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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 FOLLOW UP ANNOUNCEMENT – THE ENTERING INTO OF DEFINITIVE AGREEMENTS

(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 announcements dated 13 March 2009 and dated 20 July 2009. Reference is also made to the Company’s announcement dated 21 September 2009, relating to the disposal of interest in MPIC by the Company as a result of the “re-launch” of the shares of MPIC by way of a public offering with an Over-Allotment Option in the amount of up to US\$300 million (approximately HK\$2,340 million). The Proposed Offering (excluding the Over-Allotment Option) closed on 25 September 2009.

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The Company announced in the July Announcement the entering into of the BTF Term Sheet and the Crogan Term Sheet on 17 July 2009. The BTF Term Sheet and the Crogan Term Sheet are expressed to be legally binding but are subject to contract and agreement by the parties of definitive agreements setting out the terms and conditions of the proposed transactions.

Following completion of the Proposed Offering, the Company is pleased to announce that the parties have entered into the following Definitive Agreements on 2 October 2009 which supercede the BTF Term Sheet and the Crogan Term Sheet:

1. BTF-MPIC Share Subscription Agreement;
2. Letter Agreement;
3. BTF-MPIC SPA;
4. MPHI-MPIC Subscription Agreement; and
5. Crogan-MPIC SPA.

BTF-MPIC Share Subscription Agreement

Under the BTF-MPIC Share Subscription Agreement, it is agreed that BTF will subscribe in cash for 3,159,162,338 common shares of MPIC at the aggregate consideration of PhP9,477,487,014 (approximately US\$201.6 million and HK\$1,572.9 million); i.e., PhP3.00 (approximately US\$0.0638 and HK\$0.498) per share. The closing of the MPIC Shares Subscription by BTF shall take place on the earlier of 90 days from 17 July 2009 or 10 business days from the closing of the Proposed Offering.

Immediately following completion of the Proposed Offering (assuming full exercise of the Over-Allotment Option), the MPIC Shares Subscription by BTF and the Crogan Transactions (as described below), BTF would hold approximately 16.2% attributable economic interest in MPIC.

The Group's attributable economic interest in MPIC will be reduced from approximately 61.5% upon completion of the Proposed Offering (assuming full exercise of the Over-Allotment Option) to approximately 54.1% upon completion of the MPIC Shares Subscription by BTF and the Crogan Transactions (as described below).

Shareholders should note that the main difference in respect of the terms of the BTF Term Sheet and the BTF-MPIC Share Subscription Agreement in respect of the MPIC Shares Subscription by BTF is that the number of MPIC Shares to be subscribed by BTF is now 3,159,162,338 instead of 2,707,853,432 as a result of the alignment of the subscription price with the offer price of PhP3.00 (approximately US\$0.0638 and HK\$0.498) under the Proposed Offering pursuant to the BTF Term Sheet.

Letter Agreement

MPHI and BTF also entered into the Letter Agreement which governs the rights and obligations of each of MPHI and BTF as shareholders of MPIC. The Letter Agreement provides that BTF shall have the right to appoint director to the board of directors of MPIC on the basis of its shareholding in MPIC. BTF will appoint one director to the board of MPIC after the completion of the MPIC Shares Subscription by BTF. The Letter Agreement also provides for a tag along right in respect of the shares in MPIC to be subscribed by BTF, to sell those shares on a pro rata basis with MPHI if MPHI elects to sell its shares in MPIC otherwise than in the open market. The Letter Agreement also grants 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 terms of the Letter Agreement are materially the same as those described in the July Announcement.

BTF-MPIC SPA

Under the BTF-MPIC SPA, MPIC will acquire from BTF and its wholly owned subsidiary, Gallant, of a total of 113,313,389 common shares of Meralco (representing an approximately 10.16% interest in Meralco) for a total consideration of PhP14,277,487,014 (approximately US\$303.8 million and approximately HK\$2,369.5 million), partly funded by the cash proceeds from the MPIC Shares Subscription by BTF. The closing of the Meralco Shares Acquisition from BTF shall take place on the earlier of 90 days from 17 July 2009 or 10 business days from the closing of the Proposed Offering.

MPHI-MPIC Share Subscription Agreement

Under the MPHI-MPIC Share Subscription Agreement, it is agreed that MPHI will subscribe for 1,305,040,296 common shares of MPIC at the same price per MPIC share as that payable by BTF under the MPIC Shares Subscription by BTF, for a total consideration of PhP3,915,120,888 (approximately US\$83.3 million and approximately HK\$649.7 million). The closing of the MPIC Shares Subscription by MPHI shall take place on the earlier of 90 days from 17 July 2009 or 10 business days from the closing of the Proposed Offering.

Crogran-MPIC SPA

Crogran is a wholly owned subsidiary of the Company. Under the Crogran-MPIC SPA, MPIC will acquire 31,072,388 common shares of Meralco (representing an approximately 2.79% interest in Meralco) from Crogran for a total consideration of PhP3,915,120,888 (approximately US\$83.3 million and approximately HK\$649.7 million); which is the same price per Meralco share as that payable by MPIC to BTF under the Meralco Shares Acquisition from BTF.

The Crogran-MPIC SPA also provides that Crogran shall have the option (but not the obligation) to apply the Balance Payment payable by MPIC of PhP1,316,238,651 (approximately US\$28.0 million and approximately HK\$218.4 million) to Crogran (which option shall be assignable to MPHI) for the sale and purchase of the approximately 2.79% shareholding in Meralco, in subscribing for more shares of MPIC, at the same price.

Save for the increase of the number of shares to be subscribed by MPHI as a result of the alignment of the subscription price with the offer price of PhP3.00 (approximately US\$0.0638 and HK\$0.498) under the Proposed Offering pursuant to the Crogran Term Sheet and the fact that the assignment of the Crogran Option is now a condition precedent to the MPHI-MPIC Share Subscription Agreement so that the subscription by Crogran of further shares in MPIC pursuant to the Crogran Option is certain, the terms of the Crogran Transactions are materially the same as those set out in the Crogran Term Sheet and described in the July Announcement.

Listing Rules Implications

Save for the change in the size of the dilution gain expected to be recorded by the Company, shareholders should note the paragraph under the heading of “Listing Rules Implications” set out in the July Announcement remain the same.

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\$14 million (approximately HK\$109.2 million), in respect of the deemed disposal arising out of the MPIC Shares Subscription by BTF.

As referred to in the July Announcement and below, 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 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 requirement 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, 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.

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Reasons for the proposed transactions

Shareholders should note the reasons for the proposed transactions set out in the July Announcement have remained unchanged.

Directors' views

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

Introduction

Reference is made to the announcements dated 13 March 2009 ("March Announcement") and dated 20 July 2009 ("July Announcement") of First Pacific Company Limited (the "Company"). Reference is also made to the Company's announcement dated 21 September 2009, relating to the disposal of interest in Metro Pacific Investments Corporation ("MPIC") by the Company as a result of the "re-launch" of the shares of MPIC by way of a public offering with an over-allotment option (the "Over-Allotment Option") in the amount of up to US\$300 million (approximately HK\$2,340 million) (the "Proposed Offering"). The Proposed Offering (excluding the Over-Allotment Option) closed on 25 September 2009.

The Company announced in the July Announcement the entering into of two terms sheets between (1) MPIC and Beneficial Trust Fund ("BTF") (the "BTF Term Sheet") and (2) MPIC, Metro Pacific Holdings, Inc. ("MPHI") and Crogan Limited ("Crogan") (the "Crogan Term Sheet") on 17 July 2009. The BTF Term Sheet and the Crogan Term Sheet are expressed to be legally binding but are subject to contract and agreement by the parties of definitive agreements setting out the terms and conditions of the proposed transactions.

Following completion of the Proposed Offering, the Company is pleased to announce that the parties have entered into the following definitive agreements ("Definitive Agreements") on 2 October 2009 which supercede the BTF Term Sheet and the Crogan Term Sheet:

1. a subscription agreement between MPIC and BTF in respect of shares in MPIC ("BTF-MPIC Share Subscription Agreement");

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2. a letter agreement issued by MPHI in favour of BTF clarifying the rights and obligations of BTF and MPHI in relation to each other as shareholders of MPIC (the “Letter Agreement”);
3. a sale and purchase agreement between MPIC and BTF in respect of shares in Manila Electric Company (“Meralco”) (“BTF-MPIC SPA”);
4. a subscription agreement between MPIC and MPHI in respect of shares in MPIC (“MPHI-MPIC Subscription Agreement”); and
5. a sale and purchase agreement between MPIC and Crogan in respect of shares in Meralco (“Crogan-MPIC SPA”).

BTF-MPIC Share Subscription Agreement

Under the BTF-MPIC Share Subscription Agreement, it is agreed that BTF will subscribe in cash for 3,159,162,338 common shares of MPIC at the aggregate consideration of PhP9,477,487,014 (approximately US\$201.6 million and HK\$1,572.9 million); i.e., PhP3.00 (approximately US\$0.0638 and HK\$0.498) per share (the “MPIC Shares Subscription by BTF”). The closing of the MPIC Shares Subscription by BTF shall take place on the earlier of 90 days from 17 July 2009 or 10 business days from the closing of the Proposed Offering.

Immediately following completion of the Proposed Offering (assuming full exercise of the Over-Allotment Option), the MPIC Shares Subscription by BTF and the Crogan Transactions (as described below), BTF would hold approximately 16.2% attributable economic interest in MPIC.

The Group’s attributable economic interest in MPIC will be reduced from the existing approximately 61.5% upon completion of the Proposed Offering (assuming full exercise of the Over-Allotment Option) to approximately 54.1% upon completion of the MPIC Shares Subscription by BTF and the Crogan Transactions (as described below).

The BTF-MPIC Share Subscription Agreement also provides that if MPIC or MPHI, undertakes any equity offerings (other than an old-for-new placement) at any time after 90 days from 17 July 2009, any secondary shares to be sold in such offerings may, subject to the agreement of MPIC and MPHI, include the 3,159,162,338 common shares, which are the subject of the MPIC Shares Subscription 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 17 July 2009 and ending on the third anniversary of that date (or, if earlier, the date on which BTF’s interest in MPIC falls below 5% of MPIC’s outstanding capital stock).

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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 BTF-MPIC SPA 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 Letter Agreement, the approval by the board of directors of MPIC of the MPIC Shares Subscription by BTF, the listing on the Philippine Stock Exchange (“PSE”) of the MPIC shares to be subscribed.
3. Delivery of certain ancillary documents, including, among others, board resolutions and broker acknowledgment of receipt of amounts necessary to cover transaction costs.

Shareholders should note that the main difference in respect of the terms of the BTF Term Sheet and the BTF-MPIC Share Subscription Agreement in respect of the MPIC Shares Subscription by BTF is that the number of MPIC Shares to be subscribed by BTF is now 3,159,162,338 instead of 2,707,853,432 as a result of the alignment of the subscription price with the offer price of PhP3.00 (approximately US\$0.0638 and HK\$0.498) under the Proposed Offering pursuant to the BTF Term Sheet.

Letter Agreement

MPHI and BTF also entered into the Letter Agreement which governs the rights and obligations of each of MPHI and BTF as shareholders of MPIC. The Letter Agreement provides that BTF shall have the right to appoint director to the board of directors of MPIC on the basis of its shareholding in MPIC. BTF will appoint one director to the board of MPIC. The Letter Agreement also provides for a tag along right in respect of the shares in MPIC to be subscribed by BTF, to sell those shares on a pro rata basis with MPHI if MPHI elects to sell its shares in MPIC otherwise than in the open market. The Letter Agreement also grants 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 terms of the Letter Agreement are materially the same as those described in the July Announcement.

BTF-MPIC SPA

Under the BTF-MPIC SPA, MPIC will acquire 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 10.16% interest in Meralco) for a total consideration of PhP14,277,487,014 (approximately US\$303.8

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million and approximately HK\$2,369.5 million) (the “Meralco Shares Acquisition from BTF”), partly funded by the cash proceeds from the MPIC Shares Subscription by BTF. The closing of the Meralco Shares Acquisition from BTF shall take place on the earlier of 90 days from 17 July 2009 or 10 business days from the closing of the Proposed Offering.

BTF acquired such 113,313,389 common shares of Meralco for approximately PhP91 (approximately US\$1.94 and HK\$15.1) per share and BTF’s total acquisition cost of the approximately 10.16% interest in Meralco was approximately PhP10.3 billion (approximately US\$219.1 million and approximately HK\$1,709.4 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.

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 MPHI of the Letter Agreement, the execution and delivery by MPIC of a written undertaking to be bound by the terms and conditions of certain existing agreements entered into by BTF, PSE approval for the block sale of the Meralco shares having been obtained, 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 documentary stamp duty.

The terms of the Meralco Shares Acquisition from BTF are materially the same as those set out in the BTF Term Sheet and described in the July Announcement.

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MPHI-MPIC Share Subscription Agreement

Under the MPHI-MPIC Share Subscription Agreement, it is agreed that MPHI will subscribe for 1,305,040,296 common shares of MPIC at the same price per MPIC share as that payable by BTF under the MPIC Shares Subscription by BTF, for a total consideration of PhP3,915,120,888 (approximately US\$83.3 million and approximately HK\$649.7 million) (the “MPIC Shares Subscription by MPHI”). The closing of the MPIC Shares Subscription by MPHI shall take place on the earlier of 90 days from 17 July 2009 or 10 business days from the closing of the Proposed Offering.

The main conditions precedent to the MPIC Shares Subscription by MPHI are:

1. The obligations of MPIC are subject to, among other things, Crogan having assigned and MPHI having accepted the right of Crogan to receive the aggregate purchase price from MPIC under the Crogan-MPIC SPA, including the option of Crogan to utilise the Balance Payment (as describe below) to subscribe to such number of common shares of MPIC at PhP3.00 (approximately US\$0.0638 and approximately HK\$0.498) per share (the “Crogan Option”), the execution and delivery by Crogan of the Crogan-MPIC SPA, the delivery by MPHI of a written notice of its intention to exercise the Crogan Option and the approval of the MPIC Shares Subscription by MPHI by the board of directors of MPHI.
2. The obligations of MPHI are subject to, among other things, the approval by the board of directors of MPIC of execution and delivery of the MPHI-MPIC Share Subscription Agreement and the Crogan-MPIC SPA and the listing of the 1,305,040,296 common shares of MPIC on the PSE.
3. Delivery of certain ancillary documents, including, among others, board resolutions and broker acknowledgment of receipt of amounts necessary to cover transaction costs.

Crogan-MPIC SPA

Crogan is a wholly owned subsidiary of the Company. Under the Crogan-MPIC SPA, MPIC will 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\$83.3 million and approximately HK\$649.7 million); which is the same price per Meralco share as that payable by MPIC to BTF under the Meralco Shares Acquisition from BTF (the “Meralco Shares Acquisition from Crogan”).

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The Crogan-MPIC SPA also provides that Crogan shall have the option (but not the obligation) to apply the remaining amount of the consideration payable by MPIC of PhP1,316,238,651 (“Balance Payment”) (approximately US\$28.0 million and approximately HK\$218.4 million) to Crogan (which option shall be assignable to MPHI) for the sale and purchase of the approximately 2.79% shareholding in Meralco, in subscribing for more shares of MPIC, at the same price.

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

1. The obligations of Crogan are subject to, among other things, MPIC having obtained relevant bank consents in respect of the Meralco Shares Acquisition from Crogan, the delivery by MPIC of the duly executed MPHI-MPIC Share Subscription Agreement, PSE approval for the block sale of the Meralco shares having been obtained and approval by the board of directors of MPIC of the Meralco Shares Acquisition from Crogan.
2. The obligations of MPIC are subject to, among other things, Crogan having secured relevant bank consents in respect of the Meralco Shares Acquisition from Crogan, PSE approval for the block sale of the Meralco shares having been obtained by Crogan, the execution and delivery by MPHI of the MPHI-MPIC Share Subscription Agreement and approval by the board of directors of Crogan of the Meralco Shares Acquisition from Crogan.
3. Delivery of certain ancillary documents, including, amongst others, board resolutions and broker acknowledgment of receipt of amounts necessary to cover documentary stamp duty.

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

Save for the increase of the number of shares to be subscribed by MPHI as a result of the alignment of the subscription price with the offer price of PhP3.00 (approximately US\$0.0638 and HK\$0.498) under the Proposed Offering pursuant to the Crogan Term Sheet and the fact that the assignment of the Crogan Option is now a condition precedent to the MPHI-MPIC Share Subscription Agreement so that the subscription by Crogan of further shares in MPIC pursuant to the Crogan Option is certain, the terms of the Crogan Transactions are materially the same as those set out in the Crogan Term Sheet and described in the July Announcement.

Listing Rules Implications

Save for the change in the size of the dilution gain expected to be recorded by the Company, shareholders should note the paragraph under the heading of “Listing Rules Implications” set out in the July Announcement remain the same.

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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\$14 million (approximately HK\$109.2 million), in respect of the deemed disposal arising out of the MPIC Shares Subscription by BTF.

As referred to in the July Announcement and below, the Managing Director and Chief Executive Officer of the Company, Mr. Pangilinan, also serves as the executive Chairman of Philippine Long Distance Telephone Company ("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 its shareholders a circular in respect of the MPIC Shares Subscription by BTF and

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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 requirement 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, 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

Shareholders should note the reasons for the proposed transactions set out in the July Announcement have remained unchanged.

The Meralco Shares Acquisition from BTF and the Meralco Shares Acquisition from Crogan form part of MPIC's plan to acquire a strategic equity interest in Meralco. As referred to in the 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.

Directors' views

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

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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, Infrastructure, Consumer Food Products and Natural Resources.

BTF is the retirement fund established for the benefit of qualified employees 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. 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 holds approximately 26.5% of the common shares of 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.

MPHI is a Philippine affiliate of the Company in which the Company holds 100% attributable economic interests. Neither MPIC nor MPHI are connected persons of the Company under the Listing Rules.

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 61.5% attributable economic interest in MPIC (assuming full exercise of the Over-Allotment Option). 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 30 June 2009 are PhP20,691 million (approximately US\$429.9 million and approximately HK\$3,353.2 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.

Not for distribution in the United States

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 30 June 2009 are PhP54,719 million (approximately US\$1,136.9 million and approximately HK\$8,867.8 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\$1036.3 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, 5 October 2009

Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = Php47.0 = HK\$7.8. Percentages and figures expressed have been rounded.

Not for distribution in the United States

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*

This announcement is not an offer for sale of securities in the United States. The securities referred to herein (the “Securities”) have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be sold in the United States absent registration or an exemption from registration under the Securities Act. The issuer of the Securities does not intend to register any part of the offering in the United States or to conduct a public offering of Securities in the United States.

Not for distribution in the United States