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March 28, 2006

MR. MARCELLO MALENTACCHI
 General Secretary
 International Metalworkers' Federation
 Geneva, Switzerland

MM	BF	JC	HK	AM	RS	JH	RB
X	✓	✓	✓	✓	✓	✓	✓
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Dear Mr. Malentacchi,

Thank you for coming to the Philippines and arranging the meeting on the TMPCWA issue last March 17.

After consulting with all stakeholders, and keeping in mind the best interests of the Company and its employees and the livelihood of the dismissed workers and their families, I would like to inform you of the final position of Toyota Motor Philippines Corporation (TMP) regarding the possible reinstatement of the dismissed workers, as demanded by TMPCWA with the support of the IMF.

We understand your position as you explained it in our March 17 meeting. We have reviewed our position in relation to the points raised in that meeting. Our conclusion is that our stand is significantly different from yours.

As a fundamental principle, TMP operates in the Philippines and is subject to the laws of the country. Therefore, TMP must respect local laws. Our employees, in turn, have to comply with company regulations. This is necessary in order for the Company to operate properly as a stable and healthy business enterprise, and thus be in a position to contribute positively to employment and economic development.

With this background, the mass absences of the concerned employees on February 22-23, 2001 were a clear violation of Company rules. TMP accepted that TMPCWA should attend the clarificatory hearing at the Bureau of Labor Relations as shown by the approved leaves of the TMPCWA members who represented their union at the hearing. However, the absences of those who deliberately went on unauthorized mass leave were unwarranted. Their acts have been declared by the National Labor Relations Commission (NLRC) and the Court of Appeals (CA) as an "illegal strike" that caused a two-day production stoppage and significant loss to TMP. The ILO itself has taken note of this fact. In summary, the concerned employees were validly dismissed under the Philippine Labor Code and the TMP Code of Conduct.

With respect to the dismissal procedure, we are convinced that the proper process was followed. We issued an information memo in advance and gave each one of those charged with unauthorized absences four opportunities to explain their individual violation of company regulations. It was only after a careful investigation that we implemented the dismissals for those who were absent for two days. As for those who were absent only one day, we reduced the penalty to suspension.

The dismissals were affirmed by both the NLRC and the CA, and the case is now in the Supreme Court (SC) for final resolution. TMP will respect the decision of the SC as to whether or not the dismissed workers should be reinstated.

The final proposal we are making in this letter is based on the background explained above. It is intended to help the TMPCWA members who were dismissed five years ago and may be in financial difficulty. The basic structure of the proposal is the same as what we submitted at the March 17 meeting. Specifically: 150% of monthly basic pay multiplied by the number of years of service as of the date the NLRC decision came out (August 23, 2001). In addition, we confirm our earlier offer to allow the dismissed workers to undergo Toyota mechanic training up to the Professional Technician level, subject to the capacity and timing constraints of the TMP training program. Furthermore, if a worker passes the standard Toyota certification tests, we will refer him to companies needing technicians locally or overseas. This training will allow the worker to secure his livelihood since automobile mechanics get good salaries and are always in great demand, especially overseas.

This offer is made without prejudice to the pending dismissal case at the SC. If this is acceptable, we would like to discuss implementation matters and other particulars at a later date.

Our proposal, which we make for humanitarian reasons, is the best and most appropriate approach to the long-term employability and financial security of the dismissed workers and their families. We believe it will help as many dismissed workers as possible as soon as possible. It complies with the spirit and letter of the laws of the Philippines, and respects the jurisdiction of the judicial and administrative authorities in the country. At the same time, it is entirely consistent with the recommendations of the ILO which, we have been made to understand, was the starting point of the IMF when it decided to support TMPCWA.

I trust that IMF will confirm the response of TMPCWA as well as its individual members to our final proposal and communicate the same to TMP.

Finally, I would like to point out two crucial aspects of this issue.

First, the ILO recommendations. The ILO specified "reinstatement" OR if this "is not possible, adequate compensation" as one of its recommendations. After careful consideration, TMP has concluded that reinstatement is not feasible. Therefore, we have offered the ILO-recommended alternative. If TMPCWA and IMF do not accept this alternative, then the stand of TMPCWA and IMF would not be consistent with this particular recommendation of the ILO.

Second, the matter of respect for judicial and administrative authority. As stated earlier, TMP is subject to the decisions and orders of Philippine judicial and administrative offices. If TMPCWA and IMF pursue the reinstatement of the dismissed workers even after the concerned authorities have confirmed their dismissal, then TMPCWA and IMF would be going against the judicial and administrative bodies which have responsibility in this country.

Please let us know if TMPCWA wishes to discuss TMP's final position further. I am prepared to meet you and Mr. Cubelo on a convenient date at a venue acceptable to all parties.

We sincerely hope that IMF will proceed after careful consideration of all the foregoing. We look forward to your response.

Sincerely yours,



NOBUHARU TABATA
Adviser to the Board

cc: Mr. Arunasalam .P
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