

Thursday, 19 July 2001

Lopez, PLDT groups sign consolidation agreement for SKYCable and Home Cable

The attached press release was distributed today by PLDT, in which First Pacific has a 24.5 per cent economic interest, and a 31.6 per cent voting interest.

The Philippine Long Distance Telephone Company (“PLDT”) is the leading supplier of domestic and international telecommunications services in the Philippines. Listed on the Philippine Stock Exchange and with ADRs listed on the New York Stock Exchange (NYSE: PHI) and the Pacific Exchange, Manila-based PLDT is actively pursuing a convergence strategy through its three principal business groups - fixed line, wireless and Internet/multi-media. These businesses provide a comprehensive menu of products and services to approximately 6.4 million subscribers across the most extensive broadband and integrated networks in the country.

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Next step towards consolidation

Lopez, PLDT groups sign consolidation agreement for SKYCable and Home Cable

Manila, Philippines, July 19, 2001 – The Philippines' two leading cable TV companies – SKYCable and Home Cable – today announced that they have taken the next step towards the consolidation of their respective cable assets by signing a “Master Consolidation Agreement” (MCA).

The new agreement follows the conclusion of the due diligence review undertaken by both parties since the signing of a preliminary agreement on April 3, 2001.

The MCA was signed Wednesday, July 18 by Oscar M. Lopez, Manuel M. Lopez and Eugenio Lopez III for the Lopez Group which controls SKYCable via Sky Vision and Manuel V. Pangilinan for PLDT and Ignatius F. Yenko for MediaQuest, the subsidiary of the retirement fund of PLDT employees which controls Home Cable via Unilink Communications Corporation.

The MCA further clarifies the manner and terms under which the economic interests of the Lopez and PLDT groups in SKY and Home will be consolidated into a new holding company which will be initially owned equally by the Lopez and PLDT groups.

The agreement also spelled out the conditions that need to be met by the two parties in order to complete and execute the consolidation of their cable assets.

These conditions include a requirement that the respective boards of directors of both the PLDT and Lopez groups shall pass resolutions authorizing the transactions contemplated in the agreement and that they also secure the necessary consents from creditors and interested third parties.

Ownership Structure

Under the agreement, the economic interest of Mediaquest and PLDT in Philippine Home Cable Holdings, Inc., which is held by Unilink, and the Lopez Group's shares in Sky Vision Corporation will be consolidated into a new holding company, to be initially owned equally by the two Groups.

In addition, convertible instruments exchangeable into shares of the new holding company to be held by the Lopez Group for its shares in SKY Vision may be offered to a strategic partner and/or financial investors who are envisaged to provide added value to the new company.

SKYCable and Home Cable started exploring the possibility of a consolidation last year when rising costs of programming on account of the peso depreciation and increased investment in network expansion and technology upgrades began to underscore the business necessity of pursuing consolidation.

The consolidation is expected to spur the development of cable TV in the country, rationalize infrastructure development, lower programming costs and provide a wider range of programming choices for viewers. It will also make possible the introduction of new cable TV technology that will enable costumers to enjoy richer content and a growing array of convergent services.

Benpres

Benpres Holdings Corporation, the publicly listed flagship of the Lopez Group has interests in communications, utilities, basic infrastructure, property development, information technology and health care. Together with ABS-CBN, it controls approximately 75 percent of Sky Vision Corporation, through Lopez, Inc. (please refer to www.benpres-holdings.com).

Central CATV, Inc./Pilipino Cable Corporation

Central CATV, Inc. (Central) and Pilipino Cable Corporation (PCC), held for Benpres by Sky Vision Corporation, offer cable TV services under the trade name SKYCable. Central's franchise areas cover Metro Manila while those of PCC cover key cities and municipalities in Cebu, Iloilo, Baguio, General Santos, Tagum, Naga, Cavite, Ilocos region, Pangasinan and Bulacan.

MediaQuest

MediaQuest is a 100-percent-owned subsidiary of the PLDT Beneficial Trust Fund. It controls 100 percent of Home Cable, Inc., through a wholly-owned subsidiary, Unilink Communications Corporation. It also holds controlling interest in Nation Broadcasting Corporation (NBC) which operates a network of 30 radio stations and an UHF TV channel.

PLDT

PLDT is the leading supplier of domestic and international telecommunications services in the Philippines. Based in Manila and listed on the Philippine Stock Exchange and the New York Stock Exchange, PLDT is actively pursuing a convergence strategy. It has three principal business groups – fixed line, wireless and Internet/multi-media – providing a comprehensive menu of products and services across the most extensive broadband and integrated networks in the country. For more information, please refer to: www.pldt.com.ph.

Home Cable

Home Cable is the second largest cable TV operator in the Philippines. It provides cable TV services in Metro Manila and the neighboring provinces in Luzon. The company is a wholly-owned subsidiary of Unilink Communications Corporation, which in turn is wholly-owned by MediaQuest Holdings, Inc.

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