
PLDT TO INVEST IN DIGITEL
JG Summit to exchange stake in Digitel for new PLDT shares
at an issue price of ₱2,500 per share

- **Transaction to have an equity value of ₱74.1 billion**
- **Consumers to benefit from wider and complementary array of products and improved quality of service**
- **Paired networks to accelerate continued expansion of broadband rollout and other next-generation technologies in both fixed and wireless space**

MANILA, Philippines : 29th March 2011 - Philippine Long Distance Telephone Company (“PLDT”) (NYSE: PLDT) (PSE: TEL) and JG Summit Holdings, Inc (“JGS”) (PSE:JGS) announced that at meetings held earlier today, their respective Boards of Directors approved the acquisition by PLDT of JGS’s and certain other parties’ ownership interest in Digital Telecommunications Philippines, Inc. (“Digitel”) (PSE:DGTL), comprising (i) 3,277,135,882 common shares in Digitel, representing a 51.55% equity stake; (ii) zero-coupon convertible bonds issued by Digitel and its subsidiaries to the JGS Group which are assumed to be convertible into approximately 18.6 billion shares of Digitel by 30 June 2011; and (iii) intercompany advances of ₱34.1 billion made by the JGS Group and certain of such parties to Digitel and its subsidiaries (the “Assets”). Digitel is the 100% owner of Digitel Mobile Philippines, Inc., which owns the brand Sun Cellular.

The agreed consideration for the Assets is ₱69.2 billion which will be settled by the issuance of one (1) new PLDT share for every ₱2,500 consideration payable for the Assets. PLDT will engage an independent financial advisor to review the transaction and render a fairness opinion on the transaction and the consideration payable by PLDT.

PLDT will announce later its intention to conduct a tender offer, being a mandatory tender offer for all the remaining Digitel shares held by the public shareholders of Digitel (who hold, in aggregate, approximately 48.45% of the issued common stock of Digitel) to purchase their Digitel shares of common stock. Under the tender offer, it is anticipated that PLDT will offer to purchase Digitel shares at the price of ₱1.60 per Digitel share, which will be paid in the form of either PLDT shares issued at ₱2,500 per share or cash, at the option of the Digitel shareholder. The contemplated tender offer price will be equivalent to the fully diluted price per share of Digitel, assuming full conversion of the convertible bonds. Should all minority shareholders of Digitel accept the offer by PLDT, PLDT will issue a total of 29.65 million new PLDT shares for the acquisition of the Assets and of the remaining Digitel Shares held by the minority shareholders under the tender offer, representing approximately 13.7% of the enlarged issued share capital of PLDT on a fully diluted basis.

Assuming full acceptance by the minorities of Digitel, the total transaction consideration would be ₱74.1 billion.

PLDT will seek the requisite shareholder approval for the issuance of the new common shares as payment for the purchase price of the Assets, and regulatory approvals for the transaction. The completion of the transaction will require the following regulatory approvals: (i) the approval by the National Telecommunications Commission (“NTC”) of PLDT’s acquisition of the

Digitel shares; (ii) the approval by the Securities and Exchange Commission (“SEC”) of the valuation of the Assets; (iii) the approval by the Philippine Stock Exchange (“PSE”) of the block sale of the Digitel shares; and (iv) the confirmation by the SEC that the issuance of the PLDT common shares to JGS is exempt from the registration requirement of the Securities Regulations Code. The issuance of the PLDT shares as payment for the purchase price of the Assets also requires the approval of the shareholders of PLDT. The sale of the Digitel shares is subject to the consent of certain creditors of Digitel and Digitel Mobile Philippines, Inc.

A representative of JGS is expected to join the Board of Directors of PLDT.

This transaction is intended to be completed by the end of the second quarter of 2011.

PLDT’s investment in Digitel is expected to achieve substantial benefits for the consumers, the general public and the shareholders of PLDT and JGS. It 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 addressing a wide range of consumer demand – from voice to SMS to data and Internet and video services.

PLDT intends to keep the mobile operations of Digitel separate and intact, and to maintain and capitalize on Sun Cellular’s operations and significant brand equity to continue serving specific segments of the market, especially those who prefer “unlimited” type of services.

Digitel’s fixed line operations can complement those of PLDT’s in terms of both geographic and population reach, while adding approximately 450,000 subscribers to PLDT’s current base of 1.8 million subscribers. PLDT can quickly provide enhanced broadband services in Digitel’s service areas. Digitel’s subscribers are also expected to benefit from PLDT’s extensive infrastructure, particularly its nationwide fiber optic network and its international cable and satellite facilities.

PLDT will also make available to Sun subscribers its wide range of service offerings particularly in terms of 3G and broadband. Over the last few years, PLDT’s wireless subsidiary, Smart Communications, Inc., has been steadily advancing its Internet for all advocacy and making mobile broadband more affordable and widely available so that all Filipinos may benefit from it. Mobile broadband networks can generate economic activity as they enable fast-developing, technology-driven ecosystems.

PLDT envisages significant cost efficiencies from the transaction via capex optimization, co-location of base stations, consolidation of overlapping technical systems, implementation of shared services, bulk purchasing of network equipment, communication devices and other materials and elimination of other duplicated costs. Improved network utilization and service quality can also be achieved through complementary technologies and greater network density.

“When we announced PLDT’s 2010 results a month ago, I underscored then the need to undertake major changes in the face of the changing dynamics of the telecom industry, including the anticipated explosion in the demand for data services. In this regard, we are pleased to deliver a transaction that addresses that need. Though this initiative alters the country’s telecom landscape, we expect competition within the industry to remain very robust given that other operators, including new entrants, are formidable and well-funded. And as I

have alluded to in previous statements, we face growing competition not just from other telcos but also from the so-called “over the top” or OTT service providers that offer social networking, instant messaging and VoIP services. In the face of muted revenue growth and elevated capex requirements, this transaction provides a solution that not only addresses those concerns but also benefits consumers and improves the country’s broadband infrastructure while enhancing shareholder value”, said **Manuel V. Pangilinan, Chairman of PLDT**.

“In making this decision, JG Summit went through a rigorous review of its strategic options and concluded that PLDT is the best partner for all our stakeholders - Digitel subscribers should reap benefits from PLDT’s sizeable infrastructure and leading-edge platforms. The transaction should also bring significant value to JG Summit’s shareholders without relinquishing our participation in the Philippine telecommunications industry”, stated **James Go, JGS Chairman and CEO**.

ING Bank N.V. acted as financial advisor, and SyCip Salazar Hernandez & Gatmaitan as legal advisor to PLDT while Romulo, Mabanta, Buenaventura, Sayoc and de los Angeles acted as legal advisor to JGS.

About PLDT

PLDT is the leading telecommunications provider in the Philippines. Through its three principal business groups – fixed line, wireless, and information and communications technology – PLDT offers a wide range of telecommunications services across the Philippines’ most extensive fiber optic backbone and fixed line and cellular networks.

About Digitel

Established in 1987, Digitel is one of the major providers of wireline communication systems in Luzon. In 2003, Digitel entered the wireless communications business through the Sun Cellular brand and has since then been recognized as one of the fastest-growing wireless communications providers in the country, with 14 million wireless subscribers as of the end of 2010. Through Sun Cellular, Digitel is able to expand its portfolio of telecommunications services to include wireless voice and internet together with its array of fixed-line telephony products. Digitel is listed on the Philippine Stock Exchange and is a subsidiary of JGS.

About JGS

JGS is the listed holding company of the Gokongwei family, one of the country’s foremost business groups. JGS has a diversified portfolio of businesses spanning aviation, banking, consumer goods manufacturing, petrochemicals, real estate, and telecommunications. It is a member of the Philippine Composite Index, and has a market capitalization of ₱166.5 billion as of 28 March 2011.