



June 29, 2011

The Philippine Stock Exchange
4th Floor PSE Centre
Exchange Road, Ortigas Center
Pasig City

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

Ladies and Gentlemen:

We refer to your letter of June 29, 2011 requesting PLDT to comment and provide additional information, if any, regarding the article entitled "PLDT ownership probed", published in today's issue of the BusinessMirror (internet edition). The article reported in part that:

"The Supreme Court has directed the Securities and Exchange Commission to determine if Philippine Long Distance Telephone Co. violated the constitutional provision that limits foreign ownership of public utilities to 40 percent.

The order was made during Tuesday's regular full-court session of the Court, wherein it partly granted the petition filed by Wilson Gamboa, a human-rights lawyer, seeking to annul the sale of the government-acquired 111,415 Philippine Telecommunications Investment Corp. (PTIC) in PLDT shares to Hong Kong-based First Pacific Co. Ltd. worth P25.2 billion.

In their vote, the majority of the justices held that the term "capital" in Section 11, Article XII of the 1987 Constitution refers only to shares of stock entitled to vote in the election of directors and, "thus in the present case, only to common shares, and not to the total outstanding, capital stock" composed of "common" or voting shares and "preferred" or nonvoting shares.

....

In his petition, Gamboa said the sale violated the constitutional limitation on foreign ownership of a public utility; he also said the respondents committed grave abuse of discretion by allowing the sale of PTIC shares to First Pacific.

Gamboa said that as a consequence, First Pacific and NTT DoCoMo, a minority stockholder, would own 51.56 percent of PLDT's equity, which is over and above the maximum allowable 40 percent under the Constitution.

Gamboa said foreign entities have been breaching the constitutional limitation on foreign ownership of PLDT as early as 2003 and that the foreign ownership of common equity for 2003-2005 hovered at 60 percent.

The petitioner said foreigners could only own up to 40 percent of the voting stocks, which are common shares as defined by the Corporation Code of the Philippines. However, foreign entities can own in excess of the 40-percent cap on common shares, provided such excess would cover nonvoting stocks or preferred shares.

Gamboa said the position of PLDT—that the determination of foreign ownership in a public utility should be based on the combined preferred and common stockholdings of a given public utility—was a misinterpretation of Section 11, Article XII.”

We advise that PLDT is not a respondent in the petition filed by Wilson Gamboa and has not received a copy of the Supreme Court decision referred to in the news report.

We reserve our comment until such time that the reported Supreme Court decision has been officially issued and we have had an opportunity to review the same.

We affirm that PLDT’s foreign ownership is well below the limit of forty percent of its “capital” as this term has been interpreted in numerous opinions issued by the Securities and Exchange Commission.

Respectfully yours,



MA. LOURDES C. RAUSA-CHAN
Corporate Secretary

MLCRC:amq



June 29, 2011

Securities & Exchange Commission
SEC Building, EDSA
Mandaluyong City

Attention: Director Justina F. Callangan
Corporation Finance Department

Gentlemen:

Re : Philippine Long Distance Telephone Company
SEC Registration No. PW-55

In compliance with Section 17.1(b) of the Securities Regulation Code and SRC Rule 17.1, we submit herewith two (2) copies of our letter dated June 29, 2011 to the Philippine Stock Exchange, Inc. (PSE) in connection with PSE's letter of even date regarding the article entitled "PLDT ownership probed", published in today's issue of the BusinessMirror (internet edition).

Respectfully yours,


MA. LOURDES C. RAUSA-CHAN
Corporate Secretary

MLCRC:amq
Encs.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.1

1. June 29, 2011
(Date of earliest event reported)
2. SEC Identification Number PW-55
3. BIR Tax Identification No. 000-488-793
4. PHILIPPINE LONG DISTANCE TELEPHONE COMPANY
Exact name of issuer as specified in its charter
5. PHILIPPINES
Province, country or other jurisdiction
of Incorporation
6. _____ (SEC Use Only)
Industry Classification Code
7. Ramon Cojuangco Building, Makati Avenue, Makati City
Address of principal office 1200
Postal Code
8. (632) 816-8553; 816-8556
Issuer's telephone number, including area code
9. Not Applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation
Code or Sections 4 and 8 of the Revised Securities Act

Title of Each Class

Number of Shares of Common Stock
Licensed and Amount of Debt Outstanding

11. Item 9 – Other Events

Attached hereto is a copy of our letter to the Philippine Stock Exchange, Inc. dated June 29, 2011 in connection with PSE's letter of even date regarding the article entitled "PLDT ownership probed", published in today's issue of the BusinessMirror (internet edition).

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized.

PHILIPPINE LONG DISTANCE
TELEPHONE COMPANY


MA. LOURDES C. RAUSA-CHAN
Corporate Secretary

June 29, 2011



ODiSy

3rd Floor, Philippine Stock Exchange Center,
Ayala Triangle, Ayala Avenue
Makati City
Trunkline: 688-7600 loc. 7510-7519
Fax. No. 659-3455

Company : PHILIPPINE LONG DISTANCE TELEPHONE COMPANY

Attention : ATTY. MA. LOURDES C. RAUSA-CHAN
Senior Vice President/Corporate Secretary

Subject : "PLDT ownership probed"

Date : June 29, 2011

Gentlemen:

We write with respect to the news article entitled "PLDT ownership probed" posted in *BusinessMirror* internet edition on June 29, 2011. The article reported in part that:

THE Supreme Court has directed the Securities and Exchange Commission to determine if Philippine Long Distance Telephone Co. violated the constitutional provision that limits foreign ownership of public utilities to 40 percent.

The order was made during Tuesday's regular full-court session of the Court, wherein it partly granted the petition filed by Wilson Gamboa, a human-rights lawyer, seeking to annul the sale of the government-acquired 111,415 Philippine Telecommunications Investment Corp. (PTIC) in PLDT shares to Hong Kong-based First Pacific Co. Ltd. worth P25.2 billion.

In their vote, the majority of the justices held that the term "capital" in Section 11, Article XII of the 1987 Constitution refers only to shares of stock entitled to vote in the election of directors and, "thus in the present case, only to common shares, and not to the total outstanding, capital stock" composed of "common" or voting shares and "preferred" or nonvoting shares.

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In his petition, Gamboa said the sale violated the constitutional limitation on foreign ownership of a public utility; he also said the respondents committed grave abuse of discretion by allowing the sale of PTIC shares to First Pacific.

Gamboa said that as a consequence, First Pacific and NTT DoCoMo, a minority stockholder, would own 51.56 percent of PLDT's equity, which is over and above the maximum allowable 40 percent under the Constitution.

Gamboa said foreign entities have been breaching the constitutional limitation on foreign ownership of PLDT as early as 2003 and that the foreign ownership of common equity for 2003-2005 hovered at 60 percent.

The petitioner said foreigners could only own up to 40 percent of the voting stocks, which are common shares as defined by the Corporation Code of the Philippines. However, foreign entities can own in excess of the 40-percent cap on common shares, provided such excess would cover nonvoting stocks or preferred shares.

Gamboa said the position of PLDT—that the determination of foreign ownership in a public utility should be based on the combined preferred and common stockholdings of a given public utility—was a misinterpretation of Section 11, Article XII.

....

The Exchange would like to seek Philippine Long Distance Telephone Company's ("TEL") comment/s on the above-quoted news article and provide additional information, if any, **via ODiSy before 4:00 p.m. today, June 29, 2011**, so that we may properly apprise the Trading Participants and the investing public of the same.

Very truly yours,



NORBERTO T. MORENO JR.

Assistant Head, Disclosure Department

PLDT ownership probed

Tuesday, 28 June 2011 21:33 Joel R. San Juan / Reporter



THE Supreme Court has directed the Securities and Exchange Commission to determine if Philippine Long Distance Telephone Co. violated the constitutional provision that limits foreign ownership of public utilities to 40 percent.

The order was made during Tuesday's regular full-court session of the Court, wherein it partly granted the petition filed by Wilson Gamboa, a human-rights lawyer, seeking to annul the sale of the government-acquired 111,415 Philippine Telecommunications Investment Corp. (PTIC) in PLDT shares to Hong Kong-based First Pacific Co. Ltd. worth P25.2 billion.

In their vote, the majority of the justices held that the term "capital" in Section 11, Article XII of the 1987 Constitution refers only to shares of stock entitled to vote in the election of directors and, "thus in the present case, only to common shares, and not to the total outstanding, capital stock" composed of "common" or voting shares and "preferred" or nonvoting shares.

The Court also said the SEC has the power to suspend or revoke, after proper notice and hearing, the franchise certificate of registration of corporations, partnerships or associations upon any of the grounds provided by law.

An SEC spokesman declined to comment, saying the regulator has yet to see a copy of the Court order.

In his petition, Gamboa said the sale violated the constitutional limitation on foreign ownership of a public utility; he also said the respondents committed grave abuse of discretion by allowing the sale of PTIC shares to First Pacific.

Gamboa said that as a consequence, First Pacific and NTT DoCoMo, a minority stockholder, would own 51.56 percent of PLDT's equity, which is over and above the maximum allowable 40 percent under the Constitution.

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Gamboa said the position of PLDT—that the determination of foreign ownership in a public utility should be based on the combined preferred and common stockholdings of a given public utility—was a misinterpretation of Section 11, Article XII.

The sale of the PTIC shares in PLDT happened after the Supreme Court declared that the shares were part of the ill-gotten wealth of the Marcoses.