[SEC-MMOD MEMORANDUM CIRCULAR NO. 21, September 17, 1999]

YEAR 2000 STATEMENT

WHEREAS, the Commission on 06 October 1998 has issued Memorandum Circular No. 9, Series of 1998 re: Year 2000 ("Y2K") Compliance. In furtherance therewith, the Commission finds it urgently necessary to sustain the efforts of the subject entities to become Y2K ready and likewise maintain the investors' trust and confidence in the Philippine economy;

WHEREAS, business entities are required to disclose material (forward-looking) information that will virtually affect investment decision. Prospective investors should be informed of the company's Y2K status through the eyes of the management;

WHEREAS, pursuant to R.A. 8747 otherwise known as the "Philippine Year 2000 Disclosure and Readiness Act", the Commission, in accordance with its mandate to protect public interest and the investing public, shall assist the Presidential Commission on Year 2000 Compliance in its awareness drive; and

WHEREAS, it is imperative to address the apprehensions among investors on Y2K issues namely: a) the investors' risks involved, (b) projected company's operational losses, c) contingent liabilities or civil damages, and (d) business as a going concern.

In view thereof, subject entities are hereby required to submit its Year 2000 Statement to this Commission in the following form and contents:

1. Form — The Statement shall be in form of Management Discussion and Analysis (MD&A). MD&A does not require categories of specific information because a company has to consider its own circumstances in preparing its MD&A.

2. *Contents* — For Year 2000 disclosure to be meaningful, companies must address the following categories of information in their MD&A:

   a. The company's state of readiness— The company should describe its Year 2000 issues in sufficient detail to allow investors to fully understand the challenges that it faces and to provide answers to important questions such as "will we be ready?" and "how far along are we?" A full description of a company's Year 2000 readiness should include, at the very least, the following elements. First, the discussion should address both information technology (IT) and non-IT systems. The latter typically include embedded technology such as microcontrollers and are more difficult to assess and repair than IT systems. Second, companies should disclose where they are in the process of becoming ready for the Year 2000. The status of the company's progress and the