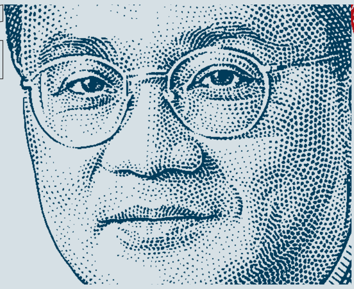
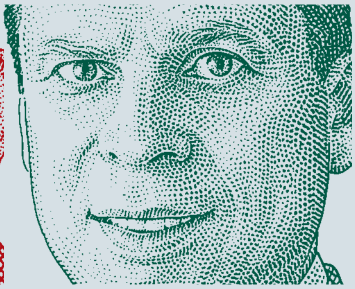


MANUEL V. PANGILINAN
Executive Chairman,
First Pacific
President and Chief Executive Officer,
PLDT

MICHAEL J.A. HEALY
Chief Operating Officer
and Finance Director,
First Pacific



RONALD A. BROWN
Executive Director, General Counsel
and Company Secretary,
First Pacific

EDWARD A. TORTORICI
Executive Director and
Chief Operations Advisor,
Metro Pacific

EVA RIYANTI HUTAPEA
President Director and
Chief Executive Officer,
Indofood

NAPOLEON L. NAZARENO
President and
Chief Executive Officer,
Smart Communications

ROUNDTABLE DISCUSSION

RECENTLY, A GROUP OF FIRST PACIFIC EXECUTIVES MET TO DISCUSS MATTERS RELEVANT TO THE GROUP, AS WELL AS STRATEGIES FOR THE FUTURE. THEIR DISCUSSION FOLLOWS:

QUESTION: The economic difficulties in Southeast Asia obscure the underlying fundamental strengths of companies. Is this one of the problems affecting First Pacific?

MR. PANGILINAN: Yes, we think so. In Indofood and PLDT, in particular, we believe we have invested in two real market leaders with outstanding prospects.

QUESTION: What are the strengths of Indofood?

MS. RIYANTI HUTAPEA: Indofood is a solid, growing company with quality products and strong cash flows. It is the world's largest instant noodles producer and the market leader in Indonesia. These fundamental strengths enabled us to achieve, during a challenging 2001, a 15 per cent increase in rupiah denominated net sales and net profit.

QUESTION: Isn't it correct that Indofood is carrying a heavy debt burden?

MS. RIYANTI HUTAPEA: Historically, that is true. However, in 2001 we retired US$200 million of debt and since 1998 – crisis years for the region – we have retired US$690 million of debt, more than halving Indofood's debt to around US$560 million from US$1.25 billion as at year-end 1997.

Actually, our current debt level is relatively modest for a company of Indofood's cash-generation capabilities so, if anything, Indofood's gearing is possibly becoming too low to be optimally efficient. This is something we will be reviewing during 2002.

QUESTION: What role does First Pacific play in supporting Indofood?

MR. HEALY: First Pacific's role is tailored to the needs of the individual investments. In the case of Indofood, First Pacific's involvement is more strategically focused, rather than operationally focused, which involves deciding how best to use the substantial free cash that Indofood generates. First Pacific also assists with evaluating business expansion opportunities and provides guidance on international standards of corporate governance and investor communications.

QUESTION: How are these advances translating into enhanced shareholder value?

MS. RIYANTI HUTAPEA: The most obvious has been the resumption of dividends, which we recommenced last year for the first time since the economic crisis. Our Board of Directors intends to propose an increased dividend payout of 30 per cent of 2001 earnings, giving a dividend yield of 3.9 per cent. We also think our commitment to shareholders is illustrated in other initiatives implemented in 2001, such as introducing an employee stock ownership plan and a share buy back program, as well as improvements in corporate governance procedures such as the appointment of additional independent, non-executive commissioners.

QUESTION: There is a perception that corporate governance in Asia is poor. What are First Pacific's corporate governance standards?

MR. BROWN: As a Group, we are always working toward improving corporate governance. First Pacific, as a Hong Kong-listed entity, operates in compliance with the wide-reaching governance requirements of the Hong Kong Stock Exchange. PLDT has ADRs listed on the New York Stock Exchange and, as such, complies with New York Stock Exchange and U.S. SEC regulations and supervision, while Ms. Riyanti Hutapea is an active participant in reviews of good corporate governance in Jakarta. In addition, First Pacific prides itself on transparency and being at the forefront of prudent financial reporting, adopting practices and disclosures over and above those required by law. Management is committed to improving corporate governance and it is an on-going task to instill improved practices in our underlying investments; Indofood's appointment of additional independent commissioners is an example of this in practice.

QUESTION: CLSA published a corporate governance watch in 2001 that placed First Pacific's overall ranking as above average. First Pacific achieved high scores for 'transparency', 'accountability', 'fairness', 'discipline' and 'social awareness', but notably weaker scores for 'responsibility' and 'independence'. How do you respond to this?

MR. BROWN: We acknowledge 'independence' to be an area of weakness as this largely measures the independence of board and management. First Pacific's 10-member Board comprises four executives of the Company, four non-executive shareholders, and two independent appointments. However, within this framework, designated responsibilities do impart a degree of independence with Manny Pangilinan in the role of both Executive Chairman and CEO, while Michael Healy, in the role of Chief Operating Officer, is responsible for day-to-day operations.

QUESTION: And what about 'responsibility'? First Pacific does have a principal shareholder, Anthoni Salim, who is in a position of influence as a Non-executive Director. How are the rights of minority shareholders protected?

MR. BROWN: The rights of minorities are well protected in Hong Kong, and First Pacific adheres to all HKSE requirements in this respect. With particular regard to Mr. Salim, the track record is very illustrative because he has been highly supportive of the Company. In 1990, when the Company required additional permanent capital, with minority shareholder approval, the Salim family funded First Pacific US$100 million at a cost significantly lower than alternate financing available to the Company at that time. More recently, Mr. Salim sold his shares in Indofood to First Pacific in two transactions, which also were approved unanimously by minority shareholders, on terms that were deemed favourable to First Pacific and its shareholders. These demonstrate that he has acted in the best interests of the Company and all shareholders.

QUESTION: What is Indofood's strategy going forward?

MS. RIYANTI HUTAPEA: Indofood is adopting a 'Back to Basics' approach in which we harness our core strengths and capabilities in manufacturing, marketing and distribution in order to grow fundamental values. We believe there are opportunities to grow through our existing products, as well as through brand extensions and the introduction of new products, and we are committed to investing in product development to ensure this.

QUESTION: Why isn't Indofood's share buy back program more advanced? What will happen to the shares that are bought back?

MS. RIYANTI HUTAPEA: There are strict regulations governing the repurchase of shares and this has impeded progress to date. Nevertheless, we are committed to the process and have the funds necessary for completion. We would like to cancel the repurchased shares, but as this is not possible, they will be held as treasury stock.

QUESTION: To what extent is Anthoni Salim involved in the strategic and operating decisions at Indofood?

MS. RIYANTI HUTAPEA: Mr. Salim is the head of Indonesia's largest conglomerate, which owned businesses throughout the world prior to the Asian economic crisis. As such, he has a wide range of experience and, as a Commissioner and founder of Indofood and a Non-executive Director of First Pacific, he has developed extensive expertise in the Indonesian food and plantation businesses. So, although he has no involvement in the day-to-day operations of Indofood, he makes a very valuable contribution to the company's overall strategy.

QUESTION: Smart is now the engine driving PLDT's future growth and yet PLDT has stated publicly that it may sell a percentage of Smart in order to reduce PLDT's debt. Aren't you effectively sacrificing PLDT's growth potential in order to manage the debt position?

MR. PANGILINAN: The fact is, we are addressing PLDT's debts in a prudent and methodical fashion. A large portion – US$1.3 billion – of PLDT's debt is coming due between 2002 and 2004 and management must address this without losing sight of our goal to improve EBIDTA and contain costs. We believe it is reasonable to address the debt reduction equally through internally and externally generated funds. Clearly, Smart's excellent growth and profitability has increased its value significantly, giving us further options for raising funds. However, any decision to sell a part of Smart would only be taken if, after considering all other options, we felt this offered an optimal solution.

QUESTION: The Fixed Line business is very capital intensive. Is there a chance that the capital needs of Fixed Line may hinder Smart's growth prospects?

MR. NAZARENO: No, that isn't a possibility. Actually, capital requirements of the Fixed Line business are declining. Furthermore, Smart is now in a position to fund its own future growth.

QUESTION: What are Smart's prospects?

MR. NAZARENO: They continue to be promising. There is still potential for further growth and, having attained leadership in GSM, we are now seeking to maintain this through continued innovation in value added wireless data services. Smart's achievements since it aggressively launched its GSM service are outstanding, so we have every reason to believe that this success will be maintained.

QUESTION: In what areas, in particular?

MR. NAZARENO: In 2001, the combined GSM subscriber base for Smart and Piltel's Talk 'N Text more than doubled to nearly six million from a year before. Subscriber growth is just part of the story, however. Several value added – and revenue generating – services, such as Mobile Banking, Smart Money and Smart zed™, have been introduced to stimulate usage, build customer loyalty and stabilize ARPUs going forward.

QUESTION: During the course of the year, PLDT seemed to go back and forth regarding its intention to move into broadcasting, specifically with the acquisition of GMA Network Inc. in the Philippines. Could you please clarify your position and strategy regarding this issue?

MR. PANGILINAN: I have stated that PLDT will not proceed with this acquisition. Our efforts and resources will be fully employed in addressing PLDT's funding position and growing the PLDT group's existing businesses.

QUESTION: How does this position fit into your overall strategy for PLDT?

MR. PANGILINAN: Our strategy is very clear: our goal is to transform PLDT into a world-class total communications provider. This approach will not only diversify revenue streams but also enable PLDT to grow as the Philippines' economic position improves. We are making excellent progress in this regard.

QUESTION: There has been much speculation that heavy indebtedness could slow – or even prevent – PLDT attaining its strategic objectives. Is this a big concern?

MR. PANGILINAN: We certainly have to address the maturing debt position as a short-term priority, while we will remain focused on PLDT's longer-term strategic goals. We have reduced capital expenditures and focused on reducing cash operating expenses, and our liability management efforts are beginning to show results, especially a US$149 million facility from Kreditanstalt fur Wiederaufbau (KfW) of Germany.

QUESTION: Metro Pacific has been through extremely difficult times since the onset of the Asian crisis in late 1997, culminating in a particularly difficult 2001. Is there a future for Metro Pacific, and what is it? Will it still be part of the First Pacific group?

MR. TORTORICI: In 1995, Metro Pacific made a huge investment in the Philippine property market. Unfortunately, since the Asian crisis in 1997 the Philippine property market has been severely affected, which has resulted in a lack of buyers with sufficient funds to develop the Bonifacio Global City site. Notwithstanding this, Metro Pacific has managed the timely completion of the basic infrastructure projects that will form the backbone of the site. In addition it has completed the construction, and sold 77 per cent, of its prime Global City residential complex, Pacific Plaza Towers. To reduce the debts incurred in completing these projects and to sustain development, Metro Pacific has, over the past five years, sold almost all of its non-property assets and realized US$350 million in the process. While the property market remains soft, we need to pursue other methods by which to further reduce or restructure Metro Pacific's debts. We believe that Metro Pacific has a viable business plan that will benefit all stakeholders, including First Pacific, and that it will remain part of the Group.

QUESTION: In retrospect, what can you tell us about the Fort Bonifacio project that can make it easier for us to understand the difficulties of the past several years? Metro Pacific began the process, according to published reports, by overpaying by 50 per cent compared with the other bids. Was this project doomed from the beginning?

MR. PANGILINAN: No, I don't think it was doomed. And I continue to believe that, ultimately, the Bonifacio Global City will be viewed as a world-class project. All long-term property projects experience downturns but, at the time of our investment, the Philippine economy and property market was vibrant. In the current downturn, given the project's huge capital requirements, our initial valuation has proved to be optimistic. This being so, book values have now been adjusted downwards to better reflect this. But, looking ahead, we will continue to protect and enhance our interests; it's a good project that will be successful in time and FBDC, the development vehicle, is well positioned to achieve this as it is conservatively geared, has no funding issues and holds significant land banks.

QUESTION: What was the relationship between First Pacific and Metro Pacific during the past year? For instance, did the companies work together to seek solutions, especially relating to the Larouge loan?

MR. TORTORICI: Actually, the relationship between the two companies has always been open and constructive and, as Manny Pangilinan and I are directors of both First Pacific and Metro Pacific, First Pacific's involvement is assured. The granting of the loan to Metro Pacific, in early 2001, is just one example of working together. However, First Pacific also worked with us during the course of the year as we explored various remedial actions, such as the sale of assets and the on-going sale of BLC. In the same way, First Pacific will be actively involved in the implementation of Metro Pacific's debt reduction initiatives.

QUESTION: To many people, First Pacific today is a passive holding company with interests in publicly owned stock. This was not your strategy when you started the Company. What are your plans for First Pacific and can it ever regain the reputation it once had?

MR. PANGILINAN: Yes, First Pacific can and will regain the reputation it once had. The question that still must be answered, quite frankly, is this: what kind of company does First Pacific need to be in order to operate successfully in the future and to again offer investors a unique and attractive investment vehicle?

QUESTION: And what is the answer?

MR. PANGILINAN: First of all, we need to resolve all of the balance sheet issues so that we can position the Company for expansion. Thereafter, we need to own an attractive group of underlying companies and we need to add value – through our original core principle of active management – in such a way that an investor can share in the growth of the group of companies by investing at the First Pacific level. Smart is an example of our past success in this regard.

QUESTION: It has been suggested that First Pacific is an expensive holding company. What value does First Pacific's Head Office management bring to shareholders?

MR. HEALY: As discussed earlier, our Head Office team is directly involved in managing our investments. There is also an enormous amount of transaction and corporate finance experience; these are the very attributes that underpinned First Pacific's past growth and which will underpin future growth. By way of example, in late 2001, when faced with the financial reality of having to refinance our convertible bonds as Metro Pacific was unable to repay the Larouge loan, Hong Kong management, over the course of seven weeks, expeditiously undertook and completed a US$200 million facility from ING Bank NV, and the simultaneous sales, at premiums to market, of Darya-Varia and Berli Jucker to raise US$160 million. By the end of January 2002, we had prepaid the outstanding convertible bonds to the benefit of our bondholders, and our shareholders benefited as our share price recovered.

QUESTION: In retrospect, what can you tell us about your decision in January 1998 to refocus First Pacific's asset base on the markets of Southeast Asia?

MR. PANGILINAN: We believe it was a good decision. In fact, over time, I expect we will be proven correct. Indonesia and the Philippines are huge countries, with substantial populations and significant natural resources. Prior to the Asian crisis, these countries were doing very well. More recently, regional upheaval and political instability have turned matters for the worse, but these are the countries we are strong in and they will recover. Until then, we will be resourceful and patient in the way we run our businesses.

QUESTION: Does your focus today continue to be on Southeast Asia?

MR. PANGILINAN: Yes, of course. All of our assets are in those markets.

QUESTION: Is that a strategic decision or is it the result of your financial constraints?

MR. PANGILINAN: It was a strategic decision, as I have said. Currently, it is a reflection of our financial constraints.

QUESTION: Without the financial constraints, what would be of interest to you?

MR. PANGILINAN: To be sure, at the top of the list would be opportunities to grow beyond the borders of the Philippines and Indonesia.

QUESTION: Would this expansion be in consumer businesses or in telecoms?

MR. PANGILINAN: We like, and have excellent experience in, both sectors.

QUESTION: Near year-end 2001, you sold out your positions in both Berli Jucker and Darya-Varia. Would you describe these sales as strategic in nature or dictated by the exigencies of refinancing debt?

MR. HEALY: I would not describe either company as having been core holdings of First Pacific. Each is a fine company, both in terms of products produced and financial results achieved. However, neither fit our criteria of being either number one or two in our core markets, and we did not believe that either would serve our purposes for pan-Asia expansion. Having said that, it would be disingenuous to suggest that the sales were not connected to debt refinancing needs and the non-repayment of the Larouge loan.

QUESTION: Can First Pacific ever regain its previous standing as a 'savvy acquirer'? Quite simply, you don't have the capital to do deals. What is First Pacific's financial position today, and when will it be positioned to become acquisitive again?

MR. HEALY: For now we don't have capital to do deals. This is why, as discussed earlier, First Pacific needs to resolve all of its balance sheet issues. Currently we have a US$190 million two-year bank loan and cash in excess of US$50 million. To generate sufficient capital in the short-term we would need to sell further assets. However, our key operating companies, PLDT and Indofood, can also help by delivering meaningful share price growth or cash flow – preferably both – which would help First Pacific's leverage capability.

QUESTION: When First Pacific does again become acquisitive, what would be attractive?

MR. HEALY: Undervalued – and unlisted – companies where we could add value through active involvement. Given our current holdings, acquisitions would make sense in the consumer and food industries, as well as in telecommunications. The latter, as you know, is very capital intensive, so we are likely to be drawn more to the two other categories. Geographically, we clearly need to diversify; China is an obvious choice.