

**Monday, 29 July 2002**

## **FIRST PACIFIC RECOMMENDS 5 POINT PLAN TO PLDT**

First Pacific has today sent a letter to each PLDT board member to initiate constructive progress on First Pacific's proposed transaction with the Gokongwei Group. This responds to comments of institutional shareholders of both First Pacific and PLDT, and to the question posed, in the Philippine press on 26th July by PLDT's spokesman, of whether First Pacific is willing to make a presentation to the PLDT board in relation to the transaction.

First Pacific's letter outlines a Five Point Plan that addresses transaction-related matters that concern PLDT and facilitates the requested presentation to the PLDT board. In summary, the Five Point Plan proposes that:

- The parties meet to jointly agree due diligence review parameters, which will be designed to address PLDT management's concerns relating to granting access to commercially sensitive information.
- The Gokongwei Group conducts due diligence within the agreed parameters, assesses its findings, and finalises a presentation to PLDT's board of directors.
- First Pacific and the Gokongwei Group negotiate and settle detailed transaction documentation, containing all agreed terms of the transaction.
- First Pacific and the Gokongwei Group meet with NTT to review final documentation and address NTT's rights under its existing shareholders' agreement with First Pacific.
- First Pacific and the Gokongwei Group make an appropriate presentation to the PLDT board of directors, which would focus on those aspects of the final agreed transaction that are of legitimate concern for the PLDT board, including abiding by PLDT's By-laws and related procedures for director nomination and election.

First Pacific's Five Point Plan encourages both First Pacific's and PLDT's boards to reach a swift and practical resolution of their respective differences. This will allow the free enterprise system, of which each company's listed shares form a part, to function once again in the manner intended and, indeed, expected by all shareholders.

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## **Extracts from First Pacific's letter of 29 July 2002 to the PLDT board**

“Both First Pacific and PLDT are public companies, whose shares are listed for the precise purpose of raising funds by encouraging the free alienation and transferability of such shares by members of the trading public and whose boards have an obligation to accommodate the constantly changing composition of their shareholder constituencies. This is the very essence of the free enterprise system and we, as directors of our respective companies, should not act in any manner that impedes the ability of our shareholders to exercise their inherent rights to buy and sell our listed shares.”

“We believe that this "Five Point Plan" will permit the boards of our two companies to focus their attention and resources upon achieving a mutually acceptable resolution of the current impasse that has arisen between PLDT's board and its largest shareholder.”

“We trust that you will receive our proposed Five Point Plan in the spirit in which it is offered by one board of directors to another, in the fulfillment of each's duty of care and fiduciary obligation to act in the best interests of the company and all of its shareholders that the boards serve. That spirit is to endeavor to initiate a constructive dialogue, in order to focus on the substantive merits of First Pacific's proposed transaction with the Gokongwei Group and to address our desire and indeed free market right in PLDT, as a public listed company, to contribute part of our shareholding to a new joint venture with the Gokongwei Group, while at the same time having proper regard to any legitimate fiduciary concerns raised by the PLDT board.”

“We would appreciate your consideration of, and receiving your early response to, our proposed Five Point Plan. Our understanding is that you have a scheduled board of directors' meeting on Tuesday, 6th August, 2002 and we trust that you will discuss our letter at that time and revert to us as soon as practicable, thereafter. If our understanding is incorrect, in any event we believe that this is a reasonable timeframe for you to consider our Five Point Plan and let us have your feedback, which we hope will be consistent with the spirit in which First Pacific has made this proposal.”