhibit C** to the Application.

5. KCC represents, among other things, the following:

a. KCC is not a creditor of the Debtor;
b. KCC does not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as the claims and noticing agent in this Chapter 11 Case;
c. by accepting employment in this Chapter 11 Case, KCC waives any rights to receive compensation from the United States government in connection with this Chapter 11 Case;
d. in its capacity as the claims and noticing agent in this Chapter 11 Case, KCC will not be an agent of the United States and will not act on behalf of the United States;
e. KCC will not employ any past or present employees of the Debtor in connection with its work as the claims and noticing agent in this Chapter 11 Case;
f. KCC is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code with respect to the matters upon which it is engaged;
g. in its capacity as claims and noticing agent in this Chapter 11 Case,

[3] Because of the voluminous nature of the orders cited herein, such orders have not been attached to this declaration. Copies of these orders are available upon request to the Debtor's proposed counsel.

KCC will not intentionally misrepresent any fact to any person;

h. KCC shall be under the supervision and control of the Clerk's Office with respect to the receipt and recordation of claims and claim transfers;

i. KCC will comply with all requests of the Clerk's Office and the guidelines promulgated by the Judicial Conference of the United States for the implementation of 28 U.S.C. § 156(c); and

j. none of the services provided by KCC as claims and noticing agent in this Chapter 11 Case shall be at the expense of the Clerk's Office.

6. To the best of my knowledge, and based solely upon information provided to me by the Debtor, and except as provided herein, neither KCC, nor any employee thereof, has any materially adverse connection to the Debtor, its creditors or other relevant parties. KCC may have relationships with certain of the Debtor's creditors as a vendor or in connection with cases in which KCC serves or has served in a neutral capacity as noticing, claims and balloting agent for another chapter 11 debtor.

7. KCC personnel may have relationships with some of the Debtor's creditors or other parties-in-interest. However, to the best of my knowledge, such relationships, to the extent they exist, are of a personal nature and completely unrelated to this Chapter 11 Case. KCC has and will continue to represent clients in matters unrelated to this Chapter 11 Case. In addition, KCC has had and will continue to have relationships in the ordinary course of its business with certain vendors, professionals and other parties-in-interest that may be involved in the Debtor's case in matters unrelated to this Chapter 11 Case. KCC may also provide professional services to entities or persons that may be creditors or parties-in-interest in this Chapter 11 Case, which services do not directly relate to, or have any direct connection with, this Chapter 11 Case or the Debtor. To the best of my knowledge, neither KCC, nor any employees thereof, represents any interest materially adverse to the Debtor's estate with respect to any matter upon which KCC is to be engaged.

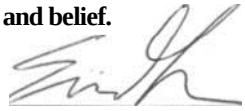
8. KCC is an indirect subsidiary of Computershare Limited ("**Computershare**").

Computershare is a financial services and technologies provider for the global securities industry, including providing administrative transfer agent services such as maintaining records of shareholdings and share transfers. Within the Computershare corporate structure, KCC operates as a separate, segregated business unit. This separation extends to management, employees, access to information technology systems and client information. As such, any relationships that Computershare and its affiliates maintain do not create an interest of KCC that would be materially adverse to the Debtor's estate or any class of creditors or equity security holders. While Computershare may have relationships with certain of the Debtor's vendors that are unrelated to the Chapter 11 Case, KCC is not aware of any connection with Computershare that would present a disqualifying conflict of interest.

9. Although the Debtor will seek to retain KCC under section 327 of the Bankruptcy Code by separate application, KCC has nonetheless reviewed its electronic database to determine whether it has any relationships with the entities provided by the Debtor. At this time, we are not aware of any relationship which would present a disqualifying conflict of interest. Should KCC discover any new relevant facts or relationships bearing on the matters described herein during the period of its retention, KCC will use reasonable efforts to file promptly a supplemental declaration. KCC will also comply with all requests of the Clerk's Office and the guidelines promulgated by the Judicial Conference of the United States for the implementation of 28 U.S.C. § 156(c).

10. Based on the foregoing, I believe that KCC is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of **perjury that the foregoing is true and correct to the best of my information, knowledge and belief.**



Dated: September 3, 2021

Los Angeles, California

Evan Gershbein
Executive Vice President of Corporate Restructuring Services
Kurtzman Carson Consultants LLC

Exhibit C

Engagement Agreement

KCC AGREEMENT FOR SERVICES

This Agreement is entered into as of February 2, 2021, between Philippine Airlines, Inc. (together with its affiliates and subsidiaries, the "Company"),[1] and Kurtzman Carson Consultants LLC (together with its affiliates and subcontractors, "KCC"). In consideration of the premises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Terms and Conditions

I. SERVICES

A. KCC agrees to provide the Company with consulting services regarding noticing, claims management and reconciliation, plan solicitation, balloting, disbursements and any other services agreed upon by the parties or otherwise required by applicable law, government regulations or court rules or orders.

B. KCC further agrees to provide (i) computer software support and training in the use of the support software, (ii) KCC's standard reports as well as consulting and programming support for the Company requested reports, (iii) program modifications, (iv) data base modifications, and/or (v) other features and services in accordance with the fees outlined in a pricing schedule provided to the Company (the "KCC Fee Structure").

C. Without limiting the generality of the foregoing, KCC may, upon request by the Company, (i) provide a communications plan including, but not limited to, preparation of communications materials, dissemination of information and a call center staffed by KCC and/or (ii) provide confidential on-line workspaces or virtual data rooms and publish documents to such workspaces or data rooms (which publication shall not be deemed to violate the confidentiality provisions of this Agreement).

D. The price listed for each service in the KCC Fee Structure represents a bona fide proposal for such services, which may be accepted in whole or in part. Services will be provided when requested by the Company or required by applicable law, government regulations or court rules or orders. Services are mutually exclusive and are deemed delivered and accepted by the Company when provided by KCC.

E. The Company acknowledges and agrees that KCC will often take direction from the Company's representatives, employees, agents and/or professionals (collectively, the "Company Parties") with respect to the services being provided under this Agreement. The parties agree that KCC may rely upon, and the Company agrees to be bound by, any requests, advice or information provided by the Company Parties to the same extent as if such requests, advice or information were provided by the Company. The Company agrees and understands that KCC shall not provide the Company or any other party with any legal advice.

[1] The term Company shall include, to the extent applicable, the Company, as debtor and debtor in possession in its chapter 11 case, together with any affiliated debtors and debtors in possession whose chapter 11 cases are jointly administered with the Company's chapter 11 case.

KCC AGREEMENT FOR SERVICES

II. PRICES, CHARGES AND PAYMENT

A. KCC agrees to charge and the Company agrees to pay KCC for its services at the rates and prices set by KCC that are in effect as of the date of this Agreement and in accordance with the KCC Fee Structure. KCC's prices are generally adjusted periodically to reflect changes in the business and economic environment and are inclusive of all charges. KCC reserves the right to reasonably increase its prices, charges and rates provided, however, that any such increase requires the prior written approval of the Company.

B. In addition to fees and charges for services, the Company agrees to pay KCC's reasonable transportation, lodging, and meal expenses incurred in connection with services provided under this Agreement.

C. In addition to all fees for services and expenses hereunder, the Company shall pay to KCC (i) any fees and charges related to, arising out of, or as a result of any error or omission made by the Company or the Company Parties, as mutually determined by KCC and the Company, and (ii) all taxes that are applicable to this Agreement or that are measured by payments made under this Agreement and are required to be collected by KCC or paid by KCC to a taxing authority.

D. Where the Company requires services that are unusual or beyond the normal business practices of KCC, or are otherwise not provided for in the KCC Fee Structure, the cost of such services shall be charged to the Company at a competitive rate.

E. KCC agrees to submit its invoices to the Company monthly and the Company agrees that the amount invoiced is due and payable upon the Company's receipt of the invoice. KCC's invoices will contain reasonably detailed descriptions of charges for both hourly (fees) and non-hourly (expenses) case specific charges. Where total invoice amounts are expected to exceed $10,000 in any single month and KCC reasonably believes it will not be paid, KCC may require advance payment from the Company due and payable upon demand and prior to the performance of services hereunder. If any amount is unpaid as of thirty (30) days from the receipt of the invoice, the Company further agrees to pay a late charge, calculated as one and one-half percent (1-1/2%) of the total amount unpaid every thirty (30) days. In the case of a dispute in the invoice amount, the Company shall give written notice to KCC within ten (10) days of receipt of the invoice by the Company. The undisputed portion of the invoice will remain due and payable immediately upon receipt of the invoice. Late charges shall not accrue on any amounts in dispute or any amounts unable to be paid due to Court order or applicable law. Unless otherwise agreed to in writing, the fees for print notice and media publication (including commissions) must be paid at least three (3) days in advance of those fees and expenses being incurred. Certain fees and charges may need to be adjusted due to availability related to the COVID-19 (novel coronavirus) global health issue.

F. In the event that the Company files for protection pursuant to chapter 11 of the United States Bankruptcy Code (a "Chapter 11 Filing"), the parties intend that KCC shall be employed pursuant to 28 U.S.C. § 156(c) to the extent possible and otherwise in accordance with applicable Bankruptcy law and that all amounts due under this Agreement shall, to the extent possible, be paid as administrative expenses of the Company's chapter 11 estate. As soon as practicable following a Chapter 11 Filing (and otherwise in accordance with applicable law and rules and orders of the Bankruptcy Court), the Company shall cause pleadings to be filed with the Bankruptcy Court seeking entry of an order or orders approving this Agreement (the "Retention

KCC AGREEMENT FOR SERVICES

Order"). The form and substance of the pleadings and the Retention Order shall be reasonably acceptable to KCC. If any Company chapter 11 case converts to a case under chapter 7 of the Bankruptcy Code, KCC will continue to be paid for its services in accordance with the terms of this Agreement. The parties recognize and agree that if there is a conflict between the terms of this Agreement and the terms of the Retention Order, the terms of the Retention Order shall govern during the chapter 11 or other proceeding.

G. To the extent permitted by applicable law, KCC shall receive a retainer in the amount of $65,000 (the "Retainer") that may be held by KCC as security for the Company's payment obligations under the Agreement. The Retainer is due upon execution of this Agreement. KCC shall be entitled to hold the Retainer until the termination of the Agreement. Following termination of the Agreement, KCC shall return to the Company any amount of the Retainer that remains following application of the Retainer to the payment of unpaid invoices.

III. RIGHTS OF OWNERSHIP

A. The parties understand that the software programs and other materials furnished by KCC pursuant to this Agreement and/or developed during the course of this Agreement by KCC are the sole property of KCC. The term "program" shall include, without limitation, data processing programs, specifications, applications, routines, and documentation. The Company agrees not to copy or permit others to copy the source code from the support software or any other programs or materials furnished pursuant to this Agreement.

B. The Company further agrees that any ideas, concepts, know-how or techniques relating to data processing or KCC's performance of its services developed or utilized during the term of this Agreement by KCC shall be the exclusive property of KCC. Fees and expenses paid by the Company do not vest in the Company any rights in such property, it being understood that such property is only being made available for the Company's use during and in connection with the services provided by KCC under this Agreement.

IV. NON-SOLICITATION

The Company agrees that neither it nor its subsidiaries or other affiliated companies shall directly or indirectly solicit for employment, employ or otherwise retain employees of KCC during the term of this Agreement and for a period of twelve (12) months after termination of this Agreement unless KCC provides prior written consent to such solicitation or retention.

V. CONFIDENTIALITY

Each of KCC and the Company, on behalf of themselves and their respective employees, agents, professionals and representatives, agrees to keep confidential all non-public records, systems, procedures, software and other information received from the other party in connection with the services provided under this Agreement; provided, however, that if either party reasonably believes that it is required to produce any such information by order of any governmental agency or other regulatory body it may, upon not less than five (5) business days' written notice to the other party, release the required information. This confidentiality clause shall survive this Agreement up to two (2) years from expiry or termination of this Agreement.

KCC AGREEMENT FOR SERVICES

VI. SUSPENSION OF SERVICE AND TERMINATION

A. This Agreement shall become effective upon the execution thereof and shall remain in force until the later of (i) a period of one (1) year and (ii) the term of KCC's retention under the Retention Order. Provided, however, that either party may terminate or suspend this Agreement (i) upon thirty (30) days' written notice to the other party or (ii) immediately upon written notice for Cause (defined herein). As used herein, the term "Cause" means (i) negligence or willful misconduct of KCC that causes serious and material harm to the Company's reorganization under chapter 11 of the Bankruptcy Code, (ii) the failure of the Company to pay KCC invoices for more than sixty (60) days from the date of invoice, or (iii) the accrual of invoices or unpaid services in excess of the retainer held by KCC where KCC reasonably believes it will not be paid.

B. In the event that this contract is terminated, regardless of the reason for such termination, KCC shall coordinate with the Company and, to the extent applicable, the clerk of the Bankruptcy Court, to maintain an orderly transfer of record keeping functions and KCC shall provide all necessary staff, services and assistance required for an orderly transfer. The Company agrees to pay for such services in accordance with KCC's then existing prices for such services. If such termination occurs following entry of the Retention Order, the Company shall immediately seek entry of an order (in form and substance reasonably acceptable to KCC) that discharges KCC from service and responsibility in the Company's bankruptcy case.

C. Subject to the Confidentiality clause above, any data, programs, storage media or other materials furnished by the Company to KCC or received by KCC in connection with the services provided under the terms of this Agreement may be retained by KCC until the services provided are paid for, or until this Agreement is terminated with the services paid in full. The Company shall remain liable for all fees and expenses imposed under this Agreement as a result of data or physical media maintained or stored by KCC. KCC shall dispose of the data and media in the manner requested by the Company. The Company agrees to pay KCC for reasonable expenses incurred as a result of the disposition of data or media. If the Company has not utilized KCC's services under this Agreement for a period of at least ninety (90) days, KCC may dispose of the data or media, and be reimbursed by the Company for the expense of such disposition, after giving the Company thirty (30) days' notice. Notwithstanding any term herein to the contrary, following entry of the Retention Order, the disposition of any data or media by KCC shall be in accordance with any applicable instructions from the clerk of the Bankruptcy Court, local Bankruptcy Court rules and orders of the Bankruptcy Court.

VII. SYSTEM IMPROVEMENTS

KCC strives to provide continuous improvements in the quality of service to its clients. KCC, therefore, reserves the right to make changes in operating procedure, operating systems, programming languages, general purpose library programs, application programs, time period of accessibility, types of terminal and other equipment and the KCC data center serving the Company, so long as any such changes do not materially interfere with ongoing services provided to the Company in connection with the Company's chapter 11 case.

KCC AGREEMENT FOR SERVICES

VIII. BANK ACCOUNTS

At the Company's request and subject to Court approval following any chapter 11 filing, KCC may be authorized to establish accounts with financial institutions in the name of and as agent for the Company. To the extent that certain financial products are provided to the Company pursuant to KCC's agreement with financial institutions, KCC may receive compensation from such financial institutions for the services KCC provides pursuant to such agreement.

IX. LIMITATIONS OF LIABILITY AND INDEMNIFICATION

A. The Company shall indemnify and hold KCC, its affiliates, members, directors, officers, employees, consultants, subcontractors and agents (collectively, the "Indemnified Parties") harmless, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, judgments, liabilities and expenses (including reasonable counsel fees and expenses) (collectively, "Losses") resulting from, arising out of or related to KCC's performance under this Agreement. Such indemnification shall exclude Losses resulting from KCC's negligence or willful misconduct. Without limiting the generality of the foregoing, Losses include any liabilities resulting from claims by any third-parties against any Indemnified Party. The Company shall notify KCC in writing promptly upon the assertion, threat or commencement of any claim, action, investigation or proceeding that the Company becomes aware of with respect to the services provided by KCC under this Agreement. The Company's indemnification obligations hereunder shall survive the termination of this Agreement.

B. Except as provided herein, KCC's liability to the Company or any person making a claim through or under the Company for any Losses of any kind, even if KCC has been advised of the possibility of such Losses, whether direct or indirect and unless due to negligence or willful misconduct of KCC, shall be limited to the total amount billed or billable to the Company for the portion of the particular work which gave rise to the alleged Loss. Except in cases of negligence or willful misconduct, in no event shall KCC be liable for any indirect, special or consequential damages such as loss of anticipated profits or other economic loss in connection with or arising out of the services provided for in this Agreement. In no event shall KCC's liability to the Company for any Losses, whether direct or indirect, arising out of this Agreement exceed the total amount billed to the Company and actually paid to KCC for the services contemplated under the Agreement; provided, however, that this limitation shall not apply to the Company during any chapter 11 case in which the Company is a debtor.

C. The Company is responsible for the accuracy of the programs, data and information it or any Company Party submits for processing to KCC and for the output of such information. KCC does not verify information provided by the Company and, with respect to the preparation of schedules and statements, all decisions are at the sole discretion and direction of the Company. The Company reviews and approves all schedules and statements filed on behalf of, or by, the Company; KCC bears no responsibility for the accuracy or contents therein. The Company agrees to initiate and maintain backup files that would allow the Company to regenerate or duplicate all programs and data submitted by the Company to KCC.

D. The Company agrees that except as expressly set forth herein, KCC makes no representations or warranties, express or implied, including, but not limited to, any implied or express warranty of merchantability, fitness or adequacy for a particular purpose or use, quality, productiveness or capacity.

KCC AGREEMENT FOR SERVICES

X. FORCE MAJEURE

KCC will not be liable for any delay or failure in performance when such delay or failure arises from circumstances beyond its reasonable control, including without limitation acts of God, acts of government in its sovereign or contractual capacity, acts of public enemy or terrorists, acts of civil or military authority, war, riots, civil strife, terrorism, blockades, sabotage, rationing, embargoes, epidemics, pandemics, outbreaks of infectious diseases or any other public health crises, earthquakes, fire, flood, other natural disaster, quarantine or any other employee restrictions, power shortages or failures, utility or communication failure or delays, labor disputes, strikes, or shortages, supply shortages, equipment failures, or software malfunctions.

XI. INDEPENDENT CONTRACTORS

The Company and KCC are and shall be independent contractors of each other and no agency, partnership, joint venture or employment relationship shall arise, directly or indirectly, as a result of this Agreement.

XII. NOTICES

All notices and requests in connection with this Agreement shall be given or made upon the respective parties in writing and shall be deemed as given as of the third day following the day it is deposited in the U.S. Mail, postage pre-paid or on the day it is given if sent by facsimile or electronic mail or on the day after the day it is sent if sent by overnight courier to the appropriate address set forth below:

Kurtzman Carson Consultants LLC
222 N. Pacific Coast Highway, 3rd Floor
El Segundo, CA 90245
Attn: Drake D. Foster
Tel: (310) 823-9000
Fax: (310) 823-9133
E-Mail: dfoster@kccllc.com

Philippine Airlines, Inc.
Macapagal Boulevard
Bay City, Pasay, Philippines
Attn: Clara De Castro
Tel:
Fax:

Or to such other address as the party to receive the notice or request so designates by written notice to the other.

XIII. APPLICABLE LAW

The validity, enforceability, and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California.

XIV. ENTIRE AGREEMENT/ MODIFICATIONS

Each party acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and further agrees that it is the complete and exclusive statement of the agreement between the parties, which supersedes and merges all prior proposals, understandings, other agreements, and communications oral and written between the parties relating to the subject matter of this Agreement. The Company represents that it has the authority to enter into this Agreement, and the Agreement is non-dischargeable under any applicable statute or law. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity,

KCC AGREEMENT FOR SERVICES

legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby. This Agreement may be modified only by a written instrument duly executed by an authorized representative of the Company and an officer of KCC.

XV. COUNTERPARTS; EFFECTIVENESS

This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This Agreement will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, which delivery may be made by exchange of copies of the signature page by facsimile or electronic mail.

XVI. ASSIGNMENT

This Agreement and the rights and duties hereunder shall not be assignable by the parties hereto except upon written consent of the other, with the exception that this Agreement can be assigned without written consent by KCC to a wholly-owned subsidiary or affiliate of KCC.

XVII. ATTORNEYS' FEES

In the event that any legal action, including an action for declaratory relief, is brought to enforce the performance or interpret the provisions of this Agreement, the parties agree to reimburse the prevailing party's reasonable attorneys' fees, court costs, and all other related expenses, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which the prevailing party may be entitled.

[SIGNATURE PAGE FOLLOWS]

KCC

KCC AGREEMENT FOR SERVICES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the first date mentioned above.

Kurtzman Carson Consultants LLC

BY: Evan Gershbein DATE: 2/8/21
TITLE: EVP, Corporate Restructuring Services

Philippine Airlines, Inc.

BY: **GILBERT SANTA MARIA** DATE:
TITLE: **PRESIDENT**

BY: **NILO THADDEUS P. RODRIGUEZ** DATE:
TITLE: **CFO / COMPLIANCE OFFICER**

LEGAL