

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

DEPARTMENT OF
TRANSPORTATION
AET OPERATIONS

2012 OCT 17 P 4:06

In the matter of the application of

CEBU AIR, INC. D/B/A CEBU PACIFIC AIR

for an exemption from 49 U.S.C. §41301

Docket DOT-OST-2012-_____

APPLICATION FOR EXEMPTION

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Counsel to Cebu Air, Inc. d/b/a Cebu Pacific
Air

DATED: October 17, 2012

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DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

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Docket DOT-OST-2012-_____

APPLICATION FOR EXEMPTION

Cebu Air, Inc. d/b/a Cebu Pacific Air (“Cebu”), pursuant to 49 U.S.C. 40109, hereby requests an exemption from 49 U.S.C. 41301 and, to the extent necessary, from any other provisions of Title 49 and the Economic Regulations of the Department of Transportation (“Department”) to permit Cebu to engage in (i) the scheduled foreign air transportation of persons, property and mail from the Philippines via intermediate points to Honolulu, San Francisco, Los Angeles, Guam, Saipan, and four additional points in the United States selected by the Philippines, and beyond to five countries selected by the Philippines; and (ii) charters in accordance with the Department’s regulations, pursuant to a wet lease arrangement with a duly authorized U.S. or foreign air carrier. Cebu requests that any exemption granted by the Department pursuant to this application remain in effect for a period of at least one year. Cebu intends to commence scheduled service to the United States in April 2013.

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In further support of its application, Cebu states as follows:

1. The Applicant

Cebu began operations in March 1996 utilizing a "low fare, great value" strategy. Since then, it has grown enormously transporting more than 60 million passengers—more than any other Philippine carrier.

Cebu is the Philippines low fare leader. It offers the lowest available fare in every market it serves, utilizing such popular offers as PHP500 all-in fares as well as discounts of 50%. While it offers lower fares than its competitors, Cebu also offers its passengers innovative and creative services, and was the first local airline to offer online check-in, E-ticketing and seat selection.

Cebu is an experienced international carrier, and already serves nineteen major international destinations from the Philippines, including Brunei, Cambodia (Siem Reap), China (Beijing, Guangzhou, Shanghai, Xiamen), Hong Kong, Indonesia (Jakarta), Japan (Osaka), Korea (Busan, Incheon), Macau, Malaysia (Kota Kinabalu, Kuala Lumpur), Singapore, Taiwan (Taipei), Thailand (Bangkok), and Vietnam (Hanoi, Ho Chi Minh City). Cebu also serves thirty-two domestic points, operating from its four hubs in Manila, Cebu, Clark and Davao. In November 2012, Cebu will commence operations at its fifth hub—Iloilo—with nonstop flights to Hong Kong and Singapore. Cebu serves its domestic and international destinations with its modern fleet of thirty-one Airbus aircraft (including 10 A319 and 21 A320 aircraft) and eight ATR 72-500 aircraft—the youngest fleet in the Philippines and one of the youngest in Asia, and all of which entered service with Cebu direct from their manufacturers.

Cebu's headquarters are located in Manila. Cebu's principal business office is located at the following address:

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Cebu Air, Inc. d/b/a Cebu Pacific Air
 Airline Operations Center
 8006 Domestic Road, Pasay City
 1301 Philippines

Cebu is organized and exists under the laws of the Philippines. Cebu is a citizen of the Philippines and is substantially owned and effectively controlled by citizens of the Philippines.

Cebu is majority owned by CPAir Holdings, Inc., which is a Filipino company that is owned by JG Summit Holdings, Inc. JG Summit Holdings, Inc. is a Filipino company largely owned and controlled by the Gokongwei family.

Cebu Air, Inc. Ownership Structure

Shareholders	Citizenship	Ownership
CPAir Holdings, Inc.	Philippines	66.15%
PCD Nominee Corporation—Filipino (no participants of which own five percent or more) ¹	Philippines	8.94%
PCD Nominee Corporation—Non-Filipino*	Non-Philippines	23.63%
Individuals and Corporations (none of which own five percent or more)	Philippines	1.28%%

*Of the 26.11% held by this entity, 14.27% is held by the Hongkong and Shanghai Banking Corp. Ltd. in trust for various non-Filipino clients, which are not known to Cebu. The remaining holders do not own five percent or more.

CPAir Holdings, Inc. is a Filipino corporation whose board and officers are all Filipino citizens, including Lance Y. Gokongwei (president) and John L. Gokongwei, Jr. (chairman). It is a wholly-owned subsidiary of JG Summit Holdings, Inc. JG Summit Holdings, Inc. is also a

¹ PCD Nominee Corporation is a corporation wholly-owned by Philippine Depository and Trust Corporation, Inc. (known formerly as the Philippine Central Depository) ("PDTC") whose purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-trading in the Philippines. Under this system, brokers and custodians are recognized by PDTC as the beneficial owners of shares. Accounts are classified as being either Filipino or Non-Filipino. Filipino owners of Cebu stock holding shares through PDTC are aggregated in PCD Nominee Corporation—Filipino, while non-Filipino owners are aggregated in PCD Nominee Corporation—Non-Filipino. The ultimate owners of these shares are not known to Cebu.

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citizen of the Philippines. Its largest shareholder is the Gokongwei Brothers Foundation Inc., which owns 29.381% and is Filipino.²

JG Summit Holdings, Inc. Ownership Structure

Shareholder	Citizenship	Ownership
Gokongwei Brothers Foundation Inc.	Philippines	29.381%
PCD Nominee Corporation—Filipino (no participants of which individually own five percent or more)	Philippines	19.942%
John L. Gokongwei, Jr.	Philippines	12.748%
PCD Nominee Corporation—non-Filipino (no participants of which individually own five percent or more)	Non-Philippines	6.896%
Other Shareholders (none of which individually own five percent or more)	*	31.033%

*Of these shares, .001% is owned by U.S. citizens, .001% is owned by U.K. citizens, and .002% is owned by Chinese citizens. The remaining shares are owned by Filipinos.

No other person owns more five percent or more of JG Summit Holdings.

Cebu's Board of Directors consists of nine persons, eight of whom are Filipino citizens. Cebu's senior management team consists of fifteen persons, all of whom are citizens of the Philippines. Exhibit A hereto lists each of Cebu's directors, key management officials and their citizenship.

Cebu submits that it is substantially owned and effectively controlled by Filipino citizens, as required by Article 3 of the U.S.-Philippines Air Transport Agreement. Cebu is more than seventy percent owned by Filipino citizens. Nor is there any question that Filipino citizens control Cebu. All of Cebu's key management officials are Filipino, as are eight of nine of its board members, including the board chairman. Thus, not only is the carrier substantially owned by Filipino citizens, its day-to-day operations are controlled and managed by Filipino citizens.

² The Gokongwei Brothers Foundation Inc. was established through donations made by John L. Gokongwei, Jr., Elizabeth Gokongwei, Lance Y. Gokongwei, Robina Gokongwei, Henry L. Go, Johnson Robert Go and James L. Go. All of these individuals are Filipinos.

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2. The Proposed Service

Cebu intends to begin roundtrip scheduled service between Manila and Guam in April 2013. Service will be operated three times weekly using aircraft wet leased from a duly authorized U.S. or foreign air carrier, until such time as the Philippines is placed in Category 1 by the Federal Aviation Administration and the Department amends Cebu's exemption to remove any wet lease restriction.³ Consistent with the bilateral and its designation, Cebu requests an exemption permitting it to engage in (i) the scheduled foreign air transportation of persons, property and mail from the Philippines via intermediate points to Honolulu, San Francisco, Los Angeles, Guam, Saipan, and four additional points in the United States selected by the Philippines, and beyond to five countries selected by the Philippines; and (ii) charters in accordance with the Department's regulations, pursuant to a wet lease arrangement with a duly authorized U.S. or foreign air carrier.

3. Fitness

Cebu's operations are authorized and regulated by the Government of the Philippines. The Philippines is a contracting State to the Convention on International Civil Aviation ("Chicago Convention") and observes all applicable ICAO standards. Appended hereto as Exhibit B is a copy of Cebu's homeland operating authority. This license is valid through October 8, 2014, and will be renewed thereafter. This license represents all of the authority Cebu requires from the Philippine Government to provide the services described herein. The address of the Philippine aeronautical authority is:

Civil Aviation Authority of the Philippines
MIA Road
Pasay City, Philippines 1300

³ After removal of the wet lease restriction, Cebu expects to serve the market with its own A320 aircraft seating 180 passengers.

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All services to and from the U.S. will be provided utilizing aircraft wet leased from a duly authorized U.S. or foreign air carrier until such time as the Philippines is restored to Category 1 by the Federal Aviation Administration. Cebu's own fleet is and will continue to be maintained by Cebu. All maintenance on Cebu's aircraft is performed in accordance with programs that comply with the provisions of ICAO Pilots and Airmen Annexes 1, 6 (Part 1) and 7. Cebu has not had any fatal accidents or tariff violations in the past five years.

Cebu maintains liability insurance in compliance with the requirements of 14 C.F.R. 205, and its insurance certificate on Form OST 6411 is included as Exhibit C. Also included in Exhibit C is Cebu's Warsaw agreement on Form OST 4523.

Financial statements for Cebu are appended as Exhibit D. Cebu operates without assistance from the Philippine Government.

4. Public Interest Factors

Service between the United States and the Philippines is governed by the Air Transport Agreement between the two countries signed on October 3, 1980, as amended ("Agreement"). In accordance with Article 3 of the Agreement, the Philippines may designate up to three carriers to perform scheduled combination service on Route 2 of Annex I to the Agreement. By note dated September 10, 2001, Cebu was designated under Article 3 to engage in the scheduled transportation of passengers, cargo and mail, which is consistent with Annex I, Section 1(B)(2) authorizing Filipino carriers to operate:

From the Philippines via intermediate points to Honolulu, San Francisco, Los Angeles, Guam, Saipan, and four additional points in the United States to be selected by the Government of the Philippines; and beyond to five countries, to be selected by the Government of the Philippines.

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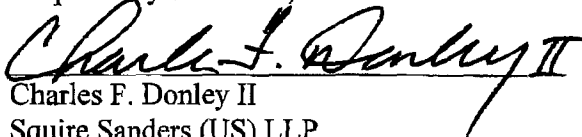
The services proposed by Cebu are fully consistent with the bilateral. The United States has consistently recognized that the inclusion of a service in a bilateral agreement to which the United States is a party and the designation of a qualified foreign carrier for such service satisfy all relevant public interest requirements for grant of exemption authority.⁴

5. Environmental Considerations

Cebu submits that its application raises no environmental or energy issues. All of Cebu's operations under this exemption will be conducted in accordance with applicable noise abatement requirements. Similarly, approval of this application will not result in a near-term increase in fuel consumption of ten million gallons or more.

WHEREFORE, Cebu Air, Inc. d/b/a Cebu Pacific Air respectfully requests that it be granted an exemption from 49 U.S.C. 41301 to the extent necessary to permit Cebu to provide scheduled and charter foreign air transportation of persons, property and mail as more fully described herein, or such other relief as the Department deems necessary and proper.

Respectfully submitted,



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Counsel to Cebu Air, Inc. d/b/a Cebu Pacific Air

DATED: October 17, 2012

⁴ See, S.REP. No. 96-329, at 4 (1979), reprinted in 1980 U.S.C.C.A.N. 54, 57 ("The negotiation of a bilateral agreement itself represents a determination by the Government of the United States that the grant of route authority provided for under the bilateral is in the 'public interest.'").

Exhibit A**Cebu Air, Inc. d/b/a Cebu Pacific Air****Board of Directors**

<u>Name and Title</u>	<u>Citizenship</u>
Ricardo J. Romulo Chairman	Philippines
John L. Gokongwei, Jr.* Director	Philippines
James L. Go* Director	Philippines
Lance Y. Gokongwei** Director, President and CEO	Philippines
Frederick D. Go+ Director	Philippines
Robina Y. Gokongwei-Pe++ Director	Philippines
Jose F. Buenaventura Director	Philippines
Antonio L. Go# Independent Director	Philippines
Oh Wee Khoon Independent Director	Singapore

*Brothers

**Son of John L. Gokongwei, Jr.

+Nephew of John L. Gokongwei, Jr.

++Daughter of John L. Gokongwei, Jr.

#Unrelated

Exhibit A**Cebu Air, Inc. d/b/a Cebu Pacific Air****Key Management Officials**

<u>Name and Title</u>	<u>Citizenship</u>
Lance Y. Gokongwei President and CEO	Philippines
Bach Johann M. Sebastian Senior Vice President-Chief Strategist	Philippines
Jaime I. Cabangis Chief Financial Officer	Philippines
Victor Emmanuel B. Custodio Vice President, Flight Operations	Philippines
Rosita D. Menchaca Vice President, Inflight Services	Philippines
Candice Jennifer A. Iyog Vice President, Marketing and Distribution	Philippines
Joseph G. Macagga Vice President, Fuel and Cargo Operations	Philippines
Antonio Jose L. Rodriquez Vice President, Airport Services	Philippines
Robin C. Dui Vice President and Comptroller	Philippines
Jeanette U. Yu Vice President and Treasurer	Philippines
Michael S. Shau Vice President, People and Administration	Philippines
Alexander G. Lao Vice President, Commercial Planning	Philippines

Key Management Officials

<u>Name and Title</u>	<u>Citizenship</u>
Alejandro B. Reyes General Manager, Long Haul Division	Philippines
Rosalindo F. Rivera Corporate Secretary	Philippines
William S. Pamintuan Asst. Corporate Secretary	Philippines


Exhibit B

Cebu Air, Inc. d/b/a Cebu Pacific Air

**License
and Designation**



AIR OPERATOR CERTIFICATE

MIA Rd. corner Alroy Aquino Ave. Pasay City Metro Manila, Philippines 1300	<p align="center">REPUBLIC OF THE PHILIPPINES</p> <p align="center">ISSUING AUTHORITY:</p> <p align="center">CIVIL AVIATION AUTHORITY OF THE PHILIPPINES</p>	Tel: +632-8799278 Mobile: +63915-310-7768
<p align="center">AOC# 2009002</p> <p>Expiry Date:</p> <p align="center">09 October 2014</p>	<p align="center">OPERATOR NAME:</p> <p align="center">CEBU AIR, INC.</p> <p>Dbas: CEBU PACIFIC AIR</p> <p>Operator Address:</p> <p>Airline Operations Center 8006 Domestic Road, Pasay City, Philippines Tel: +632-2905313 Fax: +632-8519185</p>	<p>Capt. Victor B. Custodio VP-Flight Operations</p> <p>Tel. No: +632-2905313 Fax No: +632-8519185 Mobile: +639228130003 E-mail: victor.custodio@cebu pacificair.com</p> <p>Contact details are listed in CEBU AIR INC. Operations Manual 1.2.2.1 "Business Address & Contact Numbers of Operations Key Personnel"</p>
<p>This certifies that CEBU AIR, INC. is authorized to perform commercial air operations, as defined in the attached Operations Specifications, in accordance with the Operations Manual and Part 9 of the Philippines Civil Aviation Regulations, series of 2011.</p>		
<p>Date of Issue:</p> <p align="center">09 October 2012</p>	<p align="center">  LT GEN WILLIAM K HOTCHKISS III AFP (Ret) Director General </p>	

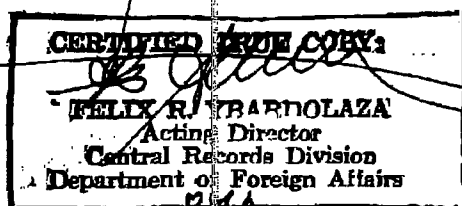
SEP 10 2001

No. 212842

The Department of Foreign Affairs presents its compliments to the Embassy of the United States of America and has the honor to inform the latter that the Philippine Government designates Cebu Pacific Air, Inc. as an official carrier of the Republic of the Philippines for passengers, cargo, and mail by air, pursuant to Article 3 of the Air Transport Agreement between the Philippines and United States of 16 September 1982, as amended, and the Memorandum of Consultations dated 18 September 1995.

The Department of Foreign Affairs avails itself of this opportunity to renew to the Embassy of the United States the assurances of its highest consideration.

Pasay City, 06 September 2001



SEP 11 2001

Exhibit C

Cebu Air, Inc. d/b/a Cebu Pacific Air

**Certificate of Insurance (Form 6411)
Warsaw Agreement (Form 4523)**



Office of the Secretary
of Transportation

AGENCY DISPLAY OF ESTIMATED BURDEN

The public reporting burden for this collection of information is estimated to average 30 minutes per response. If you wish to comment on the accuracy of the estimate or make suggestions for reducing this burden, please direct your comments to: U.S. Department of Transportation, Office of Aviation Analysis, X-36, 400 7th St., SW., Washington, D.C. 20590. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number.

NOTE: For information on where to file completed copies of this form, see FILING INSTRUCTIONS below.

OMB No. 2100-0030 Expires 2-28-2011

FOREIGN AIR CARRIERS - CERTIFICATE OF INSURANCE POLICIES OF INSURANCE FOR AIRCRAFT ACCIDENT BODILY INJURY AND PROPERTY DAMAGE LIABILITY

FILING INSTRUCTIONS: File a signed original of this form with the Federal Aviation Administration, Air Transportation Div., AFS-260, 500 Independence Ave., SW., Washington, DC 20591. (See EXCEPTION below.)

EXCEPTION: If Section 2.A. is filed in because the insured is a Canadian Charter Air Taxi Operator, file an original of this form with the U.S. Department of Transportation, Special Authorities Division (X-46), 400 7th Street, SW, Washington, D.C. 20590

(Please type information, except signatures.)

THIS CERTIFIES THAT: Prudential Guarantee and Assurance, Inc.

(Name of Insurer)

has issued a policy or policies of Aircraft Liability Insurance to Cebu Pacific Air and/or Cebu Air, Inc.

doing business as Cebu Pacific Air

FAA Certificate Number

(Name, address and FAA Certificate number of Insured Foreign Air Carrier)

effective from 26th October 2011 until ten (10) days after written notice from the insurer or carrier of the intent to terminate coverage is received by the Department of Transportation.

NOTE: Part 205 of the Department's Regulations does not allow for a predetermined termination date, and a certificate showing such a date is unacceptable.

1. The Insurer (Check One):

- ☐ is licensed to issue aircraft insurance policies in the United States;
☒ is licensed or approved by the government of Philippines to issue aircraft insurance policies; or
☐ is an approved surplus line insurer in the State(s) of

2. The insurer assumes, under the policy or policies listed below, aircraft accident liability insured to minimums at least equal to the following during operation, maintenance, or use of aircraft in "foreign air transportation" as that term is defined in 49 U.S.C. 40102.

(Complete applicable section A, B, or C below):

A. CANADIAN CHARTER AIR TAXI OPERATORS WITH PART 294 AUTHORITY ONLY

The aircraft covered by this policy have: (1) 30 or fewer passenger seats and a maximum payload capacity of 7,500 pounds or less; and/or (2) a maximum authorized takeoff weight on wheels of no more than 35,000 pounds. (Complete separate or combined coverage as appropriate):

☐ Separate Coverages:

Policy No.	Type of Liability	Minimum Limit	
		Each person	Each Occurrence
	Combined Bodily Injury (Excluding Passengers other than cargo attendants) and Property Damage Liability	\$75,000	\$2,000,000 (See note)
	Passenger Bodily Injury	\$75,000	\$75,000 x 75% of total number of passenger seats installed in aircraft

- ☐ Combined Coverage: This combined coverage is a single limit of liability for each occurrence at least equal to the required minimums stated above for bodily injury (excluding passengers), property damage, and passenger bodily injury.

Policy No. Amount of Coverage U.S. Dollars

- ☐ This policy covers CARGO operations only and excludes passenger liability insurance.

NOTE: If the aircraft covered by this policy have more than 30 passenger seats or more than a maximum payload capacity of 7,500 pounds, the minimum limit per occurrence shall be \$20,000,000.

B. FOREIGN AIR CARRIERS OPERATING SMALL AIRCRAFT
The aircraft covered by this policy are SMALL AIRCRAFT (i.e., with 80 or fewer passenger seats or with a maximum payload capacity of 18,000 pounds or less). (Complete separate or combined coverage as appropriate):

☐ Separate Coverages:

Policy No.	Type of Liability	Minimum Limit	
		Each person	Each Occurrence
	Combined Bodily Injury (Excluding Passengers other than cargo attendants) and Property Damage Liability	\$300,000	\$2,000,000
	Passenger Bodily Injury	\$300,000	\$300,000 x 75% of total number of passenger seats installed in aircraft

☐ Combined Coverage: This combined coverage is a single limit of liability for each occurrence at least equal to the required minimums stated above for bodily injury (excluding passengers), property damaged, and passenger bodily injury.

Policy No. _____ Amount of Coverage _____ U.S. Dollars

☐ This policy covers CARGO operations only and excludes passenger liability insurance.

C. FOREIGN AIR CARRIERS OPERATING LARGE AIRCRAFT
The aircraft covered by this policy are LARGE AIRCRAFT (i.e., with more than 80 passenger seats or with a maximum payload capacity of more than 18,000 pounds). (Complete separate or combined coverage as appropriate):

☐ Separate Coverages:

Policy No.	Type of Liability	Minimum Limit	
		Each person	Each Occurrence
	Combined Bodily Injury (Excluding Passengers other than cargo attendants) and Property Damage Liability	\$300,000	\$20,000,000
	Passenger Bodily Injury	\$300,000	\$300,000 x 75% of total number of passenger seats installed in aircraft

☒ Combined Coverage: This combined coverage is a single limit of liability for each occurrence at least equal to the required minimums stated above for bodily injury (excluding passengers), property damaged, and passenger bodily injury.

Policy No. AVIOMY110001612 Amount of Coverage USD500,000,000 U.S. Dollars

☐ This policy covers CARGO operations only and excludes passenger liability insurance.

3. The policy or policies listed in this certificate insure(s) (Check One):

☒ Operations conducted with all aircraft operated by the insured

☐ Operations conducted with the following types of aircraft:

☐ Operations with the following aircraft: (Use additional page if necessary)

Make and Model _____ FAA or Foreign Flag Registration No. _____

See Attached

4. Each policy listed in this certificate meets or exceeds the requirements in 14 CFR Part 205.

Prudential Guarantee and Assurance, Inc.

(Name of Insurer) _____ (Name of Broker, if applicable) _____

Goyinto House, 119 Palanca St., Legaspi Village

(Address) _____ (Address) _____

Makati City, Philippines (1229)

(City, State, Zip Code) _____ (City, State, Zip Code) _____

Lucio A. Hernandez - Vice President

Contact (person who can verify the effectiveness of this coverage) _____ (Officer or authorized representative) _____

(632) 8104916 (632) 8939508

(Area Code, Phone Number) (Area Code, Fax Number) (Area Code, Phone Number) (Area Code, Fax Number)

Lucio A. Hernandez _____

(Signature, if applicable) (Signature) _____

23 August 2012 _____

(Date) (Date) _____

<u>Aircraft Make & Model</u>	<u>Manufacturer's Serial No.</u>	<u>Philippine Registry</u>
A319	2556	RP-C3189
A319	2586	RP-C3190
A319	2625	RP-C3191
A319	2638	RP-C3192
A319	2700	RP-C3193
A319	2790	RP-C3194
A319	2831	RP-C3195
A319	2821	RP-C3196
A319	2852	RP-C3197
A319	2876	RP-C3198
A320	2994	RP-C3242
A320	3048	RP-C3243
A320	3272	RP-C3244
A320	3433	RP-C3245
A320	3472	RP-C3246
A320	3487	RP-C3247
A320	3646	RP-C3248
A320	3702	RP-C3249
A320	3767	RP-C3250
A320	4447	RP-C3280
A320	4508	RP-C3281
A320	4537	RP-C3282
A320	4574	RP-C3283
A320	4852	RP-C3284
A320	4881	RP-C3285
A320	4870	RP-C3286
A320	4927	RP-C3287
A320	4983	RP-C3288
A320	5250	RP-C3289
A320	5045	RP-C3287
A320	5087	RP-C3238

Docket DOT 95-235

U.S. Department of Transportation
Office of the Secretary of Transportation

AGREEMENT

The undersigned carriers (hereinafter referred to as "the Carriers") hereby agree as follows:

1. Each of the Carriers shall, effective May 16, 1966, include the following in its conditions of carriage, including tariffs embodying conditions of carriage filed by it with any government:

"The Carrier shall avail itself of the limitation of liability provided in the Convention for the Unification of Certain Rules Relating to International Carriage by Air signed at Warsaw October 12th, 1929, or provided in the said Convention as amended by the Protocol signed at The Hague September 28th, 1955. However, in accordance with Article 22(1) of said Convention, or said Convention as amended by said Protocol, the Carrier agrees that, as to all international transportation by the Carrier as defined in the said Convention or said Convention as amended by said Protocol, which, according to the contract of carriage, includes a point in the United States of America as a point of origin, point of destination, or agreed stopping place:

- (1) The limit of liability for each passenger for death, wounding, or other bodily injury shall be the sum of US \$75,000 inclusive of legal fees and costs, except that, in case of a claim brought in a State where provision is made for separate award of legal fees and costs, the limit shall be the sum of US \$50,000 exclusive of legal fees and costs.
- (2) The Carrier shall not, with respect to any claim arising out of the death, wounding, or other bodily injury of a passenger, avail itself of any defense under Article 20(1) of said Convention or said Convention as amended by said Protocol.

Nothing herein shall be deemed to affect the rights and liabilities of the Carrier with regard to any claim brought by, on behalf of, or in respect of any person who has willfully caused damage which resulted in death, wounding, or other bodily injury of a passenger."

2. Each Carrier shall, at the time of delivery of the ticket, furnish to each passenger whose transportation is governed by this Convention, or the Convention as amended by the Hague Protocol, and by the special contract described in paragraph 1, the following notice, which shall be printed in type at least as large as 10-point modern type and in ink, contrasting with the stock on (i) each ticket; (ii) a piece of paper often placed in the ticket envelope with the ticket or attached to the ticket; or (iii) on the ticket envelope:

ADVICE TO INTERNATIONAL PASSENGER ON LIMITATION OF LIABILITY

Passengers on a journey involving an ultimate destination or a stop in a country other than the country of origin are advised that the provisions of a treaty known as the Warsaw Convention may be applicable to the entire journey, including any portion entirely within the country of origin or destination. For such passengers on a journey to, from, or with an agreed stopping place in the United States of America, the Convention and special contracts of carriage embodied in applicable tariffs provide that the liability of

(certain (name of carrier) and certain other) carriers parties to such special contracts for death or personal injury to passengers is limited in most cases to proven damages not to exceed US \$75,000 per passenger, and that this liability up to such limit shall not depend on negligence on the part of the carrier. For such passengers traveling by a carrier not a party to such special contracts or on a journey to, from, or having an agreed stopping place in the United States of America, liability of the carrier for death or personal injury to passengers is limited in most cases to approximately US \$10,000 or US \$20,000.

The names of Carriers parties to such special contracts are available at all ticket offices of such carriers and may be examined on request.

Additional protection can usually be obtained by purchasing insurance from a private company. Such insurance is not affected by any limitation of the carrier's liability under the Warsaw Convention or such special contracts of carriage. For further information please consult your airline or insurance company representative."

3. [This Agreement was filed with the Civil Aeronautics Board of the United States. The Board approved it by Order E-23380, adopted May 13, 1966. The Agreement (Agreement 18900) became effective May 16, 1966. On January 1, 1965, this Agreement became the responsibility of the Department of Transportation (DOT) by operation of law.]

4. This Agreement may be signed in any number of counterparts, all of which shall constitute one Agreement. Any Carrier may become a party to this Agreement by signing a counterpart hereof and depositing it with DOT.

5. Any Carrier party hereto may withdraw from this Agreement by giving twelve (12) months' written notice of withdrawal to DOT and the other Carriers parties to the Agreement.

Other alternative may be used.

(Signature and Date)

(Printed Name and Title)

(Name and Address of Carrier)

Lance Y. Geronemus, President

Cebu Air, Inc. d/b/a Cebu Pacific Air
Airline Operations Center
8006 Domestic Road
Pasay City, 1301 Philippines

DOT Form 4523 (Formerly CAB Form 203)

Exhibit D

Cebu Air, Inc. d/b/a Cebu Pacific Air

Financial Statements

CEBU AIR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	P8,957,783,986	P9,763,288,972
Financial assets at fair value through profit or loss (Note 8)	3,261,077,998	3,879,438,631
Receivables (Note 9)	836,786,224	862,409,591
Expendable parts, fuel, materials and supplies (Note 10)	397,527,340	370,032,035
Other current assets (Note 11)	278,691,061	264,073,803
Total Current Assets	13,731,866,609	15,139,243,032
Noncurrent Assets		
Property and equipment (Notes 12, 16, 29 and 30)	41,037,543,621	33,985,701,079
Investment in shares of stock and joint ventures (Notes 13 and 32)	409,478,237	369,644,738
Available-for-sale investment (Note 8)	110,367,200	114,532,000
Other noncurrent assets (Note 14)	391,452,391	327,847,154
Total Noncurrent Assets	41,948,841,449	34,797,724,971
	P55,680,708,058	P49,936,968,003
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other accrued liabilities (Note 15)	P6,710,838,876	P5,598,486,319
Unearned transportation revenue (Note 4 and 5)	5,253,433,343	4,606,311,016
Current portion of long-term debt (Notes 12 and 16)	2,467,451,166	2,056,043,837
Financial liabilities at fair value through profit or loss (Note 8)	60,857,586	—
Due to related parties (Note 26)	36,302,174	35,529,304
Total Current Liabilities	14,528,883,145	12,296,370,476
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 12 and 16)	18,404,442,267	16,376,664,867
Deferred tax liabilities - net (Note 24)	221,786,183	153,130,071
Other noncurrent liabilities (Notes 17 and 22)	3,360,073,173	3,203,752,687
Total Noncurrent Liabilities	21,986,301,623	19,733,547,625
Total Liabilities	36,515,184,768	32,029,918,101
Equity (Note 18)		
Common stock	613,236,550	613,236,550
Capital paid in excess of par value	8,405,568,120	8,405,568,120
Treasury stock	(529,319,321)	—
Net unrealized losses on available-for-sale investment (Note 8)	(5,630,261)	(2,714,902)
Retained earnings	10,681,668,202	8,890,960,134
Total Equity	19,165,523,290	17,907,049,902
	P55,680,708,058	P49,936,968,003

See accompanying Notes to Consolidated Financial Statements.



CEBU AIR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

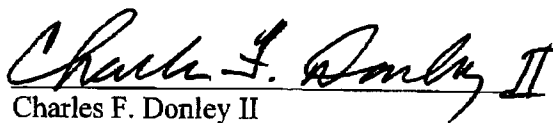
	Years Ended December 31		
	2011	2010	2009
REVENUE			
Sale of air transportation services (Note 4):			
Passenger	P27,208,405,751	P24,656,078,237	P19,504,340,982
Cargo	2,193,283,974	2,095,612,223	1,684,418,350
Ancillary revenue (Note 19)	4,533,713,050	2,337,108,499	2,122,246,979
	33,935,402,775	29,088,798,959	23,311,006,311
EXPENSES			
Flying operations (Note 20)	17,350,168,400	11,417,488,512	8,857,014,923
Aircraft and traffic servicing (Note 20)	2,991,278,104	2,461,807,197	2,631,833,249
Depreciation and amortization (Note 12)	2,632,410,923	2,100,929,764	1,917,683,713
Repairs and maintenance (Note 20)	2,518,570,260	2,289,945,384	2,568,940,713
Aircraft and engine lease (Note 29)	1,718,431,374	1,604,855,579	1,723,886,536
Reservation and sales	1,480,637,473	1,335,983,655	994,694,826
General and administrative (Note 21)	820,453,486	694,888,478	822,510,363
Passenger service	756,785,558	639,480,811	580,896,015
Other expenses (Note 23)	138,839,386	93,293,869	49,503,211
	30,407,574,964	22,638,673,249	20,146,963,549
OPERATING INCOME	3,527,827,811	6,450,125,710	3,164,042,762
OTHER INCOME (EXPENSE)			
Interest income (Notes 7 and 8)	647,397,939	237,495,750	8,848,551
Fuel hedging gains (Note 8)	477,128,001	474,255,226	685,574,528
Foreign exchange gains	50,154,940	576,978,771	418,182,126
Equity in net income (loss) of joint venture (Note 13)	42,318,202	25,248,534	(25,474,123)
Fair value gains (losses) of financial assets designated at fair value through profit or loss (Note 8)	(143,554,705)	107,631,255	-
Interest expense (Notes 16 and 17)	(854,269,588)	(931,482,279)	(1,012,826,822)
	219,174,789	490,127,257	74,304,260
INCOME BEFORE INCOME TAX	3,747,002,600	6,940,252,967	3,238,347,022
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)	122,584,882	17,759,687	(19,501,683)
NET INCOME	3,624,417,718	6,922,493,280	3,257,848,705
Net unrealized losses on available-for-sale investment (Note 8)	(4,164,799)	(3,878,432)	-
Benefit from income tax (Notes 8 and 24)	1,249,440	1,163,530	-
OTHER COMPREHENSIVE INCOME, NET OF TAX	(2,915,359)	(2,714,902)	-
TOTAL COMPREHENSIVE INCOME	P3,621,502,359	P6,919,778,378	P3,257,848,705
Basic/Diluted Earnings Per Share (Note 25)	P5.93	P11.78	P5.59

See accompanying Notes to Consolidated Financial Statements.



CERTIFICATE OF SERVICE

I hereby certify that one copy of the foregoing application of Cebu Air, Inc. d/b/a Cebu Pacific Air has this day been served on each of the following individuals via e-mail.


Charles F. Donley II

DATED: October 17, 2012

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