

Philippine Airlines files for bankruptcy in US court

A Monitor Report

Date: 16 September, 2021



A Monitor Report

New York : Philippine Airlines has filed for Chapter 11 bankruptcy in the US court to pursue a lender-backed restructuring plan to help the country's national carrier recover from the pandemic crisis.

The company said that its proposed restructuring, which is subject to court approval, will allow it to reduce its debt payments by USD 2 billion and downsize its fleet size by 25 per cent.

PAL now operates 21 per cent of pre-pandemic flights to 70 per cent of its usual destinations, said its president.

The airline will also get USD 505 million in equity and debt financing from its majority shareholder, as well as USD 150 million of debt financing from new investors.

The Chapter 11 filing, which allows a company to continue operations while it restructures, came after months-long discussions between the airline and its key shareholders.

Lucio Tan, President and CEO, Philippine Airlines, said, "We welcome this major breakthrough, an overall agreement that enables PAL to remain the flag carrier of the Philippines and the premier global airline of the country."

The carrier said that the plan will not affect passengers and employees. It added that it will gradually increase domestic and international flights in accordance with

market demand.

PAL will also complete a parallel filing for recognition in the Philippines under the Financial Insolvency and Rehabilitation Act of 2010.