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FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: <http://www.firstpacific.com>

(Stock code: 00142)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

(1) Deemed Disposal of Interest in Metro Pacific Investments Corporation Arising from Share Subscription by Beneficial Trust Fund in Metro Pacific Investments Corporation

(2) Acquisition of Interests in Manila Electric Company by Metro Pacific Investments Corporation from the Beneficial Trust Fund

Introduction

Reference is made to the Company's announcement dated 13 March, 2009, made pursuant to Rule 13.09 of the Listing Rules, relating to the proposed acquisitions of interests in Meralco. Reference is also made to the Company's overseas regulatory announcement of today.

The directors of the Company are pleased to announce that MPIC entered into a term sheet with BTF on 17 July, 2009 in relation to the MPIC Shares Subscription by BTF and the Meralco Shares Acquisition from BTF, further details of which are set out below. The Term Sheet is expressed to be legally binding but is subject to contract and the agreement by the parties of definitive agreements setting out the terms and conditions of those proposed transactions.

MPIC is a Philippine corporation which is part of the Group on account of the equity interests of an affiliate of the Company. MPIC's shares are listed on the PSE. The Group currently has an approximately 90.3% attributable economic interest in MPIC.

BTF is the retirement fund established for the benefit of qualified employees of PLDT, which is a Philippine corporation having its shares listed on the PSE and its ADRs listed on the New York Stock Exchange. The Group currently has an approximately 26.5% attributable economic interest in PLDT and is its single largest shareholder.

MPIC Shares Subscription by BTF

The Term Sheet contemplates that BTF will subscribe in cash for 2,707,853,432 common shares of MPIC at the price of PhP3.50 per share (approximately US\$0.073 per share and HK\$0.569 per share). The aggregate amount of the subscription price is, therefore, PhP9,477,487,012 (approximately US\$197.4 million and approximately HK\$1,539.7 million). The subscription price is payable in cash by BTF to MPIC, on the date of closing under the subscription agreement to be entered into between BTF and MPIC in respect of the MPIC Shares Subscription by BTF; and in any event within 90 days from the date of the Term Sheet.

The shares in MPIC to be subscribed by BTF represent approximately 26.5% attributable economic interest in MPIC. Immediately following completion of the MPIC Shares Subscription by BTF and the Crogan Transactions, as referred to below, BTF would hold approximately 19.3% attributable economic interest in MPIC (if MPHI exercises its right to apply all of the consideration payable to it to subscribe for shares of MPIC, as referred to below), or approximately 19.8% attributable economic interest in MPIC (if MPHI does not exercise that right).

The Group's attributable economic interest in MPIC will be reduced from the existing approximately 90.3% to approximately 73.7% upon completion of the MPIC Shares Subscription by BTF and the Crogan Transactions (if MPHI exercises its right to apply all of the consideration payable to it to subscribe for shares of MPIC, as referred to below); or to approximately 73.0% (if MPHI does not exercise that right).

MPIC has undertaken in the Term Sheet, subject to favourable market conditions as determined by its board of directors, to "re-launch" MPIC's listed shares, as contemplated by the Company's announcement dated 29 June, 2009, made pursuant to Rule 13.09 of the Listing Rules.

Meralco Shares Acquisition from BTF

As referred to in the Company's announcement dated 13 March, 2009, agreement in principle was reached, subject to negotiation of the final terms, for the acquisition by MPIC from BTF of an approximately 10.17% interest in Meralco. The Term Sheet also deals with that acquisition.

The Term Sheet provides for the purchase by MPIC from BTF and its wholly owned subsidiary, Gallant, of a total of 113,313,389 common shares of Meralco (representing an approximately 10.17% interest in Meralco) for a total consideration of PhP14,277,487,014 (approximately US\$297.4 million and approximately HK\$2,319.7 million). The consideration for the Meralco Shares Acquisition from BTF is payable by MPIC on closing of the Meralco Shares Acquisition from BTF; and will be partly funded by the cash proceeds from the MPIC Shares Subscription by BTF. It is expected that closing of the Meralco Shares Acquisition from BTF will take place at the same time as closing of the MPIC Shares Subscription by BTF and, in any event, within 90 days from the date of the Term Sheet.

MPIC Shares Subscription by MPHI

Crogan is a wholly owned subsidiary of the Company and is currently the holder of an approximately 2.79% interest in Meralco. MPIC, MPHI and Crogan entered into a separate legally binding term sheet on 17 July, 2009 for the subscription by MPHI of 742,537,782 common shares of MPIC, for a total consideration of PhP2,598,882,237 (approximately US\$54.1 million and approximately HK\$422.0 million); which is the same price per MPIC share as that payable by BTF under the MPIC Shares Subscription by BTF. Crogan also has the option (but not the obligation) to apply the remaining amount of the consideration payable by MPIC of PhP1,316,238,651 (approximately US\$27.4 million and approximately HK\$213.7 million) to Crogan (which option may be assigned to MPHI, referred to below) for the sale and purchase of the approximately 2.79% shareholding in Meralco, in subscribing for more shares of MPIC, at the same price. Under the same term sheet, it was agreed that Crogan shall have the right to assign this option to acquire additional shares in MPIC to MPHI, provided that such option shall only be exercisable by MPHI after it has been assigned to MPHI. This would result in the issue of an additional 376,068,186 common shares of MPIC to MPHI, for a consideration of an additional PhP1,316,238,651 (approximately US\$27.4 million and approximately HK\$213.7 million).

Meralco Shares Acquisition from Crogan

Under the separate term sheet entered into between Crogan, MPHI and MPIC, MPIC shall acquire 31,072,388 common shares of Meralco (representing an approximately 2.79% interest in Meralco) from Crogan, for a total consideration of PhP3,915,120,888 (approximately US\$81.6 million and approximately HK\$636.5 million); which is the same price per Meralco share as that payable by MPIC to BTF under the Meralco Shares Acquisition from BTF. Under the same term sheet, it was agreed that Crogan shall have the option to assign its right to receive the said consideration to MPHI. The other material terms of the sale and purchase of Meralco shares by Crogan to MPIC are the same in all material respects as the terms of the Meralco Shares Acquisition from BTF.

The Meralco Shares Acquisition from Crogan and the MPIC Shares Subscription by MPHI are collectively referred to as the “Crogan Transactions”.

Listing Rules Implications

The allotment of shares by MPIC to BTF pursuant to the MPIC Shares Subscription by BTF will give rise to a deemed disposal of the Company's interest in MPIC under Rule 14.29 of the Listing Rules. The applicable percentage ratios in respect of the MPIC Shares Subscription by BTF exceed 5% but are less than 25%. Accordingly, the MPIC Shares Subscription by BTF constitutes a discloseable transaction for the Company under the Listing Rules.

The Meralco Shares Acquisition from BTF is an acquisition by the Group of an interest in Meralco. The applicable percentage ratios in respect of the Meralco Shares Acquisition from BTF exceed 5% but are less than 25%. Accordingly, the Meralco Shares Acquisition from BTF also constitutes a discloseable transaction for the Company under the Listing Rules.

Under Rule 14.24 of the Listing Rules, the Meralco Shares Acquisition from BTF and the MPIC Shares Subscription by BTF are classified by reference to the larger of the deemed disposal or the acquisition.

The Managing Director and Chief Executive Officer of the Company, Mr. Pangilinan, also serves as the Executive Chairman of PLDT and is, therefore, an executive of PLDT. As a result of his being an executive (i.e. employee) of PLDT, Mr. Pangilinan is also a beneficiary under the BTF in his capacity as an employee of PLDT. Accordingly, under Rule 1.01 of the Listing Rules, because Mr. Pangilinan is a beneficiary of BTF, BTF is an associate of his, and, therefore, a connected person of the Company. Hence, the MPIC Shares Subscription by BTF and the Meralco Shares Acquisition from BTF are each connected transactions for the Company under Rule 14A.13(1)(a) of the Listing Rules.

Mr. Pangilinan is one of over 7,500 current beneficiaries under the BTF, all of whom are qualified employees of PLDT. His accrued retirement benefit entitlement is de minimis as a percentage of total retirement benefit entitlements under the BTF, representing only approximately 0.277% of total entitlements under the BTF as at 31 December 2008. Moreover, his retirement benefit entitlements are derived solely as a result of his serving as an employee of PLDT, are determined by reference to Mr. Pangilinan's length of service and his remuneration as an executive of PLDT, and will not be affected in any way by the MPIC Shares Subscription by BTF or the Meralco Shares Acquisition from BTF. Based on those considerations, among others, an application was made to the Stock Exchange by the Company for a waiver of the requirement for the MPIC Shares Subscription by BTF and the Meralco Shares Acquisition from BTF to be approved by independent shareholders of the Company and of the requirement for the Company to send to its shareholders a circular in respect of the MPIC Shares Subscription by BTF and the Meralco Shares

Acquisition from BTF under the Listing Rules. The Stock Exchange has agreed to grant the requested waiver, in the particular circumstances of this case, waiving the requirements for the Company to obtain independent shareholders' approval, to appoint an independent board committee, to appoint an independent financial adviser and the requirement to despatch a shareholders' circular under Rules 14A.18, 14A.21 and 14A.48(2) of the Listing Rules.

Each of the percentage ratios in respect of both the deemed disposal and the acquisition elements of the Crogan Transactions is less than 5%. Accordingly, the Crogan Transactions are not required to be disclosed by the Company under the Listing Rules; the Crogan Transactions are disclosed in this announcement for shareholders' information only.

Introduction

Reference is made to the announcement (the "13 March Announcement") of First Pacific Company Limited (the "Company") dated 13 March, 2009, made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), relating to the proposed acquisitions of interests in Manila Electric Company ("Meralco"). Reference is also made to the Company's overseas regulatory announcement of today.

The directors of the Company are pleased to announce that Metro Pacific Investments Corporation ("MPIC") entered into a term sheet ("Term Sheet") with Beneficial Trust Fund ("BTF") on 17 July, 2009 in relation to the MPIC Shares Subscription by BTF (as defined below) and the Meralco Shares Acquisition from BTF (as defined below), further details of which are set out below. The Term Sheet is expressed to be legally binding but is subject to contract and the agreement by the parties of definitive agreements setting out the terms and conditions of those proposed transactions.

MPIC is a Philippine corporation which is part of the Company's group ("Group") on account of the equity interests of an affiliate of the Company. MPIC's shares are listed on the Philippine Stock Exchange ("PSE"). The Group currently has an approximately 90.3% attributable economic interest in MPIC.

BTF is the retirement fund established for the benefit of qualified employees of Philippine Long Distance Telephone Company ("PLDT"), pursuant to the benefit plan of PLDT. PLDT is a Philippine corporation having its shares listed on the PSE and its American Depositary Receipts ("ADRs") listed on the New York Stock Exchange. The Group currently has an approximately 26.5% attributable economic interest in PLDT and is its single largest shareholder. The Managing Director and Chief Executive Officer of the Company, Mr. Pangilinan, also serves as the Executive Chairman of PLDT and is, therefore, an executive of PLDT. As a result of his being an executive (i.e. employee) of PLDT, Mr. Pangilinan is also a beneficiary under the BTF in his capacity as an employee of PLDT. Accordingly, under Rule 1.01 of the Listing Rules, because Mr. Pangilinan is a beneficiary of BTF, BTF is an associate of his and hence, a connected person of the Company.

MPIC Shares Subscription by BTF

The Term Sheet contemplates that BTF will subscribe in cash for 2,707,853,432 common shares of MPIC at the price of PhP3.50 per share (approximately US\$0.073 per share and HK\$0.569 per share) (the “MPIC Shares Subscription by BTF”). The aggregate amount of the subscription price is, therefore, PhP9,477,487,012 (approximately US\$197.4 million and approximately HK\$1,539.7 million). The subscription price was agreed by BTF and MPIC following arm’s length negotiations undertaken in connection with the MPIC Shares Subscription by BTF and the Meralco Share Acquisition from BTF (as described below) and having regard to, among other things, the expected future prospects of Meralco.

The subscription price of the MPIC Shares Subscription by BTF is payable in cash by BTF to MPIC, on the date of closing under the subscription agreement to be entered into between BTF and MPIC in respect of the MPIC Shares Subscription by BTF; and in any event within 90 days from the date of the Term Sheet.

The shares in MPIC to be subscribed by BTF currently represent approximately 26.5% attributable economic interest in MPIC. Immediately following completion of the MPIC Shares Subscription by BTF and the Crogan Transactions, as described below, BTF would hold approximately 19.3% attributable economic interest in MPIC (if Metro Pacific Holdings, Inc. (“MPHI”) exercises its right to apply all of the consideration payable to it by MPIC to subscribe for shares of MPIC, as referred to below), or approximately 19.8% attributable economic interest in MPIC (if MPHI does not exercise that right).

The Group’s attributable economic interest in MPIC will be reduced from the existing approximately 90.3% to approximately 73.7% upon completion of the MPIC Shares Subscription by BTF and the Crogan Transactions (if MPHI exercises its right to apply all of the consideration payable to it by MPIC to subscribe for shares of MPIC, as referred to below); or to approximately 73.0% (if MPHI does not exercise that right).

MPIC has undertaken, subject to favourable market conditions as determined by its board of directors, to “re-launch” MPIC’s listed shares, as contemplated by the Company’s announcement dated 29 June, 2009 made pursuant to Rule 13.09 of the Listing Rules. The Term Sheet contemplates that the “re-launch” will be implemented through a public offering or share placement which will result in an offering to public shareholders of a minimum of the lower of (1) 15% of MPIC’s fully diluted equity or (2) US\$100 million (approximately HK\$780 million) in value of shares, valued at the price at which those shares are issued in the public offering or share placement. The shares to be offered would be listed on the PSE or other recognised stock exchanges and the “re-launch” is proposed to be implemented within 48 months from the date of the Term Sheet.

The Term Sheet provides that if MPIC or MPHI, which holds the Group's interest in MPIC, undertakes any equity offerings at any time after 90 days from the date of the Term Sheet, any secondary shares to be sold in such offerings may, subject to the agreement of MPIC and MPHI, include MPIC shares owned by BTF on a pro-rata basis to any shares to be sold by MPHI in the relevant secondary offering. This right of BTF to participate on a pro-rata basis in any such secondary offering shall be valid during the period beginning 6 months from the date of the Term Sheet and ending 36 months from the date of the Term Sheet (or, if earlier, the date on which BTF's interest in MPIC falls below 5% of MPIC's outstanding capital stock).

The Term Sheet also provides that if MPIC is unable to implement or complete the proposed "re-launch" due to market conditions within 48 months from the date of the Term Sheet, MPIC will commit to fully support instead an offering of the MPIC shares held by BTF in the public markets. Costs in relation to that exercise would be shared between MPIC and BTF, as appropriate.

The Term Sheet further provides that MPHI and BTF will enter into a letter agreement, in a form to be agreed between MPHI and BTF, which will govern the rights and obligations of each of MPHI and BTF as shareholders of MPIC. The rights to be granted to BTF under the letter agreement include the right to appoint a director to the board of directors of MPIC and a tag along right in respect of the shares in MPIC to be subscribed by BTF, to sell those shares with MPHI if MPHI elects to sell its shares in MPIC otherwise than in the open market or as part of the proposed "re-launch" of MPIC's shares. The Term Sheet also requires that the letter agreement will grant a right of first refusal in favour of MPHI (which can be assigned by MPHI to MPIC), in respect of any of the shares in MPIC subscribed by BTF which are intended to be sold or transferred by BTF to any third party.

The main conditions precedent to the MPIC Shares Subscription by BTF are summarised below:

1. The obligations of MPIC are subject, among other things, to the execution and delivery by MPIC and BTF of the definitive transfer agreement governing the Meralco Shares Acquisition from BTF and the approval by the board of trustees of BTF of the MPIC Shares Subscription by BTF.
2. The obligations of BTF are subject, among other things, to the execution and delivery by MPHI of the definitive letter agreement governing the rights and obligations of MPHI and BTF as shareholders of MPIC, as referred to above, the approval by the board of directors of MPIC of the MPIC Shares Subscription by BTF, the approval by the board of directors of MPIC of the listing on the PSE of the MPIC shares to be subscribed and the setting by MPIC of the price per MPIC share at which MPIC shares will be offered for subscription to investors as part of the proposed "re-launch" of MPIC's shares in the event the "re-launch" occurs within 90 days of the date of the Term Sheet.

3. Delivery of certain ancillary documents, including, among others, board resolutions and broker acknowledgment of receipt of amounts necessary to cover transaction costs.

The representations and warranties given by MPIC to BTF in the Term Sheet include a representation and warranty that MPIC will not, within a period of 90 days from the date of the Term Sheet, issue shares or other securities as part of the “re-launch” of MPIC’s shares at an issue price which is less than the subscription price paid by BTF under the MPIC Shares Subscription by BTF; or that if MPIC does so, it will compensate BTF for the difference between the aggregate subscription price paid by BTF for the shares subscribed by it under the MPIC Shares Subscription by BTF and the value of those shares at the “re-launch” issue price in the form of additional MPIC shares, to be issued at the “re-launch” issue price.

Meralco Shares Acquisition from BTF

As referred to in the 13 March Announcement, agreement in principle was reached, subject to negotiation of the final terms, for the acquisition by MPIC from BTF of an approximately 10.17% interest in Meralco. The Term Sheet also deals with that acquisition.

The Term Sheet provides for the purchase by MPIC from BTF and its wholly owned subsidiary, New Gallant Limited (“Gallant”), of a total of 113,313,389 common shares of Meralco (“Meralco Shares”) (representing an approximately 10.17% interest in Meralco) for a total consideration of PhP14,277,487,014 (approximately US\$297.4 million and approximately HK\$2,319.7 million (the “Meralco Shares Acquisition from BTF”). BTF acquired such 113,313,389 common shares of Meralco for approximately PhP91 (approximately US\$1.90 and HK\$14.82) per share and BTF’s total acquisition cost of the approximately 10.17% interest in Meralco was approximately PhP10.3 billion (approximately US\$214.6 million and approximately HK\$1,673.9 million). The consideration for the Meralco Shares Acquisition from BTF was agreed by BTF and MPIC following arm’s length negotiations undertaken in connection with the MPIC Shares Subscription by BTF and the Meralco Shares Acquisition from BTF and having regard to, among other things, the expected future prospects of Meralco. The consideration for the Meralco Shares Acquisition from BTF is payable by MPIC on closing of the Meralco Shares Acquisition from BTF; and will be partly funded by the cash proceeds from the MPIC Shares Subscription by BTF. It is expected that closing of the Meralco Shares Acquisition from BTF will take place at the same time as closing of the MPIC Shares Subscription by BTF and, in any event, within 90 days from the date of the Term Sheet.

If the consideration payable to MPIC by BTF under the MPIC Shares Subscription by BTF remains unpaid by BTF as at the date of closing of the MPIC Shares Subscription by BTF, MPIC can set off the unpaid amount against an equal amount of the consideration payable by MPIC under the Meralco Shares Acquisition from BTF.

The main conditions precedent to the Meralco Shares Acquisition from BTF are summarised below:

1. The obligations of BTF are subject to, among other things, the execution and delivery by MPIC and BTF of the relevant definitive agreements and approval by the board of directors of MPIC of the Meralco Shares Acquisition from BTF.
2. The obligations of MPIC are subject to, among other things, the approval by the board of trustees of BTF and the board of directors of Gallant of the Meralco Shares Acquisition from BTF and PSE approval for the block sale of the Meralco shares having been obtained.
3. Delivery of certain ancillary documents, including (amongst others) board resolutions and broker acknowledgment of receipt of amounts necessary to cover transaction costs.

MPIC Shares Subscription by MPHI

Crogan Limited (“Crogan”) is a wholly owned subsidiary of the Company and is currently the holder of an approximately 2.79% interest in Meralco. MPIC, MPHI and Crogan entered into a separate legally binding term sheet on 17 July, 2009 for the subscription by MPHI of 742,537,782 common shares of MPIC, for a total consideration of PhP2,598,882,237 (approximately US\$54.1 million and approximately HK\$422.0 million); which is the same price per MPIC share as that payable by BTF under the MPIC Shares Subscription by BTF. Crogan also has the option (but not the obligation) to apply the remaining amount of the consideration payable by MPIC of PhP1,316,238,651 (approximately US\$27.4 million and approximately HK\$213.7 million) to Crogan (which option may be assigned to MPHI, referred to below) for the sale and purchase of the approximately 2.79% shareholding in Meralco, in subscribing for more shares of MPIC, at the same price. Under the same term sheet, it was agreed that Crogan shall have the right to assign this option to acquire additional shares in MPIC to MPHI, provided that such option shall only be exercisable by MPHI after it has been assigned to MPHI. This would result in the issue of an additional 376,068,186 common shares of MPIC to MPHI, for an additional consideration of PhP1,316,238,651 (approximately US\$27.4 million and approximately HK\$213.7 million).

Meralco Shares Acquisition from Crogan

Under the separate term sheet entered into between Crogan, MPHI and MPIC, MPIC shall acquire 31,072,388 common shares of Meralco (representing an approximately 2.79% interest in Meralco) from Crogan, for a total consideration of PhP3,915,120,888 (approximately US\$81.6 million and approximately HK\$636.5 million); which is the same price per Meralco share as that payable by MPIC to BTF under the Meralco Shares Acquisition from BTF. Under the same term sheet, it was agreed that Crogan shall have the option to assign its right to receive the said consideration to MPHI. The other material terms of the sale and purchase of Meralco shares by Crogan to MPIC are the same in all material respects as the terms of the Meralco Shares Acquisition from BTF.

The Meralco Shares Acquisition from Crogan and the MPIC Shares Subscription by MPHI are collectively referred to as the “Crogan Transactions”.

Listing Rules Implications

The allotment of shares by MPIC to BTF pursuant to the MPIC Shares Subscription by BTF will give rise to a deemed disposal of the Company’s interest in MPIC under Rule 14.29 of the Listing Rules. The applicable percentage ratios in respect of the MPIC Shares Subscription by BTF exceed 5% but are less than 25%. Accordingly, the MPIC Shares Subscription by BTF constitutes a discloseable transaction for the Company under the Listing Rules.

The Meralco Shares Acquisition from BTF is an acquisition by the Group of an interest in Meralco. The applicable percentage ratios in respect of the Meralco Shares Acquisition from BTF exceed 5% but are less than 25%. Accordingly, the Meralco Shares Acquisition from BTF also constitutes a discloseable transaction for the Company under the Listing Rules.

Under Rule 14.24 of the Listing Rules, the Meralco Shares Acquisition from BTF and the MPIC Shares Subscription by BTF are classified by reference to the larger of the deemed disposal or the acquisition. The Company expects to record a dilution gain of approximately US\$42 million (approximately HK\$327.6 million) (prior to MPHI having exercised its option to acquire further MPIC shares, as described above) and a dilution gain of approximately US\$40 million (approximately HK\$312 million) after MPHI having exercised its option to acquire further MPIC shares, as described above), in respect of the deemed disposal arising out of the MPIC Shares Subscription by BTF. The dilution gain figures calculated are based on a measurement of the changes in the Group’s book carrying amount of MPIC.

As referred to above, the Managing Director and Chief Executive Officer of the Company, Mr. Pangilinan, also serves as the Executive Chairman of PLDT and is, therefore, an executive of PLDT. As a result of his being an executive (i.e. employee) of PLDT, Mr. Pangilinan is also a beneficiary under the BTF in his capacity as an employee of PLDT. Accordingly, under Rule 1.01 of the Listing Rules, because Mr. Pangilinan is a beneficiary of BTF, BTF is an associate of his, and, therefore, a connected person of the Company. Hence, the MPIC Shares Subscription by BTF and the Meralco Shares Acquisition from BTF are each connected transactions for the Company under Rule 14A.13(1)(a) of the Listing Rules.

Mr. Pangilinan is one of over 7,500 current beneficiaries under the BTF, all of whom are qualified employees of PLDT. His accrued retirement benefit entitlement is de minimis as a percentage of total retirement benefit entitlements under the BTF, representing only approximately 0.277% of total entitlements under the BTF as at 31 December, 2008. Moreover, his retirement benefit entitlements are derived solely as a result of his serving as an employee of PLDT, are determined by reference to Mr. Pangilinan's length of service and his remuneration as an executive of PLDT, and will not be affected in any way by the MPIC Shares Subscription by BTF or the Meralco Shares Acquisition from BTF. Based on those considerations, among others, an application was made to the Stock Exchange by the Company for a waiver of the requirement for the MPIC Shares Subscription by BTF and the Meralco Shares Acquisition from BTF to be approved by independent shareholders of the Company and of the requirement for the Company to send to its shareholders a circular in respect of the MPIC Shares Subscription by BTF and the Meralco Shares Acquisition from BTF under the Listing Rules. The Stock Exchange has agreed to grant the requested waiver, in the particular circumstances of this case, waiving the requirements for the Company to obtain independent shareholders' approval, to appoint an independent board committee, to appoint an independent financial adviser and the requirement to despatch a shareholders' circular under Rules 14A.18, 14A.21 and 14A.48(2) of the Listing Rules.

Each of the percentage ratios in respect of both the deemed disposal and the acquisition elements of the Crogan Transactions are less than 5%. Accordingly, the Crogan Transactions are not required to be disclosed by the Company under the Listing Rules; the Crogan Transactions are disclosed in this announcement for shareholders' information only.

Reasons for the proposed transactions

The Meralco Shares Acquisition from BTF and the acquisition by MPIC of the Meralco shares held by Crogan form part of MPIC's plan to acquire a strategic equity interest in Meralco. As referred to in the 13 March Announcement, the acquisition of a strategic block of Meralco shares is in line with MPIC's status as one of the Philippines' leading infrastructure companies and it is anticipated that this strategic interest in Meralco will complement MPIC's existing investment in the toll road and water sectors represented by controlling interests in Manila North Tollways Corporation and Maynilad Water Services, Inc., respectively.

BTF as a significant shareholder will strengthen MPIC's capital base.

The Company believes that there is significant potential for the uplift in the value of Meralco as its business develops along with the growth of the Philippine economy, and that by acquiring a strategic interest at this stage, the Company will in addition be able to benefit from the synergies that exist between PLDT and Meralco. It is also anticipated that there will be significant synergies with other infrastructure assets currently owned by MPIC.

The directors of the Company believe that the Meralco Shares Acquisition from BTF, the MPIC Shares Subscription by BTF and the Crogan Transactions are each on normal commercial terms and have been entered into following arms' length negotiations between the parties. The directors also believe that the terms of the Meralco Shares Acquisition from BTF, the MPIC Shares Subscription by BTF and the Crogan Transactions are fair and reasonable and in the interests of the Company's shareholders as a whole.

General

The Company is a Hong Kong-based investment and management company with operations located in Asia. The Company's principal business interests relate to Telecommunications, Consumer Food Products, Infrastructure and Natural Resources.

BTF was established pursuant to the beneficial trust plan of PLDT to meet the payment of benefits due to qualified employees under the plan in case of termination of service for the cause or causes enumerated under the Plan. The BTF is managed and administered by trustees who comprise the Board of Trustees.

MPIC is a Philippine corporation which is part of the Group on account of the equity interests of an affiliate of the Company. MPIC's shares are listed on the PSE. The Company has an approximately 90.3% attributable economic interest in MPIC. MPIC is a flagship infrastructure company in the Philippines, with holdings in water, tollways and health care enterprises.

The net assets of MPIC as at 31 December, 2008 are PhP18,924 million (approximately US\$398.2 million and approximately HK\$3,106.1 million) and the net profits of MPIC before and after taxation and extraordinary items are PhP960 million (approximately US\$21.5 million and approximately HK\$167.7 million) and PhP549 million (approximately US\$12.3 million and approximately HK\$95.8 million), respectively, for the financial year ended 31 December, 2008, and the net losses of MPIC before and after taxation and extraordinary items are PhP157 million (approximately US\$3.4 million and approximately HK\$26.7 million) and PhP110 million (approximately US\$2.4 million and approximately HK\$18.8 million), respectively, for the financial year ended 31 December, 2007.

MPHI is a Philippine affiliate of the Company in which the Company holds 100% attributable economic interest.

Neither MPIC nor MPHI are connected persons of the Company under the Listing Rules.

Meralco is a Philippine corporation with its shares listed on the PSE. It is the largest distributor of electricity in the Philippines with a service area spanning 9,337 square kilometres, where approximately a quarter of the total Philippine population resides. It has a customer base of about 4.5 million, comprising commercial, industrial and residential customers. In addition to electrical distribution, Meralco undertakes several related businesses, including operating a fiber optic network of over 1,000 kilometers and provides leased line connections, metro ethernet connections and disaster recovery transport services.

The net assets of Meralco as at 31 December, 2008 are PhP52,607 million (approximately US\$1,107.0 million and approximately HK\$8,635.0 million) and the net profits of Meralco before and after taxation and extraordinary items are PhP5,200 million (approximately US\$116.4 million and approximately HK\$907.8 million) and PhP2,800 million (approximately US\$62.7 million and approximately HK\$488.8 million), respectively, for the financial year ended 31 December, 2008, and the net profits of Meralco before and after taxation and extraordinary items are PhP6,093 million (approximately US\$132.9 million and approximately HK\$1,036.3 million) and PhP3,759 million (approximately US\$82.0 million and approximately HK\$639.3 million), respectively, for the financial year ended 31 December, 2007.

PLDT is the leading telecommunications service provider in the Philippines. It has common shares listed on the PSE and its ADRs listed on the New York Stock Exchange. It has one of the largest market capitalisations among Philippine listed companies. Through its three principal business groups, PLDT offers a wide range of telecommunications services: Wireless, Fixed Line and Information and Communications Technology. PLDT has developed the Philippines' most extensive fiber optic backbone, cellular, fixed line and satellite networks.

By Order of the Board
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and CEO

Hong Kong, 20 July, 2009

Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = Php48.00 = HK\$7.8. Percentages and figures expressed have been rounded.

As at the date of this announcement, the Board comprises the following Directors:

Anthoni Salim, *Chairman*

Manuel V. Pangilinan, *Managing Director and CEO*

Edward A. Tortorici

Robert C. Nicholson

Napoleon L. Nazareno

Ambassador Albert F. del Rosario

Sir David W.C. Tang*, *KBE*

Tedy Djuhar

Sutanto Djuhar

Ibrahim Risjad

Benny S. Santoso

Graham L. Pickles*

Prof. Edward K.Y. Chen*, *GBS, CBE, JP*

* *Independent Non-executive Directors*

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