Philippine Airlines hereby furnishes its Agency Debit Memo (ADM) policy effective July 1, 2018.

A. The ADM Principle

1. The ADM serves to notify an Agent that unless there is some justification to the contrary, the Agent owes Philippine Airlines the amount shown on the ADM for the reasons indicated therein.

2. ADM is a legitimate accounting tool for use by Philippine Airlines to collect an amount or make an adjustment to the Agent transaction in respect of the issuance, re-issuance, refund and revalidation of 079 documents.

B. Policy

1. Philippine Airlines shall ensure that all fares, taxes, fees and chargeback rules and procedures are complied with by the Agent.

2. Philippine Airlines shall have the right to debit the Agent for any violation of the ticketing, tax, fees, refund, chargeback rules including but not limited to:
   - Fares and fares conditions (e.g. erroneous booking class used, sub-class abuse, incorrect Reservations Booking Designator, etc.)
   - Taxes, fees, penalties and surcharges (e.g. under or non-collection of taxes, Q charge, fuel and insurance surcharges, non-collection of refund penalty, etc.)
   - Commissions and discounts (e.g. erroneous commission claimed by the Agent)
   - Non-attachment or invalid attachment of required supporting documents
   - Credit card chargeback
     • In case Philippine Airlines shall be debited by the credit card company for a fraud case, a purchase rejection by the passenger or credit card misuse on a ticket issued by the agent, Philippine Airlines shall charge the agent for the value of the said ticket.
     • Philippine Airlines reserves the right to issue an ADM when abusive usage of a credit card in the name of the agent in connection with the sale of a customer.
   - Any ticketing violations as covered by the Conditions of Contract and the like as covered by various resolutions in the IATA passenger Sales Agency Agreement, IATA Ticketing Handbook, Philippine Airlines’ Conditions of Carriage and Air Tariff Construction Rules, Philippine Airlines’ Online Sales Agency Agreement.
   - Duplicate Segments and Global Distribution System (GDS) misuse.
   - Other violations, which include Airline Reporting Corporation (ARC) billing errors, discrepancies in the form of payment, conversion rate violations, unreported sale and non-payment of sales.

3. Issuance of ADM

a. ADM shall be raised electronically by Philippine Airlines through the ARC Memo Manager (AMM) as follows:
   - For sales, within nine (9) months after the final travel date of the passenger
   - For refunds, within nine (9) months after such refund has been made by the Agent.

b. Handling Fee shall be collected from the ARC agent for every issuance of the following:

<table>
<thead>
<tr>
<th>ADM Type</th>
<th>Handling Fee</th>
</tr>
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<tbody>
<tr>
<td>Normal ADM</td>
<td>USD25.00</td>
</tr>
<tr>
<td>Chargeback ADM</td>
<td>USD30.00</td>
</tr>
</tbody>
</table>
c. Any debit action initiated beyond the 9-month period shall be handled directly between the Philippine Airlines and the Agent.

4. ADM Settlement
ADM must be settled within fifteen (15) days through the AMM.

5. ADM Dispute
   a. The Agent shall have a maximum of thirty (30) days from issuance of ADM to review and dispute the ADM prior submission to ARC for processing.
   b. ADM disputed by the Agent and consequently accepted by Philippine Airlines shall be adjusted through AMM and shall not be included in the billing.
   c. All disputed ADMs must be settled by the Philippine Airlines and the Agent within thirty (30) days upon the receipt of the dispute.

C. Contact Information
Inquiries related to the ADM issued by Philippine Airlines should be sent to the email address indicated in the ADM.

D. Philippine Airlines reserves the right to modify and amend the ADM policy, which shall affect the airline and industry policy, at any time will be communicated directly in writing or through any electronic media.