



July 13, 2012

The Philippine Stock Exchange  
3<sup>rd</sup> 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 July 13, 2012 requesting for clarification and/or confirmation of the news articles entitled "PLDT to rely mostly on cash for GMA purchase", published in today's issue of The Philippine Star. The article reported in part that:

*"Dominant carrier Philippine Long Distance Telephone Co. (PLDT) would rely mostly on cash to acquire a controlling stake in GMA Network Inc., PLDT chairman Manuel V. Pangilinan said.*

*In an interview with reporters after the signing of a branding partnership between PLDT and SM Prime Holdings, Pangilinan said the acquisition of a controlling interest in the broadcast firm would be paid mostly in cash.*

*"But we would like to put up most of it with our own cash," he stressed.*

*Aside from cash, the PLDT head said they are also in talks with banks and financial institutions for loans.*

*"It will most likely cash and loans. We're already talking to our banks," Pangilinan said.*

*He clarified that loans would only fund a small portion of the transaction.*

*The country's top telco is hoping that the transaction would be completed within the year but would still depend on negotiations with the Duavit, Jimenez, and Gozon families that control GMA.*

*PLDT affiliate MediaQuest Holdings, he said, would most likely acquire GMA's common shares while PLDT would pick up Philippine Depository Receipts (PDR)."*

We confirm the statements made by our Chairman quoted in the Philippine Star article cited above.

We also wish to clarify that while discussions between Mediaquest Holdings, Inc. and the principal shareholders of GMA are ongoing, no agreement has yet been signed regarding the contemplated transaction.

Based on current discussions, Mediaquest, which is wholly owned by the PLDT Beneficial Trust Fund, will be the acquiring entity for GMA common shares, while the PLDT group may invest through Philippine Depository Receipts (PDRs). The sellers are expecting to be paid in cash and in this connection, a funding plan is being put in place which may involve a combination of bank loans, repositioning of other investments and available cash holdings.

The appropriate disclosure will be filed with the Exchange if and when an agreement is finalized and signed.

Thank you.

Respectfully yours,



MA. LOURDES C. RAUSA-CHAN  
Corporate Secretary

MLCRC:amq