



23 November 2009

PHILIPPINE STOCK EXCHANGE

4th Floor, PSE Center
Exchange Road
Ortigas Center, Pasig City

Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

MS. KRISTINA S. WY
Analyst, Disclosure Department

Gentlemen/Mesdames:

We respond to your letter dated 23 November 2009 relating to the news article entitled "First Holdings hits GSIS for filing criminal case" published in the November 23, 2009 issue of The Philippine Star. The article reads in part:

"First Philippine Holdings Corp. (FPHC), the power generation unit of the Lopez family, has denounced the criminal complaint filed by the Government Service Insurance System (GSIS) against FPHC's corporate secretary, saying it is "premature and with no legal leg to stand on." Last week, the GSIS filed before the Pasig Prosecutor's Office a complaint against FPHC corporate secretary Enrique Quiason for allegedly violating Sec. 74 of the Corporation Code for refusal to provide all company records and documents relating to the call option agreement the listed holding firm entered into with Metro Pacific Investments Corp. (MPIC) in connection with shares of Manila Electric Co. (Meralco)..."

With respect to the aforementioned news article, First Philippine Holdings Corporation ("FPHC") confirms the information that its Corporate Secretary, Atty. Enrique I. Quiason, is a respondent in a criminal complaint for violation of Sec. 74 in relation to Sec. 144 of the Corporation Code. We also confirm that the said complaint of Ms. Estrella C. Elamparo is premature and has no leg to stand on.

It must be emphasized that Atty. Quiason requested for authority/resolution from the Board of the Government Service Insurance System (GSIS) authorizing her to examine the records of FPHC and the reasons for the request. In this connection, we are attaching copies of the letters of Ms. Elamparo dated November 11, 2009 and the one received on November 18, 2009 as well as the letters of Atty. Quiason pertinent to the issue.

Parenthetically, Atty. Quiason said that without the copy of the resolution of the Board of GSIS authorizing her or the GSIS Law Office to examine the corporate records and the specific reasons for the request, he cannot properly bring the matter for FPHC's Board for consideration. Unlike Ms. Elamparo, Atty. Quiason has not arrogated authority unto himself to act for and on behalf of the Board and FPHC.

Thank you.

Very truly yours,

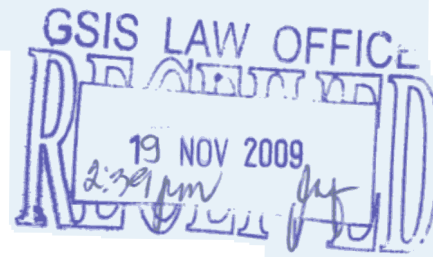
FRANCIS GILES B. PUNO
Chief Information Officer



**First Philippine
Holdings Corporation**

OFFICE COPY

19 November 2009



ATTY. ESTRELLA ELAMPARO
GSIS LAW OFFICE
Government Service Insurance System
Financial Center, Pasay City
Metro Manila, 1309

Dear Atty. Elamparo:

We respond to your letter dated 18 November 2009 demanding the inspection of certain corporate records of First Philippine Holdings Corporation (“FPHC”).

You claimed in your letter that you are vested with sufficient authority by the charter of the Governmental Service Insurance System (“GSIS”) to demand its right of inspection. However, based on our examination of the Republic Act 8291 or the Government Service Insurance System Act of 1997 (the “GSIS Charter”) and its implementing rules, we have not found any provision to support your claim. Section 47 of the GSIS Charter provides that—

SECTION 47. Legal Counsel — The Government Corporate Counsel shall be the legal adviser and consultant of the GSIS, and the GSIS may assign to it cases for legal action or trial, issues for legal opinions, preparation and review of contracts/agreements and others, as the GSIS may decide or determine from time to time: *Provided, however*, That the present legal services group as well as Branch Attorneys shall serve as the GSIS in-house legal counsel.

Clearly, the provision on which you have based your alleged authority shows that it is the GSIS that may empower the legal counsel (in-house or otherwise) to conduct the aforesaid actions and not you, on your own initiative. The GSIS Charter on the other hand expressly provides that the corporate powers and functions of the GSIS is vested and exercised by the Board of Trustees composed of the President and General Manager and eight other members. See Sec. 42, Rep. Act. No. 8291. Parenthetically, there is nothing in the GSIS Charter or its implementing rules that supports your claim that you are the “lead” counsel of GSIS. Thus, we are not convinced that you have the authority of the GSIS.

We cannot make any presumptions of regularity of your actions specially since this involves a private transaction. Also, by asking for your reasons to inspect the books of the Corporation, FPHC is merely trying to protect the interests of all its shareholders and other stakeholders. It may not be amiss to point out that GSIS had a failed attempt to take over management control of the Manila Electric Company by obtaining an illegal cease and desist order from the Securities and Exchange Commission. The said order attempted to invalidate FPHC’s proxies at the 2008 annual meeting of the Manila Electric Company and to prevent FPHC from exercising its voting rights. This would have caused great and irreparable damages to FPHC and its stockholders. The incident resulted in litigation between GSIS and FPHC including the filing of criminal charges

against you and Mr. Winston Garcia before the Ombudsman. Considering these antecedents, FPHC cannot assume that your request is related to a legitimate stockholders concern rather than a malicious tool to fish for evidence to bring about nuisance or strike suits. FPHC wishes to be assured that you are requesting the information with no intention to use the same to embarrass FPHC, even if it results in the value of its assets being depressed or losses being caused to its stockholders.

Without a copy of the resolution of the Board of GSIS authorizing you to examine FPHC's corporate records as well as stating the specific reasons for the request, we cannot properly bring this matter to FPHC's Board for its consideration.

Very truly yours,



ENRIQUE I. QUIASON
Corporate Secretary



PASEGURUHAN NG MGA NAGLILINGKOD SA PAMAHALAAN
(GOVERNMENT SERVICE INSURANCE SYSTEM)
Financial Center, Pasay City, Metro Manila 1308

GSIS LAW OFFICE

ATTY. ENRIQUE I. QUIASON

Corporate Secretary
First Philippine Holdings Corporation
4th Floor, Benpres Building
Exchange Road cor. Meralco Avenue
1600 Pasig City

Dear Atty. Quiason:

This has reference to your letter-reply, dated 16 November 2009, regarding GSIS's request, as an FPHC stockholder, for copies of records and documents concerning the reported loan and call option agreements between FPHC and Metro Pacific Investment Corporation (MPIC).

We take exception to your insinuation that my action on this matter may not have been duly authorized. As a public officer, my acts enjoy the presumption of regularity. More particularly, as the Chief Legal Counsel of GSIS and head of its legal department, which under the GSIS Charter is its in-house and lead counsel, I am vested with sufficient authority to act on all legal matters affecting the interest of the System, one of which is GSIS's right of inspection under Section 74 of the Corporation Code.

We also disagree with your statement that the reason given by GSIS for asking copies of the subject documents is "too broad". As stated in our letter of 11 November 2009, GSIS would like to evaluate the propriety of the decision of the FPHC management to borrow P11.2 Billion from MPIC and pledge its more than 30 Million Meralco shares to secure such loan, and to grant MPIC a "call option" over FPHC's 6.7% shareholdings in Meralco.

In view of the foregoing, and in accordance with Section 74 of the Corporation Code, the undersigned demands, on behalf of GSIS, that, together with GSIS lawyers and representatives, she be allowed to inspect FPHC's records of transactions, resolutions, minutes of meetings and other documents related to the loan and call option agreements between FPHC and MPIC, and reproduce copies thereof at GSIS's expense, on **20 November 2009 at 10:00 in the morning, at the FPHC Main Office, Benpres Building, Pasig City**, or at any other place where the subject records and documents can be found. Otherwise, the GSIS will be constrained to immediately file criminal, civil, administrative and other legal actions to protect its interest and that of its members.

Very truly yours,

ESTRELLA C. ELAMPARO
Chief Legal Counsel



**First Philippine
Holdings Corporation**



16 November 2009

ATTY. ESTRELLA ELAMPARO
GSIS LAW OFFICE
Financial Center, Pasay City
Metro Manila 1309

Dear Atty. Elamparo:

We respond to your letter dated 11 November 2009 requesting for certain corporate records of First Philippine Holdings Corporation (“FPHC”).

You alleged in your letter that you are acting on behalf of the Government Service Insurance System (GSIS) and that the purpose of your request for information is for “evaluating management acts in entering into said agreements.” The reason you provided is too broad and we ask that you specify the purposes for your request. FPHC wishes to be assured that the request for information is for a legitimate stockholder concern and not merely to satisfy the whims of an officer of GSIS.

We, therefore, without as yet delving into the other matters raised in the letter, request that you furnish us a copy of the resolution of the Board of GSIS authorizing the request to examine FPHC’s corporate records through the GSIS Law Office and specifying the reasons for such request.

Sincerely yours,

ENRIQUE I. QUIASON
Corporate Secretary



PASEGURUHAN NG MGA NAGLILINGKOD SA PAMAHALAAN
(GOVERNMENT SERVICE INSURANCE SYSTEM)
Financial Center, Pasay City, Metro Manila 1308

GSIS LAW OFFICE

11 November 2009

*Rec'd
Nov 12, 2009
(9:10a.m.)*

MR. OSCAR M. LOPEZ

Chairman and Chief Executive Officer

ATTY. ENRIQUE I. QUIASON

Corporate Secretary

FIRST PHILIPPINE HOLDINGS CORP.

6th Floor, Benpres Building

Meralco Ave. cor. Exchange Road

Pasig City

Gentlemen

We write on behalf of the Government Service Insurance System (GSIS) in relation to the reported PhP11.2 billion loan granted by Metro Pacific Investments Corporation (MPIC) to First Philippine Holdings Corporation (FPHC), secured with a pledge on FPHC's more than thirty million Manila Electric Company (Meralco) shareholdings, and a call option granted to MPIC over FPHC's 6.7% shareholdings in Meralco. For the purpose of evaluating management acts in entering into said agreements, GSIS invokes the stockholder's right granted under Section 74 of the Corporation Code and requests copies of the following corporate records:

- a) Proposals submitted by MPIC and TriRatna Holdings Corporation for the purchase of FPHC shares in Meralco;
- b) Board Resolution approving MPIC's proposal;
- c) Board Resolution approving the Agreement between FPHC and MPIC;
- d) Loan Agreement between FPHC and MPIC;
- e) Call Option Agreement between FPHC and MPIC;
- f) Investment and Cooperation Agreement between FPHC, MPIC and other parties; and
- g) All other documents and records pertaining to said transactions.

We shall appreciate receiving the requested documents within forty eight (48) hours from receipt of this letter.

Very truly yours,

ESTRELLA ELAMPARO

Chief Legal Counsel