Power Sector Assets and Liabilities Management Corporation
Interim Performance Scorecard

<table>
<tr><th colspan="2">Performance Measures</th><th rowspan="2">Weight</th><th rowspan="2">Data Provider if applicable</th><th>Targets</th><th colspan="2">Accomplishment</th><th colspan="2">CGO-B Validation</th><th rowspan="2">Supporting Documents</th><th rowspan="2">Remarks</th></tr>
<tr><th>Description</th><th>Formula</th><th>2013</th><th>Actual</th><th>Rating</th><th>Score</th><th>Rating</th></tr>
<tr><td colspan="11">MFO 1: Financial Management</td></tr>
<tr><td>Objective: To reduce financial obligations (FO)

Performance Indicator 1: Reduction of FO</td><td>Year-end FO

Where:

FO refers to debts and IPP lease obligations</td><td>17.5%</td><td>N/A</td><td>PhP638.78 billion

Forex Used: 2012 Year-end rate (PhP41.192 = US$1)</td><td>PhP618.14 billion

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Forex Used: 2012 Year-end rate (PhP41.192 = US$1)</td><td>17.5%</td><td>PSALM's Report on MFO 1 Performance Indicator 1 as signed by CorPlan Acting Manager Ronald V. Conquilla</td><td>PSALM's reported Total FO is composed of its Debts (A) and IPP Lease Obligations (B). For the purpose of comparison, forex rate as of 2012-year end was used for this indicator. Computed reduction from 2012 FO balance is 6.65% or Php44.038 billion.
<table>
<tr><th>(A) Debts denominated in various currencies</th><th>Peso Equivalent Balance as of end 2013 (In Billion) (using yearend 2012 FOREX)</th></tr>
<tr><td>NPC Contracted Debt (Pre-EPIRA), net</td><td>41.566</td></tr>
<tr><td>NPC Contracted Debt (EPIRA), inclusive of Quarterly Assigned Petroleum Adjustment (QAPA) due to DOE – Prior to Asset-Debt Transfer</td><td>35.121</td></tr>
<tr><td>PSALM Contracted Debt, net</td><td>271.893</td></tr>
<tr><td>Subtotal Debt</td><td>348.580</td></tr>
<tr><th>(B) Lease Obligation denominated in various currencies</th><th>Peso Equivalent Balance as of end 2013 (In Billion) (using yearend 2012 FOREX)</th></tr>
<tr><td>NPC Contracted Obligation (Pre-EPIRA)</td><td>185.527</td></tr>
<tr><td>NPC Contracted Obligation (EPIRA) – Prior to Asset-Debt Transfer</td><td>84.030</td></tr>
<tr><td>Subtotal Lease Obligation</td><td>269.557</td></tr>
<tr><td>TOTAL FO</td><td>618.137</td></tr>
</table>
Actual forex rate as of 2013-year end is PhP44.414, giving an actual FO balance at Php646.777 billion.</td></tr>
</table>

Performance Measures				Targets	Accomplishment		CGO-B Validation		Supporting Documents	Remarks
Description	Formula	Weight	Data Provider *if applicable*	2013	Actual	Rating	Score	Rating		
Objective: To minimize forex risk exposure Performance Indicator 2: Percent of peso component in financial obligations portfolio	Peso-Denominated FO/(Total FO-IPP lease obligations in USD with counterpart IPPA Payments in USD)	7.5%	N/A	30.65% 142.3 billion PhP Share 464.3 billion	32.11% 142.429 billion PhP Share 443.610 billion Forex Used: 2012 Year-end rate (PhP41.192 = US$1)	7.5%	32.11% 142.429 billion PhP Share 443.610 billion Forex Used: 2012 Year-end rate (PhP41.192 = US$1)	**7.5%**	PSALM's Report on MFO 1 Performance Indicator 2 as signed by CorPlan Acting Manager Ronald V. Conquilla	Per currency mix, PSALM's Peso-denominated FO is 23% of its Total FO (converted using yearend 2012 FOREX). Per PSALM report, the adjusted FO (Php 443.610 billion) is computed as 2013 Total FO less IPPA Receivables in USD covering 2014 onwards (Php618.137 billion - Php174.527 billion).

Per currency mix, PSALM's Peso-denominated FO is 23% of its Total FO (converted using yearend 2012 FOREX).

FO Currency Mix	In Original Currency, Balance as of end 2013 (in Billion)	Peso Equivalent (using yearend 2012 FOREX)
EUR	.104	5.684
JPY	95.216	45.579
KRW	3.781	.145
USD	10.301	424.300
PHP	142.429	142.429
Total		**618.137**

Per PSALM report, the adjusted FO (Php 443.610 billion) is computed as 2013 Total FO less IPPA Receivables in USD covering 2014 onwards (Php618.137 billion - Php174.527 billion).

IPPA Receivables (in Billion)	USD Denominated (Balance as of end 2013)	Peso Equivalent (using yearend 2012 FOREX)
Sual (until 2024)	1.511	62.246
Pagbilao (until 2025)	1.099	45.267
San Roque (until 2028)	.619	25.490
Bakun-Benguet (until 2028)	.241	9.911
Ilijan (until 2022)	.767	31.613
Total	**4.237**	**174.527**

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<tr><th>Description</th><th>Formula</th><th>Weight</th><th>Data Provider if applicable</th><th>2013</th><th>Actual</th><th>Rating</th><th>Score</th><th>Rating</th></tr>
<tr><td>Objective: To minimize liquidity risk by maintaining a high collection efficiency for power sales to TSC customers

Performance Indicator 3: Collection efficiency (CE) for current power sales</td><td>Collections from Power Sales in Current Year/ Power Sales in Current Year</td><td>4.5%</td><td>N/A</td><td>95%</td><td>94.87%

PhP42.963 billion
PhP45.288 billion</td><td>4.49%</td><td>94.87%

PhP42.963 billion
PhP45.288 billion</td><td>0%</td><td rowspan="2">Collection Efficiency Report as of December 2013</td><td>Per PSALM report, collection efficiency for both current and non-current accounts includes Power Receivables and its interest component. There is a noticeable declining pattern in CE- current power sales since 2011 with 95.44% CE; 2012 – 94.95%; and 2013 – 94.87%.

The formula used for CE-current power sales is:

Collection from current customers + credit memo for power purchase discount (PPD) + Technical credit memos
Total power sales + Debit Memo

Computation CE-current power sales is tabulated as follows (In Php Billion):
<table>
<tr><th>Region</th><th>Numerator</th><th>Denominator</th><th>%</th></tr>
<tr><td>Luzon</td><td>12.927</td><td>13.388</td><td>96.56</td></tr>
<tr><td>Visayas</td><td>10.061</td><td>10.448</td><td>96.29</td></tr>
<tr><td>Mindanao</td><td>19.975</td><td>21.452</td><td>93.11</td></tr>
<tr><td>Total PH</td><td>42.963</td><td>45.288</td><td>94.87</td></tr>
</table></td></tr>
<tr><td>Performance Indicator 4: Collection efficiency for non-current power sales</td><td>Collections from Non-Current Power Sales/ Receivables from Non-Current Power Sales</td><td>3.0%</td><td>N/A</td><td>10%</td><td>7.94%

PhP2.507 billion
PhP31.575 billion</td><td>2.38%</td><td></td><td>0.96%</td><td>CE- noncurrent accounts, on the other hand showed improvement from prior-year 6.97% CE to 7.94%.

The formula used for CE- noncurrent power sales is:

Total collection – Collection from current customer + Credit Memo
2012 Outstanding Balance + Debit Memo + 2013 refunds

Computation CE-noncurrent power sales is tabulated as follows (In Php Billion):
<table>
<tr><th>Region</th><th>Numerator</th><th>Denominator</th><th>%</th></tr>
<tr><td>Luzon</td><td>.961</td><td>20.014</td><td>4.80</td></tr>
<tr><td>Visayas</td><td>.351</td><td>1.880</td><td>18.67</td></tr>
<tr><td>Mindanao</td><td>1.195</td><td>9.681</td><td>12.34</td></tr>
</table></td></tr>
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Performance Measures				Targets	Accomplishment		CGO-B Validation		Supporting Documents	Remarks
Description	Formula	Weight	Data Provider *if applicable*	2013	Actual	Rating	Score	Rating		
										Total PH | 2.507 | 31.575 | 7.94%
Objective: To clean accounts retained at NPC's book of accounts Performance Indicator 5: Percentage of the amount cleaned	Amount Cleaned/Total Amount for Cleaning	10.0%	N/A	57% PhP 6.20 billion PhP10.96 billion	59.16% PhP6.484 billion PhP10.961 billion	10%	57% PhP 6.20 billion PhP10.96 billion	**10%**	PSALM's Report on MFO 1 Performance Indicator 2 as signed by Controllership Department Manager Yolanda D. Alfafara	This target is both present in PSALM and NPC's performance scorecard for CY 2013 and 2014. However, PSALM's reported achievement for 2013 is higher than that reported by NPC, as follows: Particulars | NPC (In Million) | PSALM (In Million) Temporary registry of Accounts (in NPC books | 3,218.60 | 3,500.31 Variance of Assets in Trust (both in NPC and PSALM books) | 2,984.23 | 2,984.23 *Total* | *6,202.83* | *6,484.54* **Difference** | | **(281.7)** The difference in reported figures originated from GL 107 – Construction Work in Progress account retained at NPC's Temporary Registry. Since the account in question is retained at NPC's books, NPC's reported figure will prevail while the reconciliation of variance has been flagged to both PSALM and NPC.
Objective: To incur overhead expenses at reasonable level (within 5-10% of total income) Performance Indicator 6: Percentage Share of Overhead Expenses on Total Income	(PS+MOOE) - Bad Debts Total Income Source: Statement of Comprehensive Income	5.0%	N/A	4%	1.12% PhP0.389 billion PhP34.686 billion	5%	1.12% PhP0.389 billion PhP34.686 billion	**5%**	2013 Unaudited PSALM Statement of Comprehensive Income – copy received by GCG 18 June 2014	PSALM displayed significant improvement from 4.02% (in 2011) and 4.43% (2012) to 1.12% (2013) share of Overhead Expenses on Total Income. This is mainly attributed to PhP11.22 Billion Universal Charge – SCC which is 32% of its Total Operating Income of Php34.69 Billion, a 107% jump from prior year's Php16.733 Billion. There is also a notable decline in overhead expenses from Php74 Million in 2012 to Php389 Million in 2013. (In PhP Million) | As of 31 Dec 2013 Personal Services | 150.945 Add: MOOE | 487.969 Less: Bad Debts | 249.867 *Total Overhead Expense* | *389.047*

Performance Measures			Data Provider *if applicable*	Targets	Accomplishment		CGO-B Validation		Supporting Documents	Remarks
Description	Formula	Weight		2013	Actual	Rating	Score	Rating		
										Divide by: Operating Income 34,686.284 Ratio 1.12%
Subtotal of Weights:						**46.88%**		**40.96%**		
MFO 2: Asset Management										
Objective: To reduce operating losses/enhance profitability of remaining power assets Performance Indicator 1: Operating income (loss) margin of remaining power assets	Net Operating Income (Loss) (NOI/L)/Net Utility Revenue (NUR) where: 1)NOI/L is equal to NUR less Total Costs 2) NUR refers to revenue from sale of electricity net of prompt payment discounts and mandatory rate reduction	7.5%	N/A	4.7% Profit Margin	9.13% Profit Margin PhP4.58 billion PhP50.173 billion	7.5%	9.13% Profit Margin	**7.5%**	PSALM's Report on MFO 2 Performance Indicator 1 as signed by CorPlan Acting Manager Ronald V. Conquilla	Per PSALM report, its operating results is at its highest in 2013 compared from its baseline figure since 2010. This performance is contributed by the ff: (1) Owned and operating plants in Hydro (i.e., Angat, Agus I and II, Agus IV and V, Agus VI and VII, Pulangi); (2) Oil-based plants (i.e.,Malaya, Cebu DE I, CTPP, CTPP II, PB 101-104); (3) Plants under Rehabilitate-Operate –Maintain (ROM) (i.e., Caliraya, Botocan, Kalayaan I Units 1 and 2); (4) Plants under Build- Operate – Own/ Power Purchase Agreement (BOO-PPA) (i.e., Unified Leyte A/B, Mount Apo I and II, Casecnan, Bakun NMHC, Ampohaw); (5) Plants under Build- Operate – Own/ Energy Conversion Agreement (BOO-ECA) (i.e., Gen San SPPC, Zamboanga DE); (6) Plants under Build- Operate – Transfer (BOT) (i.e., Kalayaan II Units 3-4, Mindanao Coal). 9.13% Profit Margin is arrived at by adding the Must-Run-Unit (MRU) Compensation/Recovery to Total Net Operating Income (NOI) and

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<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>then divide the sum by Net Utility Revenue (NUR) (i.e., [4,237.2+342.9]/50,173.0)</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td><table>
<tr><th>Region; (B/A)</th><th>Generation (GwH)</th><th>Sales (GwH)</th><th>NUR (A)</th><th>NOI/L (B)</th></tr>
<tr><td>Luzon 10.92%</td><td>2,522.0</td><td>2,318.0</td><td>15,778.4</td><td>1,723.5</td></tr>
<tr><td>Visayas (4.36%)</td><td>3,462.6</td><td>3,292.0</td><td>13,818.3</td><td>(602.6)</td></tr>
<tr><td>Mindanao 15.15%</td><td>7,727.8</td><td>7,217.3</td><td>20,576.3</td><td>3,116.3</td></tr>
<tr><td>PH 8.45%</td><td>13,712.4</td><td>12,827.3</td><td>50,173.0</td><td>4,237.2</td></tr>
</table></td></tr>
<tr><td>Objective: To provide reliable contracted power supply to all customers

Performance Indicator 2:
Percentage of TSC customers provided with 100% of contracted energy</td><td>Number of TSC customers provided with 100% of contracted energy/Total Number of TSC Customers

Note: Customers that are under maintenance/ under consumption and cases of under supply due to force majeure and other cases that is no fault on the part of PSALM shall be excluded in the computation.</td><td>15.0%</td><td>N/A</td><td>92%</td><td>94.07%

872 TSC Customer Months
927 TSC Customer Months</td><td>15%</td><td>94.07%

872 TSC Customer Months
927 TSC Customer Months</td><td>15%</td><td>PSALM's Report on MFO 2 Performance Indicator 2 as signed by CorPlan Acting Manager Ronald V. Conquilla</td><td>PSALM maintains monthly schedule of its Transition Supply Contract (TSC) Customers whom have been serviced with 100% contracted energy. The process is that, TSC customers' monthly supply billing, based on actual meter reading by its Electricity Trading Department, is compared with the customer's contracted energy.

TSC customers are being penalized whenever there is under supply since they are still obliged to pay its total contracted energy. Thus, TSC customers normally advise PSALM of its scheduled maintenance/ shut down or opt to transfer its contracted energy through an arrangement. This is a case wherein PSALM excludes such customer from this indicator, other than force majeure events.</td></tr>
<tr><td>Objective: To bid out/ dispose of assets</td><td>Σ Capacity of power</td><td>15%</td><td>N/A</td><td>528 MW</td><td></td><td>8.41%</td><td>296 MW</td><td>13.54%</td><td>Copy of Memorandum</td><td>For the Power Barges, only 96 MW (PB 101-103) out of 128 MW is with</td></tr>
</table>

Performance Measures				Targets	Accomplishment		CGO-B Validation		Supporting Documents	Remarks
Description	Formula	Weight	Data Provider *if applicable*	2013	Actual	Rating	Score	Rating		
Performance Indicator 3: Successfully bid out/negotiated/disposed of capacity (in MW) with Notice of Award	plants/IPP contract successfully bid out			128 MW: PBs 101 to 104 400 MW: Unified Leyte	296 MW 96 MW: PBs 101 to 103 200 MW: Unified Leyte PSALM noted the following: (1) The Notice of Award (NOA) for PBs 101-103 was issued to the winning bidder on 13 November 2013; (2) The issuance of NOA in December 2013 for the 200 MW Strips of Energy of Unified Leyte was deferred in compliance with the directive of the Department of Energy (DOE) in its memorandum dated 23 December 2013 to: a. Maintain the status quo for ULLP for a period of one (1) year; and b. Proceed with remaining bidding procedures after one (1) year or upon rehabilitation or restoration of ULLP to pre-Yolanda state. (3) NOA for UL strips of Energy issued on 5 February 2014	(14.09% if with Force Majeure)		(296/ 328)	from the DOE Secretary for all the Board of Directors of PSALM dated 23 December 2013	NOA issued on 13 November 2013. On the other hand, NOA to the winning bidders for the Strips of Energy (200 MW) of the Unified Leyte Geothermal Power Plants (ULGPP) were issued only in February 2014. According to PSALM, it was ready to release in 2013 the NOA to winning bidders, however was deferred due to DOE's issued Memorandum dated 23 December 2013 directing PSALM Governing Board to: (i) maintain STATUS QUO for ULPP for a period of one (1) year; and (ii) proceed with remaining bidding procedures after one (1) year or upon rehabilitation and restoration of ULPP to pre-Typhoon Yolanda State. For the remaining bulk energy of 200 MW targeted for ULPP, the winning bidder from Unified Leyte Geothermal, Inc. (ULGEI) withdrew from its bid due to the damage caused by typhoon Yolanda to ULPP.

Performance Measures				Targets	Accomplishment		CGO-B Validation		Supporting Documents	Remarks
Description	Formula	Weight	Data Provider *if applicable*	2013	Actual	Rating	Score	Rating		
Performance Indicator 4: Gain/(Loss) on Sale from privatization of owned plants and appointment of IPP Administrators	Gain on Sale = ((ΣSale Price/ΣBook Value + IPP Costs)-1)*100	10%	N/A	Breakeven (Turnover of Unified Leyte)	-	0% (10% If with Force Majeure)	-	-	Copy of Memorandum from the DOE Secretary for all the Board of Directors of PSALM dated 23 December 2013 Copy of letter from Unified Leyte Geothermal Power Plants (ULGPP) addressed to PSALM Privatization, Bids and Awards Committee dated 20 November 2013	
Performance Indicator 5: Area of real estate assets disposed	Σ Land area disposed	2.5%	N/A	115,547 sq. m.	121,797 sq.m.	2.5%	121,797 sq.m.	**2.5%**	PSALM's Report on MFO 2 Performance Indicator 5 as signed by CorPlan Acting Manager Ronald V. Conquilla; Copy of Deed of Absolute Sale	Per PSALM's report, the actual data were taken by the Corporate Planning Department (Corplan) from the submission of the Office of the General Counsel. The total area of 121,797 sq.m. is composed of 11 lots (Optioned assets) in Masinloc Coal-Fired Thermal Power Plant. The Deed of Absolute Sale is states Alpha Water and Realty Services , Corp as the buyer of the said property.

Performance Measures				Targets	Accomplishment		CGO-B Validation		Supporting Documents	Remarks
Description	Formula	Weight	Data Provider *if applicable*	2013	Actual	Rating	Score	Rating		
Performance Indicator 6: Gain on Sale from disposal of real estate assets	Gain on Sale = ((ΣSale Price/ Σ Book Value)-1)*100	2.5%	N/A	18% Gain	15.4% Gain PhP54.373 million / PhP47.222 million	2.1%	15.4% Gain PhP54.373 million / PhP47.222 million	**2.1%**	PSALM's Report on MFO 2 Performance Indicator 6 as signed by CorPlan Acting Manager Ronald V. Conquilla	
Subtotal of Weights:		**10%**				**35.51%** **(51.19% If with Force Majeure)**		**40.64%**		
TOTAL OF WEIGHTS:		**100%**				**82.39%** **(98.07% If with Force Majeure)**		**90.67%** **(81.6%/ 90%)**		