

**OFFICE OF THE PRESIDENT
Of the Philippines
Malacañang**

21 November 2006

Honorable Bo XiLai
Minister
Ministry of Commerce
People's Republic of China

Dear Sir,

National Broadband Network and Distant Learning Projects

We write to verify the interest of Chinese companies in arranging financing facility and providing technical support for the development and implementation of the Philippine Government's National Broadband Network ("NBN") and Distant Learning projects.

The Philippine Government is committed to provide access to the internet to all Filipinos at reasonable cost. Thus, one of the priority initiatives of the Government is the development and implementation of the Philippine cyber corridor with primary emphasis on education and other peripheral application to other government agencies. The NBN will ensure the development and implementation of the "Cyber Corridor Plan" presented by Her Excellency, President Gloria Macapagal-Arroyo, in her last State of the Nation Address.

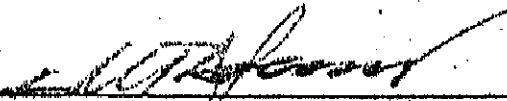
Consistent with the NBN project, the Medium Term Development Plan ("MTDP") of the Philippines envisions information and communications technology ("ICT") as the essential tool for the: i.) wider use of computers to support the teaching-learning process; ii.) promotion of e-learning and information literacy; and, iii.) establishment of e-learning competency centers. The NBN and Distant Learning projects complement one another since the NBN project covers the provision of an integrated broadband network and will support key programs of government on distant education, health, security, cost of connectivity, internet access, election and other applications as defined under the MTDP. However, these projects require financial and technical resources for its full development and implementation.

We believe that it would be mutually beneficial for the Philippine and China if the latter can encourage and support Chinese companies in coming up with financial and technical support for the NBN and the Distant Learning projects. With the support of China, the Philippines can develop and implement the NBN and Distant Learning projects, at the least cost possible, in order to upgrade its IT infrastructure and use the same for efficient and effective delivery of government services, including interactive distant learning. On the other hand, China is assured of a market for its electronic products and technical services, which are needed for the projects.

It may be of interest for you to know that pursuant to the Memorandum of Understanding signed on 12 July 2006 by ZTE Corporation ("ZTE") and DOST Secretary Peter Favila, where ZTE agreed to work together and cooperate with the Philippine Government in the development of various investment activities in the Philippines, ZTE has expressed its intent to support the cyber corridor initiative.

Accordingly, kindly confirm whether Chinese companies are interested in arranging a comprehensive solution, to include financial and technical support for the development and implementation of the NBN and Distant Learning projects of the Philippine Government.

Yours sincerely,



Michael T. Defensor
Presidential Chief of Staff

c. Honorable LI JINJUN
Ambassador
People's Republic of China