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12 May 2010

RECEIVED BY: KUK **CIRCULAR NO. 2010- 0004**

SUBJECT : **Payment of Incentives under the
2008 Performance Incentive Scheme (PIS)
Reward Given by ERC**

1.0 PURPOSE. This Circular is issued to prescribe the guidelines and procedures for the grant of cash incentives under the Performance Incentive Scheme (PIS) for the year 2008 as approved and authorized by the TransCo Board under Resolution No. 2010-004.

2.0 RATIONALE. Similar to the previous years' implementation, the grant of PIS by the ERC is greatly attributable to the employees' creditable and exceptional performance for the year 2008.

3.0 RULES AND REGULATIONS. The following rules and regulations shall apply in the grant of the incentives herein authorized:

3.1 Coverage and Eligibility. TransCo officials and employees including Casual and Service Agreement personnel are covered by this Circular, subject to the following conditions:

3.1.1 In the service of the Corporation during the period 01 January 2008 up to 31 December 2008;

3.1.2 Included in the list payable by TransCo which was jointly validated by TransCo and NGCP; and

3.2 Mode of Payment. Release of the CY 2008 PIS shall be made through the following scheme:

3.2.1 For PF Members who are in the service as of 30 April 2010.

3.2.1.1 The equivalent amount of PIS shall be deposited to the TransCo Provident Fund account as additional employer's contribution (*inclusive of tax*).

3.2.1.2 The TransCo Provident Fund shall implement the release of a cash advance to the respective members of the Provident Fund with the following deductions:

- a) Remaining balance of tax deficiency;
- b) Unliquidated Cash Advance (as reported by TransCo Finance); and
- c) Other deductions that maybe authorized by the employee

3.2.2 For Service Agreement Personnel actively employed by TransCo. Payroll voucher shall be prepared by Corporate IS/IT and HR and shall be subject to the usual Pre-Audit requirements.

3.2.3 For TransCo employees and Service Agreement personnel already separated from the service as of 30 April 2010. Release of their PIS shall be through individual/payroll voucher. TransCo Finance shall audit the claims and effect the payment through check. Those who are in the Regions may opt to issue Special Power of Attorney to their authorized representative who will receive and deposit the checks in their respective bank accounts.

3.2.4 Waiver/Quit Claim. All qualified personnel shall be required to execute a waiver/quit claim (Annex "A") in favor of both TransCo and NGCP.

3.3 Amount of Entitlement. The amount of PIS shall be based on the allocation agreed by NGCP and TransCo and shall be distributed to the TransCo qualified personnel net of 12% Value Added Tax (VAT) and 1% Calamity Fund.

3.3.1 Entitlement of each personnel shall be computed as follows:

3.3.1.1 For personnel who have at least two (2) months service for the year 2008 shall be entitled to the incentive computed based on the number of months served in a year, using the formula below:

$$PIS = N/12 \times \text{net PIS Entitlement}$$

where:

N = Number of months served for the year 2008
Net PIS = Using basic rate as of December 31, 2008.

3.3.1.2 Personnel belonging to the same JG level shall be entitled to the same PIS incentive, net of tax (Annex B).

3.3.1.3 Those with less than two (2) months of service for the year 2008 shall be entitled to a fixed grant of **P3,000**.

3.4 Schedule of Payment. Payment of incentives for those already separated from the service shall be made upon the signing of this Circular, while for those who are still in the service of TransCo shall start on 12 May 2010.

4.0 SAVING CLAUSE. Cases not covered herein shall be referred to the Vice President, Corporate Services Group for resolution and/or appropriate action.

5.0 EFFECTIVITY. This Circular takes effect immediately.


ATTY. MOSLEMEN T. MACARAMBON
President & CEO

QUIT CLAIM

Republic of the Philippines)
Quezon City) S.S.

That I, _____ of legal age, single/married, Filipino
(Name)
citizen, with residence and postal address at _____
_____, hereby acknowledge the receipt of
(P _____)
(Amount)
representing payment for the CY 2008 PIS Reward;

I further agree that this payment is voluntarily accepted as a full and final
compromise, adjustment and settlement of my entitlement to the CY 2008 PIS Reward
from the National Transmission Corporation (TRANSCO).

Further, with the receipt of the CY 2008 PIS, I consider TRANSCO to have fully
settled its obligation and that I will not hold TRANSCO liable for any future claims.

IN WITNESS WHEREOF, I have affixed my signature on _____ day of
_____, 2010.

AFFIANT

SUBSCRIBED AND SWORN to before me at _____, Philippines, this _____ day
of _____, 2010, the affiant exhibiting to me his Community Tax Certificate No.
_____ issued at _____ on _____, 2010.

ANNEX B
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JG	NET PIS ENTITLEMENT (NET OF TAX)
3	16,272.90
4	18,221.22
5	19,049.01
6	21,537.30
7	24,357.94
8	29,358.62
9	33,058.71
10	39,658.28
11	44,889.10
12	51,918.30
13	58,949.23
14	69,579.13
15	77,019.06
16	93,551.34
17 (DM)	106,165.92
17 (AVP)	109,350.94
18	131,308.11
20	197,674.78