



October 26, 2011

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

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

Ladies and Gentlemen:

We disclose that we received today the Order issued by the National Telecommunications Commission (the "Decision") approving the Application jointly filed by Philippine Long Distance Telephone Company (PLDT) and Digital Telecommunications Philippines, Inc. (Digitel) for the sale and transfer of initially approximately 51.55% of the outstanding capital stock of Digitel to PLDT, pursuant to Section 20(h) of the Public Service Act (the "Application").

The approval of the Application is subject to the following conditions, among others:

1. Digitel shall continue to provide nationwide "unlimited" type of services to the public.
2. After the consummation of the Digitel acquisition, PLDT shall divest itself of Connectivity Unlimited Resources, Inc. (CURE), which owns 10MHz of 3G frequency in the 2100 band (the "Affected Frequency"), in accordance with the Divestment Plan, as follows:
 - CURE will sell its Red Mobile business to Smart Communications, Inc. (SMART) consisting of its subscriber base, brand and fixed assets;
 - SMART will sell all of its rights and interests in CURE whose remaining assets will consist of its congressional franchise, the Affected Frequency and related permits (the "Divestment Sale");
 - PLDT will have a period of nine months to effect the orderly migration of CURE's customers and an orderly transfer of CURE's assets to SMART with the least disruption and degradation of service to CURE's existing customers (the "Transition Period"). The Transition Period will be reckoned from the date of promulgation of the Decision;

- The Divestment Sale will be made under the supervision and control of the NTC and will be effected through a competitive bidding among duly enfranchised and qualified public telecommunication entities. A minimum price will be prescribed to allow SMART to recover its investment in acquiring, developing and operating CURE (the "Cost Recovery Amount"). In the event that the actual proceeds from the Divestment Sale exceed the Cost Recovery Amount, PLDT will pay the NTC, as fee for supervising the Divestment Sale, at least 50% of such excess less government fees and taxes payable as a consequence of the Divestment Sale;
 - The Divestment Sale will be conducted within six months after the Transition Period provided the Decision shall have become final and executory. However, in the event that there will be a delay in the implementation of the Divestment Sale by reason of appeal or any legal challenge against the Decision, CURE will continue to pay Spectrum User's Fee and other related fees which will form part of the Cost Recovery Amount. While the Divestment Sale is pending, the PLDT group will not use the Affected Frequency.
3. PLDT and Digitel shall continue to provide high quality service to the subscribers/users.

PLDT and Digitel have manifested their acceptance of the conditions contained in the Decision.

Following the NTC's approval, the parties can now proceed to complete the transaction (the full terms of which were announced and contained in our disclosure to the Exchange on March 29, 2011) and allow Digitel to have access to the expertise and resources of the PLDT Group so that Digitel can deliver even better, more extensive and affordable communications services to its customers.

Respectfully yours,


MA. LOURDES C. RAUSA-CHAN
Corporate Secretary

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