

## **COMPROMISE AGREEMENT**

KNOW ALL MEN BY THESE PRESENTS:

This Compromise Agreement entered into by and between:

**HACIENDA LUISITA INCORPORATED**, a corporation organized and existing under Philippine laws, with office address at JCS Building, 119 dela Rosa cor Palanca Streets, Makati City, duly represented herein by its Corporate Secretary, ATTY. EUFROCINIO C. DELA MERCED JR., and hereinafter referred to as “HLI”;

**ALYANSA NG MGA MANGAGAGAWANG BUKID NG HACIENDA LUISITA**, duly represented herein by its President, NOEL MALLARI, and hereinafter referred to as “AMBALA”;

**UNITED LUISITA WORKERS UNION**, duly represented herein by its Vice-President, ELDIFONSO PINGOL, and hereinafter referred to as “ULWU”; and

**SUPERVISORY GROUP OF HACIENDA LUISITA, INC.**, duly represented herein by JULIO SUNIGA and WINDSOR ANDAYA, and hereinafter referred to as “SUPERVISORY GROUP”

WITNESSETH: That

WHEREAS, on May 11, 1989, a tri-party Memorandum of Agreement (“MOA”, for brevity) was executed by Tarlac Development Corporation (“TDC” for brevity), HLI, and Ninety-Two point Nine percent (92.9%) of the farmworkers, wherein said parties opted to avail of the stock distribution, instead of the land distribution option, as their mode of compliance with the Comprehensive Agrarian Reform Program law (“CARP” for brevity).

WHEREAS, on November 21, 1989, the Presidential Agrarian Reform Council (“PARC”, for brevity) unanimously approved the MOA;

WHEREAS, pursuant to term number 3 of said MOA, HLI distributed 118,377,755 shares of its stocks to the farmworkers for free, equivalent to 33.296% of HLI’s outstanding capital stock;

WHEREAS, pursuant to term number 6 of said MOA, HLI subdivided and distributed allocated residential home lots of 240 sq.m. to each of the families of farmworkers with an aggregate value of One Billion Six Million Eight Hundred Seventy-Seven Thousand Five Hundred Forty Pesos (PHP1,006,877,540.00);

WHEREAS, pursuant to term number 4 of said MOA, HLI distributed to all farmworkers an amount equivalent to three percent (3%) of the total gross sales from the production of the agricultural land;

WHEREAS, on 2004, AMBALA, United Luisita Workers Union and SUPERVISORY GROUP separately filed a complaint before the Department of Agrarian Reform (“DAR”, for brevity) praying for the revocation of the existing MOA, and asking for the distribution of agricultural lands in accordance with CARP law;

WHEREAS, on December 22, 2005, PARC issued Resolution No. 2005-32-02 recalling/revoking the stock distribution agreement contained in the above-mentioned MOA;

WHEREAS, on February 1, 2006, HLI questioned aforesaid PARC resolution before the Supreme Court, under Case No. 171101, and the Court issued a Temporary Restraining Order pending resolution of the petition;

WHEREAS, the parties herein are the same parties in the afore-cited Supreme Court case;

WHEREAS, stock distribution was chosen over land distribution by the farmworkers as early as 1989, and it remains effective and valid until today;

WHEREAS, the primordial concern of the parties herein is to uplift the lives of the people living in Hacienda Luisita, and an early resolution of the case, as well as all collateral issues, will definitely augur well to serve this purpose;

WHEREAS, to achieve an early resolution of all pending issues surrounding Hacienda Luisita, all parties herein are willing to enter into a compromise agreement that would end all disputes;

NOW, THEREFORE, in view of the premises, the parties herein hereto agree on the following terms:

1. The parties shall respect the individual decisions of the farmworkers as to whether they would stay with the Stock Distribution contained in the MOA of 1989, or would proceed with land distribution.
2. Farmworkers opting for land distribution shall return to TDC, being the original owners, all HLI shares given to them pursuant to the MOA. In lieu thereof, land shall be given to them FOR FREE AND CLEAN OF ANY AND ALL LIEN OR ENCUMBRANCES. Whatever is the total percentage shareholdings in HLI of the farmworkers opting for land distribution shall be the equivalent percentage of the size of the land to be given to them from the remaining HLI land actually devoted to agriculture, with a total area of 4,102 hectares, approximately. The MOA shall remain valid and effective as far as farmworkers who decide to stay with the Stock Distribution Option.
3. HLI/TDC shall also provide financial assistance to all farmworkers in the amount of One Hundred Fifty Million Pesos (PHP 150,000,000.00). The schedule of the release of the fund assistance shall be dependent on the Supreme Court's approval of this Compromise Agreement.
4. All monetary and non-monetary benefits, such as homelots and production share, already received by the farmworkers shall remain and shall not be questioned, or refunded as a result of land distribution. At the same time, the parties hereby respect and will no longer question the validity of the conversion of lands to non-agricultural use.
5. Farmworkers opting for land distribution, hereby waive all their rights or interests on the remaining assets of HLI. They also hereby give HLI or its assigns the right of first refusal, should they decide to lease, sell, transfer, encumber, convey, or enter into joint-venture or any other mode of business relations or transaction that would involve the land given to them, or any rights thereto, or any portion thereof. Should HLI or its assigns fail to match the best offer given to the farmworkers within three hundred sixty (360) days from the receipt of a written notice, then the farmworkers may proceed to deal with third parties.
6. To optimize land productivity and create job opportunities, the farmworkers herein hereby express support and/or interpose no objection to the further

developments of HLI lands even for non-agricultural purposes. Said farmworkers who chose SDO, or their heirs, shall be given preference in employment.

7. Pursuant to this Compromise Agreement and the financial assistance given, the parties herein hereby waive and agree to withdraw any and all claims, including those arising from employer-employee relationship, complaints, petitions filed, or to be filed, with the DAR, PARC, administrative, quasi-judicial and/or judicial bodies, or any other matter arising from or incidental to the MOA, or any dispute between HLI and the farmworkers, and hereby release and hold harmless each other from any and all other liabilities or claims, of any form and kind, which one may have against the other and its officers, or which may arise now or in the future between HLI and the farmworkers, or as a result of or incidental to the implementation of the MOA.
8. All parties herein have entered into this agreement freely and voluntarily with full understanding of its contents, and hereby agree to cooperate with each other in good faith in carrying out the principles and objectives embodied in the provisions stated in this agreement, including the execution, signing, delivery and implementation of any and all documents necessary to achieve and/or implement the above purposes. This English version shall supersede any other translation in case of discrepancy.

IN WITNESS WHEREOF, the parties have hereunto set their hands and affix their signatures this August 6, 2010, at Tarlac City.

**HACIENDA LUISITA INCORPORATED**

By: ATTY. EUFROCINIO C. DELA MERCED JR.

**ALYANSA NG MGA MANGAGAGAWANG BUKID NG HACIENDA LUISITA**

By: NOEL MALLARI

**UNITED LUISITA WORKERS UNION**

By: ELDIFONSO PINGOL

**SUPERVISORY GROUP OF HACIENDA LUISITA, INC.**

By: JULIO SUNIGA

By: WINDSOR ANDAYA

**WITNESSED BY:**

ATTY. VIGOR D. MENDOZA II

ATTY. ANTONIO A. LIGON

Brgy.Kap. PROTACIO N. NAVARRO JR.

Brgy.Kap. RENATO R. LUNA JR.

Brgy.Kap. FRANCISCO A. SIGUA

**We Concur:**

**Tarlac Development Corporation (TDC)**

By: \_\_\_\_\_