



PAL Holdings, Inc.

February 15, 2008

Philippine Stock Exchange
Philippine Stock Exchange Center,
Exchange Road, Ortigas Center
Pasig City

Attention : ATTY. PETE M. MALABANAN
Head, Disclosure Department

Gentlemen:

Please find herewith the Official Media Release of Philippine Airlines, Inc. for February 14, 2008.

We trust that you will find everything in order.

Very truly yours,
PAL HOLDINGS, INC.

By:


ATTY. MA. CECILIA L. PESAYCO
Corporate Secretary



MEDIA RELEASE



Philippine Airlines

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February 14, 2008

PAL posts quarterly loss but still shows 9-month profit

MANILA – Philippine Airlines incurred a loss of \$11.3 million for October-to-December 2007, but still emerged with a profit of \$11.5 million for the first nine months of its 2007-2008 fiscal year.

The loss, which contrasted with the net income of \$79.5 million in the same period in 2006, was due primarily to the absence this time of some major one-time gains that boosted the airline's revenues the previous year.

However, based on operating income alone, PAL's financial performance actually improved in both the quarterly and nine-month categories.

The flag carrier earned \$15.3 million in operating income in October-to-December 2007 – a period corresponding to the third quarter of PAL's fiscal year that starts in April. This was a 6% increase over the \$13.2 million operating income in same quarter in 2006.

On a year-to-date basis, PAL performed even better, with the nine-month operating income of \$86.7 million in 2007 surpassing the \$51.9 million earned in 2006 by over 67%.

Revenues for the 2007 quarter amounted to \$371.8 million – marginally lower than the same-quarter figure of \$391.4 million in 2006.

But expenses, led by higher fuel, manpower and lease costs, increased by 23% from \$312 million to \$383 million. Fuel expense alone rose to \$121.5 million for the quarter as a result of the increase in the average oil price from \$79.19 per barrel in 2006 to \$92.83 per barrel in 2007.

Overall, the third-quarter loss, while a letdown from last year's profit, did little to dampen PAL's strong performance for the first nine months.

For April to December 2007, PAL posted revenues of \$1.1 billion, lifted by higher net yields per Revenue Passenger Kilometer – 6.2% more than the figure for same period in 2006.

Expenses, which increased by 15% to \$944.7 million, were again swelled by greater fuel, maintenance and servicing costs.

The resulting net income of \$11.5 million, while lower than the extraordinary-gains-spiked profit of \$90.4 million in 2006, now primes PAL for an expected full-year profit by March 31, 2008.

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