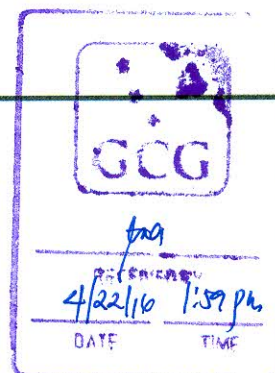


PNOC
The Energy Company

PHILIPPINE NATIONAL OIL COMPANY

PNOC Building VI, Energy Center, Rizal Drive, BGC, Taguig City, Philippines Tel. No. (632) 789-7662



April 19, 2016

HONORABLE CESAR L. VILLANUEVA
Chairman
GOVERNANCE COMMISSION FOR GOCCs
3/F Citibank Center
8741 Paseo de Roxas
Makati City

Dear Chairman Villanueva:

We are pleased to submit PNOC's Monitoring Report of Performance Targets for the **First Quarter of 2016**.

We hope that you find everything in order, but should you need additional information and /or clarification, Ms. Bel Cubelo, OIC-Manager of our Corporate Planning Department, will be more than willing to provide what you need.

Thank you.

Very truly yours,

JOHN J. ARENAS
President and CEO

**PHILIPPINE NATIONAL OIL COMPANY
MONITORING REPORT OF CY 2016 TARGETS**

Perspectives	Component	Formula	Weight	Baseline		Target	CY 2016									
				2014	2015		2016	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	
FINANC	SO 4	Ensure Optimal Use of Assets	Actual over Target	10%	N/A	Signed Joint Tender Agreement	Notice of Award (NOA) to winning bidder of at least 30% (29.1 PJ) of total remaining volume of 97 PJ	Finalize and sign the Memorandum of Agreement with PNOCC Exploration Corporation designating the latter to negotiate in behalf of PNOCC the terms of the sale	Signed the Memorandum of Agreement with PNOCC Exploration Corporation	Term Sheet Finalization	Finalized Term Sheet and issuance of Notice of Award	N/A				
															SM 5	Sale of Banked Gas
	SO 5	Build Operating Company Capabilities														
	LEARNING & GROWTH	SM 6	IMS Certification for PAFIC Industrial Park	Pass or Fail	10%	N/A	N/A	Favorable Recommendation by Accredited 3rd Party Certifying Body	Hiring of IMS Consultant (TOR, WOR, Bidding Process, Proposals)	Completed hiring of IMS Consultant (TOR, WOR, Bidding Process, Proposals). NOA & NTP have been signed on 3/19/2016	Signing of Agreement with IMS Consultant (NOA/ Contract, Preliminaries)	Preparation for the Documentation and Implementation Requirements for the IMS (manuals, etc.)	Favorable Recommendation by Accredited 3rd Party Certifying Body			
																SO 6
		SM 7	% Implementation of the PNOCC Restructuring Plan	Pass or Fail	10%	N/A	Executed a MOA with Development Academy of the Philippines	Submission of the Board-approved Restructuring Plan	Presentation to MANCOM	TO as proposed by DAP presented to MANCOM.	Board Presentation and approval	Submission of the Board-approved Restructuring Plan	N/A			
																SM 8
		SO 7	Develop a Professional Culture and Better Employee Morale													
		SM 9	ISO 9001:2015 Certification for PNOCC	Pass or Fail	10%	N/A	N/A	ISO 9001:2015 Certified			N/A			ISO 9001:2015 Certified		
Total Weight																100%