



A. SORIANO CORPORATION



SECURITIES AND EXCHANGE COMMISSION

SEC Building
EDSA, Greenhills
Mandaluyong City

Attention: **Director Justina Callangan**
Corporate Finance Department

Gentlemen:

In compliance with your letter dated December 11, 2007 which we received on January 7, 2008, enclosed herewith is A. Soriano Corporation's amended Manual on Corporate Governance (the "Manual") duly signed by Mr. Andres Soriano III, the Chairman of our Board of Directors.

The amendment pertained to the insertion of Clause 2.2.3 requiring a director, before assuming office, to attend a seminar on Corporate Governance conducted by a duly recognized private or government institution.

We trust that the amended Manual is in order.

Thank you.

Very truly yours,

JOSHUA L. CASTRO
Assistant Corporate Secretary

MANUAL ON CORPORATE GOVERNANCE
OF A. SORIANO CORPORATION



1. OBJECTIVE

This Manual on Corporate Governance shall serve as a guide for A. SORIANO CORPORATION, including the Board of Directors, officers and employees. This Manual contains basic policies, procedures and practices towards the following:

- a. Sound, prudent, and effective management,
- b. Efficient and effective management information system,
- c. Effective risk management,
- d. Reliability and integrity of financial and operational information,
- e. Cost effective and profitable business operations,
- f. Compliance with laws, rules, regulations and contracts, and
- g. Enhancing the value of the Corporation.

II. BOARD GOVERNANCE

The Board of Directors (the "Board") shall be primarily responsible for the governance of the Corporation.

2.1 Composition of the Board

- 2.1.1 The Board shall be composed of seven (7) directors to be elected by the Stockholders in accordance with the Corporation Code and the by-laws.
- 2.1.2 At least one (1) of the directors shall be an independent director as defined under the Securities Regulation Code and its implementing regulations.
- 2.1.3 The stockholders may elect a mix of executive and non-executive directors, to allow a healthy balance of ideas, opinion, wisdom and experience on the management and business of the Corporation.

2.2 Qualifications of Directors

- 2.2.1 A director must have at least twenty thousand (20,000) shares of stock of the Corporation in his name in the books of the Corporation. A director who ceases to be the owner of at least twenty thousand (20,000) shares of the capital stock of the Corporation shall cease to be a director. A director shall be qualified to hold office only upon pledging twenty thousand shares registered in his name to the Corporation to answer for his conduct.

- 2.2.2 Majority of the directors shall be citizens of the Philippines. Majority of the directors shall also be residents of the Philippines.
- 2.2.3 **A director shall, before assuming office, attend a seminar on Corporate Governance conducted by a duly recognized private or government institution.** *(As amended on January 8, 2008)*
- 2.2.4 A director must not have any of the following disqualifications:
- 2.2.4.1 Being finally convicted by a court or body of competent jurisdiction of any crime or violation of law which under existing law would disqualify such person from being a director of a corporation.
 - 2.2.4.2 Being finally convicted of an offense involving moral turpitude or fraud.
 - 2.2.4.3 Being judicially declared to be insolvent, within five (5) years from such judicial declaration of insolvency.
 - 2.2.4.4 Being finally convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.
- 2.2.5 A director may be temporarily disqualified from being a director in the Corporation for the following reasons:
- 2.2.5.1 Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing regulations.
 - 2.2.5.2 Habitual unexcused absence for more than fifty percent (50%) of all meetings, regular or special, of the Board during his term, or any immediately preceding twelve (12) month period. This disqualification shall apply in the immediately succeeding election.
 - 2.2.5.3 Dismissal/termination from directorship in another listed corporation for irregularity, fraud or other valid causes. This disqualification shall be in effect until such person has cleared himself of any involvement in the alleged irregularity, fraud or other valid cause for termination or such cause does not apply to the Corporation (e.g. disqualification as a competitor in another line of business not related to the business of the Corporation).

2.2.5.4 Being a director, officer or substantial stockholder of a company or business that is directly in competition with the business of the Corporation, as determined by the Board.

2.2.5.5 An independent director, who ceases to be an independent director as defined by law because of his employment in the Corporation or his ownership of more than 10% of outstanding shares of the Corporation, shall cease to be an independent director in the Corporation.

2.3 Responsibility of the Board and the Directors

2.3.1 A director owes the duty to be obedient, loyal and diligent to the Corporation. Obedience imposes on the directors the obligation to act only within the corporate powers of the Corporation as defined under its articles of incorporation and by-laws and by the Corporation Code and other applicable laws. Directors should manage the corporation with reasonable diligence, care and prudence. They cannot be held liable for mistakes or errors in the exercise of their business judgment when they act in good faith and with due care and prudence.

2.3.2 A director has fiduciary responsibility to the Corporation and its stockholders. His duty to be loyal requires him to act in the best interest of the Corporation, and prevents him from acquiring for himself a business opportunity which belong to the Corporation.

2.3.3 To ensure good governance of the Corporation, the Board should establish the Corporation's vision and mission, strategic objectives, policies and procedures that may guide and direct the business and corporate activities of the Corporation and the means to attain the same, and the mechanism for monitoring management's performance. While the management of the day-to-day affairs of the Corporation is the responsibility of the management team, the Board is responsible for monitoring and overseeing management action. The directors shall keep themselves sufficiently informed about the general condition of the business and the manner in which it is being conducted, so that they may become aware of the difficulties and problems that must be met and solved by the Corporation.

2.4 Nomination Process

2.4.1 Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on March 1 of every year or at such earlier or later date as the Board of Directors may fix.

2.4.2 Each nomination under the preceding paragraph shall set forth (i) the name, age, business address, if known, address of each nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) interests and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

2.4.3 The Board, by a majority vote may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director and if the Board should so determine the defective nomination and the nomination of a disqualified person shall be disregarded.

2.5 Functions and Duties of the Board

The functions of the Board shall include the following:

- 2.5.1 Select and appoint the Chief Executive Officer ("CEO"), Chief Operating Officer ("COO"), Chief Finance Officer ("CFO") and other senior officers of the Corporation. The executive officers shall have the requisite maturity, motivation, integrity, competence and professionalism necessary to effectively perform their duties and responsibilities to the Corporation. Adopt a professional development program for employees and officers.
- 2.5.2 Provide strategies and general policies to ensure not only the survival, but the growth and success of the Corporation. It must periodically evaluate and monitor implementation of such strategies and policies, business plans and operating budgets as well as management's over-all performance to ensure optimum results.
- 2.5.3 Ensure that the Corporation complies with all relevant laws, regulations and applicable best business practices.
- 2.5.4 Establish a policy on communicating or relating with stockholders and other stakeholders of the Corporation through an effective investor relations program.
- 2.5.5 Adopt a system of internal checks and balances.
- 2.5.6 Identify key risk areas and key performance indicators and provide for the regular monitor of these factors.
- 2.5.7 Meet at least once every quarter. All such meetings should be duly minuted.

2.6 Duties and Responsibilities of a Director

The duties and responsibilities of a Director include the following:

- 2.6.1 To conduct fair business transactions for the Corporation and to ensure that personal interest does not bias Board decisions.
- 2.6.2 To attend Board meetings regularly and devote time and attention necessary to properly discharge his duties and responsibilities.
- 2.6.3 To act judiciously.
- 2.6.4 To exercise independent judgment.
- 2.6.5 To have a working knowledge of the statutory and regulatory requirements affecting the Corporation.
- 2.6.6 To observe confidentiality.
- 2.6.7 To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

2.7. Internal Control Responsibilities of the Board

- 2.7.1 The internal control mechanism for the Board's oversight responsibility include:
 - Defining the duties and responsibilities of the CEO;
 - Selecting or approving an individual with appropriate competence, vision, integrity, and experience to fill the CEO role;
 - Reviewing proposed senior management appointments;
 - Ensuring the selection, appointment and retention of qualified and competent management;
 - Reviewing the Corporation's personnel and human resource policies and sufficiency, conflict of interest situations, changes to the compensation plan for employees and officers and management succession plan.
- 2.7.2 The minimum internal control mechanisms for management's operational responsibility would center on the CEO, being ultimately accountable for the company's organizational procedural controls.
- 2.7.3 The Corporation may have in place a comptroller or any other officer designated by the Board, or the Audit Committee through which the

Board, senior management, and stockholders may be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

2.8 Board Meetings and Quorum Requirement

- 2.8.1 Directors should attend meetings of the Board in person, or by use of modern technology through teleconference devices.
- 2.8.2 The independent director should endeavor to attend all Board meetings. However, the absence of an independent director shall not affect the quorum requirements if he is duly notified of the meeting and fails to attend the same. Or if the independent director resigns or ceases to be an independent director pending the appointment of or election of his replacement.
- 2.8.3 The Corporation may at the end of every fiscal year, provide the Commission with a sworn certification that the foregoing requirement has been complied with. The said certification may be submitted with the Corporation's current report (SEC Form 17-1) or on a separate filing.

2.9 Remuneration of Directors and Officers

- 2.9.1 Levels of remuneration shall be sufficient to attract and retain the directors, if any, and officers needed to run the Corporation successfully. A proportion of executive directors' or officers, remuneration may be structured so as to link rewards to corporate and individual performance.
- 2.9.2 The Board may establish a formal procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.
- 2.9.3 The Corporation's annual reports, information and proxy statements shall, in accordance with applicable disclosure regulations, include a disclosure of all compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly to all individuals serving as the CEO or acting in a similar capacity during the last completed fiscal year, regardless of the compensation level and the Corporation's four (4) most highly compensated executive officers other than the CEO who were serving as executive officers at the end of the last completed year, consistent with the policies of the SEC.

2.10 The Audit Committee

- 2.10.1 The Audit Committee shall be composed of at least three (3) Board members, preferably with accounting and finance background, one of

whom shall be an independent director and another should have related audit experience or adequate understanding at least of the Corporation's financial management systems and environment. It shall have the following functions:

- 2.10.1.1 Provide oversight financial management function in managing credit, market, liquidity, operational, legal and other risks of the Corporation;
- 2.10.1.2 Perform direct, interface functions with the Corporation's internal and external auditors;
- 2.10.1.3 Recommend to the Board the external auditor. Pre-approve all audit plans, scope and frequency before the conduct of external audit;
- 2.10.1.4 Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system;
- 2.10.1.5 Check all financial reports against its compliance with both the internal financial management policies and pertinent accounting standards including regulatory requirements.
- 2.10.1.6 Elevate to internal standards the accounting and auditing processes, practices and methodologies of the Corporation;
- 2.10.1.7 Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Corporation's total expenditure on consultancy.

2.11 Executive Committee

The Executive Committee established in accordance with the By-laws may act by majority vote of all of its members, on matters within the competence of the Board, except as specifically limited by law or by the Board of Directors.

III. THE EXECUTIVE OFFICERS

3.1 The Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer shall preside at all meetings of the Board of Directors and of the stockholders. The Chairman

shall have general supervision, administration and management of the business of the Corporation. The powers and duties of the Chairman and CEO are more specifically enumerated in Section 2, Articles VII of the By-laws. The Chairman and CEO shall establish general administrative and operating policies and guidelines.

3.2 The Other Executive Officers

The COO, CFO and other officers shall have the qualifications, duties and responsibilities specified in the By-laws of the Corporation, or as be specified or designated by the Board of Directors, or by the Chairman and CEO. All Officers of the Corporation shall familiarize themselves with and shall comply with their duties and responsibilities under this Manual.

3.3 The Corporate Secretary

3.3.1 The Corporate Secretary shall have the qualifications, duties and responsibilities specified in the By-laws of the Corporation, or as may further be specified or designated by the Board of Directors.

3.3.2 The Corporate Secretary shall monitor compliance with the provisions of this Manual. He shall serve as a liaison officer with the SEC with respect to compliance with the SEC requirement, and shall regularly report his findings to the Board.

3.3.3 The Corporate Secretary shall gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation. He shall ensure that Board procedures are being followed and applicable rules and regulations are complied with.

3.3.4 The Corporate Secretary should deal with the Board of Directors, management, stockholders and other stakeholders fairly and objectively. To the extent feasible, the Corporate Secretary shall have sufficient administrative skills, interpersonal skills, legal skills and financial and accounting skills as may reasonably be necessary to allow him to perform his duties and responsibilities as Corporate Secretary.

3.3.5 The Corporate Secretary shall be part of the scheduling process of the different Board or stockholders meetings. He shall prepare a schedule of regular Board meetings for the current year in coordination with the Board. He should send notices to all Directors before each meeting.

3.3.6 The Corporate Secretary shall serve as an adviser to the directors and assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations as directors of the Corporation.

3.3.7 To the extent possible, the Corporate Secretary shall attend and take minutes of all Board meetings.

IV. SUPPLY OF INFORMATION

4.1 Directors should be provided with complete, adequate and timely information prior to Board meetings on an on-going basis.

4.2 Management shall have an obligation to supply the Board with complete, adequate information in a timely manner. The Board shall have separate and independent access to the senior management of the Corporation.

4.3 Directors shall also have a separate and independent access to the Corporate Secretary.

4.4 Directors should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice concerning matters pending before the Board, if necessary, at the Corporation's expense.

V. ACCOUNTABILITY AND AUDIT

5.1 The Board is primarily accountable to the shareholders and Management is primarily accountable to the Board. The Board should provide the shareholders with a fair assessment of the Corporation's performance position on a quarterly basis if required by the law. Financial reporting and internal control should be in accordance with the following guidelines:

5.1.1 Present a fair assessment of the Corporation's financial position and prospects;

5.1.2 Explain the responsibility for preparing the accounts, for which there should be statement by the auditors about their reporting responsibilities;

5.1.3 Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;

- 5.1.4 Maintain a sound system of internal control to safeguard stakeholders' investment and the Corporation's assets;
 - 5.1.5 Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts.
- 5.2 Selection/appointment, resignation, dismissal or cessation of service of an External Auditor
- 5.2.1 The Board shall recommend to the stockholders a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which financial statements shall have been prepared and presented. Such external auditor cannot at the same time provide the services of an internal auditor to the Corporation. Other non-audit work should not be in conflict with the functions of the external auditor.
 - 5.2.2 The external auditor should be rotated or the handling partner shall be changed every five (5) years or earlier.
 - 5.2.3 The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Corporation's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which if not resolved would have caused making reference to the subject matter of the disagreement in connection with its report.
 - 5.2.4 If an external auditor believes that the statements made in an annual report, information statement or proxy statement filed during his engagement are incorrect or incomplete, he shall also present his views in said reports.

VI. STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

6.1 Voting Right

6.1.1 Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code, and the by-laws.

6.1.2 Cumulative voting shall be allowed in the election of directors.

6.1.3 Although directors may be removed with or without cause, the Corporation Code prohibits removal without cause if it will deny minority shareholders representation in the Board.

6.2 Pre-emptive Right

All stockholders have pre-emptive rights to subscribe to new shares issued by the Corporation, except when the Corporation issues shares (a) to satisfy the conversion rights of convertible promissory notes, bonds, or other securities which may be issued by the Corporation with express right of conversion into shares of stock, or (b) to raise funds to redeem or pay such convertible promissory notes, bonds or other securities of the Corporation.

6.3 Power of Inspection

Shareholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code. They shall be provided with a copy of the annual report, including financial statements, without cost or restrictions in accordance with law.

6.4 Right to Information

6.4.1 The Shareholders shall be provided, upon request, with reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers, as may be required by law and applicable disclosure rules.

6.4.2 The minority shareholders have the same right of information as other shareholders of the Corporation. They should be granted the right to propose the holding of a meeting, and the right to propose

the items in the agenda of the meeting, provided the items are for legitimate business purposes, in accordance with law.

6.5 Right to Dividends

Shareholders have the right to receive dividends subject to the discretion of the Board to declare such dividends. However, the Securities and Exchange Commission may direct the Corporation to declare dividends when its retained earnings is in excess of 100% of its paid-up capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

6.6 Appraisal Right

Section 82 of the Corporation Code allows the exercise of the Shareholders' appraisal rights under the following circumstances:

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- c. In case of merger or consolidation.

6.7 Promotion of Shareholders' Rights

The Board shall promote shareholders' rights in accordance with law, remove impediments to the exercise of shareholders rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective act on problems through appropriate mechanisms in accordance with law. They shall remove excessive costs and other administrative or practical impediments to shareholders' participation in meetings and/or voting in person. The Board shall allow the electronic filing and

distribution of shareholder information necessary to make informed decisions as may be allowed by law.

VII. EVALUATION SYSTEMS

- 7.1 The Board may establish an evaluation system to determine and measure compliance with this Manual and provide for sanctions for breach of this Manual depending on gravity of the violation.
- 7.2 The establishment of such evaluation system, including the features thereof, may be disclosed in the annual report (SEC Form 17-A), or in such other appropriate form of report. The adoption of such performance evaluation system shall be covered by a Board resolution.
- 7.3 This Manual shall be subject to periodic review as may be provided by the Board.

VIII. DISCLOSURE AND TRANSPARENCY

- 8.1 The Corporation shall comply with all disclosure requirements under the law.
- 8.2 The most basic and all encompassing disclosure requirement is that all material information, i.e., any thing that could potentially affect share price, should be publicly disclosed in the manner provided by law. Such information would include earnings results, acquisition or disposal of major assets, board changes, related party transactions, shareholdings of directors and changes to ownership. Other information that should always be disclosed includes remuneration of all directors and senior management, corporate strategy, and off-balance sheet transactions. All disclosed information should be released via the approved stock exchange procedure for company announcements as well as through the annual report and other structured reports provided by law.

IX. COMMITMENT TO CORPORATE GOVERNANCE

- 9.1 This Manual of Corporate Governance shall be made available to any director, officer, or employee of the Corporation. This Manual shall form part of the records of the Corporation that is available for inspection by any stockholder of the Corporation at reasonable hours or business days.

- 9.2 The Chairman of the Board shall be specifically tasked with the responsibility of ensuring adherence to the corporate governance code and practices.
- 9.3 The Corporation shall conduct information campaigns, orientation program or workshops on Corporate Governance under this Manual to its directors, officers and employees.

X. QUALIFICATION

10.1 Nothing in this Manual shall be interpreted:

10.1.1 to compel any act which will constitute a violation of law, regulation or contract applicable to the Corporation (including laws against unfair discrimination, confidentiality agreements, and privacy statute).

10.1.2 to violate the Corporation's right to maintain the confidentiality of proprietary information, trade secrets, and other information, the premature disclosure of which will prejudice the legitimate interest of the Corporation.

10.1.3 to violate the Corporation Code, including the rights of minority directors, and minority shareholders.

XI. EFFECTIVITY

11.1 This Manual of Corporate Governance shall be effective on 1 January 2003.

11.2 This Manual of Corporate Governance has been revised on January 8, 2008, to include a provision requiring all directors to attend a seminar on corporate governance before assumption of office.

Signed:



ANDRES SORIANO III
Chairman & Chief Executive Officer