

STI EDUCATION SYSTEMS HOLDINGS, INC.

Code of Business Conduct and Ethics

1. INTRODUCTION AND OVERVIEW

1.1. This Code of Business Conduct and Ethics was developed by STI Education System Holdings Inc in order to promote rational, honest and ethical business conduct among its directors, officers, employees and all stakeholders. The Code is hereby made to promulgate the Company's integrity as a reputable and honest organization, establishing and maintaining the trust and confidence of all its employees, board of directors and stakeholders as they adhere to high moral and ethical standards while still directly or indirectly associated with the Company.

2. BUSINESS CONDUCT

2.1. The Company's directors, officers and employees should at all times handle themselves in a just, ethical and honest demeanor. Integrity and Trust should be the formidable foundation of all professional dealings and businesses with stockholders, customers, vendors, competitors, government officials, communities, the media and the general public, as well as each other.

2.2. The Company's directors, officers and employees should not be involved in any activity or conduct that will tarnish the Company's brand, image and reputation or to any of its stakeholders.

A. Use of Company Assets

- (1) The Company's directors, officers and employees should have full accountability for the proper and efficient use of the Company's physical resources and properties, as well as its proprietary information.
- (2) The Company's offices, equipment, supplies and other resources should not be used for personal consumption or for activities that are not related to the employment or responsibilities of its directors, officers and employees, except for special cases which have been pre approved by the any officer of such individual or if it is a material use, any request for such approval should be cleared to the Chief Executive Officer ("CEO").

B. Competition and Fair Dealing

- (1) The Company should always seek competent competitive advantage through a honest and just professional ways.
- (2) Each director, officer and employee shall uphold respect, integrity and honesty in all professional dealings with its customers, suppliers, competitors and each other.
- (3) No director, officer or employee shall take unjust advantage of anyone through acts of manipulation, concealment, abuse of privileged information, misrepresentation

of material facts or any other unfair-dealing practices. No director, officer or employee shall knowingly make false or defamatory public remarks about a competitor or improperly, unethically or illegally obtain or use proprietary information, intellectual property or trade secrets of a competitor, collaborator or any other third party.

C. Confidentiality

- (1) Employees, officers and directors must maintain respect confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized by the Company's legal counsel or required by laws or regulations.
- (2) Whenever possible, directors, officers and employees should consult with the Company's legal counsel if they believe they have a legal obligation to disclose confidential information. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. The obligation to preserve confidential information continues even after employment ends.

D. Payments to or from Customers or Vendors

- (1) There shall be no direct or indirect efforts directed to influence a decision or a viable officer associated with the company, whether addressed to a customer, supplier or a vendor of the above mentioned organization.
- (2) A director, officer or employee should not accept or provide a gift, favor or entertainment to a customer, vendor, or other person or organization in connection with the Company's business unless all of the following criteria are met: (i) reasonable and not excessive in relation to customary industry practices; (ii) should not be construed as a form of a bribe, payoff or kickback; (iii) public disclosure of it would not affect the Company's reputation and professional standing; (iv) the item is consistent with the standard and accepted business ethics of the industry and country in which it is provided; (v) it does not violate any Philippine law ; and (vi) it is not in the form of cash or cash equivalents, other than cash bonuses to employees or consultants.

E. Political Contributions and Payments to Government Officials or Employees

- (1) No corporate funds, merchandise or service may be paid or acquired, directly or indirectly, to a political party, organization, government official or government employee, except if legally permissible and approved in advance in writing. Any assistance or entertainment provided to any government official or office should never, in form or substance, compromise the Company's arm's-length business relationship with the government agency or official involved. Any request for such approval should be directed to the CEO.

3. CONFLICT OF INTEREST

3.1. The Company's directors, officers and employees have an obligation to avoid any actions or affiliations that may involve, or appear to involve, a conflict of interest with the Company.

(1) No Director, officers and employees should have any financial or other business relationship with suppliers, customers or competitors that can impair their independence or cloud any judgment they may need to make on behalf of the Company.

(2) No Employee, officer and director should engage in any activity that competes with the Company. If an officer or employee is aware of a possible or actual conflict of interest concerning himself or herself or another officer or employee, or is concerned that one might develop, he or she should declare it to higher management. If a director is aware of a possible or actual conflict of interest regarding himself or herself or another director, or concerned that one might develop, he or she should discuss it with the Chairman of the Audit Committee. The Audit Committee has the responsibility for review and resolution of conflicts of interest and approval of related party transactions involving directors and officers of the Company.

A. Actions Counter to the Company's Best Interests

(1) A director, officer or employee may not divert a business opportunity that could reasonably be expected to be of interest or benefit to the Company, for his or her own personal benefit. If he/she becomes aware of such a business opportunity through the use of corporate property, information or position, he or she should declare the matter and the relevant facts to the CEO. If a director becomes aware of such a business opportunity through the use of corporate property, information or position, he or she should disclose the matter and the relevant facts to the Chairman of the Audit Committee for review and consideration. If the Company makes determination that it is not interested in pursuing the disclosed opportunity and has no reasonable objections, the director, officer or employee may then pursue the opportunity for his or her own benefit.

B. Other Employment

(1) No employee, director or officer should engage in any kind of employment outside the Company.

C. Outside Directorship and Investments

(1) A director, officer, or employee may not take on a position of a director, or have a business or material financial interest in, any organization competing with the Company or engaged in current or prospective dealings with the Company (i.e. a competitor, customer, vendor, landlord or tenant) without prior written approval by the Company.

In the case of an officer or employee, such matters should be disclosed to the CEO for consideration, and in the case of a director, any such approvals need to

be made by the Audit Committee. For purposes of this issue, the business and financial interests of immediate family members of a director, officer or employee shall be considered the financial interests of such director, officer or employee. The Company will assume that ownership of less than five percent (5%) of a company's securities does not represent a material financial interest and therefore need not be disclosed or approved in advance.

D. Government Service

- (1) A director's, officer's or employee's individual participation in routine political or community activities or service in government positions beyond the Company's normal business hours is not discouraged, such could potentially give rise to a conflict of interest. Any officer or employee wanting to be a candidate for any public office, whether elective or appointive, must seek the Company's prior written approval. Any request for such approval should be directed to the CEO. Any director seeking to become a candidate for or appointed to a political office must obtain such approval from the Chairman of the Nominations and Corporate Governance Committee. A director, officer or employee holding a government office or position should abstain himself or herself from any vote or decision that involves, or could potentially be perceived to involve, the Company's interest or otherwise appear as a conflict of interest.

4. COMPLIANCE WITH LAWS AND REGULATIONS

4.1. All directors, officers and employees shall comply in all material respects with all laws, rules and regulations applicable in the country and local jurisdictions where the Company's business is conducted.

A. Anti-Graft and Corrupt Practices Act

- (1) The Anti-Graft and Corrupt Practices Act prohibits companies from paying or offering to pay anything of value to any government official, government employee, political party or political candidate to obtain or retain business or to influence a person working in an official capacity. Violations of this law can result in significant penalties to the Company and any individual involved.

B. Insider Trading

- (1) Philippines and foreign securities laws, as well as the Company's policies, prohibit officers, affiliates and other "insiders" from trading the Company's securities, or those of other companies (for example, a vendor or the subject of a possible acquisition), while that individual is in the possession of material, non-public information regarding the Company or such other company. These "insider trading" laws also prohibit providing material, non-public information to other individuals who ultimately trade the security. Because of the severity of the penalties provided bylaw and the potential for damage to

the Company's image as a result of such unlawful trading, directors, officers and employees are expected to strictly abide by the laws described above and the Company's Insider Trading Policy. In addition to Company sanctions, violation of "insider trading" laws may result in serious criminal penalties for the individual, including fines and imprisonment, if trading is found to involve a willful violation of the law.

C. Industry Regulations

- (1) If the Company fails to comply with applicable regulatory requirements, the Company may be subject to administrative or judicially imposed sanctions. Directors, officers and employees are expected to comply with applicable laws, rules and regulations.
- (2) If any officer or employee has any concern about the applicability of these or other laws or regulations to any activities or contemplated activities by such person, he or she should discuss this matter with the CEO. If a director has any question about the applicability of these or other laws or regulations to any of their current or contemplated activities, he or she should bring up the matter with the Chairman of the Audit Committee.

5. DISCLOSURE AND COMMUNICATIONS

5.1. Public Reporting

- A. The Company and its directors and officers shall provide full, fair, accurate, timely and understandable disclosure in the reports and documents filed or submitted by the Company to the Securities and Exchange Commission (the "SEC") and in other public communications submitted by the Company.

5.2. Accounting Procedures and Documentation

- A. All transactions shall be properly recorded in a timely manner in the Company's books and records. No director, officer or employee shall intentionally or knowingly omit or mischaracterize any transaction in order to disguise or hide its true nature. Further, an officer or employee shall not intentionally falsify or incorrectly record or report any transaction or entry into the Company's books and records that will knowingly result in financial statements and/or financial statement balances that are not materially accurate or otherwise not in conformance with generally accepted accounting principles ("GAAP"). Finally, officers and employees must comply with the system of internal controls the Company has established that have been designed to safeguard its assets and to ensure its financial statements conform to GAAP.

5.3. Communications with Analysts, the Media, Government Agencies and Others

- A. For publicly-held companies, Philippine securities laws require that public dissemination of material, non-public information be made in a fair and non-discriminatory manner so that all investors, or potential investors, have the opportunity to receive such information at the same time. Selective disclosure, or the disclosure of material, non-public information to

selective audiences or individuals, is prohibited under Philippine securities laws. In order to avoid unintended selective disclosure, all inquiries from securities analysts, investors, stockholders, investment bankers, etc. should be immediately directed to the Company's CEO.

- B. In the event a director, officer or employee receives an inquiry from a government or regulatory agency on matters outside his or her specific area of responsibility, such inquiries should be directed to the appropriate officer of the Company, or the CEO. All inquiries from the media should be immediately directed to the Company's CEO.

6. IMPLEMENTATION AND ENFORCEMENT

6.1. Enforcement

- A. With respect to any non-accounting issues, complaints, questions, concerns or suspicions regarding any conduct of which an officer or employee becomes aware of that he or she reasonably believes may constitute a violation of this Code should be promptly reported to the CEO. Depending on the gravity of the issue and the related facts and circumstances, the CEO may direct the matter or otherwise involve the Chairman of the Audit Committee, the Chairman of the Nominations and Corporate Governance Committee or the Company's counsel, as appropriate. If a director becomes aware of any conduct that he or she reasonably believes may constitute a violation of this Code, such director should promptly report such conduct to the Chairman of the Audit Committee or the Chairman of the Board, as appropriate. In the event that an officer is also a director of the Company, that officer should abide by the guidelines provided by this Code as if he or she were a director.
- B. In the event that a director, officer or employee or any other third-party has a question, becomes aware of an issue or has a personal complaint, question or suspicion (1) regarding the Company's accounting, accounting procedures or accounting personnel, (2) related to an audit of the Company or the auditors charged with handling the audits, (3) reporting or disclosure of a matter in the Company's financial records, financial reports or audit reports or (4) regarding the internal accounting controls of the Company, such person should report their concern to the Chairman of the Audit Committee.
- C. The CEO shall regularly report to the Audit Committee all matters or issues arising under this Code (including resolution of such matters or issues) that are brought to his or her attention. The Chairman of the Audit Committee will submit a report to the Board of Directors, at least once per year, or more often if the circumstances dictate, that summarizes any matters arising under this Code.
- D. Suspected violations will be investigated under the supervision of the CEO, as they deem appropriate upon consultation with the Board, if necessary. Each officer, director and employee of the Company should cooperate in the investigation of reported or alleged violations.
- E. When practical and appropriate under the circumstances, and in order to protect the privacy of the persons involved, those individuals investigating a suspected violation will

keep confidential the identity of the individual/s who reports a suspected violation or who participates in an investigation. There may be situations, however, when this information, or the identity of the individuals involved, must be disclosed as part of the investigation process.

- F. A violation of this Code may result in disciplinary action, including termination of employment. Legal proceedings may also be commenced, if necessary, to recover the amount of any improper expenditures, any profits realized by the offending director, officer or employee, and any financial harm sustained by the Company. In certain circumstances, violations of this Code will be reported by the Company to the applicable authority if such violations likely violate Philippine criminal laws.

6.2. Non-Retaliation

- A. In order for this Code to be effective, directors, officers and employees must feel free to bring forth their good faith concerns without the fear of retribution or retaliation from the Company or any other director, officer or employee. The Company does not condone nor will it not tolerate any retaliation against an individual who lawfully and in good faith reports any misconduct or violations of this Code. Further, an employee who gives information regarding any conduct the employee reasonably believes constitutes a violation of the securities laws or financial fraud statutes (1) to any government authority, (2) by testimony or otherwise in any proceeding pending or about to be commenced concerning such violation or (3) to any person with supervisory authority over the employee or authorized by the Company to investigate such conduct, may not be discharged, demoted, discriminated or otherwise retaliated against based upon the information they have provided.
- B. Directors, officers and employees if asked, are expected to fully cooperate in internal and external investigations of any reported or alleged misconduct or violation of this Code.

7. Alternative Dispute Resolution

7.1 Company and Thirty Party Client - The Company recognizes the complexity of engaging in business litigation within this environment and the distraction that it poses to business and enterprise. The Company works with the clients to minimize such effects, while maximizing successful outcomes. The lawyers of the Company are experienced in assisting the clients to resolve complex disputes while providing them with the assurance and comfort needed to forge ahead in their business plans. The Company combines court litigation with alternative dispute resolution options to resolve third party client cases.

Assistance will be given to the clients in their quest to understand the nature of conflict and to assist them in resolving conflict related issues by adopting Alternative Dispute Resolution (ADR) methods, when appropriate.

7.2 Three (3) forms of resolving disputes between the Company and any regulatory agency:

- A. Negotiation is the statement upon which all consensual ADR activity is established. It is a consensual procedure intended to allow parties to arrive at a mutually agreeable solution. Negotiation is intended to aim at compromise
- B. Mediation is a consensual process involving a neutral third party whose role is to facilitate resolution of the dispute. Both regulators and private individuals not involved in the regulatory process may act as mediators. In discharging its duties, the mediator must initially solicit the views of the parties on the nature of the dispute and its key issues.
- C. Conciliation is closely related to mediation, but involves more formal processes. Here, the parties do not meet together, as the conciliator assumes the role of an intermediary or liaison. The conciliator's primary task is to communicate each disputant's position to the other, relay settlement options, and sometimes offer nonbinding recommendation in an effort to bring the sides closer to settlement.

8. WAIVERS AND AMENDMENTS

- 8.1. Any request for a waiver of any provision of this Code shall be communicated immediately to the CEO or in the case where the waiver relates to the CEO, the Chairman of the Audit Committee. Any waiver of this Code with respect to directors or officers may be made only by a majority of the Board and shall be promptly disclosed (along with the reason[s] for the waiver) as required by law and by any applicable regulations of the SEC and any exchange on which the Company's securities may be traded.
- 8.2. This Code may be modified, amended or supplemented from time to time. Any amendment of this Code shall be approved by a majority of the Board and shall be promptly disclosed as required by law and any applicable regulations of the SEC and any exchange on which the Company's securities may be traded.

9. GENERAL

- 9.1. This Code is a corporate statement of policy, the contents of which may be modified substituted or altered at any time by the Company. This Code does not create a contract of employment or alter the employment relationship that exists between the Company and its employees.
- 9.2. This Code is posted on the Company's web site and will be provided to all of the Company's directors, officers and employees. Officers are encouraged to explain and discuss this Code with employees to ensure they recognize the existence and understand the applicability of this Code. Written certification of compliance with this Code is required from the CEO, CEO and Chief Accounting Officer, if any, on an annual basis.

10. ACKNOWLEDGMENT OF RECEIPT AND COMPLIANCE WITH THE CODE

10.1. All directors, officers and employees shall certify that they have read and understand the Company's Code of Ethics, and that they have also had an opportunity to review any questions on the interpretation of the policies described in this Code.

Approved by:


EUSEBIO H. TANCO
Chairman of the Board


MONICO V. JACOB
President and CEO