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S.E.C. Identification No.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

(Company's Full Name)

Km. 29 National Road, Tunasan, Muntinlupa City

(Business Address: No. Street City/Town/Province)

Ma. Rosario C.Z. Nava

Contact Person

750-9687

Company Telephone Number

0 6

Month

3 0

Day

Fiscal Year

SEC Form 20-IS  
(Preliminary)

FORM TYPE

Any day in October

Month Date  
Annual Meeting

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Article Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

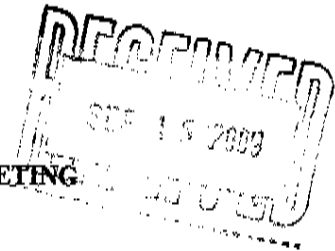
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**NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

**TO ALL STOCKHOLDERS:**

**NOTICE IS HEREBY GIVEN** that the Annual Stockholders' Meeting of **PEPSI-COLA PRODUCTS PHILIPPINES, INC.** will be held on:

Date : **21 October 2009 (Wednesday)**  
Time : **2:00 p.m.**  
Venue : **The Palms Country Club  
Alabang, Muntinlupa City**

The agenda of the meeting will be as follows:

1. Call to Order
2. Certification of Notice and of Quorum
3. Approval of the Minutes of the Previous Annual Stockholders' Meeting held on 28 October 2008
4. President's Report for Fiscal Year ending 30 June 2009
5. Approval of Audited Financial Statements for Fiscal Year ending 30 June 2009
6. Ratification of Acts of the Board of Directors and Management for the period 1 July 2008 to 30 June 2009
7. Election of Directors
8. Appointment of External Auditors
9. Adjournment

The Board of Directors has fixed the close of business on 30 September 2009 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting.

For your convenience in registering your attendance, please bring any form of identification, such as passport or driver's license, as well as proof of your stockholdings.

\_\_\_\_\_, Makati City.

**MA. ROSARIO C.Z. NAVA**  
*Corporate Secretary*

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS  
INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:  
 Preliminary Information Statement  
 Definitive Information Statement
  
2. Name of Registrant as specified in its charter:  
**PEPSI-COLA PRODUCTS PHILIPPINES, INC.**
  
3. Province, country or other jurisdiction of incorporation or organization: **Philippines**
  
4. SEC Identification Number: **0000160968**
  
5. BIR Tax Identification Code: **000-168-541**
  
6. Address of principal office: Postal Code:  
**Km. 29 National Road, Tunasan, Muntinlupa City** **1773**
  
7. Registrant's telephone number, including area code: **(632) 850-7901 to 20**
  
8. Date, time and place of the meeting of security holders: **21 October 2009, 2:00 p.m., The Palms Country Club, Alabang, Muntinlupa City**
  
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **30 September 2009**
  
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
<b>Common Shares of Stock</b>	<b>3,693,772,279</b>

11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes   X   No       

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

**Philippine Stock Exchange - Common Shares of Stock**

**WE ARE NOT ASKING YOU FOR A PROXY  
AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

**A. GENERAL INFORMATION**

**Item 1. Date, time and place of meeting of security holders.**

The Annual Stockholders' Meeting of Pepsi-Cola Products Philippines, Inc. (the "Corporation") will be held on Wednesday, 21 October 2009, 2:00 p.m., at The Palms Country Club, Alabang, Muntinlupa City.

Notices of the meeting and copies of this Information Statement will be first sent or given to the stockholders of record of the Corporation on or about 30 September 2009. Replies and queries must be sent to the following address:

**MR. PARTHA CHAKRABARTI**  
*Corporate Information Officer*  
Pepsi-Cola Products Philippines, Inc.  
Km. 29 National Road, Tunasan,  
Muntinlupa City 1773 Philippines

**Item 2. Dissenters' Right of Appraisal**

The matters to be acted upon at this Annual Stockholders' Meeting are not matters with respect to which a dissenting stockholder may exercise his appraisal right under Section 81 of the Corporation Code.

Under Section 81 of the Corporation Code, the following are the instances when a stockholder may exercise his appraisal right:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder 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;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets of the Corporation; and
3. In case of merger or consolidation.

In order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder must have voted against the proposed corporate action at the annual meeting. Within thirty (30) days after the date of the annual meeting at which meeting such stockholder voted against the corporate action, the dissenting stockholder shall make a written demand on the Corporation for the fair value of his shares which shall be agreed upon by the dissenting stockholder and the Corporation. If the proposed corporate action is implemented, the Corporation shall pay the dissenting stockholder upon surrendering the certificates of stock representing his shares, the fair value of said shares on the day prior to the date on which the vote was taken. If the dissenting stockholder and the Corporation cannot agree on the fair value of the shares within sixty (60) days from the date of stockholders' approval of the corporate action, then the determination of the fair value of the shares shall be made by three (3) disinterested persons, one of whom shall be named by the dissenting stockholder, one by the Corporation and the third to be named by the two (2) already chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Corporation within thirty

(30) days after such award is made. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 81 to 86 of the Corporation Code.

**Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director or officer of the Corporation has any substantial interest, direct or indirect, in any of the matters to be acted upon in the Annual Stockholders' Meeting.

No director has informed the Corporation of his opposition to any matter to be acted upon during the Annual Stockholders' Meeting.

**B. CONTROL AND COMPENSATION INFORMATION**

**Item 4. Voting Securities and Principal Holders Thereof**

The total number of shares of the Corporation outstanding and entitled to vote in the Annual Stockholders' Meeting is 3,693,772,279 common shares. The record date for purposes of determining the stockholders entitled to notice of and to vote at the Corporation's Annual Stockholders' Meeting is 30 September 2009. Each stockholder shall be entitled to one (1) vote for each common share of stock held as of the record date.

Holders of the common shares of stock of the Corporation are entitled to vote on all matters to be voted upon by the stockholders. Stockholders entitled to vote are also entitled to cumulative voting in the election of directors. Section 24 of the Corporation Code states: "...In stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the corporation, or where the by-laws are silent, at the time of the election; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit..."

***Security Ownership of Record and Beneficial Owners of at Least Five Percent (5%) of the Corporation's Securities as of 31 August 2009***

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
Common shares	PCD Nominee Corporation (Non-Filipino) <sup>1</sup>	Please refer to footnote	Non-Filipino	1,093,745,941	29.6105%

<sup>1</sup> PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Central Depository, Inc. (PCD), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. While PCD Nominee Corporation is the registered owner of the shares in the Corporation's books, the beneficial ownership of such shares pertains to PCD participants (brokers) and/or their non-Filipino clients, whether individuals or corporations, in whose names these shares are recorded in their respective books. Under PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, PCD will execute a pro-forma proxy in favor of the participants for the

	37 <sup>th</sup> Floor, The Enterprise Center Ayala Avenue, Makati City Relationship – please refer to footnote				
Common shares	Quaker Global Investments B.V. <sup>2</sup> Zonnebaan 35, 3542 Eb Utrecht The Netherlands Relationship - Stockholder	Same as indicated in column 2	Dutch	1,089,101,358	29.4848%
Common shares	Hong Way Holdings, Inc. <sup>3</sup> 20 <sup>th</sup> Floor, LKG Tower 6801 Ayala Avenue, Makati City Relationship - Stockholder	Same as indicated in column 2	Singaporean	857,788,626	23.2226%
Common shares	PCD Nominee Corporation (Filipino) <sup>4</sup> 37 <sup>th</sup> Floor, The Enterprise Center Ayala Avenue, Makati City Relationship – please refer to footnote	Please refer to footnote	Filipino	300,150,284	8.1258%
Common shares	Guoco Assets (Philippines), Inc. <sup>5</sup> 20 <sup>th</sup> Floor, LKG Tower 6801 Ayala Avenue, Makati City Relationship – Stockholder	Same as indicated in column 2	Singaporean	255,594,962	6.9196%

total number of shares in their respective principal securities account, as well as for the total number of shares in their client securities account. For shares held in the principal securities account, the participant is appointed as proxy with full voting rights and powers as registered owner of such shares. For shares held in the client securities account, the participant is appointed as proxy with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by them.

<sup>2</sup> Quaker Global Investments B.V. (“QGI”) is a corporation duly organized and existing under and by virtue of the laws of the Netherlands with principal office at Zonnebaan 35, 3542 EB Utrecht, The Netherlands. QGI, through its Board of Directors, has designated Mr. Sunil D’ Souza to vote its shares of stock in the Corporation.

<sup>3</sup> Hong Way Holdings, Inc. (“HWHI”) is a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office at the 20<sup>th</sup> Floor, LKG Tower, 6801 Ayala Avenue, Makati City. HWHI, through its Board of Directors, usually designates Mr. Micky Yong to vote its shares of stock in the Corporation.

<sup>4</sup> Same as footnote 2 above except that the beneficial ownership of shares registered in the name of PCD Nominee Corporation pertains to PCD participants (brokers) and/or their Filipino clients, whether individuals or corporations, in whose names these shares are recorded in their respective books.

<sup>5</sup> Guoco Assets (Philippines), Inc. (“GAPI”) is a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office at the 20<sup>th</sup> Floor, LKG Tower, 6801 Ayala Avenue, Makati City. GAPI, through its Board of Directors, usually designates Mr. Micky Yong to vote its shares of stock in the Corporation.

**Security Ownership of Management as of 31 August 2009**

<b>Title of Class</b>	<b>Name and Address of Owner</b>	<b>Amount &amp; Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Common shares	Micky Yong Chairman of the Board, President and Chief Executive Officer c/o Km. 29 National Road, Tunasan, Muntinlupa City	20,000,001 Direct ownership except for one qualifying share	Singaporean	0.5414%
Common shares	Sunil D'Souza Non-Executive Director c/o 21 <sup>st</sup> Floor, LKG Tower, 6801 Ayala Avenue, Makati City	1*	Indian	Nil
Common shares	James Eng, Jr. Non-Executive Director c/o 50 <sup>th</sup> Floor, The Center, 99 Queen's Road, Central, Hong Kong	1*	American	Nil
Common shares	Tsang Cho Tai (Allan Tsang) Non-Executive Director c/o 50 <sup>th</sup> Floor, The Center, 99 Queen's Road, Central, Hong Kong	1*	British	Nil
Common shares	John L. Sigalos Non-Executive Director c/o 20 <sup>th</sup> Floor Caroline Center 28 Yun Ping Road, Causeway Bay, Hong Kong	1*	American	Nil
Common shares	Timothy E. Minges Non-Executive Director c/o 20 <sup>th</sup> Floor Caroline Center 28 Yun Ping Road, Causeway Bay, Hong Kong	1*	American	Nil
Common shares	Qasim Khan Non-Executive Director c/o 20 <sup>th</sup> Floor Caroline Center 28 Yun Ping Road, Causeway Bay, Hong Kong	1*	Pakistani	Nil
Common shares	Jose M. Periquet, Jr. Non-Executive Director c/o 3 <sup>rd</sup> Floor, Athenaeum Building, 160 L.P. Leviste Street, Salcedo Village, Makati City	1*	Filipino	Nil
Common shares	Rafael M. Alunan III Independent Director c/o 5 <sup>th</sup> Floor, Benpres Building, Exchange Road corner Meralco Avenue, Ortigas Center, Pasig City	1*	Filipino	Nil
Common shares	Oscar S. Reyes Independent Director c/o Unit 2504 Corporate Center, 139 Valero Street, Salcedo Village,	1*	Filipino	Nil



	Makati City			
Common shares	Partha Chakrabarti Senior Vice-President and Chief Financial Officer c/o Km. 29 National Road, Tunasan, Muntinlupa City	0	Indian	0%
Common shares	Felix S. Yu Executive Vice-President, National Sales Operations c/o Km. 29 National Road, Tunasan, Muntinlupa City	349,998 Direct ownership	Filipino	0.0095%
Common shares	Roberto H. Goce Senior Vice-President, Corporate Services Group c/o Km. 29 National Road, Tunasan, Muntinlupa City	0	Filipino	0%
Common shares	Daniel D. Gregorio, Jr. Senior Vice-President, Manufacturing and Logistics c/o Km. 29 National Road, Tunasan, Muntinlupa City	70,000 Direct ownership	Filipino	0.0019%
Common shares	Ma. Rosario C.Z. Nava Corporate Secretary 7 <sup>th</sup> Floor The Pearlbank Centre 146 Valero Street, Salcedo Village, Makati City	10,000 Direct ownership	Filipino	0.0003%

\* Each of the directors is the registered owner of at least one qualifying share.

The aggregate shareholdings of directors and key officers of the Corporation as of 31 August 2009 amounted to 20,430,008 shares which is approximately 0.5531% of the Corporation's outstanding capital stock.

#### ***Changes in Control***

The Corporation is not aware of any voting trust agreement or any other similar agreement which may result in a change in control of the Corporation. No change in control of the Corporation has occurred since the beginning of its last fiscal year.

#### ***Certain Relationships and Related Transactions***

The Corporation has significant related party transactions which are summarized as follows:

1. The Corporation has Exclusive Bottling Agreements with PepsiCo, Inc. ("PepsiCo"), which has 29.4848% beneficial interest in the Corporation through Quaker Global Investments B.V., a stockholder, up to year 2017 and Pepsi Lipton International Limited ("Pepsi Lipton"), a joint venture of PepsiCo, up to year 2012. Under the agreements, the Corporation is authorized to bottle, sell and distribute Pepsi and Lipton beverage products in the Philippines.

In addition, PepsiCo and Pepsi Lipton shall supply the Corporation with the main raw materials (concentrates) in the production of these beverage products and share in the funding of certain

marketing programs. The agreements may be renewed by mutual agreement between the parties. Under the agreements, PepsiCo and Pepsi Lipton have the right to terminate the agreements under certain conditions, including failure to comply with terms and conditions of the appointment subject to written notice and rectification period, change of ownership control of the Corporation, change of ownership control of an entity which controls the Corporation, discontinuance of bottling beverages for 30 consecutive days, occurrence of certain events leading to the Corporation's insolvency or bankruptcy, change in management and control of the business, among other things. Total net purchases from PepsiCo amounted to ₱2.6 billion, ₱2.4 billion and ₱2.4 billion in 2009, 2008 and 2007, respectively. Total purchases from Pepsi Lipton for the fiscal years ended 30 June 2009 and 2008 amounted to ₱81 million and ₱94 million, respectively.

The Corporation has a cooperative advertising and marketing program with PepsiCo and Pepsi Lipton that sets forth the agreed advertising and marketing activities and participation arrangement during the years covered by the bottling agreements. In certain instances, the Corporation pays for said expenses and claims reimbursement from PepsiCo. As of 30 June 2009, there are no reimbursable marketing charges from PepsiCo. In 2008, reimbursable marketing charges amounted to ₱99 million. For the years ended 30 June 2009, 2008 and 2007, the Corporation incurred marketing expenses amounting to ₱521 million, ₱665 million and ₱468 million, respectively. The Corporation's receivables relating to said cooperative advertising and marketing program amounted to ₱27 million and ₱37 million as of 30 June 2009 and 2008, respectively.

2. On 11 April 2007, the Corporation entered into a Performance Agreement with PepsiCo to meet certain marketing and investment levels from 2007 to 2017, as required by the Exclusive Bottling Agreements with PepsiCo. The Performance Agreement requires the Corporation to: (1) spend a specified percentage with a minimum amount for the beverage products; (2) make certain investments based on a minimum percentage of the Corporation's sales to expand its manufacturing capacity; (3) invest in a minimum number of coolers per year to support distribution expansion; and (4) expand the Corporation's distribution capabilities in terms of the number of active routes, the number of new routes and the number of trucks used for distribution support.
3. Certain parcels of land which are real properties of Nadeco Realty Corporation ("NRC"), an associate, were mortgaged to secure a portion of the Corporation's notes payable. The Corporation leases these parcels of land where some of its bottling plants are located. Lease expenses recognized amounted to ₱9.6 million and ₱11 million for the years ended 30 June 2009 and 2008, respectively. The Corporation has advances to NRC amounting to ₱38 million which bears interest at a fixed rate of 10% per annum. The Corporation also has outstanding net receivables from NRC amounting to ₱49 million and ₱46 million as of 30 June 2009 and 2008, respectively, which are unsecured and payable on demand.
4. The Corporation has outstanding working capital advances from Nadeco Holdings Corporation, an associate, amounting to ₱2.3 million and ₱1.3 million as of 30 June 2009 and 2008, respectively, and which are unsecured, non-interest bearing and payable on demand.

#### Item 5. **Directors and Executive Officers**

##### *Term of Office*

Directors elected during the annual meeting of stockholders will hold office for one year until their successors are duly elected and qualified, except in case of death, resignation, disqualification or

removal from office. Directors who were elected to fill any vacancy hold office only for the unexpired term of their predecessors.

**Directors**

The following are the names, ages, citizenship and years position was assumed, of the incumbent directors, including independent directors, of the Corporation:

Name	Age	Citizenship	Year Position was Assumed
Micky Yong	62	Singaporean	1997
Sunil D'Souza	41	Indian	2009
James Eng, Jr.	67	American	2005
Tsang Cho Tai (Allan Tsang)	59	British	2005
John L. Sigalos	42	American	2009
Timothy E. Mingos	51	American	2007
Qasim Khan	52	Pakistani	2008
Jose M. Periquet, Jr.	63	Filipino	2007
Rafael M. Alunan III*	61	Filipino	2007
Oscar S. Reyes*	63	Filipino	2007

\*Independent Director

**Executive Officers**

The following are the names, ages, positions, citizenship and periods of service of the incumbent officers of the Corporation:

Name	Age	Citizenship	Position	Year Position was Assumed
Micky Yong	62	Singaporean	Chairman, President and Chief Executive Officer	2002
Partha Chakrabarti	45	Indian	Senior Vice-President and Chief Financial Officer	2006
Felix S. Yu	60	Filipino	Executive Vice-President, National Sales Operations	2004
Roberto H. Goce	55	Filipino	Senior Vice-President, Corporate Services Group	2006
Daniel D. Gregorio, Jr.	57	Filipino	Senior Vice-President for Manufacturing and Logistics	1998
Ma. Rosario C.Z. Nava	40	Filipino	Corporate Secretary	2007

**Background Information and Business Experience**

**Directors:**

**MICKY YONG**

Mr. Yong has held the office of Chief Executive Officer of the Corporation since 2002, but he has been a director of the Corporation since the Guoco Group Limited and its subsidiaries ("Guoco

Group") acquired its interest in the Corporation in 1997. Since 1989, Mr. Yong has served as President of Guoco Assets (Philippines), Inc., the Guoco Group's principal investment vehicle in the Philippines. Mr. Yong was the country manager and director of Dao Heng Bank Philippines and a director of First Lepanto Taisho Insurance, Tutuban Properties Inc., Guoco Securities Philippines and several other corporations under the Guoco Group. Mr. Yong holds a Bachelor of Business Administration degree from the University of Singapore.

#### **SUNIL D'SOUZA**

Mr. D'Souza is Country Manager for the Philippines of PepsiCo. He has been with PepsiCo for the past 8 years and held the position of Sales Director for the Philippines prior to his current appointment. He holds a Bachelor of Engineering degree from the Pondicherry Engineering College, Pondicherry (University of Madras) and a management degree from the Indian Institute of Management in Calcutta.

#### **JAMES ENG, JR.**

Mr. Eng has been an Executive Director of the Guoco Group Limited since 2001. He is responsible for group staff support functions for the Guoco Group. Before he joined the Guoco Group in 1994, Mr. Eng previously worked with Hiram Walker, a division of Allied-Lyons. Postings included New York, Miami, London, Hong Kong and Windsor Canada. During his time with Brout, Issacs & Co., Certified Public Accountants, in New York City, he was responsible for the Management Services Division and was a Management Consultant in New York for Computer Methods Corporation. He holds a Bachelor of Business Administration degree from the University of North Carolina.

#### **TSANG CHO TAI (ALLAN TSANG)**

Mr. Tsang is the Chief Financial Officer of the Guoco Group Limited. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, as well as an associate member of the Institute of Chartered Accountants in England and Wales. Mr. Tsang was an associate of an international firm of accountants before joining the Guoco Group in 1989.

#### **JOHN L. SIGALOS**

Mr. Sigalos is currently PepsiCo's Chief Financial Officer for the Asia-Pacific region. He has occupied a variety of positions in PepsiCo for the past 12 years, including being Chief Financial Officer of PepsiCo Thailand and Vice-President for Non-Carbonated Beverages in PepsiCo's China business unit. He holds an MBA from the Wharton School, University of Pennsylvania with dual major in Finance and Strategic Management and a Bachelor of Arts degree in East Asian studies (*Cum laude*) from Yale University.

#### **TIMOTHY E. MINGES**

Mr. Minges is President of PepsiCo Asia Pacific for PepsiCo. He has been with PepsiCo for 25 years including 15 years in Asia with a wide variety of assignments in China, Thailand, Indonesia and India. He holds a B.S. in Accounting from Miami University in Oxford, Ohio.

## **QASIM KHAN**

Mr. Khan has been connected with PepsiCo for the last 21 years and has occupied various executive and managerial roles in different regional offices of PepsiCo. He is currently General Manager of PepsiCo's North Asia Pakistan Philippines Business Unit. Prior to joining PepsiCo, he worked for Procter & Gamble. He holds an MBA and Marketing degrees (with honors) from Michigan State University.

## **JOSE M. PERIQUET, JR.**

Mr. Periquet is the President and Chief Executive Officer of the Metropolitan Insurance Company, Inc., a position he has held since 1999 up to the present. He has been employed by Metropolitan Insurance since 1985, when he joined as Acting President and Manager. He joined AIG in New York in 1967 and was later assigned to AIU (Philippines), Inc. where he held the position of Senior Vice-President and Director. Mr. Periquet is also a director of MIC Holdings, Inc., Bradstock Insurance Brokers Inc. and the Athenaeum Condominium Corporation. Mr. Periquet holds a Bachelor's degree in Economics from Ateneo de Manila University and a Master's degree in Economics from Fordham University.

## **RAFAEL M. ALUNAN III**

Mr. Alunan has had extensive experience in the private and public sectors. He is currently the President of First Philippine Infrastructure Development Corp. of the Lopez Group of Companies; is a member of its Board as well as its operating subsidiaries, Manila North Tollways Corporation and Tollways Management Corporation; President of FWV Biofields, Inc.; Senior Consultant of Benpres Holdings Corporation; Executive Director of Lopez Group Foundation, Inc.; and heads the Lopez Group's Lifelong Wellness System.

He also sits on the Boards of Sun Life of Canada (Philippines), Inc., Sun Life Financial Plans, Inc. and Sun Life Prosperity Balanced Fund, Inc. and sits on various Board committees.

Mr. Alunan is President of Kilosbayan, a non-profit, non-partisan ethics-oriented people's organization; a Governor of the Management Association of the Philippines; a columnist of the BusinessWorld; a Senior Fellow of the President Ramon Magsaysay School of Public Governance, Pamantasan ng Lungsod ng Maynila; and member, Council of Advisors, Harvard-Kennedy School of Government Alumnae Foundation of the Philippines, Inc.

He served in the Cabinets of President Fidel V. Ramos and President Corazon C. Aquino, as Secretary of the Interior and Local Government and Secretary of Tourism, respectively. He was President of Maynilad Water Services, Inc. and Manila Hotel; a member of the Board of Coca-Cola Amatil (Australia); Consultant on Government Relations for San Miguel Corporation; and was a member of the Board of Trustees and Board of Regents of the De La Salle University System.

He holds the rank of Colonel in the Armed Forces of the Philippines; served as Commanding Officer of the 131<sup>st</sup> Infantry Division (Standby Reserve) and the 9<sup>th</sup> Infantry Division (Ready Reserve), Philippine Army, and is a graduate of the Philippine Army's Command and General Staff College.

Mr. Alunan obtained his double degree in Business Administration and History-Political Science from the De La Salle University, attended the Master's in Business Administration-Senior Executive

Program, of the Ateneo de Manila University; and obtained a Master's degree in Public Administration from Harvard University, John F. Kennedy School of Government.

**OSCAR S. REYES**

Mr. Reyes is the Chairman of Link Edge, Inc. He has been a director of the Philippine Long Distance Telephone Company since 2002, Bank of the Philippine Islands since 2003, Sun Life of Canada Philippines, Inc. since 2004, Manila Water Company since 2005, SMART Communications Inc. since 2006, among other companies. He previously served the Shell Group of Companies in the Philippines in various capacities, including Country Chairman and President of Pilipinas Shell Petroleum Corporation, Managing Director of Shell Philippines Exploration B.V., Vice-President for Finance, Legal and Corporate Affairs and Vice-President for Human Resources of Pilipinas Shell Petroleum Corporation, Area Finance Adviser for South America and Regional Planning Adviser for Western Hemisphere & Africa Region for the Shell International Petroleum Co. of London and General Manager for Treasury and Planning of Pilipinas Shell. Mr. Reyes also served as Executive Vice-President and General Manager of the Philippine Petroleum Corporation, Consultant for National Steel Corporation and its affiliated companies and Project Team Leader and Head of Special Studies of the Private Development Corporation of the Philippines. Mr. Reyes holds a Bachelor of Arts degree in Economics (cum laude) from Ateneo de Manila University. His post-graduate studies include: Business Management Consultants and Trainers Program of the Japan Productivity Center/Asian Productivity Organization in Japan and Hong Kong; International Management Development Program leading to a Diploma in Business Administration and Certificate in Export Promotion in Waterloo University, Ontario, Canada; European Business Program from the United Kingdom, The Netherlands, France, Germany and Switzerland; Master in Business Administration studies at the Ateneo Graduate School of Business Administration; Program for Management Development from Harvard Business School; and Commercial Management Study Program at the Lensbury Centre of the Shell International Petroleum Company in the United Kingdom.

**Executive Officers:**

**PARTHA CHAKRABARTI**

Mr. Chakrabarti has been employed by PepsiCo since 1994 and he remains a PepsiCo employee while holding his current position in the Corporation under a formal secondment agreement. Mr. Chakrabarti began his career with PepsiCo India, where he held a number of positions before moving to Vietnam as Chief Financial Officer of PepsiCo's business there. Before joining PepsiCo, he worked for ICI India. He holds a Bachelor of Science degree in Commerce from the University of Calcutta and is an Associate of The Institute of Chartered Accountants in India.

**FELIX S. YU**

Mr. Yu joined the predecessor of the Corporation in 1983 and has served in various roles in sales and plant management. Prior to joining the Corporation, he worked for the CFC-URC Group of Companies and before that, Nestle Philippines. He holds a Bachelor of Science degree in Business Administration from De La Salle University.

**ROBERTO H. GOCE**

Mr. Goce's background is in sales and logistics. Prior to joining the Corporation in 1997, he worked for San Miguel Corporation and before that, he held various positions in grains and fertilizer industries. His experience encompasses business planning, management and organization audits, and training and development. He holds a Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a founding member of the Distribution Management Association of the Philippines.

**DANIEL D. GREGORIO, JR.**

Mr. Gregorio began his career as a systems analyst for Coca-Cola Bottling Philippines, Inc. and rose to the position of Chief Accountant. In 1987, he moved to Indonesia as Country General Manager for Coca-Cola Amatil, the owner of the local Coca-Cola bottler. He holds a Bachelor of Science degree in Industrial Engineering.

**MA. ROSARIO C.Z. NAVA**

Ms. Nava is a practicing lawyer and a member of the Integrated Bar of the Philippines since 1995. She has been a director and the Corporate Secretary of Solectron Philippines Inc. since 2005 and has been the Corporate Secretary of CPAC Monier Philippines, Inc. since 2004. She was also a Director of Hewlett-Packard Philippines Corp. from 2001 to 2002, and then again in 2004 up to 2007, and was its Corporate Secretary from 2006 to 2007. She holds a Bachelor of Science degree in Management, Major in Legal Management (with honors) from the Ateneo de Manila University and a *Juris Doctor* degree from the Ateneo de Manila School of Law.

No Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last Annual Stockholders' Meeting due to disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

No single person is expected to make a significant contribution to the business since the Corporation considers the collective efforts of all its employees as instrumental to the overall success of the Corporation's business. The Corporation is not aware of any family relationship between or among the aforementioned Directors or Executive Officers up to the fourth civil degree.

Except for the payment of annual directors' fee and per diems to directors, the Corporation has not had any transaction during the last two (2) years in which any Director or Executive Officer had a direct or indirect interest.

None of the aforementioned Directors or Executive Officers is or has been involved in any criminal or bankruptcy proceeding, or is or has been subject to any judgment of a competent court barring or otherwise limiting his involvement in any type of business, or has been found to have violated any securities laws during the past five (5) years and up to the latest date.

***Nomination for Election as Members of the Board of Directors***

The following have been nominated for re-election as members of the Board of Directors for the ensuing year (2009-2010):

Micky Yong  
 Sunil D'Souza  
 James Eng, Jr.  
 Tsang Cho Tai (Allan Tsang)  
 John L. Sigalos  
 Timothy E. Minges  
 Qasim Khan  
 Jose M. Periquet, Jr.  
 Rafael M. Alunan III (Independent Director)  
 Oscar S. Reyes (Independent Director)

All of the above nominees are incumbent Directors. Messrs. Micky Yong and James Eng, Jr. have been formally nominated by Guoco Assets (Philippines), Inc. Messrs. Sunil D' Souza, John L. Sigalos, Timothy E. Minges and Qasim Khan have been formally nominated by Quaker Global Investments B.V. Messrs. Tsang Cho Tai (Allan Tsang) and Jose M. Periquet, Jr. have been formally nominated by Hong Way Holdings, Inc. Guoco Assets (Philippines), Inc. and Hong Way Holdings, Inc. together comprise the Guoco Group and with Quaker Global Investments B.V. are stockholders of the Corporation.

The Corporation has complied with the guidelines on the nomination and election of independent directors set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code. The independent directors, Messrs. Rafael M. Alunan III and Oscar S. Reyes have been nominated by Ederlinda B. Yabut and Roberto S. Franco, respectively, registered stockholders of the Corporation who are not directors, officers or substantial stockholders of the Corporation and who are not related to any of Mr. Alunan and Mr. Reyes.

In 2007, the Corporation amended its By-Laws providing for the procedure for nominating members of the Corporation's Board of Directors. The By-Laws provide that the Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications provided for in the Articles of Incorporation, By-Laws, the Manual of Corporate Governance, applicable laws, regulations and resolutions and rules passed by it, the stockholders and the Board of Directors. Accordingly, on 30 September 2009, the Nomination Committee approved the final list of candidates for the Board of Directors which included all of the abovenamed individuals.

The incumbent Chairman and members of the Nomination Committee are as follows: Messrs. Micky Yong (Chairman), James Eng, Jr., John L. Sigalos and Rafael M. Alunan III.

**Item 6. Compensation of Directors and Executive Officers**

The aggregate compensation paid in 2007 and 2008, and estimated to be paid in 2009, to the Executive Officers of the Corporation is set out below:

Name	Position	Year	Salary	Bonus	Others
Micky Yong	Chairman, President & Chief Executive Officer				
Felix S. Yu	Executive Vice-President, National Sales Operations				
Partha Chakrabarti	Senior Vice-President &				



Daniel D. Gregorio, Jr.	Chief Financial Officer				
Roberto H. Goce	Senior Vice-President, Manufacturing & Logistics				
	Senior Vice-President, Corporate Services Group				
Aggregate for above-named officers		2007	42,300,000.00	19,300,000.00	-
		2008	43,708,000.00	22,066,000.00	-
		2009	40,716,000.00	11,618,000.00	-
All other directors and officers as a group unnamed		2007	-	-	-
		2008	-	-	1,336,764.72*
		2009	-	-	3,352,941.00**

\*This relates to per diem allowances paid to the directors.

\*\* This includes both per diem allowances and annual directors' fees paid for fiscal year ended 30 June 2009.

There are no special employment contracts between the Corporation and the above Executive Officers.

Non-executive Directors are entitled to a per diem allowance of US\$1,000 for each attendance in the Corporation's Board meetings and committee meetings, except for Audit Committee meetings where the per diem allowance is US\$2,000. In addition, each Director is entitled to receive an annual directors' fee in the amount of Five Hundred Thousand Pesos (P500,000.00). Seven (7) Directors representing the Guoco Group and Quaker Global Investments B.V. have waived the per diem allowance as well as the annual directors' fee.

There are no outstanding warrants or options held by the above Executive Officers and all such officers and Directors as a group.

#### Item 7. Independent Public Accountants

The auditing firm of KPMG Manabat Sanagustin & Co. is being recommended for election as external auditor for the ensuing year (2009-20010).

Representatives of said firm are expected to be present at the Annual Stockholders' Meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

Aggregate fees billed by the Corporation's external auditor for professional services in relation to (i) the audit of the Corporation's annual financial statements and services in connection with (a) statutory and regulatory filings and (b) the initial public offering of the Corporation's shares; and (ii) tax accounting, compliance, advice, planning and any other form of tax services are summarized as follows:

	FY 2009	FY 2008	Total
Statutory audit fees	P 3.50 Million	P3.40 Million	P6.9 Million
IPO-related audit fees	-	P15.70 Million	P15.70 Million
Tax fees	P0.33 Million	P0.25 Million	P0.58 Million
Total	P3.83 Million	P19.35 Million	P23.18 Million

The Audit Committee of the Corporation reviews and approves the audit plan and scope of work for the above services and ensures that the rates are competitive as compared to the fees charged by other equally competent external auditors performing similar services.

During the Corporation's two most recent fiscal years or any subsequent interim periods, there was no instance where the Corporation's public accountants resigned or indicated that they decline to stand for re-election or were dismissed nor was there any instance where the Corporation had any disagreement with its public accountants on any accounting or financial disclosure issue.

The Corporation became publicly listed with the Philippine Stock Exchange only on 1 February 2008. In compliance with SEC Memorandum Circular No. 8, Series of 2003, the Corporation has engaged Ms. Emerald Anne C. Bagnes, partner of KPMG Manabat Sanagustin & Co., to sign the Corporation's audited financial statements as of 30 June 2009.

**Item 8. Compensation Plans**

There is no action or matter to be taken up with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

**Item 9. Authorization or Issuance of Securities Other than for Exchange**

There is no action or matter to be taken up with respect to the authorization or issuance of any securities.

**Item 10. Modification or Exchange of Securities**

There is no action or matter to be taken up with respect to the modification of any class of securities of the Corporation, or the issuance or authorization for issuance of one class of securities of the Corporation in exchange for outstanding securities of another class.

**Item 11. Financial and Other Information**

The Corporation has incorporated by reference the following as contained in the Management Report in accordance with Rule 68 of the Amended Rules and Regulations of the Securities Regulation Code:

1. Audited financial statements as of 30 June 2009 and 2008;
2. Management's discussion and analysis or plan of operation; and
3. Information on business overview, properties, legal proceedings, market price of securities, dividends paid and corporate governance.

**Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

There is no action or matter to be taken up with respect to mergers, consolidations, acquisitions and similar matters.

**Item 13. Acquisition or Disposition of Property**

There is no action or matter to be taken up with respect to the acquisition or disposition of any property.

**Item 14. Restatement of Accounts**

There is no action or matter to be taken up with respect to the restatement of any asset, capital, or surplus account of the Corporation.

**D. OTHER MATTERS**

**Item 15. Action with Respect to Reports**

The following reports/minutes of meeting will be submitted for approval by the stockholders:

1. Minutes of the Annual Stockholders' Meeting (ASM) held on 28 October 2008 which includes items on (i) Approval of the Minutes of the Previous ASM held on 29 November 2007; (ii) President's Report for Fiscal Year 2007 to 2008; (iii) Approval of Audited Financial Statements as of 30 June 2008; (iv) Ratification of Acts of the Board of Directors and Management for 2007 to 2008; (v) Election of Directors, including Independent Directors; (vi) Approval of the Payment of Annual Directors' Fee; and (vii) Appointment of External Auditors;
2. The President's Report for the year ending 30 June 2009; and
3. Audited Financial Statements for the year ending 30 June 2009.

**Item 16. Matters Not Required to be Submitted**

All actions or matters to be taken up during the Annual Stockholders' Meeting will require the vote of the security holders.

**Item 17. Amendment of Charter, By-Laws or Other Documents**

There is no action or matter to be taken up with respect to any amendment of the Corporation's Articles of Incorporation, By-Laws or other documents.

**Item 18. Other Proposed Actions**

1. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2008 to 2009 which include resolutions on the election of officers and Board committee members; placement of additional funds in a trust account to supplement the existing retirement fund;; and other resolutions issued in the normal course of the business operations of the Corporation such as updating of authorized signatories for various bank and other transactions and applications for various credit facilities, among others;
2. Election of the members of the Board of Directors, including the Independent Directors, for the ensuing calendar year; and
3. Appointment of External Auditors.

**Item 19. Voting Procedures**

***Manner of voting***

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote.

For the purpose of electing directors, a stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he/she may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his/her shares shall equal, or he/she may distribute them in the same principle among as many candidates as he/she shall see fit.

As required by the Corporation's By-laws, voting will be done by ballot.

***Voting requirements***

- (a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.
- (b) With respect to the adoption of the Audited Financial Statements for the year ended 30 June 2009, as well as the approval or ratification of the other actions set forth under the heading "Other Proposed Actions" above, the vote of a majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

***Method of counting votes***

The Corporate Secretary, assisted by her staff and the stock transfer agent, will be responsible for counting and tabulating the votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Stockholders' Meeting.

**UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:**

**PEPSI-COLA PRODUCTS PHILIPPINES, INC.**  
**Km. 29 National Road**  
**Tunasan, Muntinlupa City 1773 Philippines**

**Attention: Mr. Partha Chakrabarti**

**SIGNATURE PAGE**

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Muntinlupa on \_\_\_\_\_ 2009.

By:

**MICKY YONG**  
*Chairman/President-CEO*

**PARTHA CHAKRABARTI**  
*Chief Financial Officer*

## MANAGEMENT REPORT

## I. GENERAL NATURE AND SCOPE OF THE BUSINESS

*Overview*

Pepsi-Cola Products Philippines, Inc. (the "Corporation") was registered with the Philippine Securities and Exchange Commission on 8 March 1989 primarily to engage in manufacturing, sales and distribution of beverages. The Corporation is the licensed bottler of PepsiCo, Inc. ("PepsiCo") beverages in the Philippines. It manufactures and packages its products at 11 production plants throughout the Philippines. The Corporation's portfolio of products includes cola and flavored carbonated beverages, including low-calorie derivatives, as well as juices, iced teas, sports drinks and energy drinks. Its brands include well-known beverage brands such as Pepsi, Diet Pepsi, Pepsi Max, 7Up, Diet 7Up, Mountain Dew, Gatorade, Lipton Iced Tea, Tropicana, Propel and Sting.

The Corporation distributes its products through 100 sales offices, together with an extensive third party distribution network, to approximately 296,000 outlets, including supermarkets, restaurants, bars, and small grocery stores. Its sales volumes depend on the reach of its distribution network. It increases the reach of its distribution system by adding routes and increasing penetration by adding outlets on existing routes that currently do not stock its products. It relies on a number of channels to reach retail outlets, including direct sales, distributors and wholesalers.

*Philippine Beverage Industry*

The beverage market in the Philippines is highly competitive. The Corporation competes primarily on the basis of advertising and marketing programs to create brand awareness, price and price promotions, new product development, distribution methods and availability, packaging and customer goodwill.

The Corporation's competitors in the carbonated beverages market are The Coca-Cola Company, Asiate Refreshments Corporation, and Asia Brewery Incorporated. The Corporation believes that the substantial investment in multiple plants, distribution infrastructure and systems and the float of returnable glass bottles ("RGBs") and plastic shells required to operate a nationwide beverage business using RGBs represent significant barriers to potential competitors in widening their reach.

The market for non-carbonated beverages is more fragmented. Some of the Corporation's competitors in this market are The Coca-Cola Company, San Miguel Corporation, Universal Robina Corporation, Zesto Corporation, among others. In recent years, the non-carbonated beverage market has been relatively fluid, with frequent product launches and shifting consumer preferences. The Corporation expects that these trends will continue.

*Customers*

The Corporation sells its products through supermarkets, convenience stores, bars, sari-sari stores and carinderias. Of these, the sari-sari stores and carinderias are by far the most numerous, although the sales volume of these individual outlets is typically very small. In larger outlets such as supermarkets, which stock the products of a number of beverage suppliers, the Corporation's marketing efforts tend to focus on increasing the amount of shelf space and the number of displays in the outlet. Smaller outlets may have a relationship with only one or two beverage suppliers, and so the Corporation's efforts are directed towards securing the account. In outlets where its products are sold for immediate

consumption, part of the Corporation's efforts is to ensure that its products are suitably cooled and it offers many outlets branded refrigeration equipment, as well as signage and other merchandising.

The Corporation, together with PepsiCo and Pepsi Lipton, implement joint marketing strategies to promote the sale and consumption of the Corporation's products. It tailors its marketing efforts to meet the needs of its various customer bases. In tailoring its marketing efforts, the Corporation considers the demographics of the various groups of consumers; the types of locations where they might be purchasing or consuming soft drinks; the price levels their particular consumption patterns will support; regional and personal differences in desired product mix and availability; unmet niche markets; and the actions of its competitors.

The Corporation relies extensively on advertising, consumer sales promotions and non-price retailer incentive programs. It designs these programs to target the particular preferences of the soft drink consumer. It advertises its products extensively through television, radio, print, and billboards throughout the Philippines. It also makes extensive use of in-store point-of-sale advertising to reinforce the national and local advertising and to stimulate demand. The Corporation runs seasonal and one-off promotions, and sponsors or otherwise acquires rights to associate its brands with major sporting and other events. It also benefit from PepsiCo's large global advertising presence and brand recognition. Incentive programs include providing retailers with refrigerators and coolers for the display and cooling of soft drink products. Other incentive programs include providing free point-of-sale display materials and complimentary soft drink products. Sales promotions include sponsorship of community activities, sporting, cultural and social events. There are also consumer sales promotions, such as contests, sweepstakes and give-aways.

### ***Principal Suppliers***

Over half of the Corporation's total costs comprise purchases of raw materials. Its largest purchases are of sugar and beverage concentrates. The Corporation purchases all its sugar requirements domestically because of import restrictions imposed by the Philippine government. It purchases all of its beverage concentrates from PepsiCo and Pepsi Lipton at prices that are fixed as a percentage of the wholesale prices the Corporation charges for the finished products, subject to a floor price in United States dollars.

The Corporation also incurs substantial packaging costs. The major components of this expense are purchases of PET pre-forms, which the Corporation converts into PET bottles at its plant, non-reusable glass bottles, aluminum cans and closures. The Corporation also makes regular purchases of RGBs to maintain its float at appropriate levels. The Corporation purchases each of these materials from a small number of suppliers, including suppliers based in the Philippines and in other parts of Asia, usually under short term, fixed price contracts.

### ***Legal Proceedings***

From time to time, the Corporation is involved in litigation in the ordinary course of its business. The majority of the cases in which it is a party are cases the Corporation brings to recover debts in relation to unpaid receivables by its trade partners or in relation to cash or route shortages, private criminal prosecutions that it brings (generally for low value offenses such as theft of product or distribution equipment, fraud, and bouncing checks), labor cases for alleged illegal dismissal (which are usually accompanied by demands for reinstatement in the Corporation without loss of seniority rights, payment of separation pay, and payment of backwages, moral and exemplary damages, and attorney's fees), a small number of civil cases brought against the Corporation based on diverse causes of action, and consumer cases brought against it involving allegations of defective products.

As a result of a promotion in 1992, civil cases were filed against the Corporation in which thousands of individuals claimed to hold numbered bottle crowns that entitled them to a cash prize. The Philippine Supreme Court has consistently held in at least 7 final and executory decisions in the last 5

years that the Corporation is not liable to pay the amounts claimed. In the most recent of these decisions, the Supreme Court dismissed a similar claim, reiterating that it is bound by its pronouncement in a number of cases involving this promotion. By virtue of the precedential effect of the decided cases, the Corporation expects the remaining cases to be dismissed in due course. Of the remaining cases, 13 cases involving at least 88 claimants are still with the Regional Trial Courts, 10 cases involving 465 claimants which have been dismissed by the Regional Trial Courts are pending transmittal to the Court of Appeals, 11 cases involving at least 25 claimants are pending with the Court of Appeals and 2 cases are pending with the Supreme Court.

The Corporation does not believe that the litigation in which it is currently involved or which is presently pending or threatened against it is material to it, either individually or in the aggregate. The Corporation has not, in the past 3 years, been involved in any bankruptcy, receivership or other similar proceedings.

## II. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

### *Market Information*

The Corporation's common shares were listed with the Philippine Stock Exchange ("PSE") on 1 February 2008. The high and low sales prices of such shares for the 1<sup>st</sup> up to the 4<sup>th</sup> quarters of the fiscal year ending 30 June 2009 are set out below.

FY ending 30 June 2009	High	Low
1 <sup>st</sup> quarter (July to September 2008)	₱2.00	₱2.00
2 <sup>nd</sup> quarter (October to December 2008)	₱0.87	₱0.85
3 <sup>rd</sup> quarter (January to March 2009)	₱0.92	₱0.92
4 <sup>th</sup> quarter (April to June 2009)	₱1.38	₱1.36

### *Stockholders*

The Corporation has approximately 638 holders of common shares (with the PCD Nominee Corporation (Filipino) and (Non-Filipino) considered as two holders) as of 31 August 2009 based on the records of the Corporation's stock transfer agent, Stock Transfer Service Inc. ("STSI"). The following are the Corporation's top 20 holders of common shares based on the report furnished by STSI as of 30 June 2009.

No.	Name	Number of Shares	Percentage of Ownership
1	PCD Nominee Corporation (Non-Filipino)	2,207,129,529	59.7527%
2	Quaker Global Investments B.V.	1,089,101,358	29.4848%
3	PCD Nominee Corporation (Filipino)	299,958,284	8.1206%
4	Orion Land Inc.	70,000,000	1.8951%
5	Micky Yong	20,000,001	0.5414%
6	Joseph Martin H. Borromeo	650,000	0.0176%
7	M.J. Soriano Trading Inc.	450,000	0.0122%
8	Lucio W. Yan	300,000	0.0081%



9	Winefreda O. Madarang	250,000	0.0068%
10	Noe V. Behagan	250,000	0.0068%
11	Valeriano A. Lugti	220,000	0.0060%
12	Luis G. Dabao	200,000	0.0054%
13	Felix S. Yu	149,998	0.0041%
14	Bernardo Merchan	140,000	0.0038%
15	Rene B. Blancaver	137,000	0.0037%
16	Victor Martin J. Soriano	130,000	0.0035%
17	Juanito R. Ignacio	100,000	0.0027%
18	Jose I. Umali	100,000	0.0027%
19	Ma. Corazon V. Pineda	100,000	0.0027%
20	Ma. Celeste S. Narciso	100,000	0.0027%
21	Emmanuel M. Cabusao	100,000	0.0027%

#### ***Cash Dividends***

The Corporation declared cash dividends amounting to ₱369 million in fiscal year ending 30 June 2009 and ₱400 million in fiscal year ending 30 June 2007. The details of these cash dividend declarations are as follows:

<b>Date of Declaration</b>	<b>Dividend Per Share</b>	<b>Payable to Stockholders of Record as of</b>	<b>Date of Payment</b>
21 June 2007	₱0.12	21 June 2007	20 August 2007
30 September 2008	₱0.10	15 October 2008	7 November 2008

There was no dividend declaration in fiscal year ending 30 June 2008.

#### ***Dividend Policy***

The Corporation declares dividends to stockholders of record which are paid from the Corporation's unrestricted retained earnings. Any future dividends it pays will be at the discretion of the Board after taking into account the Corporation's earnings, cash flow, financial condition, capital and operating progress, and other factors as the Board may consider relevant. The Corporation's present policy is to pay up to 50% of its annual net income in dividends.

Cash dividends are subject to approval by the Board without need for stockholders' approval. Stock dividends require the further approval of the stockholders representing no less than 2/3 of the Corporation's outstanding capital stock.

#### ***Recent Sales of Unregistered or Exempt Securities Including Recent Issuance of Securities Constituting an Exempt Transaction***

There has been no recent sale of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

### **III. FINANCIAL STATEMENTS**

#### **IV. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

There has been no change in the independent auditing firm or handling partner or disagreements with the auditors on accounting and financial disclosures during the two most recent fiscal years.

#### **V. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

#### **VI. CORPORATE GOVERNANCE**

The Corporation's Manual on Corporate Governance ("Manual"), which was adopted on 21 June 2007, details the standards by which it conducts sound corporate governance that is coherent and consistent with relevant laws and regulatory rules, and constantly strives to create value for its stockholders.

Compliance with the Manual's standards is monitored by the Corporation's Compliance Officer. Ultimate responsibility rests with its Board of Directors, which also maintains three (3) standing committees apart from the Executive Committee, each charged with oversight into specific areas of its business activities.

##### ***Executive Committee***

The Executive Committee of the Board is responsible for developing and monitoring the Corporation's risk management policies. The Executive Committee reviews the detailed financial and operating performance of the Corporation every month and reviews progress against the relevant Annual Operating Plan and Operating Targets, monitors the Corporation's progress against key initiatives, pricing strategies and plans, sales and marketing plans, capital expenditure planning and key decisions on organization structure and people.

Based on the Manual, the Executive Committee shall be composed of at least five members, namely, the President-Chief Executive Officer, the Chief Financial Officer, and such other directors.

The incumbent Chairman and members of the Executive Committee are as follows: Messrs. Micky Yong (Chairman), Sunil D'Souza, James Eng Jr., Tsang Cho Tai (Allan Tsang), Qasim Khan, and Partha Chakrabarti (CFO).

##### ***Audit Committee***

The Corporation's Audit Committee is responsible for assisting the Board in its fiduciary responsibilities by providing an independent and objective assurance to the management and shareholders of the Corporation of the continuous improvement of the Corporation's risk management systems and business operations, and the proper safeguarding and use of its resources and assets. The Audit Committee provides a general evaluation of and assistance in the overall improvement of the Corporation's risk management, control and governance processes.

Based on the Manual, the Audit Committee must be comprised of at least three directors, preferably with accounting and financial background. Two of the members must be independent directors, including the Chairman of the committee. The Audit Committee reports to the Board and is required to meet at least once every three months.

The incumbent Chairman and members of the Audit Committee are as follows: Messrs. Oscar S. Reyes (Chairman), John L. Sigalos, Tsang Cho Tai (Allan Tsang), and Rafael M. Alunan III.

#### ***Compensation and Remuneration Committee***

The Corporation's Compensation and Remuneration Committee is responsible for objectively recommending a formal and transparent framework of remuneration and evaluation for the members of the Board and its key executives.

Based on the Manual, the Compensation and Remuneration Committee must be comprised of at least three members, including one independent director. The Compensation and Remuneration Committee reports to the Board and is required to meet at least once each year.

The incumbent Chairman and members of the Compensation and Remuneration Committee are as follows: Messrs. James Eng Jr. (Chairman), Micky Yong, John L. Sigalos and Rafael M. Alunan III.

#### ***Nomination Committee***

The Corporation's Nomination Committee is responsible for providing shareholders with an independent and objective evaluation of and assurance that the members of the Board are competent and will foster the Corporation's long-term success and secure its competitiveness.

Based on the Manual, the Nomination Committee must be comprised at least three members, including one independent director. The Nomination Committee reports to the Board and is required to meet at least once each year.

The incumbent Chairman and members of the Nomination Committee are as follows: Messrs. Micky Yong (Chairman), James Eng Jr., John L. Sigalos and Rafael M. Alunan III.

For purposes of evaluating compliance with the Manual, the Corporation has adopted the self-rating form prescribed by the Securities and Exchange Commission ("SEC"). The Corporation has complied with its Manual through the election of two (2) independent directors to the Corporation's Board; the constitution of the Audit, Compensation and Remuneration, and Nomination Committees pursuant to its By-laws and the election of the Chairman and members of such committees, which include the independent directors; the conduct of regular meetings of the Board of Directors and the various committees of the Board above stated; adherence to the written Code of Conduct prepared by the Corporation's Human Resources Department; and adherence to applicable accounting standards and disclosure requirements.

The Corporation adheres to a business plan, budget and marketing plan. Management prepares and submits to the Executive Committee of the Board and to the Board, on a regular basis, financial and operational reports which enable the Board and Management to assess the effectiveness and efficiency of the Corporation.

While the Corporation has fulfilled its corporate governance obligations and there has been no deviations from the Manual as of date, it continues to evaluate and review its Manual to ensure that best practices on corporate governance are being adopted.