



January 5, 2012

The Philippine Stock Exchange
3rd Floor Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

Mr. Norberto T. Moreno, Jr.
Assistant Head, Disclosure Department

Dear Sirs and Mesdames:

We refer to your letter dated January 5, 2012 requesting for clarification and/or confirmation of the news article entitled "PLDT in new P4.9-B suit" published in today's issue of BusinessMirror. The article reported in part that:

"Minority shareholders of Digital Telecommunications Philippines Inc. (Digitel) are complaining that they are treated unfairly by Philippine Long Distance Telephone Co. (PLDT) for being offered less than the price given by the phone giant to the majority shareholders.

In a 14-page complaint filed before the Securities and Exchange Commission (SEC), four Digitel shareholders – who said they owned 48.45 percent of the phone firm that PLDT recently bought – had asked the agency to order the PLDT board of directors to buy their shares at P21.12 a piece, not P1.60.

The price of the questioned shares could amount to P4.9 billion.

Complainants Dioceldo Sy, Edmundo Sia, Gary Lim and Arsenio Tan said PLDT acted in bad faith by making a mandatory tender offer of less than the price offered to the JG Summit Group, the majority shareholder of Digitel with 51.55-percent equity stake before the buyout. The minority shareholders asked the SEC to look closely into the valuation of their shares."

We advise that PLDT has not received a copy of the complaint referred to in the news article.

For the purpose of clarifying the aforementioned news article, we confirm the statement of our Public Affairs Head, Mr. Ramon S. Isberto, which is also contained in the said article, as follows:

“The tender offer price of P1.6033 per share being made by PLDT to the minority shareholders of Digitel is the same price that was paid to JG Summit Holdings Inc. and other related parties (the “JG Summit Group”) which collectively owned a 51.55% equity stake in Digitel before the buyout.

As was specified in earlier disclosures, the total consideration of P69.2 billion paid to the JG Summit Group included not only its 3,277,135,882 Digitel shares (which amounts to approximately P5.2 billion at P1.6033 per share) but also the zero-coupon convertible bonds issued by Digitel and its subsidiary that are convertible into 18.6 billion shares as of June 30, 2011 (equivalent to around P29.8 billion at P1.603 per share) and the advances made by JG Summit to Digitel and its subsidiary amounting to approximately P34.1 billion.

Meanwhile, the minority shareholders holding 3,079,840,418 Digitel shares representing 48.45% stake in the company will be paid a total of approximately P4.9 billion (at P1.6033 per share) in cash or in PLDT shares valued at P2,500 per share should all the concerned shareholders accept the tender offer.”

Thank you.

Respectfully yours,



MA. LOURDES C. RAUSA-CHAN
Corporate Secretary

MLCRC:amq