SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **May 25, 2009**
   Date of Report

2. SEC Identification Number **19073** 3. BIR Tax Identification No. **350-000-288-698**

4. **FIRST PHILIPPINE HOLDINGS CORPORATION**
   Exact name of issuer as specified in its charter

5. **N/A**
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code:

7. **6th Flr., Benpres Bldg., Meralco Ave. cor. Exchange Road, Pasig City** **1600**
   Address of principal office Postal Code

8. **2-631-8024**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Total Outstanding Shares	**590,448,831 shares** (As of May 15, 2009)
Preferred Shares	**43,000,000**

11. Indicate the item numbers reported herein: **Item No. 4**

Item 4

At the annual meeting of the stockholders held on May 25, 2009, the persons named herein were elected as members of the Board of Directors of First Philippine Holdings Corporation (the "Corporation"):

Name	*Nationality*	*Address*
Mr. Augusto Almeda-Lopez	Filipino	35 Joaquin Street, San Lorenzo Village Makati City
*Mr. Cesar B. Bautista	Filipino	1914 Kamias St., Dasmariñas Village, Makati City
Mr. Thelmo Y. Cunanan	Filipino	48 Manila St., Bonifacio Village Pasong Tamo, Quezon City
Mr. Jose P. De Jesus	Filipino	30 Mangyan Road, La Vista, Quezon City
Mr. Peter D. Garrucho, Jr.	Filipino	44 Roseville St., White Plains, Quezon City
*Mr. Oscar J. Hilado	Filipino	112 Mariposa Loop, Cubao, Quezon City
Mr. Elpidio L. Ibañez	Filipino	687 Michigan St., Greenhills East Mandaluyong City
Mr. Eugenio L. Lopez III	Filipino	Biak na Bato cor. Rizal Street, Ayala Heights Quezon City
Mr. Federico R. Lopez	Filipino	43B Rizal Tower, 31 Residential Drive Rockwell Center, Makati City
Mr. Manuel M. Lopez	Filipino	The Bustle Penthouse, Rizal Tower Residential Drive, Rockwell Center, Makati City
Mr. Oscar M. Lopez	Filipino	672 Notre Dame, Wack-Wack Village Greenhills, Mandaluyong City
*Chief Justice Artemio V. Panganiban	Filipino	1203 Acacia St., Dasmariñas Village, Makati City
*Mr. Vicente T. Paterno	Filipino	Unit 16A Hidalgo Places Rockwell Center, Makati City
Mr. Ernesto B. Rufino, Jr.	Filipino	29 Banaba Road, South Forbes Park, Makati City
*Mr. Washington Z. Sycip	Filipino	60 Cambridge Circle, North Forbes Park, Makati City

***Independent Directors**

At the Organizational Meeting of the Board of Directors held on May 25, 2009, the following persons were elected officers as well as Chairman and Members of the Board Committees of the Corporation:

Oscar M. Lopez	Chairman of the Board & Chief Executive Officer
Augusto Almeda-Lopez	Vice Chairman
Elpidio L. Ibañez	President & Chief Operating Officer
Federico R. Lopez	Managing Director for Energy
Francis Giles B. Puno	Senior Vice President/Treasurer & Chief Finance Officer
Arthur A. De Guia	Managing Director for Manufacturing & Portfolio Investments Group
Fiorello R. Estuar	Head of Infrastructure Business Development
Danilo C. Lachica	Senior Vice President
Richard B. Tantoco	Senior Vice President
Perla R. Catahan	Vice President/Comptroller
Ramon T. Pagdagdagan	Vice President/Internal Auditor
Anthony M. Mabasa	Vice President
Leonides U. Garde	Vice President
Ricardo B. Yatco	Vice President
Hector Y. Dimacali	Vice President
Victor Emmanuel B. Santos, Jr.	Vice President
Oscar R. Lopez, Jr.	Vice President
Benjamin R. Lopez	Vice President
Ariel C. Ong	Vice President
Elizabeth M. Canlas	Vice President
Enrique I. Quiason	Corporate Secretary/Compliance Officer
Rodolfo R. Waga, Jr.	Vice President/Asst. Corp. Secretary/ Asst. Compliance Officer

<u>Executive Committee</u>

Mr. Oscar M. Lopez, Chairman
Mr. Augusto Almeda-Lopez, Member
Mr. Elpidio L. Ibañez, Member

<u>Audit Committee</u>

Mr. Oscar J. Hilado, Chairman*
Mr. Washington Z. Sycip, Member*
Mr. Peter D. Garrucho, Jr., Member
Mr. Augusto Almeda-Lopez, Member

<u>Compensation and Remuneration Committee</u>

Oscar M. Lopez, Chairman
Washington Z. Sycip, Member*
Vicente T. Paterno, Member*

<u>Committee to review/set the Chairman/Chief Executive Officer's compensation and remuneration</u>

Augusto Almeda-Lopez, Chairman
Washington Z. Sycip, Member*
Vicente T. Paterno, Member*

* Independent Director

Nomination and Election Committee

Mr. Oscar M. Lopez, Chairman
Mr. Manuel M. Lopez, Member
Mr. Vicente T. Paterno, Member*
Mr. Washington Z. Sycip, Member*
Mr. Oscar J. Hilado, Member*

Finance and Investment Committee

Mr. Oscar M. Lopez, Chairman
Mr. Thelmo Y. Cunanan, Member
Mr. Jose P. De Jesus, Member
Mr. Peter D. Garrucho, Jr., Member
Mr. Eugenio L. Lopez III, Member
Mr. Federico R. Lopez, Member

Risk Management Committee

Chief Justice Artemio V. Panganiban, Chairman*
Amb. Cesar B. Bautista, Member*
Mr. Ernesto B. Rufino, Jr., Member

Item 9

The following amendments to the By-Laws were approved. The amendments, which are underscored, cover the following:

ARTICLE I, SECTION 7:

> Section 7. Voting - Except as otherwise provided by law, each stockholder of record shall be entitled at every meeting of stockholders to one vote for each share of stock outstanding in his name on the stock & transfer books of the Corporation. In the election of directors each stockholder entitled to vote for directors may accumulate and distribute his votes in accordance with the provisions of law applicable in such case. The stockholders may delegate in writing their right to vote and unless otherwise expressed, such delegation or proxy shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary of the Corporation not later than ~~five (5) working~~ ***ten (10)*** days before the time set for the meeting .

ARTICLE II, SECTION 3 (LAST PARAGRAPH):

> "xxx xxx xxx
>
> For the proper implementation of this provision, all nominations for the election of Directors by the stockholders shall be submitted in writing to the nomination and election committee ~~a week prior to the regular Board Meeting~~ ***at least sixty (60) days*** before the scheduled date of the annual stockholders' meeting. ***If the said day is a legal holiday or a non-working day, then the deadline would be on the following business day***."

With respect to the delegation of the power or authority to amend the By-Laws to the Board of Directors, over 64%, or more than a majority, of the outstanding capital stock were in favor of the

* Independent Director

measure. However, this fell short of the 66 2/3 vote required by the law and this matter was deemed not passed.

Please find attached herewith a copy each of the speeches of Chairman & CEO Oscar M. Lopez and President & COO Elpidio L. Ibañez.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FIRST PHILIPPINE HOLDINGS CORPORATION
Issuer

May 25, 2009

FRANCIS GILES B. PUNO
Chief Information Officer

OPENING REMARKS
of
OSCAR M. LOPEZ
Chairman & CEO

on the occasion of
FIRST PHILIPPINE HOLDINGS CORPORATION's
47th Annual Stockholders' Meeting

held at the
Meralco Theater
on May 25, 2009

Fellow Stockholders and Staff-members,
Partners, Friends and Other Stakeholders of First Philippine Holdings Corporation,
Ladies and Gentlemen:

Good afternoon to all of you and welcome to our 47th Annual Stockholders' Meeting. There are many things we have to cover this afternoon and, should you have questions about aspects of our businesses and financial results, we will do our best to provide you satisfactory answers. So let's go straight to the business at hand.

First, I would like to assure myself that all of you who are stockholders of First Holdings have received your copy of our full audited financial statements, consisting of the accounts, the notes thereto and the management discussion and analysis. If, for any reason, you have not received your copy of our audited statements, then kindly call the attention of one of our roving staff-members so that they can furnish you a copy.

As a brief aside, First Holdings rated among the top Philippine companies in the 4th Corporate Governance Scorecard for Publicly Listed Companies conducted by the Institute of Corporate Directors. We attained a score of 97%, compared with the score of 84 that we received in 2007, and while we are not informed precisely where we rank among the 169 companies that were reviewed. The top companies garnered a score of 99%, so we are not too far from the top. One of the key criteria to scoring well is the extent and completeness of our disclosures as an element of transparency. You will note that as our standards of disclosure become more complex and comprehensive, our financial reports become thicker. I think this is the thickest report we have provided to you thus far. Expect an even thicker one next year as we try for a rating of 100.

Another point of clarification. As your Chairman and Chief Executive, it is my duty to report to you on the strategic considerations and actions that we have taken during the year under review, and that we continue to take, as well as on other matters that are important to us. Our President, Elpidio L. Ibañez, will then render a more detailed report on the key financial and operating aspects of our performance.

Looking back on 2008, three major events that have greatly influenced our corporation stand out.

- First, the global financial crisis and consequent recession came upon us with unexpected suddenness during the last quarter of 2008. The world had not seen a financial crisis of this magnitude and severity since the US depression that began in the 1929, one that has long been buried in history. As a result, no one knew what to do, or how to react, when the crisis descended upon us last year. Even now, the world's leading economic powers are searching for what might work to stimulate their economies and to restore confidence to their markets. No one has complete answers and we wait with baited breath to see what will happen. So far, the Philippines seems to have been spared the worst effects, but has nonetheless felt the global recession through major drops in export revenues and in foreign direct investments.

- The second major event was our divestment of our tollroad business through the sale of our equity interest in First Philippine Infrastructure Inc. or North Luzon Expressway. This was a necessary part of our defense of our investment in Meralco.

- And the third major event is our divestment of sixty percent of our equity interest in Meralco itself, amounting to 20% of the outstanding shares of the utility, to be consummated on or before August. This will reduce our stake in Meralco to 13.4%.

The latter two events are related, so I will discuss them first. After I have done that, I will then talk about where our portfolio of businesses is today, and how we expect to manage our way through the global economic crisis.

At the start of 2007, First Holdings directly owned 17.7% of the outstanding shares of Meralco, comprising what had been returned to the Corporation under a Supreme Court ruling in 1991 and additional shares that we had gradually been able to accumulate since then. But because of an agreement with Union Fenosa of Spain, we controlled, directly or indirectly, an aggregate of 26.8% of the outstanding shares of Meralco. While the combined ownership interest was by no means a majority, it was the single largest block of shares privately-owned and -controlled, and it was enough for us to be able to retain management control of Meralco under normal conditions.

In 2007, however, two things threatened this *status quo*. Union Fenosa had never realized the returns that it had expected from its investment in Meralco, and had expressed a desire to divest its shares in order to concentrate on its investments elsewhere in the world. At the same time, we became aware that there were hostile investors determined to acquire a controlling block of shares in Meralco in order to displace us from its management and to reduce First Holdings to the role of a passive investor in the utility, with absolutely no say in the way the utility was going to run itself.

We decided that we could not allow this to happen. If we allowed ourselves to be diluted to a passive investor's position, with neither participation nor a veto right in the decision-making of Meralco, then the value of our stake in Meralco would be permanently impaired and eroded. We would not be able to influence its dividend policy; nor would we be able to ensure that the proper decisions would be taken to enhance the utility's value, not only in the service it renders to its consumers and communities, but also in how it is regarded by the financial markets. Even if we subsequently decided to divest our interest in Meralco, we would have to do so from a position of weakness and would not, therefore, be able to command a good price for our shares. We also felt that if we were totally marginalized at Meralco, we would not be able to safeguard its vital role in the power industry.

We had to move, and we did so by acquiring Union Fenosa's stake in Meralco. But this was not enough because it still left us vulnerable. Hence, we also negotiated to acquire part of the stake in Meralco held by the Meralco Employees' Pension Fund amounting to 6.6%. Combined, these acquisitions enabled us to raise our equity stake in Meralco to 33.4%, enough for a power of veto in major decisions. The acquisitions did not come cheap – in all, it cost us approximately P19.6 Billion to increase our stake in Meralco, depleting our cash reserves and forcing us to use up borrowing capacity. At the time, we felt that increasing our share in Meralco also made good business sense because of the imminent switch, under the EPIRA Law, to a performance based rate-setting mechanism, or "PBR", which would allow for a more predictable and regular return for Meralco. Unfortunately, it is only recently that PBR has been allowed to take effect. The delay effectively denied Meralco a rate increase since 2003.

It turned out that our fears were entirely justified. During the annual stockholders' meeting of Meralco in May 27, 2008, the GSIS, under Winston Garcia, attempted to wrest management control of Meralco by hook or by crook, by seeking to prevent First Holdings from voting its shares and its proxies, during the process of electing Meralco's new Board. Further, this intervention was abetted by an improper and illegitimate ruling on the part of the Securities Exchange Commission, one that has since been completely repudiated by the Supreme Court which upheld Meralco against GSIS. I do not know if such a brazen attempt to seize control, using fair means or foul, of one of the country's largest companies has ever been attempted before other than during the martial law period. But it is symptomatic of what is going on in the country today. Not too long thereafter, we learned that GSIS had sold its investment in Meralco to San Miguel Corporation, which used friendlier tactics in winning over Meralco.

During the second half of 2007, another major event took place that was not directly related to the goings-on at Meralco, but would have a major impact on our defense of Meralco. Our subsidiary and sectoral holding company, First Gen Corporation, won the privatization bidding for PNOC-EDC, the country's leading and the world's second largest geothermal resource company. While we consider EDC a gem of an addition to our portfolio of businesses, the timing and amount of its acquisition (P58 billion) meant that, for a certain period of time, First Holdings would not be able to expect significant dividends from First Gen.

Right smack in the middle of our battle to defend our position in Meralco, the global financial and economic crisis came upon us. It could not have come at a worse time. Under the circumstances, it would have been extremely imprudent for us to incur more debt than we had already done, particularly in view of the deteriorating global economy

And so, as we moved from 2008 to 2009, First Holdings took two major decisions to ensure its survival and its ability to survive any further shocks that might take place. First, we decided to sell our stake in the North Luzon Expressway. This was a painful decision given how much we had to nurture this investment into the success it is today. Nevertheless, it was necessary given the times.

Second, we wanted to find a partner for Meralco who could significantly increase its value potential and bring it to new heights. Under normal business conditions, Meralco is an attractive company serving an attractive market with a product that everybody needs. Even though it is a rate-regulated business, it is theoretically allowed by law to earn a decent return, provided that the regulators are not politically influenced to deny the utility what it is entitled to under the law. On the other hand, the distribution of electricity is no longer a business with a significant potential for growth. It can only grow as fast as population and consumption grow, and both tend to grow gradually, not spectacularly. It is also not possible to increase the profit potential of the business other than by improving the efficiency of the network and reducing technical and pilferage losses. Again, these are very incremental in nature. Now that Meralco's efficiency measures are at an all time high, and now that its losses are down to below the allowable cap of 9.5%, compared to 21.01% when we regained management control after the EDSA Revolution, it will be very difficult to increase operating margins by very much.

The key, therefore, is to enable Meralco to enter new activities with higher growth and profit potential. We feel that in divesting a 20% interest in Meralco to the PLDT Group, we have forged a strategic alliance that will enable us to continue to participate, both as owners and as business partners, in a Meralco whose potential value has been greatly enhanced by the possibilities of synergy with PLDT. From being the country's dominant distributor of electricity, Meralco now has the potential to become a participant in the wires platform for multi-media products in the broadband world of tomorrow. You may one day see Meralco as your principal source, not only of electricity, but of the many sustaining elements of our everyday lives that we ascribe value to – interactive communications, news, information, education and entertainment.

I have been asked, quite often of late, how bad of a loss Meralco is to the Lopez Family and, therefore, to First Holdings. Let me try to provide some clarification to this question.

First, I should point out that since coming back into the ownership and management of Meralco after 1986, we have never enjoyed a majority ownership position in Meralco. Only a 15.2% percent stake was returned to us and over a period of twenty years, we increased this stake to 17.7%. We enjoyed management leadership and control in Meralco because other stockholders placed their trust in our ability to manage Meralco properly, and were willing to give us their proxies. Only in late 2007 did we feel the need to acquire enough shares, in order to at least enjoy the right of veto in Board decisions.

Now, we have sold back down to a 13.4% stake in Meralco and the composition of ownership of Meralco has changed in a way that does not assure us of continued control. But as I have just explained, our actions have put Meralco in a stronger position for the future. Although our stake is much reduced it is now potentially part of a greater and bigger story. As I wrote in our annual report, for us, it is more than a matter of sentiment or symbolism; it is about creating and enhancing value at Meralco. Being such a vital and influential player in the Philippine economy, it is natural for Meralco to attract constant and great attention. Investing in a vital, influential and publicly regulated business in our country inevitably requires government support. If that is missing, then it weakens the business model. With PLDT and San Miguel Corporation as major players in Meralco, I hope that this weakness can be better addressed. Will we try to regain management control of Meralco at some future time? I don't know. But when the time comes that this question can validly be asked, Meralco will have to be the most attractive investment opportunity available to justify our coming back in for a controlling interest.

Let me now discuss how we see ourselves moving forward into this very uncertain period of global financial distress and recession.

The first thing I will emphasize is that our sale to the PLDT Group of a 20% stake in Meralco carries a silver lining over and above providing us cash to settle our debts and to take advantage of investment opportunities. It also liberates us from a Catch-22 strategy of having to defend our position in Meralco at all cost, a battle that we could not possibly win under the current domestic political and global financial environment. This will not be a case of having to go down with a sinking ship or fighting till the last man is down. We look forward to continuing to participate in Meralco as an owner, with representation on the Board. If Meralco is able to seize upon the synergistic opportunities that it has been presented, then we stand to realize as much value, if not more, from our remaining 13.4% stake than if we had tried to defend our 33.4% stake. But if other opportunities arise that are significantly more attractive than Meralco, then we also have the option to sell down or sell out at significantly higher values than would have been possible if we had opted to engage in a battle of attrition.

In the meantime, we have become the largest Philippine-owned power generating company in the country with a total capacity of generating 2,688 MW all over the country and our headroom for expansion and growth has considerably been enhanced by our acquisition of EDC. With our reduced debt, and with well-run power generation and distribution businesses that continue to provide a basic need for clean, reliable and competitively-priced electricity, First Holdings is well poised to emerge healthy, intact and profitable from any economic scenario we are likely to face in the near to medium term.

The road back to growth and prosperity, for our country and for the world, will not be an easy one. But like all crises, this too will eventually pass. And as we emerge, hopefully into a new era of prolonged economic growth and prosperity, there are formidable challenges ahead of us that First Holdings and its subsidiaries are uniquely well suited to take on.

Today, even with the greatly depressed and underdeveloped economy, the Visayas and Mindanao power grids are barely able to meet consumer demand for electricity. There just isn't enough generating capacity, and part of what is there is old, inefficient and unreliable. Generating capacity in the Luzon grid is still adequate for now, but there is little reserve capacity to meet a resurgence of growth in the economy, and there is no new capacity being built in anticipation of future requirements

Again, lest we have forgotten, let us remind ourselves that, in our experience, even with international financial markets operating normally, it takes at least four years to guide a new, greenfield, power plant from conceptualization to start up. And to those whose daily bread and butter is to complain about power rates and sufficiency, let me also remind them of the old saw, that the most expensive power is no power.

No doubt some of the more rationale critics, do have a point. The country's electricity is also very expensive, one of the reasons why, as an economy, we have difficulty competing with the neighboring countries. Relative to our neighbors we have less indigenous energy resources used for power generation. This places the Philippines at a competitive disadvantage. Likewise, penal taxation of whatever indigenous fuels we have will discourage more development of local energy sources and will never provide cheap electricity to consumers unless these distortions are corrected.

Across the globe, we have all come to recognize that we will all have to contribute to the reduction of so-called "greenhouse gases", most particularly carbon dioxide, if we are to gift future generations with a hospitable environment. This means that our needs, particularly for electricity, but also for fuels that run all the many machines and engines that we rely on for so many different uses, will have to be provided from cleaner plants burning cleaner fuels, and preferably, from renewable sources of energy that do not need to be burned.

As I have said, these are challenges that First Holdings is uniquely well-positioned to take on.

Over the years, we have developed the expertise and track record of running gas-fired plants to the most exacting global standards of efficiency and reliability. We are well poised to invest in a further 500 megawatts of capacity adjacent to our Sta. Rita and San Lorenzo plants. That is if new supplies are made available from the Camago-Malampaya fields or elsewhere.

With First Gen's acquisition of a controlling interest in Energy Development Corporation (EDC), we now have capacity in the Visayas and Mindanao grids, and much larger headroom for expansion in both areas. Where our generating plants were largely natural gas-based, we now also have capacity that is fuelled by geothermal energy, a clean and renewable source of power, and by hydroelectric sources. Soon, we are also starting up our first wind-based generating plant in northern Luzon. And where our power generating business used to be defined purely in terms of generation of electricity, we are now also a producer of geothermal steam as a fuel for the generation of electricity, by our own plants as well as by those of NPC.

Through some forty years of harnessing geothermal energy for the production of electricity, EDC has amassed a treasure trove of knowledge, experience and expertise in geothermal power. It is one of the few repositories in the world for such knowledge. And as the world begins to rediscover this forgotten and under-exploited form of energy, EDC's resources will be in great demand in countries with geothermal resources but that do not have the know-how to explore for, develop and exploit their geothermal resources. EDC is one of the only Filipino companies with something unique to bring to the global arena. It is just the platform we will use to attain our aspiration to become a global company.

Let me also say a few words about how our manufacturing businesses are doing. To varying degrees, our manufacturing businesses have been hurt by the global slump, particularly First Sumiden Circuits, Inc., our joint venture with Sumitomo Electric that manufactures components for the consumer electronics industry. We were expecting the worst, but our initial pessimism appears misplaced. Yes, volumes are down, but it does appear that our manufacturing businesses, addressing both domestic and export markets, will not lose money this year. Profits may be modest, and we have had to reduce manpower by about 1/3 of our factory force, but that is not a bad result under the circumstances.

We are particularly excited with our new manufacturing collaboration and partnership with SunPower Corporation, the world's leading manufacturer of high-efficiency silicon solar cells and products. Our joint venture company, First Philec Solar

Corporation, has begun providing wafer-slicing services for the solar energy industry and has quickly met the operating and quality standards required by SunPower. We have been invited to extend our collaboration with SunPower to their newer and much larger plant that they are developing in Malaysia. This again, is a demonstration of our commitment to the development of alternative, clean and renewable sources of energy. The upside potential of this manufacturing venture will be constrained only by our ability to keep up with the growth in the solar energy industry.

If you sense that I am excited about our future prospects, then you are absolutely right and I hope that I have imparted some of that excitement to you. A few years from now, we will probably look back on the global economic events of 2008 as a hiccup in our universal pursuit of a better life in a better world. As stated on the cover of our Annual report for 2008, we are moving forward today for tomorrow. I am absolutely encouraged by the great potential of First Holdings as a total energy company, leader not just in power generation, but in the development and use of clean and renewable sources of energy, such as geothermal, hydro and solar power, all representing our indigenous energy sources for the future.

Finally, in order to keep our feet on the ground and in touch with reality, we continue to vigorously promote business excellence tools and practices among our companies under the unifying framework that we have borrowed from the U.S. Malcolm Baldrige National Quality Award. Particular emphases and initiatives include ISO 9000, ISO 14000, OHSAS 18000, Environment, Safety, Health and Security (ESHS), Risk Management, Six Sigma and the international Investors in People (IiP) standard for human resource management. With the help of all these business excellence programs, we expect to prolong the life and longevity cycle of our group of companies by at least a few centuries.

Thank you, and a very good afternoon to you all.

MR. ELPIDIO L. IBAÑEZ

President and COO

First Philippine Holdings Corporation

Annual Stockholders' Meeting

May 25, 2009, 3:00 P.M.

Meralco Theater

MR. CHAIRMAN,
FELLOW SHAREHOLDERS AND EMPLOYEES,
GOOD AFTERNOON,

We have made difficult but necessary decisions which, we believe, are in the company's best and long-term interest. These significant events were discussed extensively in our annual report. Let me just highlight some of them.

In January 2008, we brought our total ownership in Meralco to 33.4%. With proxies from other stockholders, we were able to retain a majority of the Meralco board in the 2008 stockholders' meeting. However, the increased stake in Meralco entailed major additional borrowings.

In February 2008, our power generation subsidiary First Gen closed a 5-year $260.0 million convertible bond, which termed out part of the bridge loans taken on for the acquisition of the controlling stake in EDC.

In the short-term, there was an immediate need for the Parent Company to replenish the liquidity used to increase its stake in Meralco. So in April 2008, we issued ₱4.3 billion of preferred shares to partly repay and refinance our outstanding loan obligations as well as fund other corporate requirements.

In November 2008, at the height of the financial crisis, the Santa Rita plant's $544.0 million refinancing closed with a group of international commercial banks. This loan allowed First Gen to convert most of its short-term obligations to long-term at the operating level.

But these financing activities were not enough to address the still significant debt burden created by the two major acquisitions in our power business. So in the same month of November, we divested our interest in First Philippine Infrastructure, Inc., the vehicle for our tollroad business, for ₱6.2 billion. First Gen likewise sold 60.0% of its stake in the Pantabangan – Masiway Hydro Power plants to EDC for a consideration of $104.0 million. The proceeds from these asset sales were used to pay down debts.

As the year drew near to a close, the approval of Meralco's PBR continued to be elusive. Meanwhile, the capital markets remained tight and expensive. It became clear that more drastic action had to be taken to reduce the debt burden. Thus, in March 2009, we entered into an Investment and Cooperation Agreement to sell 20% out of our 33.4% ownership in Meralco to the Philippine Long Distance Telephone (PLDT) Group. About 50% of the proceeds from the sale will be used to further pay down our debts.

2008 Operating Results

In 2008, our revenues and operating income continued to grow. Our bottom line results, however, were heavily affected by currency movements, high finance costs and provisions for income taxes. These factors were partially offset by the one-time gain from the sale of the tollroad business as well as other income.

- Revenues amounted to ₱78.6 billion compared with ₱55.0 billion the year before. Operating income amounted to ₱17.6 billion against the ₱12.7 billion income the prior year. The revenue and operating income growths were driven by the twelve months consolidation of EDC, which was acquired by First Gen in November 2007.

- Finance costs increased significantly by 89% to ₱10.9 billion as a result of higher average levels of debt, in turn due to the additional 15.7% interest in Meralco at the parent level and the 60% equity investment in EDC at the First Gen level. At the end of 2008, consolidated debt stood at ₱123.7 billion, of which ₱36.0 billion were due in 2009. However, as of today, currently maturing loans are down to about ₱17.0 billion. First Gen pared down its maturing bridge loans through the recent issuance of corporate notes by the San Lorenzo plant holding company amounting to ₱5.6 billion and the extension of Red Vulcan's ₱13.9 billion loans by another 5 years. On the other hand, First Holdings has reduced its debt by approximately ₱700 million.

- Foreign exchange losses totaled ₱8.5 billion, principally from the revaluation of foreign currency denominated borrowings and payables, of which ₱1.4 billion were from the Parent and ₱7.0 billion were from First Gen, mainly those of EDC and First Gen Hydro. The losses were due to the depreciation of the peso against the US Dollar and the appreciation of the Japanese Yen against the US Dollar.

- Other income jumped to ₱5.9 billion, mainly due to interest income on service concessions (₱2.1 billion), the favorable arbitral award (₱2.1 billion) of EDC and mark-to-market gains on derivative transactions of First Gen and its subsidiaries (₱1.3 billion) led by EDC.

- Provision for income tax increased to ₱3.4 billion due mainly to the end of the income tax holiday of the Santa Rita plant and the full year consolidation of the income tax of EDC.

- Operating results of the tollroad business for the period beginning January 1, 2008 up to November 13, 2008 amounted to ₱752 million, while, the gain on the sale of this subsidiary amounting to ₱2.8 billion was recognized following the disposal. These were treated as net income from discontinued operations in our income statement.

Net income amounted to ₱5.5 billion, down 53% from the ₱11.7 billion net income in the prior year. Profit attributable to parent, at ₱1.2 billion, was also down by 73% compared to last year. Diluted EPS weakened by 76% to ₱1.84.

Subsidiaries' Performance

First Gen's net income amounted to $93.5 million, 49% lower compared to the previous year. Its net income attributable to parent declined to $14.5 million, 86% lower than the prior year, due to the increase in financing costs, foreign exchange losses and provisions for income taxes. These were partially offset by the full year consolidation of EDC's income, including the ₱2.9 billion one-time gain from the arbitral decision related to the Steam Sales Agreements (SSAs) and Power Purchase Agreements (PPAs) of EDC and NPC. Revenues increased by 61% to $1.8 billion, with the full year consolidation of EDC and higher revenues from the gas plants. All of First Gen's operating subsidiaries contributed positively to net income.

Meralco's net income attributable to parent amounted to ₱2.8 billion, down 26% from the ₱3.8 billion reported in 2007, largely driven by the ₱6.6 billion in provisions for generation and transmission cost under recoveries. Revenues from the sale of electricity declined by 5% to ₱187.0 billion in 2008 due to lower generation cost per kilowatthour billed to customers. Overall electricity sales grew by a modest 2.2%, while systems loss performance improved exceptionally to 9.3%. Meralco's profitability is expected to improve when PBR is finally implemented.

First Philec revenues totaled ₱2.5 billion, recording a growth of 50% compared to last year. Net income attributable to parent, however, declined sharply by 70% to ₱30.1 million due to the full recognition of one-time, start-up expenses in its new solar business, the general increase in the cost of materials and the increase in financing and business development costs. Progress was made on the manufacturing group's new businesses. In particular, First Philippine Power Systems, Inc. and First Philec Manufacturing Technologies Corporation, reported net incomes of ₱36.8 million and ₱17.2 million, respectively. First Philec Solar Corporation, the group's foray into wafer-slicing services, generated revenues of US$13.9 million on its initial year of operation. It incurred a start-up loss of US$1.1 million, due to the high cost of materials and supplies.

Rockwell Land continued to show both improved overall profit along with increased operating margins. Its profit grew by 27% to ₱603.2 million. Operating profit improved significantly, by 16% to ₱940.1 million, due to lower construction costs. Total revenues were flat at ₱3.5 billion.

The company's expanded project portfolio now includes the Rockwell Business Center in the Meralco compound, its first office development, and The Grove, its first residential development outside of the Rockwell Center.

First Philippine Industrial Park recorded revenues of ₱404.5 million and a net income of ₱61.8 million, a year-on-year decrease of 17% and 61%, respectively. The sale of land became more difficult during the year, but FPIP was able to maintain its profitability. The sale of Ready-Built-Factories (RBF) alleviated the effect on revenues of the soft industrial lots market. Revenues from the sale of land and RBFs accounted for 66% of total revenues.

First Philippine Industrial Corporation's revenues and net income grew by 4% and 7%, respectively, to ₱615.7 million and ₱202.7 million, despite the challenging environment. The company's balance sheet and liquidity remain strong. Opportunities for growing the business are being explored.

First Balfour had a strong year with the 70% completion of its joint venture project, the Saint Luke's Medical Center and the start of another joint venture project, the LRT 1. Revenues for the year amounted to ₱2.1 billion, compared with ₱840.1 million in 2007. Net income grew by 71% to ₱120.2 million. First Balfour is engaged in several significant construction projects. The company's backlog remained strong at ₱2.6 billion as of December 31, 2008.

First Quarter 2009 Operating Results

I would like to briefly discuss our financial performance for the first quarter of 2009:

The Group posted flat earnings of ₱2.2 billion. Net income attributable to parent amounted to ₱178 million, down 33% against the same period last year. This quarter's results were negatively impacted by the absence of income from the tollroad business, the one-time gain on arbitral award last year, derivative losses compared with derivative gains last year, and high finance costs. But we also benefited from foreign exchange gains, a reversal of the previous year's foreign exchange losses.

- Revenues remained strong, increasing by 15% to ₱20.6 billion, compared with ₱18.0 billion reported for the first quarter of 2008.

- Foreign exchange gains amounted to ₱1.2 billion, compared with a foreign exchange loss of ₱3.3 billion reported for first quarter 2008.

- Finance costs increased by ₱572 million or 26% due to the approximately ₱4.4 billion increase in outstanding debt. As of March 31, 2009, total debt of the Group was at ₱127.7 billion.

- Other income for the first quarter of 2009 was at ₱292 million, compared to ₱3.6 billion in the first quarter of 2008. Other income in 2009 included unrealized derivative losses of ₱365.1 million, as compared to ₱167.4 million unrealized derivative gains in the first quarter of 2008. The unrealized derivative gains (losses) are non-cash, mark-to-market amounts. Moreover, the arbitral award of EDC was recorded in the first quarter of 2008.

- During the first quarter of 2008, the tollroad business contributed P461 million to our bottom line.

First Holdings ended the quarter with a good liquidity base. We will end the year with a reduced stake in Meralco, but we continue to be bullish in the long-term fundamentals of the group.

Thank you.