

**CONTRACT FOR THE PRODUCTION
OF PDIC'S 2011 ANNUAL REPORT**

KNOW ALL MEN BY THESE PRESENTS:

This *Contract* is made and entered into by and between:

PHILIPPINE DEPOSIT INSURANCE CORPORATION, a government instrumentality organized and existing under and by virtue of Republic Act No. 3591, as amended, with principal office address at SSS Bldg., 6782 Ayala Avenue cor. Rufino Street, Makati City, Metro Manila, represented in this Contract by its Vice President for Corporate Affairs Group, Ms. **MARIA LEONIDA FRES-FELIX**, and hereinafter referred to as "PDIC"

- and -

The Joint Venture between **STUDIO 5 DESIGNS, INC.** and **HOUSE PRINTERS CORP.**, corporations duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office addresses at 28 Páseo de Roxas cor. Jupiter St., Bel-Air, Makati City and Shop 8 National Road, Brgy. Muzon, Taytay, Rizal, respectively, represented herein pursuant to the Joint Venture Agreement by **MR. BONIFACIO Y. HERNANDEZ**, the Vice President of Studio 5 Designs, Inc., duly authorized for the purpose, and hereinafter referred to as the "CONTRACTOR"

WITNESSETH: That,

WHEREAS, PDIC needs to engage services necessary to undertake the production of PDIC's 2011 Annual Report;

WHEREAS, for the purpose, a public bidding was conducted by PDIC pursuant to the provisions of Republic Act No. 9184 (The Government Procurement Reform Act);

WHEREAS, in the said public bidding, the CONTRACTOR submitted the lowest and most advantageous bid to PDIC and was thereby awarded the contract, subject to the terms and conditions stipulated herein.

NOW, THEREFORE, for and in consideration of the foregoing premises and the terms and conditions herein contained, the parties hereto hereby agree as follows:

1. SCOPE OF SERVICES

The CONTRACTOR shall perform the following services in line with the production of PDIC's 2011 Annual Report:

1.1. Printing Service:

The CONTRACTOR shall undertake to perform the required printing services in accordance with the following specifications:

1.1.1. Inside Pages

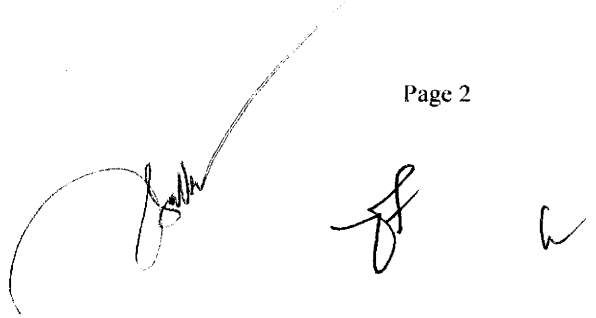
- Size : 8 ½ " x 11"
- No. of pages : 100 pages cover to cover
- Paper : Matt 100
- Quantity : 2,000 copies
- Process : Offset
Color separation by printer
- Binding : Perfect binding
- Color : Full color

1.1.2. Cover

- Size : 8 ½ " x 11"
- Paper : C2s 220
- Color : Full color
- Design : with UV/
spot UV lamination
- Back : with CD pocket

1.1.3. Envelope

- Size : 14 ½ " x 18 ½ "

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- Paper : Matte 70
- Color : 2 colors

1.1.4. Compact Discs

- Copies with label : 2,000
design of the 2011
PDIC Annual Report

1.2. Creative Service:

The CONTRACTOR shall deliver the following creative services:

- 1.2.1. Conceptualization of Annual Report cover, design, and overall treatment revolving on the selected theme with aesthetic "concept" appreciation.
- 1.2.2. Conceptualization, development of layout, and presentation of at least five (5) comprehensive studies for layout and cover design based on the selected themes.
- 1.2.3. Graphic concepts, artwork, typesetting and photo cropping.
- 1.2.4. Photography, color separation/scheming and printing.
- 1.2.5. Editorial assistance based on materials provided by PDIC.
- 1.2.6. Revisions and refinements.

1.3. Production Service:

It shall additionally perform the following production services:

- 1.3.1. Provide the necessary man-hours and materials for the preparation of press-ready artworks.
- 1.3.2. Typesetting, photo prints and art materials.
- 1.3.3. Provide the necessary computer man-hours for finalization of generated backgrounds.
- 1.3.4. Provide the necessary man-hours for scanning of trannies (transparencies)/photos.
- 1.3.5. Undertake retouching and manipulation.

1.4. Copy writing/editing Service:

- 1.4.1 Draft and/or edit write-ups/copies according to a specified timetable.
- 1.4.2 Undertake research and/or interviews when necessary.

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- 1.4.3 Recommend appropriate layout and sidebars for significant highlights of the Annual Report.
- 1.4.4 Effect revisions made by the PDIC Editorial Board until final approval.

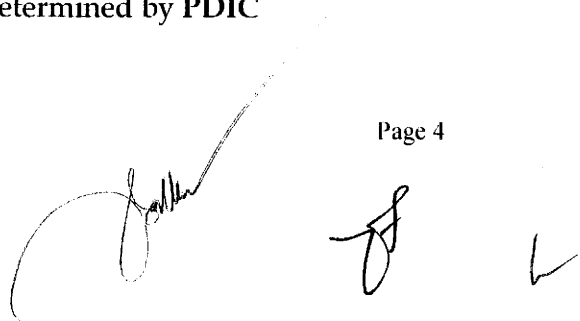
1.5. Digital Photography Service:

The **CONTRACTOR** shall likewise perform the following digital photography services:

- 1.5.1 Digital photo shoot with soft proofs and CD format
- 1.5.2 Office based and location (maximum of 10 areas selected by PDIC) photography shoot for the following:

- Board of Directors – five members – 5 shots for each individual member; 5 shots as a group
- Audit Committee – 5 group shots
- Risk Management Committee – 5 group shots
- Executive Committee – 10 group shots
- Management Committee (Mancom) – 10 group shots
- Examination & Resolution Sector – 5 shots for each Mancom member; 5 shots as a group
- Receivership & Liquidation Sector – 5 shots for each Mancom member; 5 shots as a group
- Office of the President – 5 shots for each Mancom member; 5 shots as a group
- Deposit Insurance Sector – 5 shots for each Mancom member; 5 shots as a group
- Legal Affairs Sector – 5 shots for each Mancom member; 5 shots as a group
- Management Services Sector – 5 shots for each Mancom member; 5 shots as a group
- Corporate Services Sector – 5 shots for each Mancom member; 5 shots as a group
- Advocacy and Governance – 10 group shots
- Action photos – 10 shots
- Symbolic photos – 10 shots
- President – 10 shots at work; 10 shots at pose

The photo-shoot shall be undertaken in various locations and in accordance with the schedule as determined by PDIC

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- 1.5.3 Photo direction by the agency to be co-managed by the PDIC
- 1.5.4 Pre-production with client and photographer
- 1.5.5 Undertake digital enhancement of the photos, if required.

1.6 Final Artwork Turnover:

The CONTRACTOR shall also deliver the following:

- 1.6.1 Digital (CD) file to printer
- 1.6.2 Digital proofs by printer subject to approval by PDIC

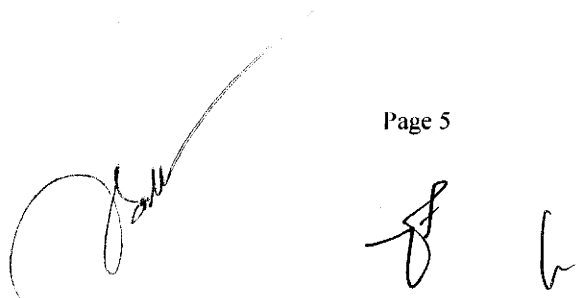
1.7 Others:

The CONTRACTOR shall likewise perform the following:

- 1.7.1 Submit to PDIC a quote for every additional page beyond 100 prior to the signing of this Contract. Failure to do so would mean that the cost thereof shall not be higher than the cost of the CONTRACTOR's bid per page for the project.
- 1.7.2 Submit to PDIC in CD form the digital copies, including all negatives if any, of all photos taken not later than five (5) working days after the completion of the photo-shoot sessions.
- 1.7.3 Ensure that the annual report shall be adaptable and internet uploadable in electronic copy (PDF format)
- 1.7.4 Submit to PDIC CD copies with label version of the 2011 PDIC Annual Report.

It is hereby understood that all photos taken by the CONTRACTOR shall be for the exclusive use of PDIC. Photos taken shall not, in any manner, be reproduced for distribution or used for any other purpose, without the prior written consent of PDIC

2. FEES AND BILLING SCHEDULE

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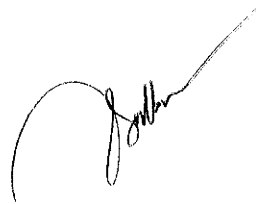
2.1 For and in consideration of all the foregoing services, as well as compliance by the CONTRACTOR of all the terms and condition of this Contract, PDIC shall pay the sum of PESOS: FIVE HUNDRED SIXTY & 56/100 (P560.56) per copy or a total amount of PESOS: ONE MILLION ONE HUNDRED TWENTY ONE THOUSAND ONE HUNDRED TWENTY PESOS (P1,121,120.00), Philippine currency, inclusive of any and all taxes (including, but not limited to, the applicable Value Added Tax), fees, duties and such other imposts or levies which may be required by the government, both national and local.

2.2 Payment of said fees shall be made by PDIC no earlier than seven (7) working days from complete and full delivery of the final copies of the 2011 Annual Report and upon certification from PDIC of the satisfactory completion and acceptance by PDIC of the Annual Report turned in by the CONTRACTOR. All payments shall be subject to the usual accounting and auditing rules currently in force.

3. TERM

3.1. This Contract shall be for a term of eight (8) weeks, reckoned from the date of submission of the soft copy of the manuscript by PDIC to the CONTRACTOR. The CONTRACTOR shall promptly and completely perform all items of work under Section 2 hereof and submit all corresponding deliverables within the period and in accordance with the schedule herein below provided: --

Activities	Duration
PDIC turns over soft copies of materials including graphs, tables, graphs, photos and text to the CONTRACTOR; The CONTRACTOR prepares the 1 st dummy; PDIC reviews the 1 st dummy.	Week 1
PDIC returns the reviewed dummy; The CONTRACTOR prepares the 2 nd /final dummy; PDIC approves the dummy; PDIC visits the CONTRACTOR's office for final viewing of artwork;	Week 2 - 5

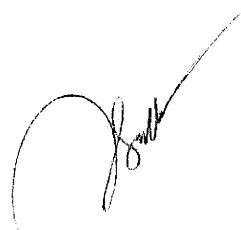


Finalization of artwork; Printer submits proof to the CONTRACTOR ; PDIC approves digital proof; The CONTRACTOR returns proof to printer.	
Printing/Sorting/Binding	Week 6-7
Final Delivery of the PDIC 's 2011 Annual Report	Week 8

- 3.2. In the event that the **CONTRACTOR** fails to complete any activity within the period specified, the **CONTRACTOR** shall, in addition to other remedies that **PDIC** may exercise under this Contract, pertinent laws, rules and regulations, pay **PDIC** liquidated damages as stated in Section 5 hereof.
- 3.3. **PDIC** may, at its option, make amendments or modifications in the schedule herein above imposed.
- 3.4. This Contract shall correspondingly be extended for such period called for by any amendment or modification of the above schedule under the same terms, with no additional consideration on the part of **PDIC**.
- 3.5. **PDIC** reserves the right to terminate this Contract for any cause which may include failure of the **CONTRACTOR** to perform in a timely and acceptable manner any of their works, duties, functions, responsibilities or obligations stipulated herein or failure to carry out the task herein required in a manner acceptable to **PDIC** or violation by the **CONTRACTOR** of any of the terms and conditions of this Contract, subject to sanctions and remedies provided for herein and under the pertinent laws, rules and regulations.

4. PERFORMANCE SECURITY

- 4.1. To guarantee the faithful performance of the obligations and services required under this Contract, the **CONTRACTOR** shall, upon execution of this Contract, post in favor of **PDIC** a Performance Security in the form of Surety Bond in an amount equivalent to 30% of P1,121,120.00.

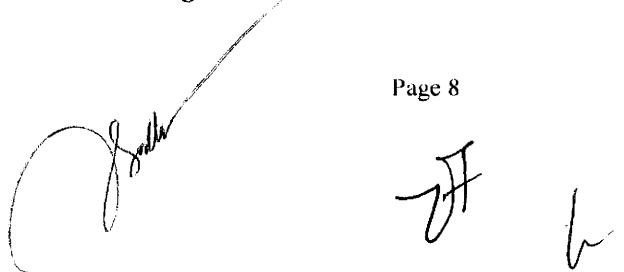




- 4.2. In the event that the Performance Security offered by the **CONTRACTOR** would be deemed inadequate or otherwise rendered unacceptable, **PDIC** shall have the right to require the **CONTRACTOR** to post a performance security in the form and amount determined by **PDIC** and allowed under existing laws and regulations.
- 4.3. The Performance Security shall be released seven (7) days from **PDIC's** issuance of the certification of the **CONTRACTOR's** faithful and complete performance of its obligations under this Contract. The Performance Security shall answer for any damage **PDIC** may suffer by reason of the **CONTRACTOR's** default of any of its obligations and/or breach of the terms and conditions of this Contract. It shall likewise guarantee payment for any loss, damage or injury that may be caused by the **CONTRACTOR** to **PDIC**, its employees and guests.
- 4.4. The Performance Security shall be forfeited in favor of **PDIC** in the event that the **CONTRACTOR** is in default or breach of its obligation under this Contract. Any changes made in this Agreement shall in no way annul, release or affect the liability of the **CONTRACTOR** and the surety.
- 4.5. Failure of the **CONTRACTOR** to comply with any of the terms and conditions of this Contract shall result in the forfeiture of the Performance Security, in addition to other remedies that **PDIC** may exercise under this Contract, pertinent laws, rules and regulations.

5. LIQUIDATED DAMAGES

- 5.1. In the event that the **CONTRACTOR** violates any of the terms and conditions of this Contract, or neglects to perform in a timely manner any of the works, duties, functions, responsibilities or obligations stipulated herein, inclusive of the duly granted time extension, if any, or fails to carry out the tasks herein required in an acceptable manner for any reason whatsoever, the **CONTRACTOR** shall be liable for damages for such failure and shall pay **PDIC** liquidated damages in an amount equivalent to one-tenth (1/10) of one (1%) percent of the total contract price for every day of delay or breach, in addition to other remedies that **PDIC** may exercise under this Contract, pertinent laws, rules and regulations, until such

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services are finally delivered and accepted by PDIC. In the event that the total sum of liquidated damages or the total cost to PDIC of any such delay or inability by the Contractor to deliver its obligations exceeds 10% of the contract price, PDIC may terminate this Contract upon giving the CONTRACTOR written notice at least five (5) calendar days prior to the intended date of termination and impose other appropriate sanctions over and above the liquidated damages.

- 5.2. PDIC need not prove that it has incurred damages to be entitled to liquidated damages. Furthermore, PDIC reserves the right to deduct any and all of the liquidated damages from any money due or payments which may become due to the CONTRACTOR under the terms of this Contract and/or from the performance security filed by the CONTRACTOR, as PDIC may deem convenient and expeditious under the prevailing circumstances.

6. SUSPENSION OF PAYMENT/TERMINATION FOR DEFAULT

- 6.1. PDIC shall have the right to suspend, in whole or in part, any payment due to the CONTRACTOR under this Contract in the event there is delay, default, failure or refusal on the part of the CONTRACTOR to perform its obligations under this Contract in an acceptable manner. Further, PDIC shall have the right to procure/engage, upon such terms and manner as PDIC shall deem appropriate, the services of another contractor to undertake the unperformed/undelivered service(s) of the CONTRACTOR. Any and all expenses that may be incurred in relation thereto shall be for the exclusive account of the CONTRACTOR.
- 6.2. In the event that such delay, default, failure or refusal continues for a period equivalent or corresponding to more than ten (10%) percent of the Contract price or time, whichever comes first, inclusive of the duly granted time extension, if any, PDIC shall have the right to terminate this Contract upon giving the CONTRACTOR written notice at least five (5) calendar days prior to the intended date of termination. In addition, PDIC shall have the right to procure/engage the services of another contractor to complete the services required of the CONTRACTOR under this Contract. Any and all expenses that PDIC may incur in connection thereto shall be for the sole account of the CONTRACTOR.

6.3. The **CONTRACTOR** hereby agrees that the remedies mentioned above shall be understood to be without prejudice to other rights and remedies that **PDIC** may exercise under this Contract, applicable laws, rules and regulations.

7. OTHER GROUNDS FOR TERMINATION

7.1. **PDIC** may terminate this Contract, after giving the **CONTRACTOR** written notice at least five (5) days prior to the intended date of termination, whenever it is determined by **PDIC** that the **CONTRACTOR** has engaged, before or during the implementation of this Contract, in unlawful deeds and behaviors relative to Contract acquisition and implementation. Unlawful acts shall include, but not necessarily limited to, the following:

7.1.1. Corrupt, fraudulent, and coercive practices as defined under R.A 9184 otherwise known as the "*Government Procurement Reform Act;*"

7.1.2. Drawing up or using forged document; and

7.1.3 Any other act analogous to the foregoing.

7.2. The **CONTRACTOR** hereby agrees that the termination referred to herein shall be understood to be without prejudice to other rights and remedies available to **PDIC** under this Contract or the applicable laws.

8. INDEMNITY

The **CONTRACTOR** shall indemnify **PDIC** against any loss, injury or damage either to person or property which **PDIC** may suffer by reason of the willful, unlawful or negligent act or omission of the **CONTRACTOR** or any of its personnel or representative. The indemnity required herein shall be in addition to the forfeiture of the Performance Security.

9. RELATION OF THE PARTIES

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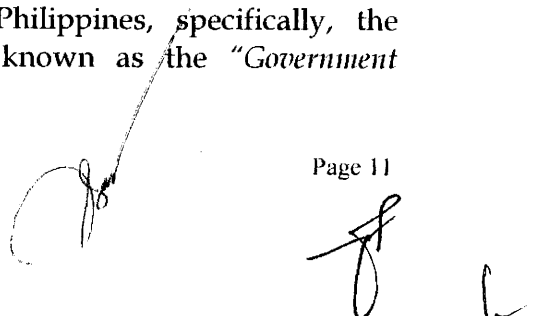
The CONTRACTOR shall have no authority, express or implied, to assume or create any obligation or responsibility on behalf of or in the name of PDIC or bind PDIC in any manner whatsoever. The CONTRACTOR's personnel, representatives or staff shall not be construed as employees of PDIC. The CONTRACTOR is being engaged herein as an independent contractor. Nothing herein shall be construed as creating an employer/employee relationship between the CONTRACTOR's employees, representatives or staffs and PDIC.

10. NON-WAIVER OF RIGHTS

The failure of PDIC to insist upon the strict performance of any of the terms, conditions and covenants hereof shall not be deemed a relinquishment or waiver of any right or remedy that PDIC may have nor shall it be construed as a waiver of any subsequent breach or default of the terms, conditions and covenants hereof, which in turn, shall continue to be in full force and effect. No waiver by PDIC of any of its rights under this Contract shall be deemed to have been made unless expressed in writing and signed by PDIC.

11. MISCELLANEOUS PROVISIONS

- 11.1. **Severability** - If any provision of this Contract should, for any reason, be held void or unenforceable, the legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired, and shall remain in full force and effect.
- 11.2. **Binding Effect/Assignment of Rights** - This Contract shall be binding upon the CONTRACTOR, its partners, successors-in-interest, its legal representatives and assigns. Foregoing notwithstanding, the CONTRACTOR shall not in any manner, directly or indirectly, assign, or transfer its rights and obligations under this Contract without the written approval of PDIC.
- 11.3. **Amendment** - This Contract may be amended or modified only in writing upon mutual agreement of the parties hereto.
- 11.4. **Governing Law and Language** - The rights and obligation of the parties hereto shall be governed and interpreted in accordance with the laws of the Republic of the Philippines, specifically, the provisions of R.A. 9184 otherwise known as the "Government



Procurement Reform Act and other applicable laws, rules and regulations.

- 11.5. **Documents Incorporated** - The provisions of this Contract shall be read in harmony with the Terms of Reference and other related bid documents. In case of conflict, the provisions of this Contract shall prevail.
- 11.6. **Venue of Action** - It is hereby agreed that any and all actions that shall arise from this Contract shall be instituted and tried before the proper court (s) of the City of Makati only.
- 11.7. **Attorney's Fees** - In the event that PDIC is compelled to seek judicial relief to enforce the provisions of this Contract, it shall be entitled to attorney's fees and liquidated damages equivalent to ten percent (10%) and fifteen percent (15%), respectively, of the contract price or the amount claimed in the judicial action, whichever is higher, aside from the costs of litigation and other expenses incidental thereto.

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures on the date and place as stated below their respective signatures.

**PHILIPPINE DEPOSIT
INSURANCE CORPORATION**

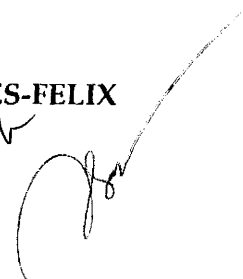
Client

By:


MARIA LEONIDA FRES-FELIX
Vice President

Date: _____

Place: _____



The Joint Venture of
STUDIO 5 DESIGNS, INC. and HOUSE PRINTERS CORP.

By:


BONIFACIO Y. HERNANDEZ

Vice President,
Studio 5 Designs, Inc.

Date: _____

Place: _____

CERTIFICATION

This is to certify that pursuant to PDIC Board Resolution No. 2011-06-096 dated June 10, 2011, the amount of P1,350,000.00 has been set aside and made available in the Corporate Operating Budget (COB) of the PDIC for the year 2012; to cover the implementation of the approved Production of the 2011 PDIC Annual Report for the year 2012. The remaining amount of the contract, if any, shall be made available in the COB of the PDIC for the succeeding year/s.


IRENE DL ARROYO

Vice President

Treasury Group



SIGNED IN THE PRESENCE OF:

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

JUN 29 2012

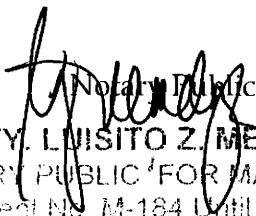
BEFORE ME, a Notary Public, for and in the City of Makati on this ___ day of _____, 2012, personally appeared Ms. Maria Leonida Fres-Felix with Community Tax Certificate/I.D. No. _____, issued on _____ at _____.

Known to me and to me known to be the same person who executed the foregoing document and she acknowledged to me that the same is her own free and voluntary act and deed as well as the Corporation which she represents, and that she is duly authorized to sign the same.

This instrument refers to a *Contract for the Production of PDIC's 2011 Annual Report*, consisting of fifteen (15) pages, including this page where the Acknowledgment is written, signed on each and every page thereof by the party and the instrumental witness and thereafter sealed with my notarial seal.

WITNESS MY HAND AND SEAL on the date and place first above-written.

Doc. No. 124 ;
Page No. 25 ;
Book No. X ;
Series of 2012.


Notary Public
ATTY. LUISITO Z. MENDOZA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-184 Until Dec. 31, 2012
Roll No. 37663 / IBP No. 873965
6782 SSS Bldg., Ayala Ave. Makati



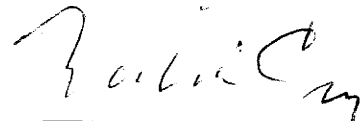
SECRETARY'S CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS:

That I, NICASIO C. CRUZ, Filipino, of legal age and a resident of the Philippines, do hereby certify that I am the Corporate Secretary of STUDIO 5 DESIGNS, INC., a corporation duly organized and existing under the laws of the Republic of the Philippines with principal office at 28 Paseo de Roxas, Bel-Air Village, Makati City, do hereby certify that at the special meeting of the Board of Directors of the corporation, wherein a quorum was present, held on June 7, 2012, the following resolution was unanimously approved and adopted:

"RESOLVED, as it is hereby resolved, that in connection with the Corporation's Contract with Philippine Deposit Insurance Corporation (PDIC) for the project entitled "Production of PDIC's 2011 Annual Report", we hereby authorize Mr. Bonifacio Y. Hernandez, our Vice President to sign on our behalf.

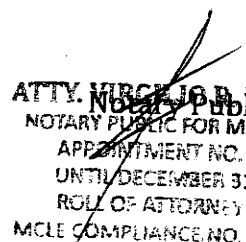
IN WITNESS WHEREOF, I have hereunto affixed my signature this 7th day of June 2012, at the City of Makati.



NICASIO C. CRUZ

SUBSCRIBED AND SWORN to before me this JUN 19 2012 day of June, 2012, affiant exhibiting to me his Sr. Citizen ID# 2625807 issued in Manila on June 17, 2004.

Doc. No.: 385
Page No.: 62


ATTY. VIRGILIO B. BATALLA
NOTARY PUBLIC
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-618
UNTIL DECEMBER 31, 2012
ROLL OF ATTORNEY 48348
MCLE COMPLIANCE NO. H-0018179
IBP NO. 706762 - LIFETIME MEMBER