

March 30, 2006

Dear Papang,

Sorry for not able to answer much earlier your March 22 letter.

Mamang remitted to me 1.5M pesos second week of December 2005 when I asked for the said amount for the registration of our shipping company (named Good Voyage Shipping Lines, Inc.). Please don't argue with Mamang over this because she understood that we needed to first establish a shipping company before we can accept any of the vessels that Aleson will give to us. I cannot just accept any vessel if I don't have a company in the first place. It took us about more than three months to comply with all the requirements of different Government offices to establish this company. We started applying last September when Mamang came here to inform me that the family has finally decided to allow me to go on my own with the 2-shares-for-us (1 share for each of the rest of the family) formula which resulted my making the first list of aleson assets which was send to you through her for your approval. I believed it was with this list that you came up with the list you gave me on your 70<sup>th</sup> birthday in the presence of John Tan.

Before our family departure to the USA, our corporation paper was already finalized (Dec. 22, 2005). This was *two weeks earlier* than your letter dated Jan 5 stating among others that I am still welcome to join your company.

Enclosed is our Security and Exchange Commission (SEC) corporation paper which indicates among others the date of incorporation ((Dec. 22, 2005), names of our directors (Me, Jessie, Stephanie-Corporate Secretary, cousin Atty. Jaja, daughter of John Tan - Legal, and office staff Tracy – whom I have to assigned CEO to comply both SEC & Marina minimum requirements), name of our stockholders (the five plus another office personnel, Sherly to be our auditor to complete for SEC minimum position requirements), and shares division of ownership.

Both my two office personnel helped me with the incorporation of our company and the many other necessary requirements to comply before we can legally operate. Under Marina Circular Rule, a shipping company is required to have at least a minimum of two of it's company officers, namely the president and chief operating officer, to have shipping experiences. Five is the minimum requirement of incorporators.

Even with Good Voyage Incorporation finalized, but *because* of your Jan 5 letter, I wrote you a letter dated Jan 14 *which* indicates that I was willing not to push thru with Good Voyage. However, after two more futile letters, we found ourselves in the same different thoughts of opinions and so I thought it best to continued then on with the negotiations on the December List you gave me.

All the letters or lists I sent to you thru Mamang concerning your December List were titled as *Proposal 1* and *Proposal 2*.

Even my last text to John Lu just a week ago, *dated March 13*, I used the word proposal and I think anyone can conclude by my text below that it had no sign whatsoever of anger, but rather but I was even compassionately negotiating, clearly not demanding for anything.

“. . . Anyway, I will send again another proposal this week and try to come up with something that would be workable for all parties.”

I have not even started operating yet and we are still in the process of determining what vessels *can best represent* my family shares.

I cannot operate yet because we have not finalized exactly what kind of vessels can be well allotted to me that best represent my family shares with *minimal* effects on the present operational activities of our family business Aleson.

After your decision, I have to *print tickets* (if we will be given passenger vessels) or *print bill of ladings* (if given cargo vessels) and the printing periods for said items takes about a month

excluding the time it will take to register the tickets, official receipts, etc.

I also can't just operate without an office. And I can't look for an office because I don't know what type of vessels I will have or where we will operate them.

Once we finalize and agree on what vessels I can operate, I think my Board Seat in Aleson is automatically revoke *to reciprocate* with the transfer of ownership of the agreed vessels to my family shipping company. And for one thing, *I am not* participating anymore in Aleson's board meetings.

I never hold on to any employees of whom you, Mamang, or any of our family members have had differences and/or terminated. I even let go of my personal driver Oliver and his wife, whom I considers most qualified in office works, whom you both transferred to Zamboanga and eventually resigned. It is not easy for me as a person to let go of people who were most loyal to me, much more have them terminated *because they supported me*. I don't even intend to hire them or anyone any of our family members have had differences before. I have chosen to place our family above for I believe and have experienced it first hand that it will create ill-feelings amongst our family.

So it is not within my character that I intend to compete with my family's business because by doing so, would definitely create ill feelings on me.

I don't intend to compete with our family business.

The sea is so wide, I remember you said that to me long time ago. This coming Saturday or Sunday I intend to fly to General Santos to inspect one foreign container ship coming from East Timor with a capacity of 110 TEUs (our Aleson Con-Carriers has only 30 TEU capacity). On April 2, Asian Spirit will commence flights from Davao to Palau which is timely for our container venture project so it will be easier and less expensive for me and my would be business partners to survey the place. You once wanted to go to Palau so maybe it would be good idea for both of us to fly there together, *having two different ideas but going to one destination*.

I still don't have the financial capacity for such big container vessel but I have negotiated with other people to join me. It is then my hope that even if I am on my own, I would like to someday see a joint venture with Aleson.

Going back to your December List, allow me to review/state our negotiating efforts:

Your December List	190,064,000.00	I didn't agree because: - LMJ2 gross tonnage prohibits us to legally operate this vessel, - 1 Con-Carrier vessel is a loosing business operation and I can't sell it for 25M because it does not represent "actual market prices".
Your March 13 List	173,780,000.00	I noted why our share value was lowered.
Your March 18 List	174,570,000.00	

My family's present total cash in our joint-bank account is less than 14M and we have 11M advance from Aleson due to our purchased of our Corinthian Residence House. That leaves us having less than 3M pesos and I continue to receive my salary from Aleson even *under two suspensions*.

This is my present condition, *after all my works with Aleson*.

With Aleson, I passionately dedicated all my time and efforts to work for *our* family. Now, I shall dedicate my work dedicated passionately for *my* family. With what happened to me in Aleson, I should know better how to have a better ending with my family in both corporate and family affairs.

Below is my family's present budgetary monthly/yearly expenditures.

	Per Week	Per Year	MONTHLY BUDGET	NO VACATION No Flying	future U.S.A. EDUCATION
1 ) TUITIONS					
1 ) Stephanie		15,000.00	1,250.00	1,250.00	125,000.00
2 ) Kristel (US\$15,000)		800,000.00	66,666.67	66,666.67	125,000.00
3 ) Craig (US\$15,000)		800,000.00	66,666.67	66,666.67	125,000.00
2 ) ALLOWANCES					
1 ) Alex			30,000.00	30,000.00	30,000.00
2 ) Jessie			30,000.00	30,000.00	30,000.00
3 ) Stephanie			10,000.00	10,000.00	10,000.00
4 ) Kristel			10,000.00	10,000.00	10,000.00
5 ) Craig			5,000.00	5,000.00	5,000.00
3 ) CELFONS					
1 ) Alex			6,000.00	6,000.00	6,000.00
2 ) Jessie			3,500.00	3,500.00	3,500.00
3 ) Stephanie			3,000.00	3,000.00	3,000.00
4 ) Kristel			2,500.00	2,500.00	2,500.00
5 ) Craig			2,000.00	2,000.00	2,000.00
4 ) FOOD/RESTAURANTS	5,000.00		20,000.00	20,000.00	20,000.00
5 ) Cars					
1 ) Fuel	4,000.00		16,000.00	16,000.00	16,000.00
2 ) Repairs	2,500.00		10,000.00		10,000.00
6 ) VACATIONS		1,500,000.00	125,000.00		125,000.00
7 ) FLYING LESSONS					
1 ) Stephanie		350,000.00	29,166.67		29,166.67
2 ) Kristel		250,000.00	20,833.33		20,833.33
8 ) PIONEER OFC					
1 ) Office Rental			13,000.00	13,000.00	13,000.00
2 ) Electricity			6,000.00	6,000.00	6,000.00
3 ) Phone Bills			15,000.00	15,000.00	15,000.00
4 ) Two Employees			21,667.00	21,667.00	21,667.00
5 ) Others			5,000.00	5,000.00	5,000.00
9 ) CORINTHIAN HS EXPENSES					
1 ) Electricity			15,000.00	15,000.00	15,000.00
2 ) Phone Bills			10,000.00	10,000.00	10,000.00
3 ) Water			5,000.00	5,000.00	5,000.00
4 ) Pool Cleaning			3,000.00	3,000.00	3,000.00
5 ) Driver Arnulfo			6,500.00	6,500.00	6,500.00
6 ) Driver Rey			6,500.00	6,500.00	6,500.00
7 ) 3 Households			13,000.00	13,000.00	13,000.00
8 ) Food			50,000.00	50,000.00	50,000.00
10 ) OTHERS / EMERGENCY			30,000.00	30,000.00	30,000.00
11 ) BIRTHDAYS					
1 ) Alex		150,000.00	12,500.00	12,500.00	12,500.00
2 ) Jessie		150,000.00	12,500.00	12,500.00	12,500.00
3 ) Stephanie		150,000.00	12,500.00	12,500.00	12,500.00
4 ) Kristel		150,000.00	12,500.00	12,500.00	12,500.00
5 ) Craig		150,000.00	12,500.00	12,500.00	12,500.00
12 ) CHRISTMAS					
1 ) Alex		50,000.00	4,166.67	4,166.67	4,166.67
2 ) Jessie		50,000.00	4,166.67	4,166.67	4,166.67
3 ) Stephanie		70,000.00	5,833.33	5,833.33	5,833.33
4 ) Kristel		50,000.00	4,166.67	4,166.67	4,166.67
5 ) Craig		30,000.00	2,500.00	2,500.00	2,500.00
			<b>740,583.67</b>	555,583.67	981,000.33

As a father like you whose main concern is our responsibility to our children's need and future, I am therefore, negotiating my family shares mostly for my children's sake, nothing more nothing less.

With it I hope you, Mamang, and the rest of the family *will set aside tampohan feelings*, especially since our unhealthy indifferences of opinions *has been going on for years* and letting me out of our family business *seems the best options*, and instead decide with compassions, generosity, and even put concern for my family's future income capacity/capability with proper decision on *what proper vessels* the family can allocate to us, avoiding among other things to state that undoubtedly Aleson's well-being and stability will be affected and that all our family members have acceded to sacrifice for my sake.

I have even offered to time charter Con-Carrier vessels, offering 525T pesos per vessel per month, with one month advance. This is 75,000 pesos more per month per vessel of what Aleson is presently chartering to Apo Cement Corporation. However, I was told by John Lu that you don't like the idea and never did I ask again and inquire the reason behind your decision.

My goal for me to succeed in my family's shipping business is to provide my children's well being and *not* to seek competition or revenge as what others will maliciously wants to impute. Time chartering Aleson's con-carriers would help me earn additional income for my family, add additional income for Aleson as well, and in no way is this a form of competition.

Helping me succeed *will produce a better result* in both financials and relationships because it's easier for a successful person to forgive and forget his past rather than for a person who fails.

As hard as it may be for me to anticipate what vessels you will eventually agree to give us, based on your December List (M/V Stephanie Marie, M/V LMJ2, and one Con-Carrier, etc.), I have tried to work on it's operational feasibility. Under said list, only M/V Stephanie Marie would be workable for us. We cannot operate M/V LMJ2 because our small start-up company cannot legally operate it because of the prohibition under Marina Memorandum Circular No. 79 (Accreditation of Domestic Shipping Enterprises/Entities) *which limits* our start-up corporations to own and operate only up to a total of 3,000 gross tons, since our paid-up capital is only 1.5 million pesos.

Vessel	Gross Tonnage
M/V Stephanie Marie	770.73 tons
M/V LMJ2	3,330.42 tons
M/V Con Carrier 8	246.55 tons
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4,347.70 tons – this exceeds our company's authorized limitation of 3,000 gross tonnage.	

One Con-Carrier vessel, without *complete* support equipments, *is a losing business*.

And it is not easy for my family to sell a Con-Carrier vessel at 25M pesos, a 35 tons truck crane for 2M pesos, a 15 tons forklift for 2M pesos, and the other small units at the valuation prices I had evaluated suited only for our purpose for us to be able to equally and fairly divide,

We came up with the amount of 784,066,000.00 pesos for Aleson's Total Operational Property Assets for the main purpose for us to be able to properly distribute our assets but it is *not applicable for sale to others*.

The price and/or valuation value of the assets does not matter. As shown in the next page, even if the prices and/or valuation value were *doubled*, every member can only *afford* to get the same assets.

ORIGINAL		ALEX	NELSON	BOBONG	JAYJAY	DAD &	MOM
A	100.00	A	100.00				
B	180.00				B	180.00	
C	120.00				C	120.00	
D	50.00			D	50.00		
E	90.00			E	90.00		
F	185.00		F	185.00			
G	25.00		G	25.00			
H	270.00	H	270.00				
I	90.00		I	90.00			
J	30.00			J	30.00		
K	150.00					K	150.00
L	130.00			L	130.00		
M	250.00					M	250.00
N	230.00	N	230.00				
O	200.00					O	200.00
	2,100.00		600.00	300.00	300.00	300.00	600.00

DOUBLE		ALEX	NELSON	BOBONG	JAYJAY	DAD &	MOM
A	200.00	A	200.00				
B	360.00				B	360.00	
C	240.00				C	240.00	
D	100.00			D	100.00		
E	180.00			E	180.00		
F	370.00		F	370.00			
G	50.00		G	50.00			
H	540.00	H	540.00				
I	180.00		I	180.00			
J	60.00			J	60.00		
K	300.00					K	300.00
L	260.00			L	260.00		
M	500.00					M	500.00
N	460.00	N	460.00				
O	400.00					O	400.00
	4,200.00		1,200.00	600.00	600.00	600.00	1,200.00

However, please do not let me to sell these assets. The prices we used are not exact “market prices”, meaning they do not represent “actual prices”.

The price are just to prove that no matter what price is in-calculated for the assets, each family member will get the same exact vessel and or property.

Just like in the example shown, if we double the value of all the items of properties in the Aleson Total Operational Property Assets from 78,406,600.00 pesos to 1,568,132,000.00 pesos, the value of my share will increase to 448,037,714.28 but I still will only be able “to afford” only to get the *same number* of vessels and property items because all the values of the vessels and properties will also be doubled. M/V Lady Mary Joy 2 price will be 160,000,000 pesos, M/V Kristel Jane 3 price will be 100,000,000 pesos, a Con-Carrier vessel will be priced at 50,000,000 pesos, etc.

And definitely we cannot sell M/V Lady Mary Joy 2 at a price of 160,000,000 pesos or any of the other property items at the prices we have priced for the purpose of our distributions commensurate to each family member’s shares. So it is *not applicable for sale to others*.

With the hope that you and the rest of our family members will not let me venture with vessels my family will have little chance to succeed, I tried to work on with the scenario of accepting M/V Stephanie Marie and negotiated for an office in Zamboanga, print ticket forms,

print official receipts, and other necessary shipping forms, but in the hope that you and the rest of our family can later allocate us vessels that will augment our family income.

Under your original December List (M/V Stephanie Marie, M/V Lady Mary Joy 2, one Con-Carrier, etc.), maybe we can *make some small revisions*. Maybe you can allow us to operate M/V Stephanie Marie, M/V Kristel Jane 3. My operational survival of these two vessels *does not require us to compete*.

Although the total values of both M/V Stephanie Marie and M/V Kristel Jane 3 is only 110M, the balance (115,580,000 pesos) *can be set aside later* for any other proposals and or suggestions by anyone to be agreed upon.

I am requesting this to happen because I would like to already start my company as soon as possible to be able to support my family.

I don't really know if the operational incomes from these two vessels will be enough to cover my family's high monthly expenditures so if possible, please also try to reconsider my previous offer to time charter Con-Carrier vessels. I am sure I can still earn for myself even at 525T per vessel per month.

I will be in competition with Apo Cement Corporation, not Aleson.

If assuming, you will agree to give us M/V Stephanie Marie, M/V Kristel Jane 3, and allow us to time charter 3 units Con-Carriers for three years, the total amount for the three years charter for the three Con-Carriers amounting to 56,700,000.00 pesos (525T x 3 units x 12months x 3 years) is a large amount which we can workout to deduct from the 115,580,000 balance.

By doing so, my remaining balance will then be down to just 58,880,000 pesos which our family business can easily afford even to convert to cash or allocate other remaining property assets or a combination of both. These we will do *without* competitions and *maximizing* our present property assets.

With regards to M/V Lady Mary Joy 2, I would like to ask permission to independently check for myself to see why until now it has not finished dry-docking. I think *no valid reason whatsoever* can the persons who were put in charge of it can give valid reason for it to be dry-docking *for nine (9) months* already and doing it *during* the 3 most crucial peak-season months of the year (October semester break, December Christmas, and whole of Summer).

There was a buyer from abroad I brought to Zamboanga last September (or October) last year who inspected but wants to inspect again once she goes up the shipyard slipway to inspect her bottom hull. So I think they are serious buyer. There are other few who have make inquiries but providing basic requirements of photocopies of documents like CI, Ownership, Philippine Registry to would be buyers is difficult because said documents are not accessible to me anymore.

But of course, if anyone of our family is against the selling of LMJ2, it's also ok with me. Mine was just a suggestion. Just please do not allocate her to me and let me sell it by myself. We should sell it (assuming you want it to be sold) *together* because LMJ2 size is not easy for anyone to sell.

My separation with our family business which was necessary (my opinion), can be made with *less* emotional and financial loss. The key point is for us to *work together* in trying to *maximize* the property assets our family business already have. Allocating one property asset for the other to force to sell at a loss value *can be prevented* if we can *shrewdly* decide the distribution of our property assets to where it can be *better* utilized.

Quarreling forever with you, Mamang, or the rest of our family is something I don't intend to do. Our present indifferences now may have cause me to depart from our family business company but I believe if we can part ways nicely for the time being, things will in the future fall to their proper places, and maybe in no time we can be one whole happy family again.

Thank you.

Sincerely your son,  
Alex

