



FIRST PACIFIC COMPANY LIMITED
(Incorporated in Bermuda with limited liability)

GROUP CORPORATE COMMUNICATIONS

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MPIC AND PILTEL CONSOLIDATE MERALCO HOLDINGS

The attached press release was released today in Manila by Metro Pacific Investments Corporation (“MPIC”) and Pilipino Telephone Corporation (“Piltel”).

MPIC is a Philippine listed infrastructure company in which the First Pacific Group has an approximately 55.6% economic interest through its Philippine affiliate, Metro Pacific Holdings, Inc.

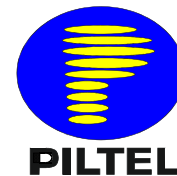
Piltel is a Philippine listed indirect subsidiary of Philippine Long Distance Telephone Company, a 26.5% owned associate of the First Pacific Group.

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Press release

MPIC AND PILTEL CONSOLIDATE MERALCO HOLDINGS

Manila, Philippines, 1st March 2010 - Metro Pacific Investments Corporation ("MPIC") (PSE : MPI) and Pilipino Telephone Corporation ("Piltel") (PSE: PLTL) today announced that they have executed an Omnibus Agreement with Rightlight Holdings, Inc. ("RHI"), a newly organized special purpose company with the sole purpose of holding their shares in Manila Electric Company ("Meralco"), and which will be renamed Beacon Electric Asset Holdings, Inc ("Beacon Electric"), pursuant to which MPIC and Piltel have agreed to restructure their current shareholdings in Meralco.

Under the Omnibus Agreement, MPIC and Piltel will consolidate 163.6 million and 154.2 million of their Meralco common shares, respectively, into Beacon Electric, thus giving Beacon Electric a 28.2% interest in Meralco and making it the single, largest shareholder of Meralco.

The consolidation of the MPIC and Piltel holdings in Meralco will also allow Beacon Electric to access debt financing for any additional purchases of Meralco shares, using its Meralco shares as security.

Beacon Electric

Beacon Electric is a corporation organized and existing under the laws of the Republic of the Philippines, which, upon the approval of the Securities and Exchange Commission of Beacon Electric's increase in authorized capital stock, will have an authorized capital stock of Php5 billion, divided into 3 billion common shares at Php1.00 per share (each a "Common Share") and 2 billion preferred shares at Php1.00 per share (each a "Preferred Share").

MPIC presently beneficially owns 25,000 common shares of Beacon Electric, with a total par value of Php 25,000.00.

Each of MPIC and Piltel has agreed to subscribe to 1,156,500,000 common shares of Beacon Electric for a subscription price of Php20.00 per share or total subscription price of Php23,130,000,000 out of the proposed increase in authorized capital stock of Beacon Electric and has agreed that the resulting equity of MPIC and Piltel after such subscription shall be fifty percent (50%) each of the outstanding common shares of Beacon Electric.

MPIC has also agreed to subscribe to 801,044,415 preferred shares of Beacon Electric, at a subscription price of Php10.00 per share or a total subscription price of Php 8,010,444,150.

The preferred shares of Beacon Electric are non-voting, redeemable by Beacon Electric and have no pre-emptive rights to any share or convertible debt securities or warrants issued by Beacon Electric. The preference shareholder is entitled to liquidation preference and yearly cumulative dividends at the rate of seven percent (7%) of the issue value subject to (a) availability of unrestricted retained earnings, and (b) no violation of dividend restrictions imposed by Beacon Electric's bank creditors.

The completion of the subscription of MPIC to 1,156,500,000 common shares and 801,044,415 preferred shares of Beacon Electric is subject to (a) MPIC Board of Directors approval, which was obtained today, (b) the approval of the shareholders of First Pacific Company Limited ("FPC"), which is expected to be obtained on March 30, 2010, and (c) full payment of the subscription price, which is expected to be made on March 30, 2010.

The completion of the subscription of Piltel to 1,156,500,000 common shares of Beacon Electric is subject to (a) Piltel Board of Directors approval, which was obtained today, (b) the approval of the shareholders of Piltel, which is expected to be obtained on May 7, 2010, (b) the approval of the shareholders of FPC, which is expected to be obtained on March 30, 2010, and (c) full payment of the subscription price, which is expected to be made in May 2010 immediately after the Piltel shareholders' approval.

Transfer of Meralco Shares to Beacon Electric

Under the Omnibus Agreement, Beacon Electric will acquire the following Meralco shares (the "Transferred Shares") for a consideration of Php150.00 per share:

- From MPIC - 163,602,961 common shares of Meralco ("MPIC Meralco Shares") or an equivalent value of Php24,540,444,150, representing approximately 14.5% of Meralco's total common shares; and
- From Piltel - 154,200,000 common shares of Meralco ("Piltel Meralco Shares") or an equivalent value of Php23,130,000,000, representing approximately 13.7% of Meralco's total common shares.

The completion of the sale of the MPIC Meralco Shares to Beacon Electric is subject to (a) MPIC Board of Directors approval, which was obtained today, (b) the approval of the Board of Directors of FPC, which was obtained today, (c) approval of the shareholders of FPC, which is expected to be obtained on March 30, 2010, and (c) release of the pledge over the MPIC Meralco Shares is expected to be obtained by March 30, 2010.

On the other hand, the completion of the sale of the Piltel Meralco Shares to Beacon Electric is subject to (a) Piltel Board of Directors approval, which was obtained today, (b) the approval of the Board of Directors of FPC, which was obtained today (c) the approval of the shareholders of Piltel, which is expected to be obtained on May 7, 2010, and (d) the approval of the shareholders of FPC, which is expected to be obtained on March 30, 2010.

Subject to rights over certain property dividends that may be declared or payable in respect of the 317,802,961 Transferred Shares, which will be assigned to FPHC if the Call Option is exercised, the rights, title and interest that will be transferred to Beacon Electric by MPIC and Piltel in respect of the foregoing 317,802,961 Transferred Shares

shall include: (a) all shares issued by Meralco by way of stock dividends on the Transferred Shares from March 1, 2010; (b) all property or cash dividends declared or paid on the Transferred Shares from March 1, 2010 ; (c) all other rights hereafter accruing on the Transferred Shares from March 1, 2010; and d) the proceeds of all of the foregoing.

Piltel may, at some future time and under such terms and conditions as may be agreed by Piltel and Beacon Electric, transfer to Beacon Electric its remaining 68,800,000 Meralco common shares.

Call Option

Under the Omnibus Agreement, MPIC has assigned its right to acquire the call option (the "Call Option") over 74,700,000 shares of Meralco common stock currently held by First Philippine Holdings Corporation ("FPHC"), representing 6.6% of the outstanding common shares of Meralco (the "Option Shares"), to Beacon Electric. As a result of this assignment, Beacon Electric and FPHC have executed an Option Agreement dated March 1, 2010 pursuant to which FPHC granted the Call Option over the Option Shares to Beacon Electric.

The Call Option is exercisable at the option of Beacon Electric during the period from March 15, 2010 to May 15, 2010.

The exercise price for the Option Shares shall be Php300 per Option Share or an aggregate exercise price of Php22,410,000,000.

An exercise of the Call Option will increase Beacon Electric's Meralco shareholdings from 28.2% to 34.8% which will result in a combined Meralco shareholding of Beacon Electric and Piltel of 40.9 %.

Subject to rights over certain property dividends that may be declared or payable in respect of the 74,700,000 shares of Meralco common stock, which will be retained by FPHC if the Call Option is exercised, the rights, title and interest that will be transferred to Beacon Electric by FPHC in respect of the Option Shares if Beacon Electric exercises the Call Option shall include: (a) all shares issued by Meralco by way of stock dividends on the Option Shares from March 1, 2010; (b) all property or cash dividends declared or paid on the Transferred Shares from March 1, 2010; (c) all other rights hereafter accruing on the Transferred Shares from March 1, 2010; and (d) the proceeds of any sale or disposition of any of the foregoing.

Property Dividends

With respect to the 317,802,961 Transferred Shares and the remaining 68,800,000 Meralco common shares held by Piltel, FPHC will have the benefit of being assigned certain property dividends that may be declared on such shares subject to Beacon exercising the Call Option.

With respect to the 74,700,000 common shares of Meralco that may be acquired by Beacon Electric in the event that the Call Option is exercised, FPHC will have the benefit of retaining certain property dividends that may be declared on such shares.

For Beacon Electric, the estimated value attributable to FPHC's potential property dividend retention is approximately PhP 2.94 per Subject Share. For MPIC and Piltel, the estimated value attributable to FPHC's potential property dividend assignment is approximately PhP 2.94 per MPIC Meralco Share and Piltel Meralco Share.

Amended Shareholders Agreement

Should Beacon Electric exercise the Call Option, the Amended, Consolidated and Restated Cooperation Agreement dated November 20, 2009 (the "Amended Shareholders Agreement") among Lopez, Inc., FPHC, First Philippine Utilities Corporation, Piltel, MPIC and Philippine Long Distance Telephone Company will be amended to include Beacon Electric as a party and provide for a pooling of votes among the parties to the Amended Shareholders Agreement in respect of matters presented for approval of the shareholders of Meralco.

If the Call Option is exercised, the Amended Shareholders Agreement will allow the Lopez Group to nominate one (1) Meralco director for their remaining 6.6% Meralco common shares while Beacon Electric and Piltel will be allowed to nominate four (4) Meralco directors. Together, the Lopez Group and Beacon Electric/Piltel will be able to nominate five (5) out of the nine (9) non-independent directors of Meralco.

Bank Syndicated Loan

In order to permit Beacon Electric to fund the exercise of the call option should it elect to exercise its rights to acquire the Option Shares, Beacon Electric has entered into a term sheet with a syndicate of banks, which is subject to contract and certain final internal approvals, under which the syndicate of banks will agree to advance up to Php 18,000,000,000 for a term of 10 years and without recourse to the shareholders of Beacon Electric. The facility, which will be secured by a certain number of Meralco shares owned or to be acquired by Beacon Electric, will be divided into a fixed rate tranche of Php11.8 billion and a floating rate tranche of up to Php6.2 billion.

MPIC Convertible Bond

In addition, to permit MPIC to partially fund the payment of the subscription price for the Common and Preferred Shares of Beacon Electric, a Philippine associate of FPC has agreed, subject to contract, to subscribe to a Php 6,600,000,000 Convertible Bond of MPIC on the following terms: (a) tenor of 3 years; (b) senior, unsecured status (c) interest rate of 4.5% per annum; (d) yield to maturity at 5.5% per annum; (e) conversion rights beginning the 13th month; (f) conversion price of Php3.25; and, (g) other customary terms including forced redemption mechanism and dividend protection.

Governance Arrangements

Both MPIC and Piltel shall be entitled to each nominate two (2) of the five (5) directors of the Beacon Electric Board. MPIC and Piltel Chairman Manuel V. Pangilinan will be the fifth director.

A quorum for the transaction of corporate business shall require the presence of both a Piltel and an MPIC nominee and certain transactions relating to Meralco or other

material corporate changes shall require the affirmative votes of a nominee director from each of Piltel and MPIC.

“Both MPIC and Piltel consider their Meralco stakes as a strategic investment and their consolidation in Beacon Electric allows them to strengthen their ownership and maximize returns over the long-term”, stated **Manuel V. Pangilinan, MPIC and Piltel Chairman.**

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