

17 April 2020

**PEPSI-COLA PRODUCTS PHILIPPINES, INC.**

Km. 29 National Road, Tunasan,  
Muntinlupa City, Metro Manila,  
Philippines 1773

Attention: **MR. FREDERICK DY ONG**  
Chief Executive Officer

**MR. YOUNG DUK KANG**  
SVP – Chief Strategy Officer Compliance Officer  
and Data Protection Officer

**ATTY. KRISTINE N.L. EVANGELISTA**  
Corporate Secretary

**PHILIPPINE COMPETITION COMMISSION**

25<sup>th</sup> Floor, Vertis North Corporate Center 1  
Astra corner Lux Drives  
Vertis North, Mindanao Avenue  
Quezon City

Attention: **ATTY. KRYSTAL LYN T. UY**  
Director, Mergers and Acquisitions Office

**ATTY. LIANNE IVY P. MEDINA**  
Assistant Director, Mergers and Acquisitions Office

Re: **Tender Offer to the Shareholders of  
Pepsi-Cola Products Philippines, Inc.**

Ladies and Gentlemen:

We write in connection with the tender offer by **LOTTE CHILSUNG BEVERAGE CO. LTD.** (“**Lotte Chilsung**”) to acquire up to 2,134,381,838 common shares in **PEPSI-COLA PRODUCTS PHILIPPINES, INC.** (“**PCPPI**”) from all shareholders of PCPPI other than Lotte Corporation and the members of the Board of Directors with respect to their qualifying common shares and the officers of PCPPI.

Please be advised that in a letter dated 6 April 2020 which we received on 13 April 2020, the Securities and Exchange Commission (“**SEC**”) issued a ruling in connection with the fairness opinion issued by Punongbayan & Araullo (“**P&A**”) for the tender offer, the key points of which are as follows:

- i. The SEC affirmed the independence of P&A as financial advisor to render the fairness opinion for the tender offer and concluded that there is “no reason to believe that P&A acted contrary to rules 19.2.6.1 and 19.2.6.2.7.6” of the Securities Regulation Code implementing rules and regulations (“**SRC Rules**”);
- ii. Directed Lotte Chilsung to include in the Valuation and Fairness Opinion Report, (a) the rationale for selection of two companies as “comparables” and rationale for non-selection of other competitor companies identified in Pepsi’s 2018 SEC Form 17-A filing and (b) the results of other valuation procedure using either an asset-based or earnings/income-based valuation methodology, upon which, the

report should be filed no later than five (5) business days from receipt of copy of SEC's letter.

- iii. Upon filing an Amended Tender Offer Report (attached thereto the foresaid Valuation and Fairness Opinion Report) with Commission, immediately re-open and resume the mandatory tender offer and conduct the same for the next ten (10) days.

Lotte Chilsung would like to assure PCPPI shareholders of its intention to complete the transaction as provided under the terms and conditions of the tender offer. Accordingly, please be advised that Lotte Chilsung shall comply with the foregoing directives of the SEC. However, in view of the timetable it will take to comply, we intend to request for an extension from the SEC to allow the Company to file the Amended Tender Offer Report at a later time. We shall inform you immediately with respect to developments in connection with the foregoing including the indicative timetable for the re-opening of the tender offer.

Very truly yours,

**LOTTE CHILSUNG BEVERAGE CO. LTD.**

By:



**LUIS MANUEL L. GATMAITAN**



**MOISES RONETTE C. COLOBONG**