

THIS AGREEMENT is made and entered into this **4th day of September 2008**, in accordance with the provisions of the Railway Labor Act, as amended, by and between **PHILIPPINE AIRLINES, INC.** (hereinafter referred to as the "Company") and the **INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO** (hereinafter referred to as the "**Union**").

SECTION 1

PURPOSE OF AGREEMENT

A. The purpose of this Agreement is, in the mutual interest of the Company and of the employees, to provide for the operation of the services of the Company under methods which will further, to the fullest extent possible, the safety of air transportation, the efficiency of operations, efficient and courteous service to customers, crews and the general public, and the continuation of employment under conditions of reasonable hours, proper compensation, and reasonable working conditions. It is recognized by this Agreement to be the duty of the Company, the Union, and the employees to cooperate fully, both individually and collectively, for the attainment of these purposes.

To further these purposes, the Company or an accredited representative of the Union may request a conference to discuss and deal with any dispute which arises under the application of the Agreement or otherwise:

B. Wherever in this Agreement an employee is referred to in the male gender, it will be recognized, as referring to both male and female employees and the provisions of this Agreement will apply to all employees regardless of sex, color, race, creed or national origin.

SECTION II

RECOGNITION

In accordance with National Mediation Board certification R-4573 dated March 26, 1976 the Company recognizes the Union as the collective bargaining representative, for purposes of Railway Labor Act, as amended, for the craft or class of clerical, office, fleet and passenger service employees of Philippine Airlines, Inc.

SECTION III

SCOPE OF AGREEMENT

A. This Agreement will govern the hours, wages and working conditions of all employees employed by the Company in the United States whose duty is to perform work in the classifications listed below in the following departments:

ADMINISTRATIVE DEPARTMENT

Senior Accounting Agent
Accounting Agent
Accounting Clerk

Personnel Assistant
Secretary
General Clerk

CUSTOMER SERVICE DEPARTMENT

Customer Service Representative

B. The Company retains the right to contract out and transfer out (intracompany) that work which was contracted out or transferred out of the time of the March 14, 1979 Agreement and to continue contracting out work contracted out and transferred out prior to this Agreement. Effective September 30, 1988, the Company shall have the right to contract out work presently performed by employees involved in airport operations. This side letter of agreement with respect to third party handling shall remain in effect and become part of this Agreement.

C. In the event the Company opens or operates any new or existing facility or operation during the term of this Agreement with less than four (4) flights per week, the Company may staff or operate that facility in any manner it deems necessary; the Company may subcontract the types of work in paragraph B above, without regard to the number of flights per week.

D. In the event the Company has need to contract out work or transfer work (intracompany) during the life of the Agreement to an extent greater than permitted in B above, it will give the Union thirty (30) days' advance notice in writing of its intention and agrees to negotiate in detail the plans for implementation. If an employee's job is eliminated due to a decision to subcontract or transfer work (intracompany) the Company will retrain and retain the employee for another position at no loss of pay and will not force employee relocation.

E. The Company agrees not to exercise its rights under this Article in a discriminatory or arbitrary manner for the purpose of undermining the Union as the collective bargaining representative.

SECTION IV

MANAGEMENT RIGHTS

A. The management of the Company and the direction of its employees; the establishment of reasonable working conditions; the hiring and promoting of employees; the disciplining and discharging of employees for just cause; maintaining the efficiency of employees; the continuance or discontinuance of routes to be flown in whole or in part; the equipment to be used; the location of stations and offices; the scheduling of airplanes; and the layoff and recall of employees in connection with increases or decreases in the work force are the exclusive functions of management to the extent that such rights and functions are not otherwise expressly covered or provided for in this Agreement, provided that the actions of the Company hereunder will not conflict with the terms of this Agreement.

B. Management and supervisory personnel will be permitted to perform contract work under the following situations: peak periods of less than four hours in a workday; contract employees on duty unavailable; training; and circumstances beyond the control of the Company. In city ticket offices, management and supervisory personnel will be permitted to perform contract work to the extent performed prior to the execution of this Agreement. The letter of agreement with respect to third party handling shall remain in effect through December 31, 1990, and shall be the status quo as of that date.

SECTION V
STATUS OF AGREEMENT

A. It is expressly understood and agreed that when this Agreement is accepted by the parties and signed by their authorized representatives, it will supersede any and all agreements existing or previously executed between the Company and any Union or individual affecting the employees covered by this Agreement.

B. The Company retains the right to adopt and put into effect rules and regulations, which rules and regulations are not in conflict with the terms embodied in this Agreement. All employees will be subject to such rules and regulations. After the signing of this Agreement, all such rules and regulations will be reduced to writing and made available at each work location. A copy of all such rules and regulations will be supplied to the accredited Union representative. Company rules and regulations may be amended at any time by the Company, copies of said rules and regulations to be supplied to the accredited Union representative when made.

SECTION VI
CLASSIFICATION AND WORK REQUIREMENTS

A. The following job classifications (attached as Schedule "B") define the general duties of the employees covered by the Agreement. Except where provided herein, they do not impose staffing requirements on the Company. Nothing contained in these descriptions will be construed to be a limitation on the other duties to be performed by the employees to the extent historically performed by employees in a classification at any location of the Company. Should any new or revised classification become necessary, Company and Union will discuss to determine such need.

B. At any new location, the Company reserves the right to assign duties to be performed by the employees as provided in each job description and to the extent historically performed by employees at any comparable existing work location.

C. It is understood that the Company may hire part-time employees in accordance with Section XIII of this Agreement.

SECTION VIII

HOURS OF SERVICE

A. Except for part-time employees, a day's work will consist of eight (8) consecutive hours for airport and reservations employees, including a meal period of one-half (1/2) hour; and eight consecutive hours for other city office employees, excluding one-half (1/2) hour of a one-hour meal period. The workweek will consist of five (5) consecutive days of work and two (2) consecutive days off.

B. The regular starting and stopping time for work shifts will be scheduled and posted and will not be changed without five (5) calendar days' written notice to any employee affected by such change, except in instances of emergency or circumstances beyond the control of the Company.

C. It is agreed that a work week schedule committee shall be formed consisting of one employee representative and the appropriate manager for the purpose of consultation concerning the work schedule. **The employee representative for the committee will be assigned by the chief union steward at the point.** This committee will also meet and agree on overtime distribution procedures for each station.

D. (1) The Company agrees to prepare a list of shift assignments showing all shift assignments and days off within such classification. The list will be posted for ten (10) calendar days. The employees in each classification will indicate, in order of seniority, their preference on the list by signing opposite the particular shift and days off desired. The bidding of shifts and days off will be at least every twelve (12) months. There will be a maximum of nine (9) starting times of shifts in any classification in any twenty-four (24) hour period. Overtime will not be paid as a result of an employee bidding a change of days off or shifts.

(2) In work classifications where there are specialized functions, there may be locally agreed upon procedures for assignments **utilizing classifications seniority without considering seniority accrued in other classifications.**

(3) No employee will be required to report for duty without being given at least eight (8) hours' rest after the completion of the previous tour of duty, including overtime.

E. Any employee called to work or permitted to come to work on a regular shift when there is temporarily no work because of an act of God, strikes or circumstances over which the Company has no control, will receive a minimum of four (4) hours' pay at his regular hourly rate unless the employee is notified at least four (4) hours before the start of his shift that he is not to report for work. Failure on the part of the employee to keep the Company informed as to any change in telephone number and I or address will cause an employee to forfeit any claim to the pay for report to work under these conditions.

F. Employees may continue to swap shifts and days off subject to the restrictions set forth below:

(1) Such request must be made in writing to the **swap coordinator** on a standard form. **This form will be forwarded to the immediate supervisor or manager.**

(2) All swapping must be done by employees within the same classification and there must be adequate coverage of all work done by the employees involved in the swap.

(3) All swaps will be settled within four (4) pay periods from the date of the swap. **Actual pay back must be indicated on the form. Dates may be changed in writing but the swap still must be completed within the four pay period provision.**

(4) No employee will be permitted to swap more than three (3) shifts in any one pay period. The three (3) swaps per person per pay period may either be single swaps or involve a payback.

(5) A lead may swap shifts, in accordance with the above, with an employee whom he leads. No premium pay will be made to the employee who fills in for the lead who has initiated an exchange.

(6) Overtime and hourly restrictions caused by an exchange will be waived.

(7) In order for a swap to take place, the employees must, on the last day worked prior to swap day, reconfirm with the **swap coordinator** who will be working the swap day and the availability of one of the employees to cover the scheduled work. **It is the responsibility of the swap coordinator to look for a replacement in case an employee cannot fulfill his swap for any reason.** The employee who is to work on a particular day as the result of a swap is responsible for reporting to work and may be subject to disciplinary action if he does not report.

(8) Any employee who engages in an exchange runs the risk the employee with whom he exchanges a day off may terminate his employment before the swap is completed leaving the remaining employee responsible for completion.

G. Reasonable refreshments, during the hours of duty, will be permitted in designated areas, provided an employee will not leave the job to indulge in such refreshment without permission. A lounge / rest area shall be maintained separate from the lunch area.

SECTION VIII
HOLIDAYS

A. For purposes of holiday pay, the following holidays will be observed:

New Year's Day	
Martin Luther King Jr. Day	Thanksgiving Day
Presidents' Day	Day After Thanksgiving
Memorial Day	Christmas Day
Fourth of July	Employee's Birthday (floating)
Labor Day	Floating Holiday

B. 1. An employee will observe his birthday on the actual date except that the employee may observe this holiday on any other day other than another holiday after the employee has given not less than ten (10) days' notice in writing of his intention of doing so, and no other employee on the same assigned shift for that day is scheduled to observe his birthday. Any exceptional operating problems will be worked out on a local basis. Less than ten (10) days' notice of change may be accepted if operational requirements allow.

An employee may also observe his birthday by connecting it with his scheduled vacation provided he does so at the time he selects his vacation as provided in this Agreement.

2. In the event an employee's birthday falls on February 29, March 1 shall be considered as his birthday for purposes of this Paragraph, and, if the employee's birthday falls on another of the holidays specified above, his next following work day shall be considered his birthday.

3. The floating holiday will be treated in the same manner as prescribed above. **The Company will allow as many employees within each department as the Operations permit to observe their floating holiday on Good Friday utilizing company seniority.**

C. An employee required to work on a holiday will be paid double time and one-half (2 ½) times his regular rate of pay for all hours worked on a holiday and will receive no additional time off. The Company may at its option grant, in lieu of premium holiday pay, compensatory time off on a one to one basis which shall be treated like any other vacation leave, if the employee so requests. Part-time employees will also be paid at the rate of double time and one-half (2 ½ times the regular straight time rate) for work performed on holidays.

D. Employees not required to work on a holiday will be compensated for the day at the straight time rate; provided further, should any of the foregoing holidays fall on an employee's first regular day off; the preceding scheduled workday will be observed; should the foregoing holidays fall on an employee's second regular day on; the following scheduled workday will be observed. Except for Christmas and New Year's, if federal law designates a date other than the calendar date for a holiday, then the federal law will govern unless mutually agreed otherwise.

E. Employees will be allowed reasonable time off with pay, not to exceed three (3) hours on each occasion, to exercise their right to vote on election days, provided, an employee is qualified to vote in a state where assigned and provided further an employee is unable to vote during the time outside his scheduled workday.
An employee must provide the stub and personally vote.

SECTION IX
OVERTIME

A. Overtime at the rate of time and one-half of the regular hourly rate of pay, adjusted to the nearest quarter of an hour, will be paid for: (1) work performed in excess of eight (8) hours during one working day; and, (2) work performed on an employee's regular scheduled day off. Overtime at the rate of double the regular hourly rate will be paid for: (1) work performed in excess of twelve (12) hours in any twenty-four (24) hour period; and, (2) work performed on the seventh (7th) day worked in an employee's workweek.

B. Overtime will be offered in accordance with locally agreed upon overtime distribution procedures. The Company may assign employees to work overtime where necessary. It is agreed, in order to distribute overtime as equitably as possible, that an appropriate overtime list will be kept on a current basis for each classification at a location upon which all overtime worked or refused will be recorded in a straight time breakdown and such record will be posted on a bulletin board. The overtime list will not be started again but all credits will be reduced by one-hundred when every employee is credited with more than one hundred hours.

C. No overtime will be worked except by direction of proper supervisory personnel.

D. There will be no pyramiding of overtime rates provided in this Agreement.

SECTION X
TRAVEL PAY

A. Employees who travel away from their work domicile on Company business will be paid for the time in working, necessary traveling, and necessary waiting in accordance with the provisions of this Agreement, except in the case of familiarization and training trips.

B. Employees on familiarization and training trips will receive their regular salary without regard to time spent in activities incident to the trip, traveling and waiting. The Company will endeavor to equalize within each department the opportunity of a familiarization or training trip, when such trips are given. Employees assigned to a familiarization or training trip will be given at least three days' notice before date of departure and eight hours off without loss of pay before scheduled departure. Upon return, employees will not be scheduled to work within twenty-four hours after arrival. On domestic trips, the 8-hour provision of Section VII (c) will apply.

C. An employee who is required to travel in relation to familiarization and training as provided in this Section will be:

(1) Compensated for attendance at a training program on any paid holiday prescribed by this Agreement as time worked; and

(2) Employee's days off will be worked on a debit/credit basis, i.e., an employee who is away for two weeks would receive a credit of four regular days off (excluding the day of arrival). Against this credit would be debited the days off he received while in training. The day of travel back to his home station will not be counted as one of his days off.

D. For temporary assignments within the United States, away from work domicile, employees will receive per diem expenses of \$30.00 for a hotel or actual hotel expenses with prior approval of the Company, \$60.00 for meals and transportation subject to submission of reporting forms as may be required by the Company. For travel to Manila for training and other purposes, employees will receive per diem expenses of \$35.00 exclusive lodging and transportation.

E. The Company reserves the right to provide lodging, meals and ground transportation in lieu of respective per diem expenses.

F. Adequate expense advance will be made to employees prior to their leaving their work domicile.

SECTION XI

SENIORITY

A. Company seniority is based on continuous length of service as an employee with the Company from the last date of hire. **Effective as of July 01,2000** employees hired on the same date will be placed on the seniority list **based on the lowest last four (4) digits of their SSN**, unless an employee has spend time in temporary employment in which case such time will be used for determining priority for placement on the seniority list.

B. Classification seniority will accrue from the date of entering a classification specified in Section VI, Entitled Classifications and Work Requirements. Employees who have the same classification date will be placed on the seniority list in the following order:

- (1) Company seniority
- (2) Temporary time in classification
- (3) **The lowest last four (4) digits of their SSN.**

C. Company seniority plus the ability to perform the work required for the job will govern in cases of promotions, filling of vacancies, layoff and recalls.

D. For the purpose of shifts and days off within the classification at a location, and of lead positions, classification seniority will govern. For the purpose of vacation selection, layoff and recall and the exercise of displacement rights, Company seniority will govern.

E. For purposes of shifts, days off, and lead positions, time spent in the agent classifications of Reservations, Ticket, Cargo and Traffic will be counted in determining an employee's classification seniority in the Customer Service Representative Classification.

F. Employees will be on probation for the first ninety (90) calendar days of continuous employment. During the probationary period an employee may be disciplined or discharged without recourse to the Grievance Procedure.

G. If a new employee is retained in the service of the Company after his probationary period has ended, his name will then be placed on the Company seniority list as of the date of his original hiring and on the classification and department seniority lists as of the date he first entered his current classification and department.

H. Seniority lists as provided herein will be furnished to the Union and will be posted and will be revised every October 1. All employees who hold seniority due to layoffs, promotion, etc., will be included in seniority listings. Employees must report any seniority errors within thirty days after posting or their position will be assumed to be correct.

I. Employees who successfully bid to the Customer Service Classification will retain, but not accrue seniority, within any former classification under this agreement unless provided for in paragraph E, all future openings in the Customer Service Classification shall be controlled by the procedures established in the collective bargaining agreement.

J. An employee will forfeit all employment and seniority rights under anyone of the following conditions:

- (1) He retires or resigns;
- (2) He is discharged for just cause;
- (3) He fails to return to his previous position within fourteen (14) calendar days after being noticed to return. This provision will not apply to recall the temporary vacancy; and
- (4) He is recalled to active service within three (3) years from date of layoff.

K. In a reduction of force, the junior employee in a classification at a point will be laid off on the basis of company seniority, provided said employee is given 14 calendar days notice lay-off. **The employee will have five (5) calendar days after notification of lay-off to decide whether he will accept lay-off or fill a vacancy or if no vacancies are available, displace a junior employee, whichever may be applicable. An employee will be prepared to exercise his seniority after the initial notification of lay-off.** An employee who is laid off may exercise his company seniority to displace the most junior in another equal or lower rated classification at the point where the laid off employee is qualified to perform the work of the employee whom he had displaced provided the employee meets the testing requirements in the Letter of Agreement IV.

SECTION XII

FILLING OF VACANCIES

A. Vacancies of sixty (60) days or longer (not caused by reasons such as illness, training, vacation, pregnancy or other leave of absence), covered by this Agreement, will be filled through a permanent bid system.

Any employee who desires to file a bid within their classifications or transfer to another classification, will file a permanent bid on a form furnished by the Company.

An employee filling a permanent bid with the Company will provide one (1) copy to his chief steward. Each employee must update his bid every January of each year. If employee fails to update his bid, the existing bid on file becomes the basis of an award if applicable to the available position.

In the event that there are no bids for vacancies from full-time employees within the classification at the point, then bids will be considered on the basis of company seniority provided the employee meets the testing requirements in the letter of agreement in the following order:

- (1) From full-time employees within the classification system-wide;
- (2) From part-time employees within the classification both at the point and system-wide;
- (3) From any employee within another classification both at the point and system-wide; and

(4) From any employee on lay-off.

B. An employee bidding for more than one (1) vacancy will indicate the order of preference on each bid and if he is the senior bidder for more than one (1) vacancy, he will have the opportunity to accept only the job ranked highest in his preference.

C. A successful bidder will hold the bulletined job for a reasonable time not to exceed sixty (60) working days on a trial basis in order to demonstrate his ability to perform the work required by the job. During such a period, if the employee is unable to demonstrate his ability to perform the duties required by the job, he will be reverted to his previous position.

D. The Company will not be required to consider bids submitted by an employee within six (6) months after the date on which he was notified that he was a successful bidder.

E. Within fifteen (15) days after the close of bids, an award will be made or the posting will be cancelled. After an employee has been chosen to fill a bulletined job, the Company will within five (5) days, post a notice of same on all appropriate bulletin boards showing the name of the employee selected and his seniority date, with a copy to the Union. After an employee is awarded a vacancy, a maximum of thirty (30) days will elapse before the employee reports to the new position. With good reason, this thirty (30) day period may be extended by mutual agreement.

F. During the interim period required to bulletin and fill a vacancy, the Company may assign an employee to fill the vacancy temporarily and the employee selected will be paid his regular rate or the rate of the job, whichever is higher.

G. In case of temporary vacancies in classifications covered by this Agreement, the Company may assign an employee to fill such vacancies on a temporary basis without bulletining the job and the employee selected will be paid his regular rate or the rate of the job, whichever is higher.

H. An employee assigned to a temporary job will, upon discontinuance of the job, be returned to his former job.

I. When a new employee is hired in any classification under this Agreement, the Company may recognize his previous experience and the type of work for which he is hired by awarding him a starting rate higher than the minimum for the classification.

J. The position of Secretary , Secretary to the Station Manager of HNL / SFO / LAX / LAS and the Personnel Assistant will be excluded from the provisions of this agreement pertaining to filling of vacancies and reduction in force. An employee terminated from a position in the above classifications may exercise his seniority to displace the most junior employee in another classification covered by this Agreement in accordance with the Letter of Agreement # 6, if not terminated for just cause. An employee in these classifications may exercise his seniority to bid into another classification covered by this Agreement.

K. Temporary employees may be hired to fill temporary vacancies existing under Paragraph A of this section. The Company will inform the Union and employee, in writing, of the reason and the contemplated duration and the daily hours of the job (s).

Employees hired as temporary will not accrue seniority, but will be subject to the wage provisions governing other employees covered by the Agreement and Section XXI.

If temporary employees are subsequently hired as regular employees in the same classification, the period of temporary employment will be credited against and deducted from their probationary period, but in no case will the probationary period in the regular position be less than sixty (60) days. Seniority will accrue from the date hired as regular employees.

In the filling of temporary vacancies, the company will give first preference to employees on layoff who have the qualifications to fill the vacancy and who have filed a permanent lay-off bid form. However, they will not accrue classification seniority.

At submission, any employee whose qualification is questioned will be notified by the Company. Otherwise, the bid will be considered as accepted. After an employee is notified of a temporary position, he will have three (3) working days to respond.

Laid off employees who fill temporary vacancies in excess of sixty (60) days will accrue sick leave and vacation, and receive COLA (HNL), where applicable. Time worked in such temporary employment will be credited towards trip pass entitlement.

SECTION XIII
PART-TIME EMPLOYEES

A. Part-time employees are those who are regularly scheduled to work twenty (20) hours or less in a workweek. The regular starting and stopping times for work shifts and days off will be scheduled and posted. The Company reserves the right to adjust starting and stopping times to meet the requirements of flight arrivals and departures, notwithstanding the provisions of Section VII, paragraphs A, B, and D.

B. Part-time employees will be paid on an hourly basis, in accordance with Schedule A.

C. Part-time employees will be entitled to overtime compensation for all hours worked in excess of eight hours in a day at a rate of time and one-half (1 ½) his hourly rate. Part-time employees will receive double time on the seventh consecutive day of work.

D. Part-time employees will receive the following: (1) seniority, holiday pay, sick leave, injury leave, vacation, and perfect attendance policy on a pro-rata basis; (2) uniforms, when required, in accordance with Section XXVI; (3) trip passes in accordance with Section XVII; (4) medical insurance coverage in accordance with Section XXII; (5) shift premium as applicable; (6) parking as applicable; (7) pro-rata cost of living allowance policy for HNL employees after completion of probation; and (8) a paid meal period when working eight (8) consecutive hours in accordance with the method in Section VII, paragraph A.

E. No full-time employee on payroll on the effective date of this Agreement will be laid off while a part-time employee is maintained in the particular classification at the facility.

F. The Company will not schedule part-time employees back - to - back in a particular classification at a facility. Part-time employees shall be given consideration

with respect to the necessity to perform services for another employer when they are required to work beyond their normal schedule.

SECTION XIV
LEAVE OF ABSENCE

A. An employee hereunder may, upon proper application in writing and approval of the Company, be granted a leave of absence without pay for a period not in excess of ninety (90) days. If leaves of absence in excess of ninety (90) days are requested, and granted, the vacancy created will be bulletined. Such leaves may be extended when approved by the Company in writing. When on leave of absence, an employee will continue to accrue seniority; however, other benefits (e.g., vacation, sick leave, and holidays) will not accrue or apply during this period. The employee will be continued on the group medical and life insurance plans, provided he makes full and timely payments to the Company for premiums on the medical and life insurance plans. The foregoing notwithstanding, the Company will provide eligible employees up to 12 weeks of unpaid job protected leave in any 12-month period in accordance with the Family and Medical Leave Act (FMLA).
It shall be understood that all leave of absence will be without pay unless specified.

B. An employee accepting full-time employment with the Union will be granted an indefinite leave of absence without pay for the term of the employment. An employee on such leave continue to accrue seniority and will be continued on group medical and life insurance plans, provided that he makes full and timely payments to the Company for all premiums and costs required to provide such insurance. An employee on such leave will not accrue other fringe benefits.

C. An employee who enters military service under applicable federal law and regulations thereunder shall be considered on military leave of absence and shall retain and accrue seniority during such leave of absence.

D. An employee returning from an authorized leave of absence or extension thereof, will be returned to the job held when the leave was granted. If the job no longer exists, the returning employee may exercise his seniority.

E. An employee on leave of absence, other than provided in B above, who engages in any gainful employment during the leave will be considered to have voluntarily resigned from the Company.

F. An employee who fails to report for work at the expiration of an authorized leave will be considered to have voluntarily resigned from the Company.

SECTION XV

VACATIONS

All employees will receive vacations with pay in accordance to the following terms:

A. Vacation credits and entitlement will be based upon the calendar year.

B. Pay for accrued vacation entitlement will be computed on a basis of eight (8) hours at the employee's straight time rate.

C. All employees who have been in continuous service with the Company six (6) months or more will be entitled to vacation benefits in accordance with the provisions of this Section.

D. An employee will not be eligible for vacation or vacation compensation until completion six months of service; provided, however, that accrued vacation entitlement will be paid to any employee who leaves the Company because of resignation, provided the employee has completed at least six (6) months of service and has given the Company at least seven (7) days' written notice of resignation. An employee will not be eligible for paid vacation if he has been discharged for just cause involving monetary or material loss to the company.

In the case of death of an employee, the amount due will be paid to his estate.

E. A vacation will be given subject to the needs of the Company, to an employee during the year following the calendar year in which it was credited. Ordinarily, earned vacation is not cumulative and must be taken during the year after which it was earned. However, with Company permission, earned vacation may be deferred and accumulated only up to thirty. (30) working days. **The Company will not require an employee to defer his vacation unless it is an emergency beyond the control of the company and involving operational requirements.** If an emergency arises and the company has requested an employee, in writing, to postpone his vacation, the employee will be entitled to defer such vacation until the succeeding year, or in lieu thereof, choose to accept cash equivalent of his vacation entitlement.

Once vacation periods are established, they will not be changed thereafter unless the demands of the service require such a change or an employee, due to hardship, is unable to take his scheduled vacation. If such changes are made, the Company will endeavor to reschedule the affected employee's vacation at a time mutually agreeable to both the employee and the Company. **When an employee does not take their vacation as bidden, the open dates will be filled by company seniority.**

F. Unless otherwise agreed upon, earned vacation may be divided into a maximum of three (3) periods during the year after it was earned; for employees with twenty (20) days vacation, earned vacation may be divided into four (4) periods; for employees with twenty-five (25) days vacation, earned vacation may be divided into five (5) periods.

G. Vacation entitlement will accrue as follows: after six months but less than twelve months, 5/6 day per month; after one year, but less than four years, ten workdays; after four years but less than seven years, fifteen workdays; after seven years or more, one additional day per year thereafter to a maximum entitlement of twenty-five workdays.

H. Regularly scheduled days off or recognized holidays at the beginning or end of a vacation period will not be considered as part of the vacation period. If recognized holidays fall within the employee's vacation period, said vacation period will be extended by an additional regular workday with pay for the same.

I. Schedules for selection of such vacations will be bid in November prior to the beginning of each vacation year. Thereupon, employees will choose their vacation preference in accordance with seniority. Any employee who has not so chosen prior to December 15 will have his vacation assigned. However, senior employees will not be permitted to take vacation leave already assigned to a junior employee.

J. An employee with less than one year of service can bid under paragraph I above for a vacation to be taken in the following calendar year; however, the number of days of his entitlement will be measured as of December 31st of the year in which he first bid and started work.

K. Employees will be given their vacation pay prior to taking their vacation if they request same, provided the employee makes application in writing to his immediate supervisor or manager at least two (2) weeks prior to starting his vacation. The Company reserves the right upon termination of employment to recover for any vacation leave taken but unearned.

L. Vacation credit will not be accrued during a leave of absence of more than thirty (30) days or during a layoff.

M. Subject to the requirements of the Company, employees covered by this Agreement will be permitted to select their vacation in the classification at the location in which they are employed in accordance with their length of service with the Company.

N. Part-time employees will take vacation in accordance with a vacation schedule approved by their supervisors.

SECTION XVI
SICK LEAVE / OCCUPATIONAL INJURY LEAVE
SICK LEAVE

A. All employees who have completed their probationary period with the Company will be credited with one (1) day sick leave credit for each month of continuous service up to the maximum of one hundred and twenty (120) days. Each January 1st, any employee who has accumulated one hundred twenty (120) days sick leave credit shall be entitled on the next January 1st to a cash payment of sick leave credit earned but not used during that year up to a maximum of twelve (12) days.

B. Sick leave pay will be computed at employee's straight time rate of pay and will be issued on his regular payday.

C. Sick leave credit will not be earned for any period during layoff or leave of absence.

D. In case of actual sickness, employees will be paid for time lost up to the number of days to his personal credit, provided that in the case of continuous absence of three (3) days or more the employee will furnish, on request, to the Company a medical certificate in support of such absence. The Company reserves the right to require medical certificates whenever an employee's absentee record or circumstances indicate probable abuse by him of the sick leave policy. The employees and the Union recognizes the obligation of being truthful in preventing unnecessary absences or other abuses of sick leave. Abuse of the sick leave policy will result in disciplinary action.

E. If the Company, at any time in its discretion, grants additional sick leave or assistance to any employee it will not constitute a precedent requiring additional sick leave or assistance in any other case.

F. It is the responsibility of the employee absent from work, because of illness, to report such absence to his immediate supervisor or manager as soon as possible.

G. Any unused sick leave at the time of termination shall be added to the employee's length of service for purposes of retirement benefits.

INJURY LEAVE

If an employee, other than a probationary employee, is disabled by an occupational injury or illness which is compensable under the applicable workmen's compensation laws, he will receive' his regular rate of pay for a period not to exceed fifty (50) calendar days. He will return any workmen's compensation benefits to the Company. At the conclusion of the above-mentioned period, an employee may request sick leave pay for absence continuing beyond said period to the extent of his accrued sick leave. In the event that he receives workmen's compensation because of such absence, he will turn over such compensation to the Company and will have his sick leave restored to the extent that the compensation offsets the sick leave pay granted, provided, however, that the sick leave credit will be restored only in units of one-half (1/2) days.

The refunding of benefits to the Company shall not apply to any workmen's compensation benefits received as an award for partial or permanent injury, and which might exceed his total wages for the period of time lost from employment.

EXTENDED ILLNESS LEAVE

A. An employee who exhausts his sick leave, vacation leave and injury leave may apply in writing for and be granted an extended illness or occupational injury leave without pay for a period of up to two (2) years. The employee shall, when place on extended illness status, file his address with the Company and shall thereafter promptly advise the Company of any change in address. The Assistant General Chairman will be notified by two (2) copies of a letter stating the employee's name, home address, work location, job title and the date he is placed on extended illness status.

B. While on extended illness status, the employee:

(1) shall retain and continue to accrue seniority;

(2) may continue insurance coverage according to the provisions of the Company's insurance plan;

(3) shall not accrue or be entitled to any other employee's benefits, such as vacation accrual, sick leave accrual, holiday pay, et cetera, except that an employee who is off work because of occupational illness or injury will continue to accrue vacation credit;

(4) may be granted free or reduced rate travel if in connection with treatment of occupational illness or injury provided employee submits a medical or doctor's certificate recommending such treatment and treatment unavailable in employee's area of residence.

C. All provisions of Section XIV not inconsistent with these provisions shall apply to such leave. At the end of such leave, if the employee is unable to return to his former job, the employee shall lose seniority status and his name shall be removed from the seniority list.

SECTION XVII

TRANSPORTATION

A. After completing one (1) year of continuous employment, an employee in the bargaining unit and his authorized dependents shall be entitled to trip pass and reduced rate privileges in accordance with regulations hereunder.

B. Definitions

(l) Trip Pass - authorization for non-revenue transportation on PAL aircraft to employees and /or dependents to points served by the Company, one-way or round trip.

- (2) Reduced Rate Transportation - paid transportation on PAL aircraft at special discount rates made available to employees and/or dependents to points served by the Company, one-way or round trip.
- (3) Regular employment - construed as commencing from date of employee's initial probationary appointment, except in case of conversion from temporary to regular status where regular employment shall be construed to have begun from date of regular appointment.
- (4) Domestic Pass - travel from work domicile in one (1) U.S. station to another U.S. station served by PAL.
- (5) International Pass - travel from work domicile to all other PAL routes.
- (6) Dependents refer to spouse, registered domestic partner where the law provides, unmarried children under **24** and natural parents of married employees or parents of single employees. Dependents shall be entitled to the same priority as the employee when traveling with the employee.
- (7) Semi-qualified dependents refer to brothers, sisters, and children (married and / or 24 and over) of married employees, or brothers and sisters of single employees.
- (8) For purposes of TP entitlement, parents refer to the employee's natural parents. For single employees, in the event of death or divorce of one parent and remarriage of remaining parent, a step-parent will become qualified. However, only one (1) set of parents is qualified.
- (9) Brothers and sisters refer to the natural brothers and sisters of the employee.
- (10) Dependent children refer to the employee's natural children, unmarried and under **24** years of age, or to the employee's stepchildren who live in the same household as the employee, are dependent, unmarried and under 24 years of age.

C.

Trip Pass

(1) Domestic

After one (1) year up to three (3) years of service	Entitlement per year		Priority and space Classification
	Free	W/ \$20.00	
Employee	1	2	S/H3/Y
Dependent (s)	1	2	S/H5/Y
Semi-qualified dependent (s)	-	2	S/H6/Y
After four (4) years and thereafter			
Employee	1	5	S/H3/Y
Dependent (s)	1	5	S/H5/Y
Semi-qualified dependent (s)	-	5	S/H6/Y

(2) International

After two (2) years of service	Entitlement per year		Priority and space Classification
	Free	W/ SF*	
Employee	1	-	S/H3/Y
Dependent (s)	-	-	S/H5/Y
After three (3) years and thereafter			
Employee	1	-	S/H3/Y
Dependent (s)	1	-	S/H5/Y
- Schedule of Service Fees (SF) for dependents international travel:			
Less than 10 years of service		8%	
10 years up to 15 years		4%	
15 years service or more		0	

(3) On international trips for familiarization and training, the service charge for a spouse or registered partner where the law provides will be waived, without regard as to time of service.

(4) Trip passes are "on subject to space" basis.

(5) Stop-overs may be allowed at stations on direct route in either direction.

(6) Periods of travel embargo may be imposed on any or all routes served by the Company.

(7) Trip passes that are partially used or totally unused may be returned for cancellation such that original entitlement is restored for use at another time and corresponding service charges, if any, refunded.

(8) Any current employee who retired having completed twenty (20) years of continuous service will be entitled to lifetime trip pass and reduced rate privileges for him and his dependents as defined in Paragraph B (6), during the lifetime of the employee. This benefit is defined as one (1) set of passes per calendar year.

D. Reduced Rate Transportation

(1) Industry Discount 75 % (ID 75) **Based on Special Employee Rate (AMA)**

AMA rates will be standardized. Priority and space classification as follows:

After one (1) year service	Entitlement per year	Priority and space Classification
Employee	1	Q/F6/Y or J
Dependent (s)	1	Q/F7/Y or J
Semi-qualified dependent (s)	1	S/H6/Y or J

(2) Industry Discount 50 % (ID 50)

After one (1) year service	Entitlement per year	Priority and space Classification
Employee	4	PS / Y or J
Dependent (s)	4	PS / Y or Jt
Semi-qualified dependent (s)	4	PS/ Y or J

Employees/Qualified Dependents and Semi-Qualified dependents may avail of AMA rate on Y or J classes upon payment of prescribed rates. Upon application, employee must indicate class of service for ticketing purposes. Upon check-in if Y is full and ticketed on Y class, may be upgraded to J class subject to payment of fare difference.

(3) Interline discounts will be granted according to the interline agreements in effect at the time of a request being made by an employee. The Company will post a list of all interline agreements in effect and all amendments thereto with a copy to the Union.

E. An employee who is on emergency due to death of an immediate family member (parent, spouse, registered domestic partner where the law provides, son or daughter) shall be assigned boarding priority N / C 4 / to assist in accommodating the employee on the flight.

F. An employee, his dependent (s) and semi-qualified dependent (s) may be extended one (1) Regional travel (round trip from MNL to any point in the Philippines, Asia and Australia) in conjunction with an international travel.

G. Trip passes and reduced rate privileges are non-transferable and non-cumulative.

H. Any ticket, full fare or reduced rate, purchased and used by an employee for personal travel of any of his dependents may not be subsequently substituted for a trip pass or reduced rate order, nor may the money be refunded.

Partially used or totally unused tickets, full fare or reduced rate, may be returned for refund provided such are not substituted for a trip pass or reduced rate orders and subject to the applicable service fees.

I. Holders of trip passes or reduced rate orders are entitled to the same baggage allowance granted to revenue passengers.

J. Trip passes and reduced rate privileges cannot be earned during an employee's period of suspension.

K. The accredited international representative or his designee will be furnished space available transportation (no service charge) over the Company's system during the life of this Agreement, to be used in administering this Agreement.

L. Use of separated employees:

(1) Employees separated from the Company for reasons other than for cause may avail of their earned trip passes or reduced rate privileges for themselves and their immediate family within ninety (90) days from date of separation.

(2) Employees separated for cause shall cease to enjoy trip passes and reduced rate privileges effective on the date of termination.

(3) Retired employees may take advantage of their trip passes and reduced rate privileges within certain prescribed periods and depending on their length of service.

SECTION XVIII

GRIEVANCE PROCEDURE

A. The representation for the effective handling of grievances and disputes between the parties under this Agreement will be:

(1) The Union will be represented by a properly designated representative in each department or facility who will be known as the Union Steward. The Union will be further represented at the SFO, LAS, HNL and LAX points by a Chief Steward, selected from the Union stewards at the respective locations.

(2) The Company will be represented by an authorized representative in each location who will be empowered to settle all local grievances not involving changes in Company policy or the intent and purpose of this Agreement.

(3) The Union and Company will at all times keep the other party advised through written notice of any change in authorized representatives.

(4) The accredited representatives of the Union will be permitted to enter facilities of the Company for the purpose of investigating grievances and disputes after contacting the Company official in charge and advising him of the visit. The accredited representative may assist in the investigation and/or handling of any complaint at any step in the grievance procedure.

B. Any employee who has a grievance concerning any action of the Company affecting him shall avail of the following procedures:

(1) The employee will present a written grievance in person, or through his Union representative, within ten (10) days from the date the grievant discovered the

facts, or should have discovered the facts, giving rise to the grievance. The grievance will be presented to the grievant's Department Head (or his designee) who will evaluate the grievance and render his decision in writing within fifteen (15) days thereafter.

(2) If the decision of the Department Head (or his designee) is unsatisfactory, the accredited representative may appeal the decision in writing within ten (10) days to the Country Manager - Americas (or his designee) who will consider the appeal and hold a hearing if requested. The Country Manager will render his decision in writing within fifteen (15) days from receipt of the written appeal or the close of the hearing, if held.

(3) If the decision of the Country Manager (or his designee) is unsatisfactory, the accredited representative may appeal the decision in writing within thirty (30) days to the System Board of Adjustment, established herein.

C. (1) An employee who has satisfactorily completed his probationary period will not be disciplined to the extent of loss of pay or discharged without being advised in writing of the charge, or charges preferred against him leading to such action, with a copy to the Union.

(2) No employee will be discharged or suspended without a prompt investigative hearing to be conducted by the Department Head at which he may be represented by a Union representative and afforded the opportunity to present evidence in support of his case. The Department Head will render a decision within ten (10) days after termination of the hearing. The employee may appeal the decision of the Department Head to the Country Manager within ten (10) days from receipt of the decision for review on appeal, provided, that if the decision is to discharge or discipline over thirty (30) days, the Union may elect to elevate the case to the System Board level for review.

(3) The Country Manager or his designee will render a decision in writing within fifteen (15) days from receipt of the written appeal.

(4) If the decision of the Country Manager is unsatisfactory, the accredited representative may appeal the decision in writing within thirty (30) days to the System Board of Adjustment established therein. By mutual agreement of the parties, cases properly referable to the Board may be submitted directly to arbitration.

D. All hearings and investigations will be conducted during regular day shift working hours, and necessary Committee members and necessary employee witnesses will not suffer loss of pay while handling grievances or attending investigations. Such hearings and investigations will be conducted at a time that does not interfere with the operations of the Company.

E. All reference to days in this section refers to calendar days. All time limits for decisions and appeals will be exclusive of Saturdays, Sundays and holidays.

F. If a grievance is not presented or appealed within the time provisions of this Article, the Company will not be required to give further consideration. Time limits may be extended by mutual agreement between the Company and the Union.

G. Failure upon the part of the Company to issue its decision within the time stipulated will be treated as a denial of the grievance, allowing an appeal to the next step of the grievance procedure provided for herein.

SECTION XIX

SYSTEM BOARD OF ADJUSTMENT

A. There is hereby established, pursuant to the provisions of the Railway Labor Act, as amended, an Adjustment Board. This Board will handle such matters as may be properly referred to it.

B. This Board will be composed of two (2) members, one (1) selected by the Company and one (1) selected by the Union and will meet quarterly.

C. This Adjustment Board will have no jurisdiction whatsoever over proposals or disputes relating to changes in hours of work, rates of pay, rules or working conditions.

D. The members of the Board will select a Chairman whose term of office will be one (1) year, provided that the office of Chairman will be filled alternatively by a member representative of the Company and a member representative of the Union.

E. The Chairman will preside at meetings of the Board and will have a vote on the adoption of all decisions of the board.

F. All disputes properly referred to the Board for consideration will be addressed to the Chairman. Three (3) copies of each petition, including all papers and exhibits in connection therewith, will be forwarded to the Chairman who will promptly transmit one copy to the other Board member.

Each case submitted will show:

- (1) Question or questions at issue;
- (2) Statement of facts;
- (3) Position of employee or employees and I or Union; and
- (4) Position of the Company.

G. A majority vote of all members of the Board will be sufficient to make a finding or decision with respect to any dispute properly submitted to it, and such findings or decision will be final and binding upon the parties to such dispute.

H. Upon failure of the Board to agree upon the finding or decision because of inability to secure a majority vote of all members of the Board, the Board will forthwith agree upon and select an impartial person to be known as a "referee" to sit with the Board as an additional member thereof in the further hearing and determination of the case. If the Board is unable to agree upon the selection of such additional member within fifteen (15) days, the moving party will have an additional fifteen (15) days, within which to request the National Mediation Board to name a panel of seven (7) referees from which each party may strike three (3). If a request is not made, the matter will be deemed closed but without precedential value. When a panel is requested and stricken, the remaining referee will be appointed to the System Board as the referee and when so named, the Board will immediately arrange for a determination of the dispute by such "referee".

I. In cases involving medical disputes, the parties agree that the members of the System Board should give consideration to all evidence presented, including evidence, if any from a Company or employee physician.

J. Findings and decisions of the Board will be stated in writing, and the decision of the Board will be final and binding upon all parties thereto.

K. The Board will keep a complete and accurate record of all matters submitted for its consideration and of all findings and decisions made.

L. All expenses of the Board, including those incurred by reason of participation of a "referee" in the determination of the controversy, as herein provided, will be borne one-half (1/2) by the Company and one-half (1/2) by the Union. The salary or compensation of members of the Board will be paid by the parties selecting such members. So far as space is available, Board members shall receive free transportation, subject to pay load, over the lines of the Company from point of duty to point of a Board meeting and return.

M. Each of the parties hereto will assume the compensation, travel expenses, and other expenses of the witnesses called or summoned by it.

N. It is understood that each Board member will be free to discharge his duty in an independent manner without fear that his individual relations with the company or with the employees hereunder may be affected in any manner by any action taken by him in good faith in his capacity as a Board member.

O. If the Union elects to appeal any discharge or discipline over thirty (30) days, it shall go directly to the System Board level.

SECTION XX

SAFETY AND HEALTH

A. The Company agrees to maintain safe, sanitary and healthful conditions in all facilities and to maintain at all times a first aid kit to take care of its employees in case of accident or illness; and, provided that nothing in this Agreement will compel the Company to maintain a doctor or nurse at any of the Company's offices. The Company agrees to furnish good drinking water and sanitary fountains will be provided wherever possible. The floors of the toilets and washrooms will be kept in good repair and in a clean, dry and sanitary condition, and properly supplied with sanitary health aids. The Union and the employees recognize their duty and responsibility to assist in maintaining safe, healthful and sanitary conditions. Facilities and washrooms will be lighted,

ventilated and heated in a proper manner consistent with the source of heat, ventilation and light available. In order to eliminate as far as possible accidents and illness, an adequate Safety Committee will be established at each facility composed of one Union representative and one Company representative.

B. The duty of the Safety Committee will be to make recommendations for the maintenance of proper safety and health standards, and to receive and investigate complaints on standard forms regarding unsafe and unsanitary working conditions and to make recommendations for correction. The Committee will meet every two (2) months, where necessary, and issue a report.

C. The Company agrees to continue furnishing all necessary safety devices including earmuffs for employees working on or near hazardous or unsanitary work and employees will be required to use or wear such devices in performing such work. The Company also agrees to continue providing rain repellent apparel for employees required to work in inclement weather and adequate cold weather apparel (parkas, gloves, head gear). The Company will assume 50 % of the cost of safety shoes when required to be worn at its cargo and airport facilities.

D. Employees injured while at work will be given medical attention at the earliest possible moment and employees will be permitted to return to work provided they are given medical approval, without signing any release of liability pending the disposition or settlement of any claim for damage or compensation. Injured employees will be allowed to obtain medical attention during the shift in which the injury occurred without loss of pay. It is the responsibility of the injured employee to report any injury to his immediate supervisor during the work period which the injury occurred.

E. Employees entering the service of the company may be subject to a physical examination. The Company reserves the right to require an employee to submit to further physical examinations during employment, if there is a question as to an employee's abuse of sick leave or his physical fitness to perform his assigned work. Any physical examination required by the Company will be paid by the Company.

SECTION XXI
WAGE RULES

A. Rate of pay covering the employees hereunder will be set forth in Schedule A.

B. When an employee transfers from a lower classification to a higher classification or to another classification within the same wage group, he will be placed in the appropriate pay step either maintaining or slightly increasing his present wage and thereafter secure increases in accordance with the steps in the new pay scale.

C. Shift premium pay will be included in the computation of overtime pay. The monthly base wages in Schedule "A" and any longevity will be the basis for computing pay for vacations, holidays and sick leave. The hourly rate (straight time or regular rate) of an employee is determined by dividing the monthly wages by 173.3.

D. An employee will be paid \$0.30 per hour shift differential if he works a shift beginning after 12:00 noon but before 6:00 p.m. An employee will be paid \$0.38 per hour shift differential if he works a shift beginning at 6:00 p.m. or later, but before 6:00 a.m.

E. The Company will continue its present cost of living policy for employees based in Honolulu on the effective date of this Agreement.

F. Longevity will be paid in the amount of ten dollars (\$10.00) a month for each year of service after reaching the top rate of his classification to a maximum of sixty (\$60.00) a month, and thereafter at fifteen dollars (\$15.00) a month for each year of service a maximum of \$165.00 a month effective July 01,2008.

G. Paychecks will include a statement of all wages and deductions made for the pay period. The employee's statement will include the number of hours worked and the overtime pay will be listed separately from straight time.

H. Should the regular payday fall on a holiday, or days when the office facility is closed, employees will be paid on the preceding day.

SECTION XXII
INSURANCE

A. The Company will continue to provide medical and dental insurance in accordance with the coverage provided prior to this Agreement until June 30, 2008 with the following adjustments effective July 01, 2008:

1. **Hawaii-Based Employees:** \$100 employee deductible, \$300 per family, \$2,500 out-of-pocket maximum; semi-private hospital room and board, preferred provider in-network 90%, out-of-network benefits to be paid at 70%. The Company will also provide a prescription drug benefit which will include a co-payment of \$5.00 per prescription for generic drugs, \$10.00 per prescription for preferred brand drugs at participating pharmacies. In addition, the Company will provide an HMO plan, which shall include a \$10.00 co-payment for doctor office visits, and 100% hospital coverage. Prescription drugs will be provided as per above. The Company will provide maternity coverage for employees, to the extent provided for other employee benefits.

All other Employees: **For Las Vegas,** \$200 employee deductible, \$400 family deductible; (the deductible amount in each calendar year will be reduced by the amount of covered expenses which were incurred in the last three months of the previous calendar year, but for which no benefits were payable because these expenses were part of the deductible amount for that year); \$5,000 stop-loss (\$500 out-of-pocket per person / \$1,000 out-of-pocket per family in network; \$1,500 out-of-pocket per person / \$3,000 out-of-pocket per family out of network); semi-private hospital room and board, preferred provider in network benefits to be paid at 90%, out-of-network benefits to be paid at 70%. The Company will also provide a prescription drug benefit which shall include a co-payment of \$10.00 for generic drugs, \$20.00 for formulary and \$35.00 for brand names. **Effective July 1, 2006 all California employees will be under HMO plan** which shall include a \$10.00 co-payment for doctor office visits, and 100% hospital coverage. Prescription drugs will be covered with a co-payment of \$10.00 per prescription. The Company will provide maternity coverage for employees to the extent provided for other employee benefits.

2. The Company will continue to provide a dental plan covering employees and dependents, with the following adjustments to the dental plan: The Company will provide a dental maintenance organization (DMO), 100% coverage with no deductible for exams, cleanings, and x-rays. All other coverages will be paid for at 100%, except for root canal therapy, certain types of periodontic work, oral prosthodontics, repairs, anesthesia, and space retainers, which will be paid at 60%. Orthodontia under the DMO program will be paid at 50% for both children and adults with no deductible and no lifetime maximum. The traditional Dental program shall have the employee and their dependents pay a \$50.00 deductible per person, per year. The annual benefit maximum will be \$2,000. Exams and cleanings will be paid at 100%. Dental benefits shall be 80% paid by the Company, and 20% paid by the employee, except for prosthodontics, which shall be a 50% benefit. The Company shall provide orthodontics insurance up to a lifetime maximum of \$2,000 per child on a 50% / 50% coinsurance basis, and a \$50 deductible.

3. The medical insurance premiums in HMO for employee contribution for himself shall be \$20.00 per month, for employees with one (1) covered dependent, it shall be \$35.00 per month, and for two (2) or more dependents, \$50.00 per month. For those in the preferred provider organization plan, insurance premiums for himself shall be \$50.00 per month, for employees with one (1) covered dependent it shall be \$75.00 per month, and for two or more dependents, \$100.00 per month.

For the dental insurance premiums, employees contribution for himself shall be \$2.50 per month; with one (1) covered dependent, \$4.50 per month, and for two (2) or more dependents, \$6.00 per month.

4. The Company agrees to establish a Premium Conversion Plan, which will allow employees to convert their insurance premiums from an after-tax to a pre-tax basis. Insurance premiums converted will be exempt from Federal Income, State Income, FICA and FUTA taxes.

5. The Company agrees to establish a Flexible Spending Account (FSA) which will enable employees to set aside their own money, on a pre-tax basis via salary deduction, to help pay for health care and dependent care. Under the health care

spending account, employees are permitted to utilize any money they have set aside to cover eligible health care expenses that are not covered or reimbursed under the employee's health plan, up to a maximum of \$2,000 per year. In addition, the Company agrees to give each employee \$75, plus \$25 for those covered dependents (must be enrolled in a Company sponsored Health Plan) on an annual basis to fund their Health Care Spending Account. Under the dependent care spending account employees are permitted to utilize any money they have set aside to cover eligible dependent care coverage for their qualified dependents, up to a maximum of \$5,000 per year.

B. Effective July 1, 2006. the Company shall make available Vision insurance, premiums to be paid 100% by the employee (except HNL).

C. The Company will continue a bomb insurance program with the signing of this Agreement.

D. Before July 1st of each year, Union and Management shall discuss issues related to medical and dental insurance.

SECTION XXIII

RETIREMENT

A. The Union and the Company adopt and agree to be bound by, and hereby assent to, The Trust Agreement, dated May 1, 1960, as amended, creating the I.A.M. National Pension Fund and the Plan rules adopted by the Trustees of the I.A.M. National Pension Fund in establishing and administering the foregoing Plan pursuant to the said Trust Agreement, as currently in effect and as the Trust and Plan may be amended from time to time. The Company hereby acknowledges receipt of a copy of said Trust Agreement.

B. Effective July 1, 2008, the Company shall contribute to the I.A.M. National Pension Fund, National Pension Plan \$1.55 for each hour for which in all job classifications covered by this agreement are entitled to pay under this Agreement. Effective July 1, 2009, the Company shall increase its contribution to \$1.65 for each hour and effective July 1, 2010, the Company shall increase its contribution to \$1.75 for

each hour. Such contributions shall be made on or before the 20th day of each month for hours worked during the preceding calendar month.

C. The contributions required on behalf of any employee shall not exceed forty (40) hours per week. The Company shall continue contributions on the basis of a regular work week while an employee is off work due to paid vacation, paid sick leaves and holidays. An employee shall receive both vesting and benefit accrual credit for all hours compensated to a maximum of 40 hours per week. Contributions for new part-time, temporary and full-time employees will be made only after the employee has completed the probationary period in accordance with Paragraph F of Section XI.

D. The parties acknowledge that the Trustees of the I. A. M. National Pension Fund may terminate the participation of the employees and the Employer in the Plan if the successor collective bargaining agreement fails to renew the provisions of this retirement Section. The parties may increase the contribution rate, job classifications or categories of hours for which contributions are payable.

E. This Section contains the entire agreement between the parties regarding pensions and retirement under this Plan and any contrary provision in this Agreement shall be void. No oral or written modification of this Agreement shall be binding upon the Trustees of the I.A.M. Pension Fund. No grievance procedure, settlement or arbitration decision with respect to the obligation to contribute shall be binding upon the Trustees of said Pension Fund.

SECTION XXIV
SEVERANCE PAY

A. An employee with one (1) up to ten (10) years of service who is laid off will be paid severance pay of one (1) week's pay per each year of service. An employee who has served more than ten (10) years of service will be paid severance pay of two (2) weeks' pay for each year of service. The employee will receive his severance pay entitlement on normal paydays while such employee is on layoff status. The amounts to be paid on such paydays will be his normal salary, until the severance pay entitlement is exhausted.

B. An employee recalled to work after layoff who is again laid off under conditions which would entitle him to severance pay will begin to accrue severance pay from the date of last recall. Severance pay will not be paid twice for the same period of service and will cease immediately upon recall.

C. Severance pay will not be paid if: (1) an employee is dismissed for cause, resigns or retires; (2) an employee refuses to work out his layoff notice, unless approved by the Company; and, (3) the layoff is caused by an act of God, an emergency, strike or causes beyond the control of the Company.

D. Severance pay for employees laid off in the event of consolidation, merger, sale, transfer or assignment of the Company, of any or all of its property or effects or changes in any respect in the legal status, ownership or management of the Company shall be paid in the following manner: one (1) week per each year of service.

SECTION XXV
NO STRIKE I NO LOCK OUT

The Company will not lock out employees covered by this Agreement. The Union will not authorize or take part in any strike or picketing of the Company's premises during the life of this Agreement, until the procedures for settling disputes provided by the Railway Labor Act, as amended, have been exhausted.

SECTION XXVI
UNION SECURITY

A. Except as otherwise provided in this Agreement, all employees now or hereafter employed in the classification and work covered by this Agreement shall, as a condition of continued employment in such work, become and remain members in good standing (as herein defined) in the Union within ninety (90) days following the beginning of such employment or the effective date of this Agreement, whichever is later.

B. The conditions of employment outlined in this Section shall not apply with respect to employees to whom Union membership is not available upon the same terms and conditions as are generally applicable to any other member or with respect to employees to whom membership was denied or terminated for any reason other than failure of the employee to render the periodic dues, initiation fees and assessments (not including fines and penalties) uniformly required as a condition of acquiring or retaining membership in the employee's designated local Lodge.

C. Membership in good standing in the Union shall consist of the payment by the employees of initiation fees (except in case of authorized and permissible transfers from other Lodges of the Union) uniformly required of other employees of like status,

plus the payment of dues (as herein above defined); for each calendar month, plus the payment of such assessment (s) (within prescribed time limits), but not fines and penalties, as may be levied in accordance with the procedures set forth in the Union's "Constitution of the Grand Lodge, District and Local Lodges, Council and Conferences."

D. The Company will, within ten (10) working days after receipt of notice from the Union, discharge an employee who is not in good standing in the Union as required by the preceding paragraph unless the employee tenders the deficiency to the union. Other provisions of this Agreement to the contrary notwithstanding, the Company will not be required to terminate the employment of any employee until such time as the services of a qualified replacement are available. The Company may not, however, retain any employee in service under the provisions of this paragraph for a period in excess of thirty (30) calendar days from the date of the Union's original notice, except by mutual agreement by the parties hereto.

E. At a time mutually agreed upon during the probationary period, the Union Chief Steward will be granted one (1) hour during a new employee's regular shift for the purpose of indoctrination of the employee (s) in Union and Company policy and procedure.

F. The Union will furnish to the company, within ninety (90) days after signing of this Agreement, a list of those employees covered by the Agreement who are members of the Union and will furnish to the Company each month thereafter a Notice of any changes in said list.

G. Whenever payment of dues is referred to in this Agreement, the conditions of payment shall be met if the amount due is tendered to the Union within the prescribed time limitation. Use of the word "dues" herein shall, in all cases, include initiation fees, period dues, and assessments not including fines and penalties uniformly required as condition of acquiring or retaining membership.

H. Upon receipt of an approved duly signed authorization form of the employee involved, the Company will deduct from the employee's check the initiation fee, dues

and assessments payable by him to the Union during the period provided for in said authorization.

I. All deductions will be made by the Company on account of initiation fees, dues and assessments once each calendar month from the first paycheck covering employee in such month, unless the Union previously advises the Company in respect to a particular employee. The Company will once each month remit to the Union financial officer, so designated by the Union, one check with a list of the employees it represents, the amount deducted in behalf of each employee.

J. Company will not be liable for any time or wage claims by any employee discharged by the Company pursuant to a written order by an authorized Union representative.

SECTION XXVII

GENERAL

A. Service records will be maintained for each employee and will be furnished to the employee and I or Union upon written request, in cases of suspension, discharge or other disciplinary action. In cases where it is necessary that an employee be warned due to the caliber of his work and I or the general performance of his duties, such warning will be made to the employee in writing with a copy to the chief steward within ten (10) days of the infraction.

B. An employee leaving the service of the Company will upon request, be furnished a letter setting forth length of service and the position filled.

C. An employee who is required to operate new machinery or equipment in performance of his assignments will be given every reasonable opportunity to become familiar with the new machine or equipment on Company time and without reduction in pay.

D. The Company will provide business cards without cost to employees designated by the Company. Upon their request, other employees may be provided business cards by the Company at their own expense.

- E.** The Company will pay the chauffeur's license fee, as required by law or airport regulations, of any employee who is required to have such license to perform his assigned duties.
- F.** Nothing in this Agreement will prevent the Company from paying higher rates of compensation to any individual than those established herein.
- G.** The Company will furnish the Union every August the names locations, classifications and rates of pay for all employees covered by this Agreement, and addresses to the Union where an employee agrees to the release of his/her address and it is understood that this is voluntary on the part of the employee.
- H.** The Company will provide each employee with a convenient, pocket-size copy of this Agreement.
- I.** Employees called for jury duty will, upon submission of proper proof, be paid straight time compensation for such time as they are detained from their regular shift work schedule by such duty, less jury compensation received. Employees attending court under a subpoena as a witness will be granted time off with pay.
- J.** A suitable bulletin board will be provided inside of all Company facilities where Union notices of interest to employees may be posted; however, no political circulars, propaganda or advertisements will be placed on the bulletin boards.
- K.** When employee reprimands are reduced to writing, a copy will be given to the employee and the Union.
- L.** In the event of death in an employee's immediate family (wife, husband, children, step-children, mother, father, brother or sister, grandparents, step-parents, father or mother-in-law), registered domestic partner where the law provides, and his father or mother or children, an employee will be granted three (3) days off with pay to be taken within 14 days of the demise. In the event the scheduled necessary air travel relative to the leave is in excess of eight (8) hours in a twenty four (24) period, that employee will be granted five (5) days off with pay to be taken within 21 days of the demise. Additional time-off without pay may be granted if approved by the Company. Thereafter, this leave is not available.

M. The Company will maintain the policy of providing four (4) sets of uniforms. The cleaning allowance of \$45.00 per month will be provided effective July 01, 2000. Honolulu employees may elect to have a tropical weight uniform for their second set.

N. The perfect attendance policy currently in effect will be maintained for employees during the life of this Agreement.

O. The Company will provide parking at the San Francisco, Los Angeles and Honolulu airport for airport employees.

SECTION XXVIII
SAVING CLAUSE

Should any part or provision of this Agreement be rendered invalid by reason of any existing or subsequently enacted legislation, such invalidation of any part or provision of this Agreement shall not invalidate the remaining portions thereof, and they shall remain in full force and effect.

SECTION XXIX
EFFECTIVE DATE AND DURATION

This Agreement will become effective as of **July 1, 2008**, and will continue in full force and effect until **June 30, 2011**, and will renew itself without change until each succeeding June 30 thereafter, unless written notice of intended changes is served in accordance with Section 6, Title of the Railway Labor Act, as amended by either party hereto at least sixty (60) days prior to June 30 in any year.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement, **this 31st day of July 2006.**

WITNESS:

Ernest Valeria

PHILIPPINE AIRLINES, INC.

NEGOTIATING COMMITTEE:

John Burgwinkel

Elizabeth Completo

Danilo Mirabueno

INTERNATIONAL ASSOCIATION OF
MACHINIST AND AEROSPACE WORKER,
AFL-CIO

Randolph Kauhane

AGREE WITH RESPECT TO THIRD PARTY HANDLING

Effective September 30, 1988 the company shall have the right contract out any work present performed by the employees involved in airport operation. Any employee whose employment is terminated as a result of his or her job being contracted to a third party shall receive the following benefits:

- a. Service pay in accordance with the collective bargaining agreement as of December 31, 1987.
- b. In addition to the severance pay, each such employee shall receive a supplemental pension plan benefits equal to a formula calculated by multiplying the years of service, or fraction, thereof by (i) three weeks of pay for employees with five year of service or more, or (ii) two weeks of pay for employees with less than five years, minus the severance payment in Paragraph (a) above.
- c. The compensation due under paragraph (a) and (b) be totaled and one-half paid on September 30, 1988. The remaining half shall be paid on January 4, 1989. It is also understood that aforementioned supplemental pension benefit will not affect any amounts owing to employees under existing pension and/or benefit programs.
- d. Severance and supplemental pension benefit will be based upon the regular straight-time rate, including longevity pay. Shift premium and add-shift pay will not be included.
- e. Part-time employees' benefit pursuant to the provision above shall be based on twenty (20) hours of work.
- f. Neither severance pay nor the supplemental pension benefit shall be available to employees who accept other employment with Philippine Airlines or exercise their right to displace employees under the collective bargaining agreement and special provision discussed below.
- g. On receipt of the severance and supplemental pension benefit, each employee shall execute a general release respect to all claims (other than worker' compensation) arising out of employment or the termination of employment.

- h. Sick Leave. Unused sick leave for affected employees shall be paid off at the rate of 75%.
- i. Special provision concerning seniority. Any employee affected shall be allowed to utilize classification seniority to bump into a position remaining under the collective bargaining agreement. Any employee who does not hold classification seniority but desires to attempt to displace an employee in the classification remaining under the collective bargaining agreement shall submit a resume to a committee composed of two (2) employee representatives and two (2) management representatives. Any disputes concerning the qualification of such employee not arbitrator. One shall hear such cases at one hearing.
- j. Medical insurance. Full- time affected employees shall receive medical insurance under the current Company policy for a period of twelve (12) months from their termination date with no required employee contribution. Part-time employees shall receive medical insurance under the current Company plan for six (6) months from their termination date with no employee contribution required.
- k. Travel Benefits. Each affected employee shall be treated for the purpose of travel benefits as if he or she had worked through December 31, 1988. This is contingent upon the employment being entitled as of December 31, 1988 to those benefits. Any such benefits earned must be used in 1989.

Employees with less than ten (10) years of service shall be entitled to one additional set of passes to be used within two years on Philippine Airlines. Employees with ten (10) years or more of service shall be entitled to two additional sets of passes to be used within five years on Philippine Airlines. These sets of passes shall be space available on Philippine Airlines.

l. Other benefits. All other benefits such as vacation leave; pension benefits and COBRA rights shall be handed in accordance with the contract and applicable law.

m. In order to receive the benefits listed above, an employee must work until the September 30, 1988 planned termination date such as other later date as may be assigned.

n. The parties agree that should emergency situations develop between the ratification date and the termination date due to unavailability of current employees, the Company shall be able to fill its staffing requirements by the most suitable method.

o. Letter of agreement - With the respect to work which is the subject of the parties; agreement on third-party handling, supervisors and higher ranking officials shall be allowed to perform the work after the effective third-party handling date only in emergencies such as flight irregularities, conditions which would impair service to the shipping and traveling public, work accident and acts of God. This letter of agreement shall remain through December 31 1990, and shall be the status quo of that date.

Schedule A

			1-Jul-07 Monthly	1-Jul-08 Monthly /Hour	1-Jul-09 Monthly/Hour	1-Jul10 Monthly/Hour
Group 1	Messenger Clerk	Start in Classification	1,311	1,331 / 7.68	1,351 / 7.79	1,371 / 7.91
		2nd 6 mos. In classification	1,371	1,392/ 8.03	1,412/ 8.15	1,434/ 8.27
		2 nd year in classification	1,620	1,,644/ 9.49	1,,669/ 9.63	1,694/ 9.77
		3 rd year in classification	1,914	1,943/ 11.21	1,972/ 11.38	2,001/ 11.55
		4 th year in classification	2,013	2,043/ 11.79	2,074/ 11.97	2,105/ 12.15
		5 th year in classification	2,083	2,114/ 12.20	2,146/ 12.38	2,178/ 12.57
		6 th year in classification	2,134	2,166/ 12.50	2,199/12.69	2,231/ 12.88
		7 th year in classification	2,185	2,218/ 12.80	2,251/ 12.99	2,285/ 13.18
		8 th year in classification	2,237	2,271/13.10	2,305/ 13.30	2,339/ 13.50
Group 2	Supply Clerk	Start in Classification	1,402	1,423/ 8.21	1,444/ 8.33	1,466/ 8.46
		2 nd 6mos. In classification	1,468	1,490/ 8.60	1,512/ 8.73	1,535/ 8.86
		2 nd year in classification	1,730	1,756/ 10.13	1,782/10,28	1,809/10.44
		3 rd year in classification	2,027	2,057/ 11.87	2,088/12.05	2,120/12.23
		4 th year in classification	2,184	2,217/12.79	2,250/12.98	2,284/ 13.18
		5 th year in classification	2,222	2,255/13.01	2,289/13.21	2, 323/13.41
		6 th year in classification	2,276	2,310/13.33	2,345/13.53	2,380/ 13.73
		7 th year in classification	2,330	2,365/13.65	2,400/13.85	2,436/14.06
		8 th year in classification	2,385	2,421/13.97	2,457/14.18	2,494/14.39
Group 3	General Clerk	Start in Classification	1,579	1,603/ 9.25	1,627/ 9.39	1,651/ 9.53
		2 nd 6mos. In classification	1,631	1,655/ 9.55	1,680/ 9.70	1,706/ 9.84
		2 nd year in classification	1,907	1,936/ 11.17	1,965/11.34	1,994/11.51
		3 rd year in classification	2,179	2,212/12.76	2,245/12.95	2,279/13.15
		4 th year in classification	2,248	2,282/13.17	2,316/13.36	2,351/13.56
		5 th year in classification	2,333	2,368/13.66	2,404/13.87	2,440/14.08
		6 th year in classification	2,386	2,422/13.97	2,458/14.18	2,495/14.40
		7 th year in classification	2,443	2,480/14.31	2,517/14.52	2,555/14.74
		8 th year in classification	2,504	2,542/14.67	2,580/14.89	2,618/15.11
Group 4	Accounting Clerk	Start in Classification	1,646	1,671/9.64	1,696/9.79	1,721/9.93
		2 nd 6 mos. In classification	1,690	1,715/9.90	1,741/10.05	1,767/10.20
		2 nd year in classification	1,971	2,001/11.54	2,031/11.72	2,061/11.89
		3 rd year in classification	2,254	2,288/13.20	2,322/13.40	2,357/13.60
		4 th year in classification	2,350	2,385/13.76	2,421/13.97	2,457/14.18
		5 th year in classification	2,406	2,442/14.09	2,479/14.30	2,516/14.52
		6 th year In classification	2,465	2,502/14.44	2,540/14.65	2,578/14.87
		7 th year in classification	2,523	2,561/14.78	2,599/15.00	2,638/15.22
		8 th year in classification	2,586	2,625/15.15	2,664/15.37	2,704/15.60

			1-Jul-07 Monthly	1-Jul-08 Monthly/Hourly	1-Jul-09 Monthly/Hourly	1-Jul-10 Monthly/Hourly
Group 5	Accounting Clerk	Start in Classification	1,916	1,945/11.22	1,974/11.39	2,004/11.56
		2 nd 6mos.in classification	1,958	1,987/11.47	2,017/11.64	2,047/11.81
		2 nd year in classification	2,299	2,333/13.47	2,368/13.67	2,404/13.87
		3 rd year in classification	2,731	2,772/16.00	2,814/16.24	2,856/16.48
		4 th year in classification	2,842	2,885/16.65	2,928/16.89	2,972/17.15
		5 th year in classification	2,933	2,977/17.18	3,022/17.44	3,067/17.70
		6 th year in classification	3,031	3,076/17.75	3,123/18.02	3,169/18.29
		7 th year in classification	3,130	3,177/18.33	3,225/18.61	3,273/18.89
		8 th year in classification	3,232	3,280/18.93	3,330/19.21	3,380/19.50
Group 6	Secretary	Start in Classification	2,012	2,042/11.78	2,073/11.96	2,104/12.14
	Sr. Accounting Agent	2 nd 6mos. in classification	2,054	2,085/12.03	2,116/12.21	2,148/12.39
		2 nd year in classification	2,395	2,431/14.03	2,467/14.24	2,504/14.45
		3 rd year in classification	2,826	2,868/16.55	2,911/16.80	2,955/17.05
		4 th year in classification	2,938	2,982/17.21	3,027/17.47	3,072/17.73
		5 th year in classification	3,030	3,075/17.75	3,122/18.01	3,168/18.28
		6 th year in classification	3,128	3,175/18.32	3,223/18.60	3,271/18.87
		7 th year in classification	3,225	3,273/18.89	3,322/19.17	3,372/19.46
		8 th year in classification	3,328	3,378/19.49	3,429/19.78	3,480/20.08
Group 7	Customer Svc. Rep	Start in Classification	2,108	2,140/12.35	2,172/12.53	2,204/12.72
	Personnel Assistant	2 nd 6mos. In classification	2,150	2,182/12.59	2,215/12.78	2,248/12.97
		2 nd year in classification	2,491	2,528/14.59	2,566/14.81	2,605/15.03
		3 rd year in classification	2,922	2,966/17.11	3,010/17.37	3,055/17.63
		4 th year in classification	3,033	3,078/17.76	3,125/18.03	3,172/18.30
		5 th year in classification	3,126	3,173/18.31	3,220/18.58	3,269/18.86
		6 th year in classification	3,223	3,271/18.88	3,320/19.16	3,370/19.45
		7 th year in classification	3,321	3,371/19.45	3,421/19.74	3,473/20.04
		8 th year in classification	3,424	3,475/20.05	3,527/20.35	3,580/20.66
*Lead Agent - \$125.00 per month in addition to the basic classification pay.						

SCHEDULE B

CLASSIFICATION AND WORKER REOUIREMENTS

Secretary

The duties of a Secretary include taking shorthand and transcribing dictation, typing, filing, maintenance of records as required by the particular department, preparation of travel orders and expense reports, handling of confidential information, opening and sorting of incoming mail, assembling and sending outgoing mail, receiving callers and taking telephone messages, receiving and transmitting messages, writing routine letters, making appointments and recording minutes of meetings as assigned, maintaining and updating Company manuals and regulatory materials, maintaining files on department personnel when required, control of office supplies and equipment, performing routine office and secretarial work, and such other related duties as maybe directed. Duties may also include compilation of statistics and other traffic or market data, preparation of reports, servicing of various requests from travel agencies, commercial accounts, interline carriers, etc. , and participation in promotional activities.

The duties of the Secretary assigned to the District Sales office may also include preparation of petty cash disbursement reports, handling local hotel reservations and compilation and preparation of relevant statistics and reports.

The duties of a station Secretary may also include processing of airport employee requests and other personnel matters, handling of invoices directed to the station and preparation of disbursement / replenishment reports for funds in the possession of the station.

Personnel Assistant

The Personnel Assistant assists in handling personnel matters and performs duties in connection therewith including typing, filing, record maintenance, correspondence, assisting applicants in completing required forms, processing of documents incident to personnel actions, furnishing information and forms relative to employee benefits, maintaining and issuing forms on personnel matters, and such other related duties as may be directed.

Accounting Agent

The functions of an Accounting Agent include the following:

- 1) Preparation of check and cash payments
- 2) Processing of Payments - Invoices
- 3) Preparation of Monthly Accruals
- 4) CRR Analysis
- 5) Generation of Production Report - U.S. Region
- 6) Processing of Payments - Excise Tax, Users Fee & APHIS
- 7) Preparation of Quarterly Reports to Federal State Government Agencies

(Per Agreement signed on 21 November 2005.)

Accounting Clerk

An Accounting Clerk is expected to do at most six (6) but no less than three (3) of the Accounting Agent's functions. *

General Clerk

A General Clerk is an employee who, under appropriate supervision and according to prescribed procedures, performs clerical tasks including compiling data, generating reports, encoding data and/or other data entry functions, maintains files; writes routine correspondence and performs such other related duties as may be directed.

Senior Accounting Agent

A. In addition to basic functions of Accounting Agent, the specific functions of Senior Accounting Agent include monitoring ARC and GSA Sales Report submissions and receipt of sales remittances; checking completeness of all necessary supporting documents (e.g. TAT SR, audit coupons, charge slips, UCCFs, applied DM / CM / Invoices, refunded documents); ensuring mathematical accuracy of GSA sales reports and Request Adjustment Reports; processing / forwarding to Head Office TASSARs and other commission requests; validating cash refunds submitted by the GSA consolidators; processing credit card refunds of credit card sales or voided sales; setting up GSA sales receivables in Oracle A/R; setting up information and/ or application of refund transactions in Oracle A/R; preparing debit memos or discrepancy notices, various correspondence for the under-remittance of cash sales and/ or under-billing of credit cards or cash sales; and, performing other tasks that may be assigned by the Section or Department Head.

B. In addition to basic functions of Accounting Agent, the specific functions of Senior Accounting Agent (payroll) include computing monthly payroll after checking and ensuring hours performed by rank and file personnel are in compliance with Company vacation, sick leave and timekeeping regulations for submission to payroll processor; verifying vacation and sick leave in accordance with approved vacation leave entitlement prior to submission of final report to payroll processor; reviewing accuracy of Payroll Register / Overtime Register submitted by outside payroll processor; cutting checks in settlement of any personnel related matter and all other medical insurance premium and pension plan premium as recommended by the Personnel Department; preparing cash disbursement report on all funds pertaining to payroll; computing and recommending for payment annual payroll taxes and coordinating funding with Treasury Section; preparing certification requested by employees attesting to employee's salaries or applications for unemployment insurance claim and / or other loan application; preparing quarterly and annual EDD reports required by the State of California; and, performing other tasks that may be assigned by Section or Department Head.

(Per Agreement signed on 07 September 2000)

Customer Service Representative

The duties of a Customer Service Representative include but not limited to:

- 1) Mabuhay Miles and CRIS/CASA functions including inquiries, enrollment, balance inquiries, crediting activities, missing miles, award-related transactions up to award issuance and mailing of award tickets.
- 2) Firming of flights, check for duplicate and slide bookings. Call-out for voluntary transfer when there is a change of schedule/aircraft or overbooking situation and cancellations and flight re-protection including changes in onward connection, seat assignments.
- 3) Handles group transactions and its related activities toward maximizing seat utilization; prepares formatted letter to be faxed to travel agent on the status of group booking request - indicating requirement for group deposit, booking class code, ticketing deadline; does the presenting of group in Reservations System. Validation of group materialization.
- 4) Handle all respective stations queue's, handle special request of passengers, coordinates/secures confirmation of hotel accommodations, special meals, oxygen, stretcher, wheelchair, and other medical requirements; ensuring that oxygen is loaded and kit is complete; servicing of OXY/STCR requirements of station and all Special Services requirements.
- 5) Issuance and validation of tickets including electronic ticketing, collection and/or custody of all money received including the processing of credit card transactions via fax, handling of prepaid ticket advise, processing of refunds and exchange orders, preparation and submission of Daily Sales Reports, handling and follow-up of lost ticket advises, assisting the District Sales offices in promotional activities, furnishing travel and other related information, sending and receiving communications in connection with this functions.
- 6) Draft and prepare PAL Brief for distribution to travel agencies on updates covering products, flight schedule changes, changes on procedures and policies, handling on-line reservations, prepare the advance booking (3 month period) and the 30-day count; handling replenishment of office supplies, various correspondence for the office, maintaining files of the office when necessary.

When three (3) or more Customer Service Representatives are on duty, one shall be designated as a lead agent. In addition to the duties and responsible of a Customer Service Representative, as a working member of the group, will lead, assign and direct Representatives to ensure completion of departmental duties and responsibilities in an efficient manner, and perform other related duties as may be directed by the Sales Manager / Ticket Office Supervisor.

(Per Agreement signed on 21 November 2005.)

LETTER OF AGREEMENT I

It is understood that the provisions of Section 3 (c) of this Agreement are not applicable where the Company is unable to obtain its own suitable space for particular staffing at an airport location, regardless of the number of flights.

Upon Union request, the parties will meet promptly to discuss staffing requirement.

Ismael Khan

Richard W. Thomas

PHILIPPINE AIRLINES, INC.

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO**

Date:

Date:

(Signed by Atty. Ismael Khan for Philippine Airlines/ Richard Thomas for IAM)

LETTER OF AGREEMENT II

With respect to Section XXVII-I, employees required to perform jury duty Monday through Friday, inclusive of regular days off during said period, will not be required to work Saturday and Sunday without loss of pay.

Ismael Khan

Richard W. Thomas

PHILIPPINE AIRLINES, INC.

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO**

Date:

Date:

(Signed by Atty. Ismael Khan for Philippine Airlines / Richard Thomas for IAM)

LETTER OF AGREEMENT III

It is agreed that nothing in the attached collective bargaining agreement restricts the rights of the company to reschedule employees from full-time to part-time status, provided this understanding is not applicable to full-time employee in their position held on the effective date of this Agreement. An employee rescheduled under this Agreement retains the right to displace or accept severance in accordance with the applicable sections in the attached collective bargaining agreement.

Ismael Khan

Richard W. Thomas

PHILIPPINE AIRLINES, INC.

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO**

Date:

Date:

(Signed by Atty. Ismael Khan for Philippine Airlines / Richard Thomas for IAM)

LETTER OF AGREEMENT IV

It is agreed that in order to determine if an employee has the basic ability to be awarded the job in case of bidding, or be considered qualified to perform the work in case of displacement, he may be required to pass an appropriate written, oral, or performance test.

Test used in determining this must be specifically related to be requirements of the job and all applicants for the job must be given the test.

When a minimum ability test is required by management the following procedures will be followed:

- 1) The employee(s) concerned and Chief Union Steward will be given at least 24 hours notice as to the time and place of said test.
- 2) The testing facility will be suitable.
- 3) Before the test begins, the passing grade will be determined.
- 4) Questions relating to the testing procedure or appropriateness of questions asked in the test shall be made known to the manager responsible for filling the position within twenty-four (24) hours from the conclusion of the test.
- 5) An employee who has satisfactorily performed the position bid within the past thirty-six (36) months will not be required to submit such a test.

PHILIPPINE AIRLINES, INC.

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO**

Date:

Date:

(Signed by Atty. Ismael Khan for Philippine Airlines/Richard Thomas for IAM)

LETTER OF AGREEMENT V

In the event the flight schedule at particular airport locations will not provide for five (5) consecutive days of work on a shift, the Company, at its option, may implement the following:

- I. The last sentence of Section VII, paragraph A will not apply.
- II. Paragraph C (3) of Section VII will not prohibit an employee from working if he so desires.
- III. Notwithstanding the provisions of Section IX, the parties agree to establishment of a debit/credit system ("Bank"). The debit/credit system will work in the following manner:
 1. Every hour less than forty hours not scheduled in a work week will be debited to the bank.
 2. All hours not schedule but worked will be credited to the bank.
 3. Once an individual employee's bank is zero, the employee will again receive overtime pay.
 4. In the event the Company makes a call for debit balances and the employees have all refused the call, the Company will assign.

In the event the station returns to a daily flight schedule, debiting will cease. However, the remaining debit balances shall be utilized within a 6-month period, after which any outstanding balances shall be automatically written off.

- IV. If agreed upon mutually by the local management and local Union, the above systems may be implemented regardless of the number of flights.
- V. If agreed upon mutually by the local management and local Union, alternative forty (40) hour per week work schedule may be implemented.

PHILIPPINE AIRLINES, INC.

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO**

Date:

Date:

(Signed by Atty. Ismael Khan for Philippine Airlines / Richard Thomas for IAM)

LETTER OF AGREEMENT VI

This will confirm our understanding of the manner by which a layoff is conducted under the Terms of the Agreement.

1. In accordance with Section XI , D, Company seniority will govern for layoff within a classification.

A. For the purposes of classification, the parties agree that there are twenty-three (23) classifications which are:

- | | |
|--------------------------------|--|
| 1. Fleet Servicemen | 12. Customer Service Agent |
| 2. Messenger Clerk | 13. Cargo Reservations Agent |
| 3. General Clerk | 14. Reservations Telesales Agent |
| 4. Supply Clerk | 15. Reservations Space Controller |
| 5. Communications Clerk | 16. Secretary |
| 6. Passenger Service Attendant | 17. Ticket / Sales Agent |
| 7. Communication Assistant | 18. Personnel Assistant |
| | 19. Area Sales Secretary
(Please note Sec.XII, J) |
| | 20. Port Steward |
| 8. Accounting Clerk | 21. Cargo Agent |
| 9. Cargo Clerk | 22. Reservations Customer Service Agent |
| 10. Accounting Agent | 23. Senior Accounting Agent |
| 11. Statistics Clerk | |

B. Lead Customer Service, Cargo, Reservations and Ticket / Sales Agents and Baggage Masters are considered to be filling a premium position within their basic classification and accrue classification seniority in the basic classification only.

C. Being governed by Section XIII of the Agreement:

1. Part-time employees within a classification will be laid off first before a full-time employee is laid off within the same classification at the same facility (point),
2. A part-time employee receives Company and classification seniority on a pro-rata basis.
3. A part-time employee shall exercise seniority as prescribed in Section XI, unless restricted by other provisions of the Agreement.

(L of A VI-I)

II. A laid off full-time employee may:

A. Accept layoff at the point with a three year recall right to the same classification at the point from which laid off, or

B. May elect to displace in accordance with the provisions of Section XI, K in the following sequence:

1. First displace the most junior full-time employee in his pay group at the lay-off point whose work he is qualified to perform as determined by an appropriate written, oral or performance test to be administered **within one (1) week following a two (2) weeks familiarization period upon assumption of the position.**

2. If unable to displace as in (1) above, he may displace the most junior full-time in his pay group on the system whose work he is qualified to perform subject to the same conditions as in the preceding paragraph, or he may displace the most junior full-time employee (s) at his point in each lower pay group whose work he is qualified to perform subject to the same conditions as in the preceding paragraph.

3. If unable to displace as in (2) above, he may displace the most junior full-time employee (s) in the system in each lower pay group whose work he is qualified to perform subject to the same conditions as in the preceding paragraph.

4. A laid off full-time employee, at his option, may elect to displace a part-time employee in the same sequence as a laid off part-time employee in IV, B I, B2, B3.

III. In the event a full-time employee is laid off by displacement, he may:

A. Accept layoff at the point with a three year recall right to the same classification at the point from which laid off, or

B. May elect to displace in accordance with the provisions of Section XI, K in the following sequence:

(L of A VI - 2)

1. First displace the most junior full-time employee in his pay group at the lay-off point whose work he is qualified to perform as determined by an appropriate written, oral or

performance test to be administered **within one (1) week following a two (2) weeks familiarization period upon assumption of the position.**

2. If unable to displace as in (1) above, he may displace the most junior full-time in his pay group on the system whose work he is qualified to perform subject to the same conditions as in the preceding paragraph, or he may displace the most junior full-time employee(s) at his point in each lower pay group whose work he is qualified to perform subject to the same conditions as in the preceding paragraph.

3. If unable to displace as in (2) above, he may displace the most junior full-time employee (s) in the system in each lower pay group whose work he is qualified to perform subject to the same conditions as in the preceding paragraph.

4. A displaced full-time employee, at his option, may elect to displace a part-time employee, including his own classification, in the same sequence as a laid off part-time employee in IV, BI, B2, B3.

IV. A laid off or displaced part-time employee may:

A. Accept layoff at the point with a three year recall right to the same classification at the point from which laid off, of

B. May elect to displace in accordance with the provisions of Section XI, K, in the following sequence:

1. First displace the most junior employee in his pay group at his point whose work he is qualified to perform as determined by an appropriate written, oral or performance test to be administered **within one (1) week following a two (2) weeks familiarization period upon assumption of the position.**

(L of A VI-3)

2. If unable to displace as in (I) above, he may displace the most junior employee in his pay group on the system whose work he is qualified to perform subject to the same

conditions as in the preceding paragraph, or he may displace the most junior employee(s) at his point in each lower pay group whose work he is qualified to perform subject to the same conditions as in the preceding paragraph.

3. If unable to displace as in (2) above, he may displace the most junior employee (s) in the system in each lower pay group whose work he is qualified to perform subject to the same conditions as in the preceding paragraph.

PHILIPPINE AIRLINES, INC.

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO**

Date:

Date:

(Signed by Cesar Lamberte for Philippine Airlines / Randolph Kauhane for IAM, 07 September 2000.)

4. As of 31st of July 2006, the twenty three (23) classifications were reduced to seven (7) namely 1) Senior Accounting Agent; 2) Accounting Agent; 3) Accounting Clerk; 4) Personnel Assistant; 5) Secretary; 6) General Clerk; and 7) Customer Service Representative.

I.B – Consistent with Section III canges, paragraph .B to read “Lead positions are to be considered to be filling a premium position with the basic classification”.

Remigio G. Siapno II
PHILIPPINE AIRLINES, INC.

Randolph J. Kauhane
INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO

Date: 04 September 2008

Date: 04 September 2008

(Signed by Atty. Remigio G. Siapno II of Philippine Airlines/Randolph Kauhane for IAM)

LETTER OF AGREEMENT VII

It is the understanding of the parties that with respect to travel on “official business” other than for training or familiarization, any employee who “travels away from his work domicile on company business” will begin receiving pay from one hour prior to scheduled departure and will continue receiving pay until one-half hour after arrival on domestic flights and one hour after arrival on international flights. Should the travel occur on a regular scheduled day off or after an employee has worked a regular straight time shift, then pay will be at the applicable overtime rate.

PHILIPPINE AIRLINES, INC.

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO**

Date:

Date:

(Signed by Atty. Ismael Khan for Philippine Airlines / Richard Thomas for IAM.)

LETTER OF AGREEMENT VIII

The parties agree that the position of Secretary to the Personnel Officer and Personnel Assistant provided in Section XII, J of the collective bargaining agreement will be excluded from the scope thereof when said position are vacated by the present incumbents.

PHILIPPINE AIRLINES, INC.

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO**

Date:

Date:

(Signed by Atty. Ismael Khan for Philippine Airlines / Richard Thomas for IAM)

LETTER OF AGREEMENT IX

In returning to the separation of job functions for the customer service agent (formerly traffic agent) and cargo agent classification, the following procedure will be used in the HNL station:

1. Step 1:

Employees currently in the customer service agent (HNL) classification will be given an opportunity to return to the cargo agent (HNL) classification.

2 Step 2:

If this does not satisfy the staffing needs, CSA (HNL) employees who were in the cargo agent (HNL) classification will be returned to that classification.

3. Step 3:

If this does not satisfy the staffing needs, customer service agents (HNL) will be assigned to the cargo agent 9HNL0 classification in inverse order of CSA classification seniority.

4. Step 4:

Employees who are assigned to the cargo agent (HNL) classification pursuant to Steps 2 and 3 above will have first priority to bid and hold a full-time opening in the customer service agent (HNL) classification, such right to continue until such time as an employee chooses not to bid and hold a CSA position in accordance with his seniority.

PHILIPPINE AIRLINES, INC.

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO**

Date:

Date:

(Signed by Atty. Ismael Khan for Philippine Airlines / Richard Thomas for IAM.)

LETTER OF AGREEMENT X

The parties agree that those employees who had accepted a promotion to a position in the Company not covered by this Agreement prior to the signing of this Agreement will retain but not accrue seniority within any former classifications under this Agreement. The following management employees retain, but not accrue company and classification seniority as of the signing of this Agreement. The parties also agree that those employees who accepted a promotion to a position in the Company not covered by this Agreement after 01 July 2000 will not retain Union seniority.

Name	Latest transfer date to Management
1. Gutierrez, Teresa	Sept. 1, 1996
2. Cuevas, Maria Luz	March 1, 1997
3. Barreto, Deladino	April 16, 1991
4. Nethercott, Alfred	May 1, 1983
5. Pavidis, Marguerite	July 1, 1984
6. Marquez, Emerald	Oct. 16, 1984
7. Merino, Marlene	Dec. 1, 1984
8. Morales, Veronica	Aug. 1, 1993
9. Aldanese, Rex	July 16, 1983
10. Cuenco, Tito	Aug. 24, 1987
11. Aguila, Estrellita	Oct. 1, 1980
12. Wall, Maricel	Jan. 1, 1998
13. Tabuena, Marylou	July 1, 1999

PHILIPPINE AIRLINES, INC.

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO**

Date:

Date:

(Note: Employees 4, 8 & 12 are the only ones covered by this Letter of Agreement as of July 1, 2006.) (Signed by Cesar Lamberte for Philippine Airlines / Randolph Kauhane for IAM. 9/7/00)

LETTER OF AGREEMENT XI

This will confirm our understanding of the manner by which an employee who has accepted a position in the Company not covered by this agreement may exercise his seniority which was retained prior to July 1,2000.

- 1) If they wish to bid for a position in the collective bargaining agreement they will file a permanent bid as outlined in Section XII paragraph A. with a priority of (4) from any employee on layoff.

- 2) If they are laid-off from their position not covered by the collective bargaining agreement, they will first be placed on laid-off status and then file a permanent bid form as outlined in Section XII paragraph XX and will be given a priority of (4) any employee on layoff.

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO**

PHILIPPINE AIRLINES, INC.

(Signed by Cesar Lamberte for Philippine Airlines / Randolph Kauhane for IAM on 12/05/2000.)