



29 October 2010

PHILIPPINE STOCK EXCHANGE
4th Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

MS. KRISTINA S. WY
Specialist, Disclosure Department

Gentlemen/Mesdames:

We respond to your letter dated 29 October 2010 relating to the news article entitled “First Gen contests deadline to match KEPCO’s offer to BG”. The article reads in part:

“LOPEZ-LED First Gen Corp. said yesterday it was not bound by a 60-day period to exercise its right of first refusal following the decision of business partner British Gas (BG) group to sell its 40% stake in two natural gas-fired power plants to Korea Electric Power Corp. (KEPCO). In a statement, the power firm said the “right of first refusal provisions of the joint venture agreements with [BG Consolidated Holdings (Philippines), Inc.] does not apply to BG’s proposed transaction.” It also said parent First Philippine Holdings Corp. is not covered by the same provisions. Earlier, First Gen said it might question the BG group’s decision to sell the stake to KEPCO, pointing out that the Korean power producer is a direct competitor. . . . Reports indicated that First Gen only had until Nov. 29 to invoke its right of first refusal against the sale of BG Holdings’ assets in the Philippines. . . . The power company and its parent, First Holdings, had said they hope to “reach a decision on which option to take by the end of the year.” . . .”

BG’s proposed sale to Korea Electric Power Corporation (KEPCO) of its 40% equity in the First Gas assets is not allowed by the joint venture agreements with BG Energy Holdings (BG). Hence, First Philippine Holdings Corp. (“FPHC”) hereby confirms that neither First Gen nor FPHC is bound by any 60-day period within which to exercise its rights of first refusal, or any of its rights for that matter, under the joint venture agreements.

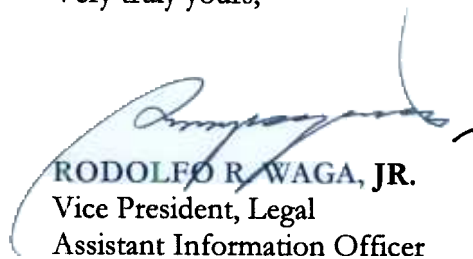
Further, and as we had disclosed to the Exchange on September 30, 2010, the consent of FPHC is required for the sale transaction. BG itself had disclosed to the London and New York stock exchanges that the completion of the transaction is “subject to obtaining the necessary waivers and consents from First Philippine Holdings Corporation.”

Finally, we reiterate that FPHC is still evaluating all options available to it pertaining to the proposed BG divestment.

We trust that we have clarified these matters.

Thank you.

Very truly yours,



RODOLFO R. WAGA, JR.
Vice President, Legal
Assistant Information Officer