



11 January 2010

PHILIPPINE STOCK EXCHANGE, INC.

PSE Center, Exchange Road
Ortigas Center, Pasig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:

BENGUET CORPORATION (BC) would like to inform the Exchange that pursuant to agreement with the creditors, a validation process was earlier conducted with PNB to determine who are the creditors of record. On November 4, 2009, BC submitted the result of its review of the transfer documents which showed that there are deficiencies in the assignment of debt instruments to the substitute creditors under the Restructuring Agreement (RA) and the SPAV Law (RA 9182). The validation process has not yet been completed pending compliance / curing of the deficiencies of the notice requirements on the part of the substituted creditors.

Moreover, BC made a written offer for commercial settlement of its debt on October 22, 2009 and October 30, 2009, without prejudice to the result of the validation process. The offer was further amended in its letter on December 17, 2009, containing specific timeframe for the settlement, all of which have been previously disclosed. In an earlier phone conversation with PNB, PNB reported that to date and except for a few responses, it has not received the position of all the creditors on the offer nor a majority of the creditors. Neither have the creditors met to discuss the various proposals under the offer.

Therefore, BC finds that its receipt today (January 11, 2010) of a letter from PNB giving notice that the secured obligation covered by the Mortgage Trust Indenture (MTI) are due and payable to be premature and unnecessary for reasons that the validation process has not yet been completed and there is pending offer for commercial settlement, which the creditors have not responded to.

BC has since written the PNB that the notice is premature and unnecessary in light of the amended settlement offer.

Very truly yours,

BENGUET CORPORATION

By: 

REYNALDO P. MENDOZA

SVP-Legal & Asst. Corporate Secretary