


DOCUMENT REVISION HISTORY				
REV	CHANGE NOTICE NO.	REVISED BY	DATE	DETAILS OF REVISION
Orig.	030144	T Custodio	16 Dec. 03	Original Issue. Implementation Date - 18 March 04
Distribution: Compliance Officer, Finance & Admin, President & CEO, Chairman of the Board, Board Members, Corporate Secretary, MUSIC Employees				
		DOCUMENT TITLE :  <b>POLICY ON MATERIAL NON-PUBLIC            INFORMATION COMMUNICATION            AND INSIDER TRADING</b>		DOCUMENT NO.: <b>MU 1-2-02-0004</b>
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**1.0 PURPOSE:**

MUSIC Semiconductors Corporation (the "Company") has adopted this Policy to take an active role in the prevention of insider trading violations by its officers, directors, employees, consultants and contractors with respect to transactions in securities of the Company. This document also defines the company's policy on communicating material non-public information to any person unless it's simultaneously disclosed to the Philippines Stock Exchange ("the Exchange").

**2.0 SCOPE:**

- 2.1 This Policy applies to the company's Board of Directors, officers, employees and members of their immediate family and household and any other person who is privy to the company's material non-public information.
- 2.2 This Policy applies to all transactions in the Company's securities, including common stock, options for common stock and other securities the Company may issue from time to time, such as preferred stock, warrants and convertible debentures, as well as derivative securities relating to the Company's stock, whether or not issued by the Company, such as exchange-traded options.
- 2.3 Any person who possesses Inside Information (see Section 4.0) regarding the Company is an Insider for so long as the information is not publicly known. Any person can be an Insider from time to time, and would at those times be subject to this Policy.
- 2.4 This Policy shall be delivered to each person covered by the Policy upon the commencement of a relationship with the Company or as the case may be when a person is deemed to be an insider pursuant to a decision of the Compliance Officer.

**3.0 APPLICABLE FORMS AND DOCUMENTS:**


Not Applicable

**4.0 DEFINITION OF INSIDE INFORMATION :**

Inside information is material information of a factual nature that has not been previously disclosed to the general public and is otherwise not available to the general public. Either positive or negative information may be material.

It is not possible to define all categories of material information. However, information should be regarded as material if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of stock or other securities.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive. Examples of such information may include:

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- Financial results
- Projections of future earnings or losses
- Material losses or gains in the market share value of securities held in trading, investment or underwriting positions
- Changes in management of key professional personnel
- Timing of a significant underwriting or M&A advisory transaction
- A pending or proposed acquisition or merger
- Disposition of a subsidiary
- Signing or termination of a substantial client or contract
- Commencement of a new financial product development effort
- Stock splits or stock dividends
- New equity or debt offerings
- Actual or threatened litigation, or developments relating to it
- Bankruptcy or financial liquidity problems

## 5.0 GENERAL POLICY

It is the policy of the Company to oppose the unauthorized disclosure of any non-public information acquired in the workplace, and the misuse of Inside Information in securities trading. Non-public information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden.

It is the policy of the company not to communicate any material non-public information to any person unless the company is ready to simultaneously disclose such material non-public information to the Exchange.


## 6.0 SPECIFIC POLICIES APPLICABLE TO ALL PERSONS

### 6.1 DISCLOSURE OF MATERIAL INFORMATION

Any person who is privy to the company's material non-public information shall not communicate or disclose to any other person or institution such information unless the company is ready to simultaneously disclose the material to the Exchange. This rule does not apply if the disclosure is made to :

- 6.1.1 A person who is bound by duty to maintain trust and confidence to the company such as but not limited to the auditors, legal counsels, investment bankers, financial advisers and
- 6.1.2 A person who agrees in writing (such as a Non-Disclosure Agreement or NDA) to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

Any person who selectively discloses material non-public information to securities analysts, institutional investors or other third parties who do not fall under sections 6.1.1 and 6.1.2 above, ahead of the general public, shall be considered as violating the Exchange rule.

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## 6.2 TRADING WINDOW

Company insiders shall not engage in any transaction involving the Company's securities other than during a formally defined trading window.

There are two types of trading windows - called recurring and special.

The recurring trading window will open each fiscal quarter, at the beginning of the third trading day following the Company's disclosure of its financial results for the previous quarter.

The special trading window will open at the beginning of the third trading day following the Company's disclosure of other material information such as the examples listed in Section 4.0 above. The Board may likewise authorize the opening of a special trading window as it may deem appropriate. Under such circumstance, company insiders shall be notified without delay.

In both cases, once opened, the trading window for insiders will remain open for fifteen trading days. A trading day is defined as a day in which the Philippine Stock Exchange is open for trading.

The Company reserves the right to close the trading window before the expiration of fifteen trading days should other information become material and thus require disclosure. Under such circumstance, company insiders shall be notified without delay.

## 6.3 TIPPING


An insider shall not disclose ("tip") Inside Information to any other person (including family members) and certainly not where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates. An Insider or related person shall not make recommendations or express opinions on the basis of Inside Information as to trading in the Company's securities.

## 6.4 INFORMATION

If any customer, representative of the media or other person requests information from insiders relating to the Company's stock, he should be referred to the Company's President and CEO.

## 6.5 OPTIONAL EXERCISE AND SALES

Holders of options to purchase stock of the Company are prohibited from same day exercise and sales outside the Trading Window. The exercise of stock options for cash under the Company's stock option plans (but not the sale of any such shares) is exempt from this Policy, since the other party to the transaction is the Company itself and the price does not vary with the market but is fixed by the terms of the option agreement or plan. Any sale of shares acquired upon the exercise of stock options is subject to this Policy.

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## 6.6 SHORT SALES

No employee, consultant or director should make a short sale of the Company's securities. Insiders should not buy or sell company securities within six months of selling or buying such securities without the appropriate board approval to do the later transactions within the specified period.

## 6.7 INDIVIDUAL RESPONSIBILITY TO COMPANY AND POLICY

Every insider has the individual responsibility to comply with this Policy. Beyond the guidelines set forth in this Policy, appropriate judgment should be exercised in connection with any trade in the Company's securities.

## 6.8 POTENTIAL DISCIPLINARY ACTION

Employees, officers and directors of the Company who violate this Policy are subject to disciplinary action by the Company as determined by its Board of Directors. Penalties may include ineligibility for future participation in the Company's equity incentive plans and/or termination of employment.

## 6.9 APPLICABILITY OF POLICY TO INSIDE INFORMATION REGARDING OTHER COMPANIES

This Policy also applies to Inside Information relating to other companies, including the Company's vendors, licensees, customers or clients ("other companies"), when the information is obtained by a MUSIC director, officer or employee in the course of doing business with members of other companies. Civil and criminal penalties, and termination of employment, may result from trading in inside information of other companies. Inside Information about other companies should be treated with the same care as Inside Information related directly to MUSIC.

## 6.10 ARBITRATION


Any dispute related to this Policy will be bindingly settled by a member of the Board of Directors so designated and appointed by the Board.

## 6.11 INQUIRIES

Please direct your questions as to any of the matters discussed in this Policy to the company Compliance Officer.

## 7.0 RESPONSIBILITIES :

7.1 It is the responsibility of the Compliance Officer to periodically review and amend any provision of this Manual.

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