



# PLDT Investment in Digitel:

Equity Value of P74.1bn (US\$1.7bn) on a 100% basis

**Investor Conference Call**  
29 March 2011



# Transaction Highlights

PLDT Investment	<ul style="list-style-type: none"> <li>• Digitel's equity value of P74.1bn* (US\$1.7bn) on a 100% basis</li> </ul>
Subject of PLDT's Investment	<ul style="list-style-type: none"> <li>• Controlling interest in Digitel from J. G. Summit ("JGS") and certain other parties for P69.2bn (US\$1.6bn):             <ul style="list-style-type: none"> <li>✓ 3.277bn common shares of Digitel representing a 51.55% stake</li> <li>✓ Zero-coupon convertible bonds issued by the Digitel Group to the JGS Group assumed to be convertible into approx. 18.6 billion shares of Digitel by 30 June, and</li> <li>✓ Inter-company advances of P34.1 billion made by the JGS Group to Digitel and its subsidiaries</li> </ul> </li> <li>• PLDT will announce later its intention to conduct a mandatory tender offer for all remaining Digitel common shares held by the public at an indicative price of P1.60/share, or up to P4.9bn (US\$0.1bn)</li> </ul>
Consideration for the acquisition	<ul style="list-style-type: none"> <li>• New PLDT shares issued at P2,500 per share</li> <li>• 29.65mn PLDT shares to be issued (assuming all minority shareholders take up PLDT shares) representing 13.7% of the enlarged issued share capital of PLDT on a fully diluted basis</li> </ul>
PLDT Tender Offer to Digitel Minority Shareholders	<ul style="list-style-type: none"> <li>• Tender offer to purchase the remaining Digitel shares held by the public shareholders of Digitel at an indicative price of P1.60/share, which will be equivalent to the fully diluted price per share of Digitel, assuming full conversion of the convertible bonds</li> <li>• Digitel minority shareholders to be offered payment in PLDT shares issued at P2,500 per share, or cash</li> </ul>
Board representation	<ul style="list-style-type: none"> <li>• One (1) JGS representative on the PLDT Board</li> </ul>
Target closing date	<ul style="list-style-type: none"> <li>• 30 June 2011, subject to securing all necessary PLDT shareholder and regulatory approvals</li> </ul>

# Transaction Rationale

## Enhanced consumer services arising from complementary operations of PLDT and Digitel

- ▶ Optimized network management to enhance capacity and expand broadband and 3G coverage for Sun's subscribers
- ▶ Accelerate roll-out of new technologies such as 4G/LTE for the combined networks
- ▶ Leverage Sun's operations to effectively improve "unli" services for subscribers of both operations
- ▶ Digitel's fixed line subscribers expected to benefit from PLDT's extensive infrastructure, particularly its nationwide fiber optic network and its international cable and satellite facilities
- ▶ Faster roll-out of enhanced broadband services to Digitel's fixed line subscribers

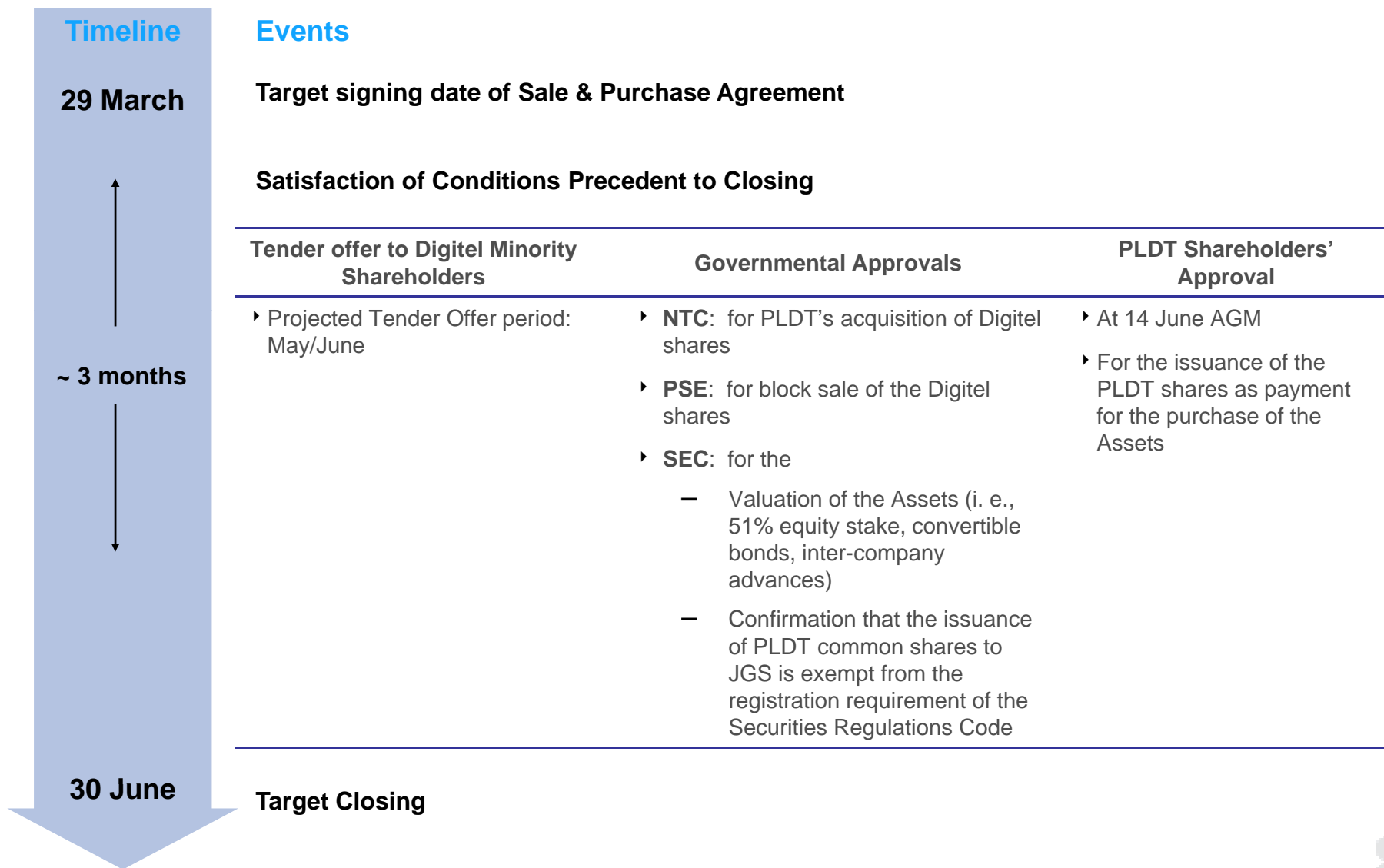
## Significant potential synergies and cost efficiencies

- Capex optimization and cost efficiencies
  - Co-location of base stations
  - Consolidation of overlapping technical systems
  - Reduce cost duplications
  - Bulk purchasing of network equipment, communication devices and other materials
  - Shared services

## Benefit to shareholders

- Share price re-rating

# Transaction Milestones



# Conclusions

- ▶ Significant strategic benefits of the Transaction for customers, the general public and shareholders of PLDT and Digitel
- ▶ Investment in Digitel will leverage the combined expertise of the PLDT Group and Digitel to create a more capable telecommunications company, which will be better positioned to provide higher quality and even more affordable services to fixed line, wireless, and broadband subscribers

*Except for historical financial and operating data and other information in respect of historical matters, the statements contained herein are “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. The words “believe”, “intend”, “plan”, “anticipate”, “continue”, “estimate”, “expect”, “may”, “will” or other similar words are frequently used to indicate these forward looking statements. Any such forward-looking statement is not a guarantee of future performance and involves a number of known and unknown risks, uncertainties and other factors that could cause the actual performance, financial condition or results of operation of PLDT to be materially different from any future performance, financial condition or results of operation implied by such forward-looking statement. Among the factors that could cause actual results to differ from the implied or expected results are those factors discussed under “Risk Factors” in Item 3 in PLDT’s annual report on Form 20-F.*

# Appendix



# Digitel ownership structure

JGS, together with certain JG family members and other parties, own 51.55% of Digitel...

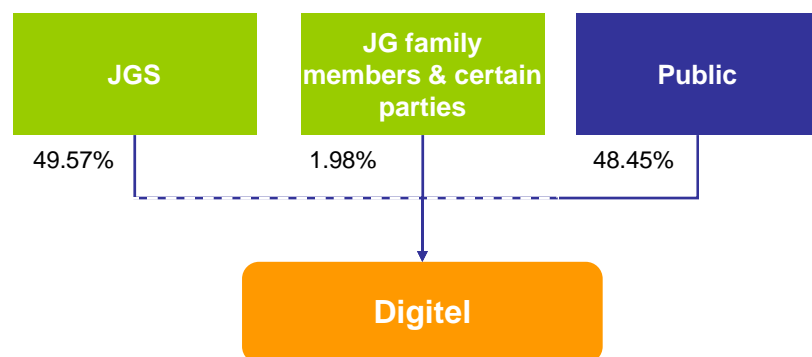
## Common shares

Shareholder	Mns	%
JG Summit Holdings, Inc. ("JGS")	3,016	47.45%
Express Holdings Inc. (100% subsidiary of JGS)	135	2.12%
JG family members and certain parties	126	1.98%
<b>Sub-total</b>	<b>3,277</b>	<b>51.55%</b>
Public	3,080	48.45%
<b>Total</b>	<b>6,357</b>	<b>100.00%</b>

## Convertible bonds and shareholder advances

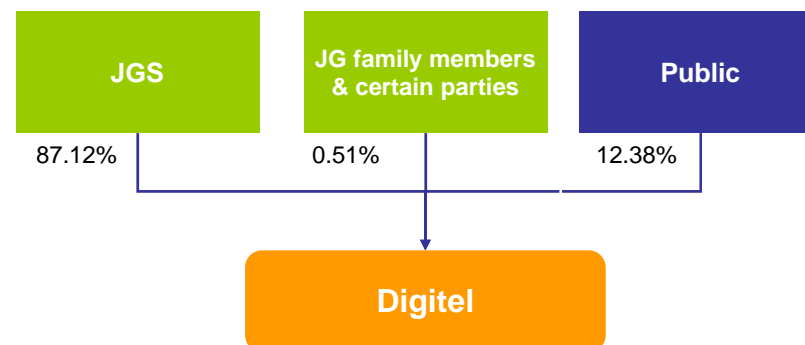
- JGS owns US\$ zero-coupon convertible bonds issued by the Digitel Group:
  - Aggregate carrying value of PHP17.9bn as of 31 December 2010
  - CBs due 2013: Convertible into 1,026m additional shares in Digitel<sup>(1)</sup>
  - CBs due 2014: Convertible into 17,497m additional shares in Digitel<sup>(1)</sup>
- PHP34.1bn<sup>(2)</sup> of advances from related parties primarily funded by JGS

### Pre-conversion



### Post-conversion of CBs <sup>(2)</sup>

+18.5bn shares to JGS, total outstanding increases from 6.4bn to 24.9bn



(1) Assumes full conversion on June 30 2011 and an exchange rate of 43.405.

Full conversion of CBs require an increase in Digitel's authorized capital stock as it currently has 9 billion authorized capital stock, of which 6.36 billion shares have already been issued

(2) Carrying values as of 31 December 2010