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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
PHILIPPINE AIRLINES, INC., *et al*.	Case No. 21-11569 (SCC)
Debtor.	

LIMITED OBJECTION AND RESERVATION OF RIGHTS OF LUFTHANSA TECHNIK PHILIPPINES, INC. AND LUFTHANSA TECHNIK AG TO PROPOSED CURE AMOUNTS WITH RESPECT TO EXECUTORY CONTRACTS

LUFTHANSA TECHNIK PHILIPPINES, INC. ("**LTP**") and LUFTHANSA TECHNIK AG ("**LHT**") (collectively, "**Lufthansa**") file this Limited Objection and Reservation of Rights (the "**Limited Objection**") to the proposed Cure Amounts relating to executory contracts sought to be assumed in connection with the *Chapter 11 Plan of Reorganization of Philippine Airlines, Inc.* [Doc. No. 290] (the "**Plan**") filed by Philippine Airlines, Inc. (the "**Debtor**"). In support thereof, Lufthansa respectfully states as follows:

1. As set forth in the *Notice of Filing of Plan Supplement to Proposed Chapter 11 Plan of Reorganization of Philippine Airlines, Inc.* [Doc. No. 294] (the "**Plan Supplement**"), the

Debtor seeks to assume certain executory contracts with LHT[1] and certain executory contracts with LTP[2] (collectively, the "**Lufthansa Agreements**").

2. The Plan Supplement states that "[t]he proposed Cure Amount with respect to each executory contract and unexpired lease listed on this Schedule (whether described generally or listed specifically) shall be zero dollars ($0), unless otherwise noted." Plan Supplement, pg. 37. No amount is otherwise noted with respect to the Lufthansa Agreements.

3. Notwithstanding the foregoing, the Debtor advised that the outstanding balances due under the Lufthansa Agreements is $12.1 million as to LTP and $5.3 million as to LHT, and that the Debtor and/or the Reorganized Debtor propose to pay such Cure Amounts in accordance with the agreements among the parties.

4. LTP asserts that the Cure Amount for its executory contracts (as of December 10, 2021) is $36,644,616. LHT asserts that the Cure Amount for its executory contracts (as of December 12, 2021) is $9,250,864. As such, there is currently a dispute as to the appropriate Cure Amount for the respective Lufthansa Agreements.

5. Pursuant to the Plan, the Debtor (or the Reorganized Debtor, as applicable) proposes to pay the Cure Amount either on the later of (i) the Effective Date or (ii) without acceleration in the ordinary course of business and according to the terms of the executory contract. *See* Plan, Section 8.4.

6. Lufthansa generally does not object to the assumption of the Lufthansa Agreements or the payment of the Cure Amounts in accordance with the agreements among the parties. Lufthansa does object to the Cure Amounts being deemed "zero" or an amount not otherwise

[1] *See* Plan Supplement, Exhibit D-2, Schedule of Other Aircraft-Related Assumed Contracts and Leases, Numbers 146 through 150.

[2] *See* Plan Supplement, Exhibit D-2, Schedule of Other Aircraft-Related Assumed Contracts and Leases, Numbers 151 through 167.

asserted by LTP or LHT herein. Accordingly, Lufthansa submits this Assumption Dispute (as defined in the Plan) solely with respect to the Cure Amounts. The Plan at Section 8.2 provides:

> To the extent the Assumption Dispute relates solely to the Cure Amount, the Debtor may assume and/or assume and assign the applicable executory contract or unexpired lease prior to the resolution of the Assumption Dispute, provided that the Debtor reserves Cash in an amount sufficient to pay the full amount reasonably asserted as the required cure payment by the non-Debtor counterparty to such contract or lease (or such lesser amount as may be fixed or estimated by the Bankruptcy Court or otherwise agreed to by such non-Debtor counterparty and the Debtor or the Reorganized Debtor).

7. Lufthansa is in the process of working with the Debtor to reconcile the discrepancies in the proposed Cure Amounts, and will endeavor to resolve and/or limit the issues prior to the confirmation hearing. Accordingly, Lufthansa submits this Limited Objection in an abundance of caution in the event that the parties do not timely come to an agreement regarding the Cure Amounts. Pending such resolution, either by the parties or by this Court pursuant to the terms of the Plan, Lufthansa objects to the release or satisfaction of any of its Claims against the Debtor or the Reorganized Debtor in connection with the assumption of the Lufthansa Agreements.

8. In the event that the parties are unable to resolve the Assumption Dispute, LTP and LHT request that the Court determine such Assumption Dispute, and that pending such resolution, all rights of LTP and LHT with respect to its Claims under the respective Lufthansa Agreements be preserved as to the Debtor and the Reorganized Debtor.

WHEREFORE, Lufthansa Technik Philippines, Inc. and Lufthansa Technik AG request that the Court sustain this Limited Objection and grant such other relief as is appropriate.

Dated: December 14, 2021.

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By: /s/ *Glenn D. Moses*
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served this 14th day of December, 2021 via CM/ECF upon all parties registered to receive notices of electronic filing in this case (which is incorporated herein by reference),

By: /s/ *Glenn D. Moses*
Glenn D. Moses, Esq.