



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management
Malacañang, Manila

Received

DATE: **SEP 19 2012**
TIME: **1:20 P.M.**
RECEIVED BY: *[Signature]*

CORPORATE OPERATING BUDGET
Calendar Year 2012

TO: NATIONAL DEVELOPMENT COMPANY (NDC)

Your Corporate Operating Budget (COB) for Calendar Year 2012 per Board Secretary Certificate dated April 18, 2012, submitted pursuant to Section 6 of Executive Order (E.O.) No. 518, series of 1979 and Section 19, Chapter 3, Book VI, E.O. No. 292, series of 1987, is hereby confirmed for a total amount not exceeding **TWO BILLION SIX HUNDRED TWENTY EIGHT MILLION EIGHT HUNDRED EIGHT THOUSAND PESOS ONLY (P2,628,808,000)**, details of which are shown below:

PARTICULARS	PROPOSAL		APPROVED		VARIANCE	
		(a)		(b)		(c=b-a)
TOTAL SOURCES	P	<u>2,634,906,000</u>	P	<u>2,634,906,000</u>	P	<u>-</u>
Corporate Funds		2,634,906,000		2,634,906,000		-
TOTAL USES	P	<u>2,634,906,000</u>	P	<u>2,628,808,000</u>	P	<u>(6,098,000)</u>
Personal Services (PS)		22,525,000		22,308,000		(217,000) a/
Maint. & Other Operating Exp. (MOOE)		952,151,000		946,270,000		(5,881,000)
Operating		477,973,000		472,092,000		(5,881,000) b/
Debt Servicing		217,671,000 c/		217,671,000		-
Dividend Payment to National Governme		50,000,000		50,000,000		-
Interest Expense and Financial Charges		206,507,000		206,507,000		-
Capital Outlays (CO)		<u>1,660,230,000 d/</u>		<u>1,660,230,000 e/</u>		<u>-</u>
Excess/Shortfall	P	<u>-</u>	P	<u>6,098,000</u>	P	<u>6,098,000</u>

Footnotes:

a/ Refers to the following:

Transportation Allowance of the General Manager (GM) and 1 Assistant GM who are provided with motor vehicles	198,000
Overprovision in Philhealth contributions	19,000
TOTAL, PS variance	<u>P 217,000</u>

b/ MOOE level is computed considering actual/audited expenses for the previous years and the effects of inflation. Disallowance includes provision for rice allowance, the grant of which needs approval from the Office of the President and should be properly classified under PS.

c/ For payment of NDC loans (principal) to Government Financial Institutions, National Steel Corporation related loans, DOLE Philippines, and Overseas Economic Cooperative Fund.

d/ The proposed level for CO consists of the following items:

Investments Outlay	P 1,024,300,000
Loans Outlay	620,500,000
Land & Land Improvements Outlay	650,000
Building and Structures Outlay	7,280,000
Furniture, fixtures, Equipment and Books Outlay	5,700,000
Motor Vehicles	1,800,000
Total, CO	<u>P 1,660,230,000</u>

e/ Includes the amount of P1.8 Million proposed for the purchase of one (1) motor vehicle which has the approval from the Secretary of the Department of Trade and Industry in a handwritten note dated May 17, 2012.

The approval of the COB shall be subject to the following conditions:

1. All expenditures, whether for current operating expenditures or COs, shall be made within the limits of available funds realized from corporate receipts, authorized corporate borrowings and National Government budgetary support either in the form of subsidy, equity or loans outlay.

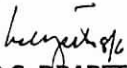
CORPORATE OPERATING BUDGET

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2. Disbursements for personnel amelioration/benefit shall be subject to the pertinent compensation laws, rules and regulations including E.O. Nos. 7 and 24 dated September 8, 2010 and February 10, 2011, respectively. Such expenditures shall also be conditioned on the relevant General Provisions of Republic Act (R.A.) No. 10155, the FY 2012 General Appropriations Act (ex. Representation and Transportation Allowance Under Section 45, General Provisions), or any specific law or approval of the President of the Philippines or Secretary of Budget and Management, as the case maybe.
3. Disbursements for extraordinary and miscellaneous expenses shall be subject to Section 23, General Provisions of R.A. No.10155.
4. Disbursements from the Confidential and Intelligence Fund shall be covered by an approval from the President of the Philippines.
5. For equipment items per Annual Equipment Procurement Program that require specific clearance/approval from the Agencies concerned (ex. National Computer Center for information technology equipment and Office of the President/Department of Budget and Management/Supervising Department for motor vehicles), the same shall be secured before acquisition thereof, in accordance with Corporate Budget Circular No. 17 dated February 9, 1996 , National Budget Circular Nos. 446 and 446-A dated November 24, 1995 and January 30, 1998, respectively, Budget Circular No. 2010-2 dated March 1, 2010 and Administrative Order (A.O.) No. 233 dated August 1, 2008, Office of the President Memorandum Circular No. 9 dated December 14, 2010 and A.O. No. 15 dated May 25, 2011, among others.
6. The fiscal discipline measures prescribed under A. O. No. 103 dated August 31, 2004 shall be observed.
7. It is understood that this review action does not authorize any item of expenditure that is prohibited by or inconsistent with the provisions of law.
8. The pertinent laws, rules and regulations including those on compensation, procurement, budgeting, accounting and auditing shall be strictly followed. Compliance with all existing laws, rules and regulations shall be the responsibility of the implementing government corporation.

Recommending Approval:


LORENZO C. DRAPETE
Director, BMB-F

Approved:

By authority of the Secretary:


MARIO L. RELAMPAGOS
Undersecretary

Date: August 17, 2012

COB No. F3-12-0012

cc: The Chairman
Board of Directors, NDC

The Resident Auditor
COA - NDC

Asst. Commissioner Lourdes M. Castillo
Commission on Audit (COA) - Central Office
COA Building, Quezon City