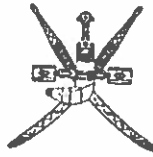


Exhibit



AGREEMENT BETWEEN

THE GOVERNMENT OF THE SULTANATE OF OMAN

and

THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES

FOR AIR SERVICES

The Government of the Sultanate of Oman and the Government of the Republic of the Philippines;

Being parties to the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December 1944;

Desiring to conclude an Agreement, for the purpose of establishing air services;

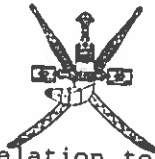
HAVE AGREED AS FOLLOWS:

ARTICLE I - DEFINITIONS

For the purpose of this Agreement, unless the context otherwise requires:

- a) The term "the Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on the seventh day of December 1944, and includes any Annex adopted under Article 90 of that Convention and any amendment of the Annexes or Convention under Articles 90 and 94 thereof; so far as those Annexes and amendments have become effective for or been ratified by both Contracting Parties.
- b) The term "aeronautical authorities" means in the case of the Government of the Sultanate of Oman, the Minister of Communications and any person or body authorized to perform any functions at present exercised by the said Minister of Communications or similar functions, and in the case of the Government of the Republic of the Philippines, the Civil Aeronautics Board and/or any person or body authorized to perform any functions exercised at present by the said Civil Aeronautics Board or similar functions.
- c) The term "designated airline" means an airline which has been designated and authorized in accordance with Article 3 of this Agreement.
- d) The term "territory" in relation to a State has the meaning assigned to it in Article 2 of the Convention.
- e) The terms "air service", "international air service", "airline" and "stop for non-traffic purposes" have the meanings respectively assigned to them in Article 96 of the Convention.

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- f) The term "capacity" in relation to an aircraft means the payload of that aircraft available on a route or section of a route.
- g) The term "capacity" in relation to "agreed service" means the capacity of the aircraft used on such service, multiplied by the frequency operated by such aircraft over a given period and route or section of a route.
- h) The term "route schedule" means the schedule of routes annexed to this Agreement and any amendments thereto as agreed in accordance with the provisions of Article 16 of this Agreement. The route schedule shall form an integral part of this Agreement.

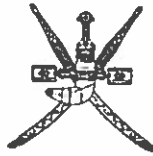
ARTICLE 2 - GRANT OF RIGHTS

- (1) Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement for the purpose of establishing and operating scheduled international air services on the routes specified in the Route Schedules of this Agreement. Such services and routes are hereinafter called "the agreed services" and "the specified routes" respectively. The airline designated by each Contracting Party shall enjoy, while operating an agreed service on a specified route, the following rights:
 - a) to fly without landing across the territory of the other Contracting Party;
 - b) to make stops in the said territory for non-traffic purposes; and
 - c) to take up and to put down passengers, cargo, and mail at any point on the specified routes subject to the provisions contained in the route schedules of the present Agreement.
- (2) Nothing in paragraph 1 of this Article shall be deemed to confer on the airline of the Contracting Party the privilege of taking up, in the territory of the other Contracting Party, passengers, cargo, or mail carried for remuneration or hire and destined for another point in the territory of that other Contracting Party.

ARTICLE 3 - DESIGNATION OF AIRLINES

- (1) Each Contracting Party shall have the right to designate in writing to the other Contracting Party one airline for the purposes of operating the agreed services on the specified routes.
- (2) On receipt of such designation the other Contracting Party shall, subject to the provisions of paragraphs 3, 4, and 5 of this Article, without undue delay grant to the airline designated the appropriate operating Authorizations.

Article

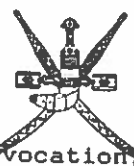


- (3) The aeronautical authorities of one Contracting Party may require an airline designated by the other Contracting Party to satisfy them that it is qualified to fulfill the conditions prescribed under the laws and regulations normally and reasonably applied to the operation of international air services by such authorities in conformity with the provisions of the Convention.
- (4) Each Contracting Party shall have the right to refuse to grant the operating authorizations referred to in paragraph (2) of this Article, or to impose such conditions as it may deem necessary on the exercise by a designated airline of the rights specified in Article 2 of this Agreement, in any case where the said Contracting Party is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airlines or in its nationals.
- (5) When an airline has been so designated and authorized it may begin at any time to operate the agreed services, provided that a tariff established in accordance with the provisions of Article 9 of this Agreement, is in force in respect of that service.
- (6) The exercise by the designated airline of either Contracting Party of the privileges granted in the appropriate operating authorization mentioned in paragraph (2) of this article should be subject to the statutory powers of the aeronautical authorities of the Contracting Parties in order to ensure the implementation of the provisions of Article 6 of the present Agreement.

ARTICLE 4 - REVOCATION OR SUSPENSION OF OPERATING AUTHORIZATION

- (1) Each Contracting Party shall have the right to revoke an operating authorization or to suspend the exercise of the rights specified in Article 2 of this Agreement by the airline designated by the other Contracting Party, or to impose such conditions as it may deem necessary on the exercise of these rights:
 - a) in any case where it is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in the nationals of such Contracting Party; or
 - b) in the case of failure by that airline to comply with the laws or regulations of the Contracting Party granting these rights; or
 - c) in case the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.

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- (2) Unless immediate revocation, suspension, or imposition of the conditions mentioned in paragraph 1 of this Article is essential to prevent further infringements of laws or regulations, such right shall be exercised only after consultation with the other Contracting Party.

ARTICLE 5 - EXEMPTION FROM CUSTOMS DUTIES AND OTHER SIMILAR DUTIES OR TAXES

- (1) Aircraft operated on international services by the designated airline of either Contracting Party, as well as their regular equipment, supplies of fuels and lubricants, and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempt from all customs duties, inspection fees and other similar duties or taxes on arriving in the territory of the other Contracting Party, provided such equipment and supplies remain on board the aircraft up to such time as they are re-exported.
- (2) There shall also be exempt from the same duties and taxes, with the exception of charges corresponding to the service performed:
 - a) aircraft stores taken on board in the territory of either Contracting Party and for use on board aircraft engaged in an international air service of the other Contracting Party;
 - b) spare parts entered into the territory of either Contracting Party for the maintenance or repair of aircraft used on international air services by the designated airline of the other Contracting Party;
 - c) fuel and lubricants destined to supply aircraft operated on international air services by the designated airline of the other Contracting Party, even, when these supplies are to be used on the part of the journey performed over the territory of the Contracting Party in which they are taken on board.

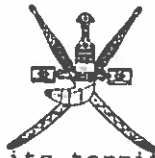
Materials referred to in sub-paragraphs (a), (b) and (c) may be required to be kept under customs supervision or control.

- (3) The exemptions provided by paragraph (2) of this Article shall also be available where the airline of one Contracting Party has contracted with another airline, which similarly enjoys such exemptions from the other Contracting Party, for loan or transfer in the territory of the other Contracting Party of the items specified in paragraph (2) of this Article.

ARTICLE 6 - APPLICABILITY OF LAWS AND REGULATIONS

- (1) The laws and regulations of one Contracting Party relating to the admission to or departure from its territory of aircraft engaged in international air services, or to the operation and navigation of such

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aircraft while within its territory, shall be applied to the aircraft of the airline designated by the other Contracting Party, and shall be complied with by such aircraft upon entering or departing from or while within the territory of the first Party.

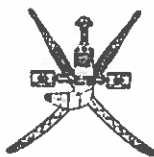
- (2) The laws and regulations of one Contracting Party as to the admission or departure from its territory of passengers, crew, or cargo of aircraft, such as regulations relating to entry, clearance, immigration, passports, customs, and quarantine shall be complied with by or on behalf of such passengers, crew or cargo of the airline designated by the other Contracting Party upon entrance into or departure from, or while within the territory of the first Party.
- (3) Airline designated by each Contracting Party shall comply with the laws of the other Contracting Party as to the admission to, or taking out from its lands of animals and plants, while its aircraft enter into, stay in, or depart from the territory of that Contracting Party.

ARTICLE 7 - PRINCIPLES GOVERNING OPERATION OF AGREED SERVICES

For the purpose of achieving and maintaining equilibrium between the capacity of the specified services and the requirement of the public for air transportation, as mutually determined by the aeronautical authorities of the Contracting Parties, it is agreed that:

- (1) There shall be fair and equal opportunity for the airline of both Contracting Parties to operate the agreed services on the specified routes between their respective territories.
- (2) In operating the agreed services, the designated airline of each Contracting Party shall take into account the interests of the airline of the other Contracting Party so as not to affect unduly the services which the latter provides on the whole or part of the same route.
- (3) The agreed services provided by the designated airlines of the Contracting Parties shall bear close relationship to the requirements of the public for transportation on the specified routes and shall have as their primary objective the provisions, at a reasonable load factor, of capacity adequate to carry the current and reasonably anticipated requirements of the carriage of passengers and cargo including mail between the territories of the Contracting Parties. Provisions for the carriage of passengers, baggage and cargo including mail both taken on board and discharged at points on the specified routes in the territories of States other than that designating the airline shall be made in accordance with the general principles that capacity shall be related to:
 - a) traffic requirements to and from the territory of the Contracting Party which has designated the airline:

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- b) traffic requirements of the area through which the agreed service passes, after taking account of other transport services established by airlines of the States comprising the area; and
 - c) the requirements of through airline operation.
- (4) For the operation of the agreed services; each designated airline is authorized to maintain in the territory of the other Contracting Party its own technical and administrative personnel, without prejudice to the national regulations of the respective Contracting Parties.

ARTICLE 8 - APPROVAL OF TIME-TABLES

The designated airline of each Contracting Party shall submit for approval to the aeronautical authorities of the other Contracting Party not later than thirty (30) days prior to the inauguration of services on the specified routes the flight time-tables including the types of aircraft to be used. This shall likewise apply to later changes. In special cases, this time limit may be reduced subject to the consent of the said authorities.

ARTICLE 9 - TARIFFS

- (1) For the purposes of the following paragraphs, the term "tariff" means the prices to be paid for the carriage of passengers and cargo and the conditions under which those prices apply, including prices and conditions for agency and other auxiliary services but excluding remuneration and conditions for the carriage of mail.
- (2) The tariffs to be charged by the airline of one Contracting Party for carriage to or from the territory of the other Contracting Party shall be established at reasonable levels, due regard being paid to all relevant factors including cost of operation, reasonable profit, and the tariffs of other airlines.
- (3) The tariffs referred to in paragraph (2) of this Article shall, if possible, be agreed by the designated airlines concerned of both Contracting Parties, and if necessary taking into account the tariffs applied by other airlines operating over the whole or part of the route, and such agreement shall, where possible, be reached through the rate fixing machinery of the International Air Transport Association.
- (4) The tariffs so agreed shall be submitted for the approval of the aeronautical authorities of the Contracting Parties at least thirty (30) days before the proposed date of their introduction; in special cases, this time limit may be reduced, subject to the agreement of the said authorities.

Article 9



- (5) If the designated airlines cannot agree on any of these tariffs, or if for some other reason a tariff cannot be fixed in accordance with the provisions of paragraph (3) of this Article, or if during the first fifteen (15) days of the thirty (30) days period referred to in paragraph (4) of this Article one Contracting Party gives the other Contracting Party notice of its dissatisfaction with any tariff agreed in accordance with the provisions of paragraph (4) of this Article, the aeronautical authorities of the Contracting Parties shall try to determine the tariff by agreement between themselves.
- (6) If the aeronautical authorities cannot agree on the approval of any tariff submitted to them under paragraph (4) of this Article and on the determination of any tariff under paragraph (5), the dispute shall be settled in accordance with the provisions of Article 14 of the present Agreement.
- (7) Subject to the provisions of paragraph (4) of this Article, no tariff shall come into force if the aeronautical authorities of either Contracting Party have not approved it.
- (8) The tariffs established in accordance with the provisions of this Article shall remain in force until new tariffs have been established in accordance with the provisions of this Article.

ARTICLE 10 - AVIATION SECURITY

- (1) Consistent with their rights and obligations under international law, the Contracting Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement. Without limiting the generality of their rights and obligations under international law, the Contracting Parties shall in particular act in conformity with the provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on 16 December 1970 and the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971.
- (2) The Contracting Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.
- (3) The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by the International Civil Aviation Organization and designated as Annexes to the Convention on International Civil Aviation to the extent



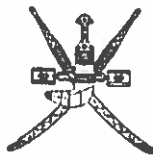
that such security provisions are applicable to the Contracting Parties; they shall require that operators of aircraft of their registry or operators of aircraft who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions.

- (4) Each Contracting Party agrees that such operators of aircraft may be required to observe the aviation security provisions referred to in paragraph (3) above required by the other Contracting Party for entry into, departure from, or while within, the territory of that other Contracting Party. Each Contracting Party shall ensure that adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading. Each Contracting Party shall also give sympathetic consideration to any request from the other Contracting Party for reasonable special security measures to meet a particular threat.
- (5) When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of such aircraft, their passengers and crew, airports or air navigation facilities occurs, the Contracting Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.

ARTICLE 11 - EXCHANGE OF INFORMATION

- (1) The aeronautical authorities of both Contracting Parties shall exchange information, as promptly as possible, concerning the current authorizations extended to their respective designated airline to render service to, through, and from the territory of the other Contracting Party. This will include copies of current certificates and authorizations for services on specified routes, together with amendments, exemption orders and authorized service patterns.
- (2) Each Contracting Party shall cause its designated airline to provide to the aeronautical authorities of the other Contracting Party, as long in advance as practicable, copies of tariffs, schedules, including any modification thereof, and all other relevant information concerning the operation of the agreed services, including information about the capacity provided on each of the specified routes and any further information as may be reasonably required to satisfy the aeronautical authorities of the other Contracting Party that the requirements of this Agreement are being duly observed.
- (3) Each Contracting Party shall cause its designated airline to provide to the aeronautical authorities of the other Contracting Party statistics relating to the traffic carried on the agreed services, showing the points of embarkation and disembarkation.

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ARTICLE 12 - TRANSFER OF EARNINGS

Either Contracting Party undertakes to grant the other Party free transfer, in any freely convertible currency at the official or prevailing legal rate of exchange, of the excess of receipts over expenditure achieved on its territory in connection with the carriage of passengers, baggage, mail shipments and freight by the designated airline of the other Contracting Party. Wherever the payments system between Contracting Parties is governed by a special agreement, said agreement shall apply.

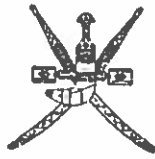
ARTICLE 13 - CONSULTATION

- (1) In a spirit of close cooperation, the aeronautical authorities of the Contracting Parties shall consult each other from time to time with a view to ensuring the implementation of, and satisfactory compliance with, the provisions of this Agreement and the annexed Schedules and shall consult when necessary to provide for modification thereof.
- (2) Either Contracting Party may request consultation in writing which shall begin within a period of sixty (60) days of the date of receipt of the request, unless both Contracting Parties agree to an extension of this period.

ARTICLE 14 - SETTLEMENT OF DISPUTES

- (1) If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement, the Contracting Parties shall in the first place endeavour to settle it by negotiation.
- (2) If the Contracting Parties fail to reach a settlement by negotiation, they may agree to refer the dispute for decision to some person or body; if they do not so agree, the dispute shall at the request of either Contracting Party be submitted for decision to a tribunal of three (3) arbitrators, one to be nominated by each Contracting Party and the third to be appointed by the two so nominated. Each of the Contracting Parties shall nominate an arbitrator within a period of sixty (60) days from the date of receipt by either Contracting Party from the other of a notice through diplomatic channels requesting arbitration of the dispute by such a tribunal, and the third arbitrator shall be appointed within a further period of sixty (60) days. If either of the Contracting Parties fails to nominate an arbitrator within the period specified, or if the third arbitrator is not appointed within the period specified, the President of the Council of the International Civil Aviation Organization may at the request of either Contracting Party appoint an arbitrator or arbitrators as the case requires. In such cases, the third arbitrator shall be a national of a third State and shall act as President of the arbitral tribunal.

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- (3) The Contracting Parties shall comply with any decision given under paragraph (2) of this Article.

ARTICLE 15 - ADAPTATION OF MULTILATERAL CONVENTIONS

In the event of the conclusion of a multilateral convention or agreement concerning air transport to which both Contracting Parties adhere, this Agreement shall be modified to conform to the provisions of such convention or agreement.

ARTICLE 16 - AMENDMENT

- (1) If either of the Contracting Parties considers it desirable to modify any provision of this Agreement including the Route Schedules, which shall be deemed to be a part of the Agreement, it shall request for consultations in accordance with Article 13 of this Agreement. Such consultations may take place by exchange of communications.
- (2) If the amendment relates to the provisions of the Agreement other than of the Route Schedules, the amendments shall be approved by each Contracting Party in accordance with its constitutional procedure and shall come into effect when confirmed by an exchange of Notes through the Diplomatic channel.
- (3) If the amendment relates only to the provisions of the Route Schedules, it shall be agreed upon between the Aeronautical Authorities of both the Contracting Parties.

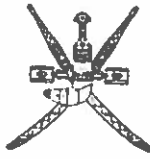
ARTICLE 17 - REGISTRATION WITH THE INTERNATIONAL CIVIL AVIATION ORGANIZATION

The present Agreement and any amendments thereto shall be registered with the International Civil Aviation Organization.

ARTICLE 18 - TERMINATION

Either Contracting Party may at any time give notice to the other Contracting Party of its decision to terminate this Agreement; such notice shall be simultaneously communicated to the International Civil Aviation Organization. In such case the Agreement shall terminate twelve (12) months after the date of receipt of notice by the other Contracting Party, unless the notice to terminate is withdrawn by agreement before the expiry date of this period. In the absence of acknowledgement of receipt by the other Contracting Party, notice shall be deemed to have been received fourteen (14) days after the receipt of the notice by the International Civil Aviation Organization.

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ARTICLE 19 - ANNEXES

The Annexes to this Agreement shall be deemed to be part of the Agreement and all references to the Agreement shall include references to the Annexes, except where otherwise expressly provided.

ARTICLE 20 - ENTRY INTO FORCE

The Agreement shall be approved according to the constitutional requirements (where applicable) in the country of each Contracting Party and shall come provisionally into force from the date of signature, and definitely on the day of an Exchange of Diplomatic Notes confirming that these requirements have been fulfilled.


IN WITNESS THEREOF the undersigned plenipotentiaries being duly authorized thereto by their respective Governments, have signed this Agreement.

Done this 11th day of October 1992 at Muscat
in the English language.

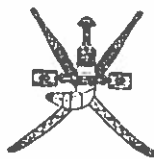
FOR THE GOVERNMENT OF
THE SULTANATE OF OMAN

FOR THE GOVERNMENT OF
THE REPUBLIC OF THE PHILIPPINES


SALIM BIN ABDULLA AL-HAZALI
MINISTER OF COMMUNICATIONS
SULTANATE OF OMAN


LEONIDES T CADAY
AMBASSADOR
PHILIPPINES EMBASSY, BAHRAIN

ANNEX



ANNEX
Route Schedule

1. Routes to be operated by the designated airline of the Philippines:

<u>Point of Origin</u>	<u>Intermediate Points</u>	<u>Destination Point</u>	<u>Points Beyond</u>
Manila	Any point or points except in the Indian Sub-Continent and Gulf area	Muscat	Any point or points, except in the Gulf area and/or United Kingdom

NOTE: The designated airline of the Philippines may, on any or all flights, omit calling at any of the points in its route schedule, provided that the agreed services on these routes begin at Manila.

2. Routes to be operated by the designated airline of the Sultanate of Oman:

<u>Point of Origin</u>	<u>Intermediate Points</u>	<u>Destination Point</u>
Muscat	Bangkok	Manila

NOTE: The operations via Bangkok shall be only as technical stop whenever operationally necessary.