

**IMPLEMENTING GUIDELINES ON ARTICLE XVI, SECTION 2, LETTER f OF
THE LISTING AND DISCLOSURE RULES OF THE EXCHANGE**

I. INTRODUCTION:

According to Article XVI, Section 2, Letter f of the Listings and Disclosure Rules of the Exchange, a listed company may be considered for delisting if its **stockholders' equity becomes negative**. Thus, listed companies suffering from this financial condition, as reflected in its latest audited financial statements, must comply with the guidelines as provided hereunder.

These guidelines shall be implemented for audited financial statements beginning year 2002 and for all subsequent audited financial statements.

II. GUIDELINES:

1. A listed company that had submitted its audited financial statements **prior to the effectivity of this implementing guideline** must:

- (a) Within sixty (60) working days from receipt of notice from the Exchange, submit a plan detailing the activities it will undertake, together with its corresponding timetable, to bring its stockholders' equity from negative to positive;

The plan shall include a list of advisers the listed company intends to engage, including financial advisers, legal counsels, auditors, and underwriters, and their relation with the listed company, if any.

The Exchange shall inform its Trading Participants and the investing public of the listed companies required to comply with these guidelines.

- (b) Within one (1) year after submission to the Exchange of its detailed plan, secure the requisite approvals from government agencies and/or its shareholders, an approval in-principle from

its creditors, and implement the remaining activities outlined in its plan.

2. A listed company which will submit its audited financial statements *after the effectivity of this implementing guideline*, must:

- (a) Within thirty (30) working days *from receipt of notice from the Exchange*, submit a plan detailing the activities it will undertake, together with its corresponding timetable, to bring its stockholders' equity from negative to positive;

The plan shall include a list of advisers the listed company intends to engage, including financial advisers, legal counsels, auditors, and underwriters, and their relation with the listed company, if any.

The Exchange shall inform its Trading Participants and the investing public of the list companies required to comply with these guidelines.

- (b) Within one (1) year after submission to the Exchange of its detailed plan, secure the requisite approvals, from government agencies and/or its shareholders, an approval in-principle from its creditors, and implement the remaining activities outlined in its plan.

3. The listed company must promptly disclose to the Exchange any amendments to its plan of activities as per item (a) of numbers 1 and 2 above.
4. The listed company must promptly disclose to the Exchange any approval it has obtained as per item (b) of numbers 1 and 2 above.
5. Any related party transaction entered into by the listed company in relation to its plan must be promptly disclosed to the Exchange. The disclosure should include, among others, the following:
- The date of the transaction;
 - The nature of the transaction and its essential elements;
 - The party(ies) to the transaction and its relationship, if any, to the major shareholders, directors or officers of the listed company;
 - The consideration for the transaction and its basis;
 - The rationale for entering into the transaction

This is, however, without prejudice to any rules of the Exchange that are applicable to related party transactions.

6. The listed company that fails to comply with any of the conditions set forth in either Item number 1 or 2 above must submit to the Exchange a written explanation of its failure to comply with the said requirement. The Exchange shall then evaluate the merits of its explanation. Should it decide to accept the explanation, the Exchange has the discretion to grant an extension of the deadline. However, should the Exchange decide not to accept the explanation, it shall notify the listed company in writing, citing the reasons for its decision after which the Exchange shall implement the procedure for delisting as per Article XVI, Section 3 of the Listings and Disclosure Rules.

Trading Participants and the investing public shall be notified of the explanation given by the listed company, and the corresponding decision of the Exchange.

III. EFFECTIVITY DATE:

This Implementing Guideline shall take effect fifteen days from circularization by the Exchange.

THE PHILIPPINE STOCK EXCHANGE, INC.:

(Original Signed)

JOSE G. CERVANTES
Senior Vice President
OIC, Listings and Disclosure Group

(Original Signed)

ZAYBER JOHN B. PROTACIO
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SECURITIES AND EXCHANGE COMMISSION:

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