SAMPLE PLAN

ABC, INC.

RETIREMENT PLAN
RULES AND REGULATIONS

ARTICLE I
NATURE, PURPOSE AND OPERATION

Section 1. Object

The Plan is a statement of policy of the ABC, INC. on the retirement of the employees, the provisions of which are embodied in this Retirement Plan document, stating all the terms and conditions whereby each employee shall receive a lump sum retirement benefit.

Section 2. Name

This Plan shall be known as the ABC, INC. Employees Retirement Plan.

Section 3. Effective Date

This Plan shall become effective as of ________________.

ARTICLE II
DEFINITIONS

The following words and phrases, as used in these Rules and Regulations shall have the following meaning:

a) “Company” means ABC, INC.

b) “Plan” means ABC, INC. Employees Retirement Plan.

c) “Employee” means any person in the regular employ of the Company. It shall not include any apprentice or anyone on probationary, casual or temporary basis of employment.

d) “Participant” means any employee who becomes a Participant of the Plan in accordance with Article III.

e) “Monthly Basic Salary” means the basic salary for a month, excluding special allowances, overtime payments, bonuses and all other extra compensation.

f) “Fund Trustee” or “Trustee” means the entity or entities holding the assets of the Fund in accordance with the provisions of Article VI.
g) “Service” means a Participant’s credited service which shall be his most recent unbroken period of employment with the Company counted from the date of hire as determined by the Company. A break in credited service shall be deemed to have occurred whenever an employee voluntarily resigns, is discharged by the Company, ceases to be an employee for any cause whatsoever or when he fails to return to the service of the Company after an approved leave of absence.

If a former employee is re-hired after a break in credited service, his credited service thereafter shall commence on the date he is last re-hired as a regular employee.

h) “Fund” means the fund created from contributions of the Company and Employee plus earnings.

i) “Retiree” means an employee who has retired in accordance with the provisions of the Plan.

j) Words denoting the masculine gender shall include the feminine gender.

k) Words denoting the singular number shall include the plural number and vice-versa.

ARTICLE III
PARTICIPATION IN THE FUND

Section 1. Any regular permanent employee as of the effective date shall automatically become a Participant in the Plan.

Section 2. Any employee of the Company not covered by the Plan as of the effective date or any employee hired by the Company subsequent to the effective date shall automatically become a Participant in the Plan on the first day of the month coincident with or next first day of the month following his designation as a regular permanent employee.

Section 3. Participation in the Fund shall continue concurrently with employment in the Company, and any Participant ceasing, for any reason whatsoever, to be in the service of the Company shall thereupon cease to be a Participant of the Fund. A Participant cannot resign from his Participation in the Fund while he remains in the service of the Company.
ARTICLE IV
RETIREMENT DATES

Section 1. Normal/Compulsory Retirement

The normal and compulsory retirement date of a Participant to this Plan is the last day of the calendar year when he attained age 60 and upon completion of five (5) years of continuous service.

Section 2. Early Retirement Date

A Participant may, at his option, retire on or after the first day of the month next following his attainment of age 50 and completion of at least ten (10) years of continuous service with the Company.

Section 3. Death or Physical Disability

Any Participant who dies in the service of the Company or is retired by the Company for physical disability incurred through no fault of his, his beneficiaries or he, whichever is the case, shall be entitled to the full benefits under the normal and compulsory retirement provisions of the Plan regardless of the number of years of service.

Section 4. Resignation

Upon the approval of the Participant’s application for resignation and upon completion of at least five years of Service, a Participant is entitled to vested benefits in accordance with Article V, Section 4.

ARTICLE V
BENEFITS

Section 1. Normal/Compulsory Retirement Benefits

The normal/compulsory retirement benefit shall be the full value of his Credit Balance in the Fund.

Section 2. Early Retirement Benefits

The early retirement benefit shall be the full value of his Credit Balance in the Fund.

Section 3. Death Benefits or Physical Disability

Any participant who dies or becomes physically disabled in the Service of Company, his beneficiary or he, as the case may be, shall be entitled to the full value of his Credit Balance in the Fund.
Section 4. Benefits Upon Resignation or Dismissal

a) Should the employment of a Participant be terminated prior to his earliest optional retirement date by either his resignation or his discharge for a reason other than misconduct or for any other reason except death, disability or involuntary separation, he shall be paid the portion of his Credit Balance in the Fund pertaining to his own contributions. The portion pertaining to the Company’s contribution at the time of his resignation or discharge shall be paid in accordance with the following percentage table:

<table>
<thead>
<tr>
<th>Completed Years of Continuous Service</th>
<th>Percentage of the Company’s Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5</td>
<td>NIL</td>
</tr>
<tr>
<td>5</td>
<td>25%</td>
</tr>
<tr>
<td>10</td>
<td>50%</td>
</tr>
<tr>
<td>15</td>
<td>75%</td>
</tr>
<tr>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>

b) In case a Participant’s employment is terminated by the Company on a finding of misconduct made by the Company the Participant shall be paid of the portion of his Credit Balance pertaining to his own contributions. The Company shall have absolute discretion in deciding whether the Participant shall be paid the Company’s portion of his Credit Balance in accordance with the provisions of the subsection immediately preceding.

Section 5. Involuntary Separation

A Participant who is terminated beyond his control due to the installation of labor-saving devices, or redundancy, retrenchment program initiated by the employer as a result of merger or to prevent losses or other similar causes, or where the employee suffers from a disease and his continued employment is prohibited by law or is prejudicial to his health or to the health of his co-employee, the employee concerned shall be entitled to the full value of his Credit Balance or the New Labor Code or similar legislation, whichever is the greater of such Company’s share or the New Labor Code or similar legislation, provided that benefits under this Section and Section 2 of this Article shall not both apply.

Section 6. Forfeited Benefits

Any portion of the individual Credit Balances of Participants which are not paid to them as benefits by reason of the limitations set forth in Section 4 shall be forfeited and the amount of such forfeited benefits
shall be used to reduce the monthly current service contributions of the Company.

ARTICLE VI
FINANCING

Section 1. The Fund

The funding of the Plan and payment of the benefits hereunder shall be provided for through the medium of a Fund held by a Trustee under an appropriate Trust Agreement. The contributions of the Company and the Employee to the Fund so created together with the gains and losses, realized and unrealized less expenses shall constitute the Retirement Fund.

Section 2. Contributions

a) The Company’s and Employee’s Contribution:

1. The Company shall contribute monthly to the Fund, in cash or other assets, an equivalent of 7% of the monthly basic salary of each employee starting 1st of August 2006.

   The Company shall make additional contribution to the Fund of 1.75% of the employee’s basic salary should the Employee opt to contribute the same amount.

2. A separate ledger card shall be prepared to each Participant showing the Company’s contribution and his or her share in the Fund.

3. The Trustees of the Fund, in consultation with an advisory finance committee of its own choosing, will invest the Fund in real estate, shares of stocks and bonds, mortgage loans, commercial papers and other forms of investment with the end in view of attaining maximum growth of the Fund.

Section 3. Suspension of Contribution

a) Minimum Net Take Home Pay

   Once an employee opts to participate, he/she shall be obliged to make his/her contributions through payroll deduction, subject to a minimum net take home pay. In the event the participating employee’s net take home pay does not comply with the minimum requirement, his contribution will not be deducted.
from his pay and neither will the Company make its counterpart contribution.

b) Mission Assignments

A participating employee’s obligation to make contributions shall continue even in the event he is sent on mission assignments, unless he expressly signifies in writing his option to temporarily discontinue his contributions. In the latter case, the Company’s obligation to make corresponding counterpart contributions shall likewise be suspended until such time that the employee resumes his contributions to the Plan within a reasonable time from his return to the market or to work.

c) Expatriation

A participating employee’s obligation to contribute shall be automatically suspended when he is sent on expatriation assignment, unless he agrees to remit his monthly contributions through a means agreed upon with the Company. The Company’s counterpart contributions shall likewise be suspended until such time that the employee resumes his participation.

Section 4. Interest in the Fund

a) No Participant or Retiree shall have any right, title or interest in or to any part of the assets of the Fund, except as and to the extent expressly provided for in the Plan.

b) Any Participant or Retiree having a right or claim under the Plan shall look solely to the assets of the Fund. In no event shall the Company or its officers, directors, or stockholders be liable jointly or severally to any person whomsoever on account of any claim arising by reason of the provision thereof.

Section 5. Liability for Expenses

All expenses of administration of this Plan, including those of the administration of the Fund as well, may be chargeable exclusively to and paid by the Fund.

Section 6. Irrevocability

The Company shall have no right, title or interest in the contributions made by it to the Trustee and no part of the Fund shall accrue to the Company except after the satisfaction of all liabilities of the Plan.
ARTICLE VII  
FUND TRUSTEE

The Company shall appoint a Trustee to whom the former shall convey in trust for the Participants entitled to the benefit of this Fund, the capital of the Fund. The Fund Trustee shall invest the capital of the Fund, and administer and manage the Fund in accordance with the terms and conditions of the Trust Agreement entered into by and between the Company and the Fund Trustee.

ARTICLE VIII  
ACCOUNTING OF THE FUND

Section 1. Fiscal Year

The Fiscal Year of the Fund shall begin on 1st January of each year and end on 31st December of the same year.

Section 2. Accounts of Participants

The Participant’s retirement fund credit balances in the Fund shall be maintained primarily for the purpose of establishing periodically the amounts of benefits pertaining to them, respectively. They shall include contributions plus earnings less losses and expenses. In such accounts, the Participants credit balance shall be represented by units of the Fund, a unit representing in turn an equal contingent interest in the Fund. After every valuation of the Fund in accordance with Section 4 of this Article, the current value of a unit of the Fund as described in Section 5 thereof shall be posted in the individual accounts of the Participants.

Section 3. Computation of Units in Individual Accounts

a) The initial capitalization of the Fund shall be represented by and recorded as units of the Fund on a one-to-one basis in the individual accounts of the Participants referred to in the immediately preceding section.

b) Every current Service contribution made by the Employer and the Employee shall be recorded in his individual account after the value of a unit has been determined in accordance with Section 5 of this Article by crediting him therein with a number of units equal to the quotient of the amount of such contribution divided by the new value of a unit at the time of the contribution.

c) Any fraction resulting from the conversion of amounts of money into units shall be carried to two (2) decimal places.
Section 4. Valuation of the Fund

a) The net asset value of the Fund shall be determined by the Plan Administrator as of the close of business hours on the last day of every month unless such day falls on a holiday, in which case the determination shall be made as of the close of business hours on the last business day immediately preceding.

b) The Plan Administrator shall determine and compute the net asset value of the Fund as of a particular valuation date by valuing the assets of the Fund on such date and thereafter subtracting from the amount thus determined the liabilities of the Fund on the same date.

c) In the determination and computation of the net asset value of the Fund the following rules shall be observed, to wit:

1) The assets of the Fund shall include (a) all cash on hand, on deposit, or on call, including any interest accrued thereon; (b) all bonds, bills and notes and accounts receivables; (c) all shares of stocks, subscription right and other securities, including but not limited to bonds, certificates and notes of the ABC, INC. owned or contracted for; (d) all stock and cash dividends, or distributions receivable, which have been declared and are ex-divided to stockholders of record on or before the date as of which the net asset value of the Fund is being determined; (e) all interest that have accrued on any interest bearing securities owned by the Fund; and (f) all other property of every kind and nature, including prepaid expenses.

2) The assets of the Fund shall be valued as follows:

(a) Cash on hand, on deposit, or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received, shall be valued at face amount thereof;

(b) Any share of stock, subscription right, or other security listed or traded in the Manila and Makati Stock Exchanges shall be valued at its closing sale price in the aforesaid Exchanges on the date as of which the net asset value of the Fund is being determined, or lacking any such sales, at any amount equivalent to the mean of the closing asked and bid prices for the same on the aforesaid date, in both cases as those prices are quoted in any report in common use or authorized by the
Manila or Makati Stock Exchange, as the case may be;

(c) Any share of stock, subscription right, or other security not listed or traded in the Manila and Makati Stock Exchanges shall be given the value set by the sale price of such security in the last over-the-counter transaction effected through any registered broker of the Manila or Makati Stock Exchange.

3) The liabilities shall include (a) all expenses payable and/or accrued; (b) all contractual obligations for the payment of money or property due on or before the date as of which the net asset value is being determined; (c) all bills and notes and accounts payable; (d) all reserves authorized for taxes or contingencies; and (e) all other liabilities of whatever kind and nature.

Section 5. Value of a Unit, a Participant’s Credit Balance

The Value of a Unit in the individual accounts of the Participants shall be determined at every valuation date by dividing the net asset value of the Fund on the aforesaid valuation date by the aggregate number of units which, as of said date, shall have been credited to the individual accounts of all the Participants, the resulting quotient, rounded off to the nearest centavo, being the value in Philippine pesos of each unit of the Fund.

Accordingly, the value of a Participant’s Credit Balance in the Fund at any particular time shall be the product of the number of units credited to him in his individual account multiplied by the current posted value of a unit of the Fund.

Section 6. Cancellation of a Participant’s Individual Account

The termination for whatever reason of the Service with the Employer of a Participant together with the payment or other disposition of his Credit Balance in the Fund, shall ipso facto result in the cancellation of the individual account of his aforesaid share in the Fund, as well as of all the units of the Fund recorded therein.

ARTICLE IX
MANNER OF PAYMENT

Section 1. Payment in Lump Sum

All benefits provided for under this Fund shall, subject to the provisions of the Section immediately following, to be paid in lump sum to the
person or persons entitled to receive such benefits under the provisions of Article VIII.

Section 2. Deductions

Before the payment of any benefits, there shall be deducted from the amount thereof the entire amount of the Participant’s obligation to the Company arising from liability imposed in a criminal action.

ARTICLE X
ADMINISTRATION OF THE PLAN

Section 1. The Retirement Committee

A Retirement Committee composed of three (3) members shall be appointed by the Company.

Section 2. Powers, Duties and Responsibilities

The Committee shall have the powers, duties and responsibilities assigned to it in these Rules and Regulations. All questions relating to the operation and administration of the Plan shall be resolved by the Committee, which shall have the power to interpret and construe these Rules and Regulations for the proper resolution of these questions. The Committee furthermore, may, from time to time, adopt and promulgate supplementary rules and regulations concerning the administration of the Plan which are not hereto inconsistent.

Section 3. Liability of the Retirement Committee, the Participants and the Company

Neither the establishment of the Plan nor any modifications thereof nor any omission to act, if in good faith and not constituting willful misconduct, either by the Retirement Committee or any Participant thereof, shall be construed as giving any Participant of the Plan, or other persons, any legal or equitable rights against the Company or the Retirement Committee Participants thereof. No Participant of the Retirement Committee shall be liable for the act or omission of any other Committee Participant, or any agent or employee of the Committee or the Company.
ARTICLE XI
MISCELLANEOUS RIGHTS AND LIMITATIONS

Section 1. Tenure of Employment

Nothing in these Rules and Regulations shall be deemed to give any Participant the right to be retained in the service of the Company or to interfere with the right of the Company to discharge such Participant at any time; nor shall it give the Company the right to require any Participant to remain in its service, and the Company shall not interfere with a Participant’s right to terminate his service at any time.

Section 2. Salary

The benefits provided for under this Fund shall have no relation whatsoever to the determination of the amount of salary or wage which shall be paid to a Participant.

Section 3. Disposition of Rights

No Participant shall have the right in any way to assign, transfer, mortgage, charge or otherwise deal with his interest in the Fund. Neither the Company nor the Fund Trustee shall recognize or be bound by any notice to them of any such transaction or dealing.

Section 4. Assets of the Fund

Any Participant or other person having a right or claim to the benefits under the Fund shall look solely to the assets of the Fund. In no event shall the Company and officers and employees be liable, whether jointly or severally, to any person whosoever on account of any instrument of instruments implementing the provisions hereof. Under no circumstances shall the Company be required to make additional contributions for the satisfaction of the Participant’s or any other person’s rights or claims under the Fund.

Section 5. Compliance with New Labor Code

These Rules and Regulations shall be deemed to satisfy the separation payment requirements under the New Labor Code, and the benefits paid representing the Company’s share hereunder shall be deemed in compliance, as far as they will go, with any law on separation or termination pay and on disability or death benefits now effective or hereafter enacted.
ARTICLE XII
AMENDMENT AND TERMINATION

Section 1. Future of the Plan

Although the Company expects and plans to maintain this Fund indefinitely, it reserves the right at any time and for any reason to terminate, withdraw, amend or modify this Fund, in whole or in part, at the discretion of the Company but no such action shall operate to permit any part of the assets of the Fund to be used for, or diverted to purposes other than the exclusive benefit of the Participants or retired Participants, or to re-divert to the Company.

Section 2. Disposition of Fund on Termination of the Plan

If the Fund is terminated in accordance with the provisions of Section 1 above, the liability of the Company and the Participants to make contribution shall cease, and the Trustee shall pay all debts or obligations of the Fund settling or disposing of any claims then outstanding against the Fund and thereafter the property remaining in the Fund shall be allocated to the Participants in the manner prescribed by the Company.

ARTICLE XIII
BUREAU OF INTERNAL REVENUE REGULATIONS

The Rules and Regulations of this Fund have been designed to meet the requirements of the Bureau of Internal Revenue of the Republic of the Philippines for a tax-qualified Plan. The Company reserves the right to amend any provision of the Fund in order that it may maintain its tax-qualified status in accordance with the present and future Bureau of Internal Revenue Regulations.

APPROVED:

ABC, INC.
BY:

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