

WESTERN GUARANTY CORPORATION
RETIREMENT PLAN

OUTLINE OF BASIC PLAN PROVISIONS

1. Effective Date: May 1, 1999.
2. Eligibility for Membership: Membership in the Plan shall be automatic for all officers and employees of the Company who are considered having Regular Employment Status. Membership in the Plan will commence retroactively on the first day of the month coincident with or next following his attainment of Regular Employment Status.
3. Normal Retirement Date: The Normal Retirement Date of each Member shall be the first day of the month coincident with or next following his attainment of age 60 with at least five (5) years of Credited Service.
4. Optional/Early Retirement Date: A Member may elect to retire with the consent of the Company prior to his normal retirement date provided that he has completed at least five (5) years of Credited Service.

Note that the retirement benefit of a Member who has rendered at least 10 years of Credited Service and is at least age fifty (50) shall be tax exempt in accordance with Republic Act No. 4917.

5. Late Retirement Date: A Member who is allowed by the Company to continue to work on a yearly extension basis beyond his normal retirement date shall continue to be a Member of the Plan up to his late retirement date. The Late Retirement Date of a Member shall be the first day of any month after attaining his normal retirement date but not beyond age 70.
6. Retirement Benefit: The Retirement Benefit shall be a sum equivalent to 22.5 days Pay for every year of Credited Service.
7. Normal and Late Retirement Benefits: The Normal and Late Retirement Benefits shall be computed in accordance with the retirement benefit formula as of normal or late retirement date.

8. Optional/Early Retirement Benefit: Any Member who is allowed by the Company to retire prior to his normal retirement date shall receive an amount equal to a Percentage of 22.5 days Pay for every year of Credited Service in accordance with the vesting schedule below:

<u>Years of Service</u>	<u>Percentage</u>
Less than 5 years	0%
5 but less than 10	50%
10 but less than 15	75%
15 years and over	100%

9. Death and Disability Benefits: In the event that a Member dies or is retired by the Company due to permanent total incapacity or disability as determined by a licensed physician appointed by the Company, his death or disability as the case may be shall be a sum computed in accordance with the retirement benefit formula as of date of death or disability.
10. Severance Benefit: A Member who is involuntarily separated by the Company due to a retrenchment program or for causes not due to his own fault, misconduct, or material neglect shall receive an amount determined either in accordance with the Labor Code or similar legislation on involuntary termination or in accordance with the Collective Bargaining Agreement or the applicable retirement benefit under the Plan, whichever is greater.
11. Non-duplication of Benefit: Any benefit payable under the Plan shall be in compliance with, but not in addition to, the payment of similar benefits the Company is required to pay its employees under existing laws or under their collective bargaining agreement.
12. Dismissal for Cause: A Member who is dismissed by the Company for cause shall not be entitled to any benefits under the Plan.
13. Forfeiture of Benefits: Benefits not paid to separated Members by virtue of the limitations specified in the Plan shall be retained in the Fund and shall be used to reduce future contributions of the Company.
14. Contribution: Non-Contributory to the members and is actuarially determined.
15. Administration: The Plan shall be Truſteed.

WESTERN GUARANTY CORPORATION
RETIREMENT PLAN

RULES AND REGULATIONS

ARTICLE I
NAME, PURPOSE AND EFFECTIVE DATE

Section 1. NAME

The name of this Plan shall be the WESTERN GUARANTY CORPORATION RETIREMENT PLAN.

Section 2. PURPOSE

This Plan shall establish the WESTERN GUARANTY CORPORATION RETIREMENT TRUST FUND which will provide retirement, death, disability and severance benefits for all eligible employees of the Company.

Section 3. DATE AND EFFECTIVITY

The Plan shall be in effect on May 1, 1999.

ARTICLE II
DEFINITION OF TERMS

Section 1. DEFINITIONS

The following words or phrases used in this Plan shall be defined as follows:

- a) "Company" shall mean the WESTERN GUARANTY CORPORATION.
- b) "Plan" shall mean the Retirement Plan adopted herein together with any amendments or further amendments duly adopted by the Company.
- c) "Fund" shall mean the Retirement Trust Fund established under this Plan, and shall mean generally the employer's contributions together with all income, gains and other additions thereto, less any losses, expenses, and benefit payments therefrom.

- d) "Trustee or Trustees" shall mean the person, entity or body created by the Company with powers and authority to administer the Plan in accordance with Article VII hereof.
- e) "Member" shall mean any officer or employee who has qualified for membership under Article III and whose membership has not been terminated as provided therein.
- f) "Plan Salary" or "Pay" shall mean the latest daily salary paid to the Member, or if paid monthly shall be converted to daily, for services rendered during normal working days and hours including regular fixed reimburseable expenses, if any, but excluding other allowances, overtime pay, commissions, bonuses and/or profit-sharing payments and other fluctuating emoluments or monetary benefits which are not considered as part of or integrated into the regular salary of the employee.
- g) "Credited Service" shall mean the period of service rendered by a Member as determined from the records of the Company. Period of service shall be reckoned from date of hire to date of retirement, death, permanent disability, or severance. For purposes of determining the number of years of credited service, leave of absence without pay shall not be considered but a fraction of six (6) months or more shall be considered as one (1) year and a fraction of less than six (6) months shall be in accordance with Company policy.
- h) "Regular Employment Status" shall mean an employee who is under the regular payroll of the Company on a full-time basis and is not considered a consultant, a casual, a contractual, on probation or project employees.
- i) "Beneficiary" shall mean the person or persons who shall receive the death benefit provided for herein. The nomination of beneficiaries shall be in accordance with Article VI Section 2.
- j) "Actuarial Advisor" shall mean a person who is accredited with the Insurance Commission as an actuary or a consulting firm with an accredited actuary in its staff.

Section 2. GENDER

The masculine pronoun shall include the feminine gender and the single number shall include the plural unless the context indicates otherwise.

ARTICLE III
MEMBERSHIP

Section 1. MEMBERSHIP

Membership in the Plan shall be automatic for all officers and employees of the Company who are considered having a Regular Employment Status. Membership in the Plan will commence retroactively on the first day of the month coincident with or next following his attainment of Regular Employment Status. Upon commencement of membership the Company may require the Member to execute a pledge to the effect that he has read and is in conformity with this Plan and that he shall abide by its provisions and with any amendments and supplementary rules thereto.

Section 2. TERMINATION

Membership in the Plan shall cease automatically upon termination of the Member's service to the Company.

Section 3. RE-EMPLOYMENT

A Member whose membership in the Plan is terminated and is subsequently employed by the Company shall, upon re-admission to the Plan, be treated as a new Member.

Section 4. LEAVE OF ABSENCE

Membership in the Plan shall continue during any period during which a Member is on leave of absence approved by the Company in writing, and during any period of absence due to furlough, sickness, accident or other causes not constituting a severance of the employer-employee relationship, except that it may be temporarily suspended at the option of the Company during any period of fifteen (15) calendar days or more over which a Member is on leave of absence without pay.

ARTICLE IV
THE FUND

Section 1. NON-CONTRIBUTORY PLAN

No Member shall be required to make any contributions to the Fund.

Section 2. FUNDING

The funding of the Plan shall be determined by the Actuarial Advisor and payment of the benefits thereunder shall be provided for through the medium of a Fund held by a Trustee under an appropriate Trust Agreement. The contributions to the Fund so created together with gains and losses realized and unrealized plus contributed accrued liabilities, if any, shall constitute the Fund.

Section 3. VALUATION

The contributions to the Fund shall be actuarially determined at least once every two or three years.

Section 4. PROCEDURE FOR PAYMENT

Application for the payment of the retirement benefits under Article V and VI must be made in writing in the form and manner prescribed by the Trustee and must be filed with the Trustee at least thirty (30) days in advance of the date of actual retirement, resignation or separation without cause. Decision of the Trustee shall be final and binding upon all parties.

Section 5. MANNER OF PAYMENT

At the option of the Trustee, all benefits under the Plan shall be payable to the withdrawing Member in the form of a single sum payable anytime within sixty (60) days from the date of such withdrawal from the Plan. Such benefit shall be payable directly to the Member or to his beneficiary as the circumstances of each case may warrant.

Section 6. NON-DIVERSION OF FUNDS

All contributions made to the Fund shall be held solely and exclusively for the benefit of the members or their beneficiaries and no part of the said Fund

shall be used for, or diverted to, purposes other than for the exclusive benefit of the members or their beneficiaries.

Section 7. WAIVER OF CLAIMS

Receipt of any benefit by any Member of the Plan shall be deemed a final settlement of any and all claims that the Member may have under the Plan. The Member shall hereby waive, quitclaim and release the Company and the Plan from any and all claims, actions and liabilities arising from this Plan.

ARTICLE V
RETIREMENT DATES AND BENEFITS

Section 1. NORMAL RETIREMENT

The Normal Retirement Date of each member shall be the first day of the month coincident with or next following his sixtieth (60th) birthday provided he has served the Company for at least five (5) years of Credited Service. The Member's Normal Retirement Benefit shall be a sum equal to 22.5 days Pay for every year of Credited Service.

Note that the retirement benefit of a Member who has rendered at least ten (10) years of Credited Service and is at least age fifty (50) shall be tax exempt in accordance with Republic Act No. 4917.

Section 2. OPTIONAL/EARLY RETIREMENT

With the consent of the Company, a Member may elect to retire prior to his Normal Retirement Date provided he has completed at least ten (10) years of Credited Service. The Member's Early Retirement Benefit shall be a Percentage of 22.5 days Pay for every year of Credited Service in accordance with the vesting schedule below:

<u>Years of Service</u>	<u>Percentage</u>
Less than 5 years	0%
5 but less than 10	50%
10 but less than 15	75%
15 years and over	100%

Section 3. LATE RETIREMENT

A Member who is allowed by the Company to continue to work on a yearly extension basis beyond his Normal Retirement Date up to age seventy (70) shall continue to be a Member of the Plan up to his Late Retirement Date. The Late Retirement Date of a Member shall be the first day of any month after attaining his Normal Retirement Date. The Member's Late Retirement Benefit shall be a sum equal to 22.5 days Pay for every year of Credited Service, including the extension of service.

Section 4. DISABILITY RETIREMENT

In the event that a Member is retired by the Company due to permanent total incapacity or disability, as determined by a competent physician appointed by the Company, his disability retirement benefit shall be a single sum equal to 22.5 days Pay for every year of Credited Service.

Section 5. SEVERANCE BENEFIT

A Member who is involuntarily separated by the Company due to a retrenchment program or for causes not due to his own fault, misconduct, or material neglect shall be entitled to a benefit determined in accordance with the Labor Code or similar legislation on involuntary termination or in accordance with the Collective Bargaining Agreement or the applicable retirement benefit under the Plan, whichever is greater.

Section 6. DISMISSAL FOR CAUSE

A Member who is dismissed by the Company for cause shall not be entitled to any benefit under the Plan.

Section 7. FORFEITURES

The portion of the amount standing to the credit of a separated Member which is not paid to him by virtue of the limitations specified in this Plan shall be retained in the Fund and shall be used to reduce future contributions of the Company.

ARTICLE VI
DEATH BENEFIT

Section 1. BENEFIT

In the event that a Member dies from any cause except self-inflicted injuries, his beneficiaries shall be entitled to receive a death benefit in a lump sum equal to 22.5 days Pay for every year of Credited Service.

Section 2. NOMINATION OF BENEFICIARY

Procedure. Each employee shall, upon eligibility to participate in the Plan, forthwith nominate in writing, in such forms as shall be prescribed by the Trustee, a person or persons entitled to succeed such Member, by testate or intestate succession under existing laws, to receive the amount which may be due the Member in case of his death or inability to receive in person any sum due him from the Fund.

Every nomination or appointment shall remain in force until the death of the nominee or appointee or until revoked or amended by the Member making it by delivering to the Trustee another nomination or appointment in the prescribed form.

In the event of death of a designated or appointed beneficiary during the lifetime of the designating or appointing Member, said Member shall forthwith nominate or appoint another person in the place of the deceased beneficiary.

Failure to Nominate. If at the death of the Member there shall exist no valid nomination by him of a beneficiary, the existing laws on succession shall prevail.

If the person or persons from among those enumerated in the existing laws on succession do not exist at the time of the Member's death, no death benefit shall be paid by the Plan. The death benefit which should have been paid shall be forfeited in favor of the Fund.

Minor/Incompetent Beneficiary. In case the beneficiary is a minor or under any disability to give legal discharge for payment of the benefits, then payment of the benefits shall not be made until

a legal guardian is appointed in behalf of the minor or person under disability, but the beneficiary shall not be entitled to any income on the amount of the accrued benefits during the period that the payment was deferred because of the absence of a legal guardian; provided further that if the amount of benefit is such that existing laws would allow the payment thereof to the surviving parent of the minor or incompetent beneficiary, then benefit payments for the account of said beneficiary shall be made to the surviving parent of said beneficiary.

ARTICLE VII ADMINISTRATION

Section 1. THE PLAN

The Plan shall be administered by a Trustee appointed by the Company who shall be responsible for the general administration of the Plan and the management of the Fund. The Company may create a Retirement Committee which will coordinate with the Trustee in the implementation of this Plan. The Trustee may seek the advice of a counsel and may appoint an investment manager or managers to manage the Fund, an independent accountant to audit the Fund and an actuary to value the Fund. Fees and expenses incurred in the investing and accounting and/or actuarial audit, amendment and other services for the Plan may be charged to the Fund.

Section 2. TRUST AGREEMENT

The powers, authorities and discretions necessary or expedient for the Trustee to perform his/their duties shall be expressed in the Trust Agreement executed by the Company and the duly appointed person(s) or entity.

Section 3. RETIREMENT COMMITTEE

The duties of the retirement committee shall consist of the following functions solely as they relate to the Plan:

1. Implement the rules and procedures set forth in this Plan in filling applications for benefits, for furnishing proofs necessary to establish the Member's qualification, age and continuous service.

2. Recommend to the Trustee the appropriate payment of the amount due to the Member in accordance with the provisions of the Plan less accountabilities to the Company, if any.

3. Interpret together with the Trustee the meaning, coverage, interpretation and application of the provisions of the Plan.

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ARTICLE VIII
AMENDMENT AND TERMINATION OF THE PLAN

Section 1. AMENDMENT

The Company may amend or modify this Plan at any time. Any amendment should conform with Republic Act No. 4917 and Republic Act No. 7641 and their implementing regulations and shall be immediately communicated to the Trustee and the Members of the Plan.

Section 2. TERMINATION BY LIQUIDATION

The Company reserves the right at any time on account of business necessity to terminate, withdraw, amend, or modify the Plan in whole or in part, at the discretion of the Company. In the event of the termination of the Plan, the liability of the Company to make contributions shall cease, and the assets of the Fund shall be allocated, subject to provisions for expenses of administration or liquidation.

The Trustee shall pay all debts and obligations of the Fund and settle or dispose of any claims then outstanding against the Fund, and thereafter allocate the property remaining in the Fund to the employees or their beneficiaries, as follows:

- a. A sum in full or pro-rata, to provide for the payment to members who are eligible for normal and late retirement, or for death and disability benefits, but who have not received their benefit payments by the date of termination of the plan.
- b. If any amount remains after (a) above, a sum, in full or pro-rata, to provide for the payment of benefits to employees who are eligible for early retirement by the date of termination of the Plan.

- c. If any amount remains after (b) above, a sum, in full or pro-rata, to provide for the payment of benefits to employees who remain and who may have contingent benefit interest as the Trustee/Retirement Committee may determine on the termination of the Plan.
- d. Any amount remaining in the fund after making the above allocations and after paying all liabilities shall revert to the Company.

Section 3. TERMINATION BY TRANSFER

In the event the Company terminates the Plan by transferring it to any other Fund which is similar, in the opinion of the Trustee, to the purpose and terms of this Plan, each Member shall be entitled to the same benefits as they have in this Plan had the Plan not been terminated.

ARTICLE IX
EFFECT OF LEGISLATION

Section 1. SOCIAL SECURITY SYSTEM AND WORKMEN'S COMPENSATION

Except as otherwise provided, whatever benefits may be due the Member on account of the Social Security Law shall not be deducted from the benefits under this Plan.

Section 2. DUPLICATION OF BENEFITS

In the event existing or future laws, including the Collective Bargaining Agreement, require the Company to pay similar or analogous benefits to those already herein provided, the Member concerned shall not be entitled to receive both what the law, legislation or the CBA requires the Company to give but shall be entitled only to whichever benefit is the greater among them (and not in addition to);, or, the Company may exercise the right to reduce its current contributions or benefits under this Plan by the amount of any payments required by the subsequent legislation or CBA in accordance with the regulations promulgated by the Company.

ARTICLE X
MISCELLANEOUS PROVISIONS

Section 1. IRREVOCABILITY

The Company shall have no right, or interest in the contributions made by them to the Trust and no part of the Fund shall revert to the Company except after satisfaction of all liabilities of the Plan; however, such contributions as may have been made by the Company as a result of overpayment may revert to the Company.

Section 2. NON-TRANSFERABILITY OF RIGHTS

No benefit payable under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or change; and any action by way of anticipating, alienating, selling, transferring, assigning, pledging, encumbering, changing the same shall be void and of no effect.

Section 3. LIEN OF THE COMPANY

The Company shall have the first lien upon the amount standing to the credit of its employee-member to cover all liabilities of the Member to the Company. Said amount of liability shall be deducted by the Trustee from the benefit payment to the Member and shall be remitted to the Company.

Section 4. WAIVER OF CLAIMS

Any benefit received by the Member from the Plan shall be deemed a final settlement of any and all claims that the Member has pursuant to this Plan. Therefore, the Member hereby releases the Company and the Plan from any and all liabilities arising from this Plan.

Section 5. EMPLOYMENT

The establishment of the Plan shall not be construed as conferring any right upon any Member or any person to a continuation of employment.
