

Wednesday, 24 July 2002

FIRST PACIFIC FOCUSES ON SUBSTANTIVE MERITS OF PROPOSED TRANSACTION RATHER THAN COLLATERAL OBSTACLES

First Pacific believes that recent PLDT comments, reported in the press regarding First Pacific's disclosure of its MOA, are designed solely to divert public attention away from the transaction's merits and onto immaterial issues pertaining to the contents of the MOA, which First Pacific has already indicated is only a preliminary guideline to concluding its proposed transaction with the Gokongwei Group.

MOA disclosures materially complete; PLDT used disclosures in own U.S. filings

Several analysts and media reports, consistent with First Pacific's long-standing view, have stated that the MOA's contents add nothing material to First Pacific's 5 June 2002 public disclosures in Hong Kong, the Philippines and the United States. PLDT itself, a week before filing a U.S. lawsuit alleging "material deficiencies" in First Pacific's disclosure, summarised that same disclosure in PLDT's own U.S. SEC filings, without any management comment to shareholders on the so-called "material deficiencies" in First Pacific's disclosure.

MOA preliminary; discussion on parties irrelevant pending final documentation

On the specific issue of the actual parties to the MOA, who represent the core focus of PLDT's concerns, First Pacific reiterates that the MOA is only a preliminary document and already has disclosed that final, definitive agreements containing the transaction's complete details on parties, structure and timing will replace the MOA. First Pacific has consistently maintained that JG Summit Holdings (JGSH) was never intended to be a party to the final documentation of the proposed transaction because Mr. Gokongwei made it clear, when signing the MOA, that he only was a representative of the Gokongwei Group of companies and honorary Chairman Emeritus of JGSH, with absolutely no authority to bind JGSH. Any further PLDT commentary on JGSH's participation in the transaction accomplishes nothing more than to achieve PLDT's goal of diverting attention from the transaction's substantive merits, which PLDT has yet to address.

Transaction beneficial to PLDT, MPC and First Pacific

In focusing on the substantive merits of the transaction, First Pacific reiterates that the transaction

1. will benefit PLDT by introducing a financially strong Filipino shareholder, dedicated to reducing debt and improving operational efficiencies;
2. will benefit Fort Bonifacio by introducing an experienced and leading Filipino real estate developer - who already has plans for a six hectare mixed-use development with the current project developer - to increase the chances for enhanced values that will benefit all owners of Global City properties, as well as the creditors of Metro Pacific Corporation; and,

3. will benefit First Pacific by enabling it to monetize a portion of the US\$1.3 billion – representing Pesos 1,500 per share - that it has invested in PLDT since 1998. This decision has been taken in the context that First Pacific has not realised any capital appreciation on its PLDT shares, and has received no dividends since first quarter 2001, with no apparent prospect of dividends until at least 2005. PLDT's share price has, over time, declined such that it was Pesos 457.5 per share when First Pacific announced its transaction with the Gokongwei Group on 5 June 2002. Since then, as a result of PLDT management's uncooperative position, as well as macro factors, PLDT's share price has declined further to Pesos 325.

PLDT management should objectively evaluate transaction, clearly articulate any substantive concerns

To date, PLDT management's strategy has been to employ whatever means it believes will derail the proposed transaction, without regard for whether attacks on the transaction relate to issues of substance or collateral issues, such as the "competitor" bylaw which PLDT shareholders have not specifically approved, and which amounts to nothing more than a "poison pill" of management.

First Pacific expects, in the interests of full and fair disclosure as part of best corporate governance practice, that PLDT management objectively evaluate the merits of the proposed transaction and clearly and unambiguously explain the substantive matters – if any – that give PLDT management genuine concern as fiduciary representatives of the PLDT shareholders.

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