

**MINUTES**  
**ANNUAL MEETING OF STOCKHOLDERS**  
**PHILIPPINE LONG DISTANCE TELEPHONE COMPANY**  
**JUNE 14, 2013**

The Annual Meeting of Stockholders of the Company was held at Rizal Ballroom AB, Makati Shangri-La, Ayala Avenue corner Makati Avenue, Makati City, Metro Manila, Philippines on June 14, 2013 at 4:00 o'clock p.m.

The meeting started with an invocation led by Rev. Fr. Jose Ramon Villarin. Thereafter the Chairman of the Board, Mr. Manuel V. Pangilinan welcomed the shareholders to their Annual Meeting.

**1. CALL TO ORDER**

The Chairman called the meeting to order and requested the Corporate Secretary to report on the service of notice of, and existence of a quorum at, the meeting.

**2. CERTIFICATION OF SERVICE OF NOTICE AND QUORUM**

The Corporate Secretary reported that copies of the printed Notice and Agenda of the meeting together with the Information Statement, 2012 Annual Report and Proxy Form were delivered personally or by mail to Philippine residents and overseas holders of the Company's shares of stock as of the Record Date, April 15, 2013.

Based on the record of attendance and report of proxies received by the Office of the Corporate Secretary with the assistance of the Company's transfer agent for Common Stock and Voting Preferred Stock, The Hongkong and Shanghai Banking Corporation, and the Company's Transfer Agent for 10% Cumulative Convertible Preferred Stock and Series IV Cumulative Non-Convertible Preferred Stock, Rizal Commercial Banking Corporation, stockholders who own or hold a total of 636,419,095 shares<sup>1</sup> or 95.55% per cent of the outstanding shares of stock<sup>2</sup> were present in person or represented by proxies and entitled to vote in the meeting. The Corporate Secretary then certified the existence of a quorum.

<sup>1</sup> The following members of the Board of Directors and Advisory Board/Committee and other Board Committees of PLDT were present in the meeting: Directors – Manuel V. Pangilinan (Chairman of the Board of Directors and the Governance and Nomination, Executive Compensation and Technology Strategy Committees), Napoleon L. Nazareno (member of the Technology Strategy Committee), Tony Tan Caktiong, Ray C. Espinosa (member of the Technology Strategy Committee), James L. Go (member of the Technology Strategy Committee and advisor to the Audit Committee), Setsuya Kimura (member of the Governance and Nomination, Executive Compensation and Technology Strategy Committees and advisor to the Audit Committee), Hideaki Ozaki, Artemio V. Panganiban (member of the Governance and Nomination, Audit and Executive Compensation Committees), Pedro E. Roxas (Chairman of the Audit and member of the Governance and Nomination and Executive Compensation Committees), Juan B. Santos, Alfred V. Ty (member of the Governance and Nomination, Audit and Executive Compensation Committees) and Ma. Lourdes C. Rausa-Chan; Members of the Advisory Board/Committee – Oscar S. Reyes (member of the Technology Strategy Committee), Benny Santoso, Orlando B. Veja (member of the Technology Strategy Committee), Rev. Fr. Jose Ramon Villarin and Christopher H. Young.

<sup>2</sup> The total number of outstanding common shares, voting preferred shares and non-voting serial preferred shares as of the Record Date, April 15, 2013, were 216,055,775, 150,000,000 and 300,002,970 shares, respectively

Based on the certification by the Corporate Secretary on the existence of a quorum, the Chairman declared the meeting duly convened and open for business.

As requested by the Chairman, the Corporate Secretary announced the rules to facilitate the proper and orderly conduct of the meeting, as follows:

1. Any stockholder who desires to ask a question:
  - (a) must first identify himself and request to be recognized by the Chair.
  - (a) once recognized, the stockholder will be allowed to ask only one question and the Chair has the discretion to entertain or not to entertain a follow-up or second question.
  - (b) the question must pertain to the item of the Agenda presented for approval.
  - (c) a maximum of three minutes will be allotted for any question or comment from the stockholder.
2. All stockholders must observe proper decorum. In case a stockholder fails to observe the rules, the Chair has the discretion to declare him out of order and exclude him from the meeting.
3. Only holders of the Company's shares of stock as of the Record Date, April 15, 2013, are entitled to vote in the meeting. For Items 4, 5 and 6 of the Agenda, holders of shares of Common Stock and Voting Preferred Stock are entitled to vote. Holders of shares of Non-Voting Serial Preferred Stock are only entitled to vote on Item 6 of the Agenda regarding the decrease in authorized capital stock and corresponding amendments to the Seventh Article of the Articles of Incorporation of the Company pursuant to Section 6 of the Corporation Code.
4. Each item on the Agenda for stockholders' approval will be voted upon by means of written instructions.
5. To facilitate the casting and counting of votes, the holders of shares who are present in person have been requested to complete the form of voting instructions. The same voting instructions are contained in the proxy forms which were earlier sent to the stockholders. The votes of those present in person will be added to the proxy votes that have already been tabulated in accordance with the voting instructions of the stockholders whose proxies were received by the Corporate Secretary on or before the cut-off date, June 7, 2013. The proxies received have been validated by the Corporate Secretary whose decision on the matter is final and binding unless set aside by a court of competent jurisdiction.

The Chairman proceeded to Item 3 of the Agenda and requested Mr. Napoleon L. Nazareno to render the President's report.

### **3. PRESIDENT'S REPORT**

After greeting the stockholders and the other attendees, the President, Mr. Napoleon L. Nazareno, proceeded to render his report.

The President's report is set out below. In the course of his report, there was a slide presentation of the financial and operating results.

*"The year 2012 was a year of transition for PLDT. We undertook the integration of Digitel and Sun Cellular into the group. We completed ahead of schedule our network transformation program, fortifying our advantage in the delivery of data services over our fixed and wireless networks. Faced with intense competition, the group strengthened its position in the mobile business. We rationalized our business portfolio leading to the sale of our outsourcing business and moved towards greater involvement in the multimedia space.*

*Our financial and operating results were shaped by this transition process.*

*Service revenues from continuing operations rose 10 percent year-on-year to P160.2 billion in 2012, following a 13 percent increase in wireless business revenues to P108.9 billion and a 4 percent rise in fixed line revenues to P51.3 billion. The BPO business registered revenues of P9.1 billion in 2012. With the intended sale of the BPO business, its financials were classified as discontinued operations.*

*Consolidated EBITDA dipped by 3 percent to P77.3 billion mainly due to higher selling and promotions expenses and subsidies which formed part of our response to competition in the wireless space, as well as a P3.8 billion charge in connection with various manpower reduction programs. Consequently, consolidated EBITDA margin declined to 46 percent from 52 percent last year. Excluding the MRP charge, EBITDA would have been higher year-on-year by P1.1 billion, and EBITDA margin at 48 percent.*

*Reported net income rose by 12 percent to P35.5 billion in 2012. Core net income, excluding exceptional items, declined by 4 percent to P37.3 billion.*

*Despite challenging operating conditions and a high level of capital expenditures this year, free cash flow remained robust allowing the declaration of 100 percent of core earnings as dividends. A total of P172 per share was paid out to shareholders representing 2012 core earnings, consisting of P120 or 70 percent regular dividend and P52 or 30 percent special dividend. This is the sixth consecutive year of 100 percent dividend payout. The dividend yield enjoyed by PLDT's shareholders remains one of the highest in the region.*

*Allow me now to cite a few highlights of 2012.*

*PLDT remained market leader with a combined subscriber base that grew to about 75.3 million at the end of 2012, consisting of 69.9 million cellular subscribers, 3.3 million broadband subscribers, and 2.1 million fixed line subscribers. At the end of March this year, our combined subscriber base rose to 77 million. As of today, this figure is estimated to be over 78 million.*

*In 2012, we completed our two-year network transformation program which involved a total investment of P67 billion, and which has resulted in an unparalleled network with the capability and capacity to deliver quality service. This included the upgrade of our access networks with the deployment of single RAN or radio access networks, expansion of 3G coverage to over 70 percent, and 1,000 operational Long-Term Evolution (LTE) sites.*

*Almost 100 percent of our Metro Manila sites are fiber and IP-ready, while 68 percent of our provincial sites are IP-ready. Our core network has been re-architected to integrate the PLDT, Smart, Sun and Digital networks.*

*Our transmission network remains unmatched by competition with 54,000 kilometers of fiber projected to reach 60,000 kilometers by end-2013 comprising our domestic fiber optic network or DFON. Our four cable landing stations provide us with our international capacity.*

*High-speed broadband is simply not possible to grow and sustain without an extensive, robust and resilient fiber network. That is why PLDT's fiber network advantage gives us a decisive edge not only in the traditional fixed and mobile business, but more importantly, in data which is the sunrise business of today and the future. This has for example enabled us to rapidly roll-out PLDT's fiber-to-the-home service and Smart's LTE. That is why we say in PLDT that: The Future is in our Fiber.*

*Another milestone for PLDT in 2012 was the upgrade of the company's credit ratings to investment grade by three major credit ratings agencies, namely: Fitch Ratings, Moody's, and Standard and Poor's. PLDT is the first Philippine company to achieve this. The company's investment grade status reflects the company's market leadership in the cellular, fixed line and broadband businesses, as well as its strong financial profile, including high EBITDA margins and healthy leverage position. At the end of 2012, PLDT's net debt stood at US\$1.9 billion, with net debt to EBITDA at 1.05x. At the end of the first quarter of 2013, net debt was lower at US\$1.8 billion and net debt to EBITDA less than one times. Debt maturities continue to be well spread out.*

*Let me now describe to you the outlook for PLDT, beginning with our existing businesses. We are seeing a structural change in our revenue mix as legacy revenue streams from international and national long distance continue to decline. Cellular voice and SMS revenues remain relatively stable as the market approaches maturity.*

*Broadband and data remain the bright spots for the business, growing double digit year-on-year, and as such, will be our focus going forward.*

*The outlook for broadband in the Philippines remains very attractive with the Philippine population entering a 'demographic window' where a large part of the population is young, have improving purchasing power, are literate and many are already enthusiastic users of data services.*

*Though smartphone penetration remains low, take-up has increased and there are signs that greater adoption may take place as more affordable handsets become available in the market.*

*At the end of 2012, broadband revenues for the group amounted to P23.7 billion, representing 15 percent of total group service revenues. With the completed network transformation program, PLDT is well positioned to tap the potentials of broadband and can expect a greater contribution from this business in the coming years.*

*As part of future-proofing the business, PLDT is pursuing an overall strategy of broadening the PLDT group's distribution platforms and increase its ability to deliver multi-media content to its customers across the group's broadband and mobile networks.*

*PLDT is very optimistic about the potential of the pay TV industry in the Philippines, and CignalTV's competitive advantages that can give it a strong position in the market.*

*As of this time, CignalTV has already signed up half a million subscribers. CignalTV's channel count stood at 87, of which 65 are standard definition (SD) and 22 are high definition (HD). CignalTV is expected to be EBITDA positive in the second half of 2013. We are now working on making CignalTV content available to customers of our fiber-to-the home offering. Moving forward, there will be more and more opportunity to bundle content with our cellular and fixed line business offerings.*

*Let me now conclude by assuring you that 2013 will be a year when PLDT returns to growth. Our first five month's preliminary results are already pointing in this direction. Our acquisition of Digitel and the network transformation program had a dampening effect on our 2012 financials. However, these investments combined with our multi-media strategy, should now put your company back on the growth path and in the best position to profit from the far-reaching changes that are happening in the converging worlds of telecoms, the Internet and media.*

*We will continue to strive to maintain market leadership, provide superior services to our customers, deliver healthy returns to you, our shareholders, and help propel the development of our country.*

*Thank you and good afternoon."*

The Chairman asked if there are questions on the President's Report. There being none, the Chairman proceeded to the next item on the Agenda.

4. **APPROVAL OF THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012 CONTAINED IN THE COMPANY'S 2012 ANNUAL REPORT**

The Chairman announced that the next item on the Agenda is the approval of the audited financial statements of the Company for the fiscal year ended December 31, 2012 contained in the Company's 2012 Annual Report.

The Chairman inquired if there are any questions on the financial statements. There was none.

Ms. Dinah Rose C. Bala (a proxy holder) moved for the approval of the audited financial statements of the Company for the fiscal year ended December 31, 2012, and that the votes be cast in accordance with the instructions of the stockholders present or represented by proxies, which motion was duly seconded.

There being no objection to the motion, the Chairman instructed the Corporate Secretary to cast the votes.

The Corporate Secretary informed the body that the approval of the audited financial statements requires the votes of at least a majority of the outstanding shares of stock entitled to vote consisting of shares of Common Stock and Voting Preferred Stock. After casting the votes, she reported that a total of 336,390,008 shares or more than a majority of the outstanding shares of stock entitled to vote have been cast as follows: 336,347,145 shares or more than a majority of the outstanding shares of stock entitled to vote as FOR Votes; 3,403 as AGAINST Votes; and, 39,460 shares as ABSTAIN Votes, with respect to the approval of the audited financial statements<sup>3</sup>. Thereafter, the Chairman declared that the Company's audited financial statements for the year ended December 31, 2012 are approved.

5. **ELECTION OF 13 DIRECTORS INCLUDING INDEPENDENT DIRECTORS FOR THE ENSUING YEAR**

The Chairman announced that the next item on the Agenda is the election of 13 directors including 3 independent directors of the Company for the ensuing year.

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<sup>3</sup> Total FOR Votes: 336,347,145 (336,044,520 proxy votes + 244,490 votes of stockholders present in person but with proxies previously filed which were counted as FOR votes since none objected to the motion + 58,135 FOR votes of stockholders present in person with no proxy previously filed but with voting instructions filed at the annual meeting). Total AGAINST Votes: 3,403 proxy votes; Total ABSTAIN Votes: 39,460 proxy votes.

As requested by the Chairman, the Corporate Secretary announced the names of the persons nominated for election as directors/independent directors of the Company as follows:

Directors

- |                             |                                   |
|-----------------------------|-----------------------------------|
| 1. Mr. Manuel V. Pangilinan | 6. Mr. Tony Tan Caktiong          |
| 2. Mr. Napoleon L. Nazareno | 7. Mr. James L. Go                |
| 3. Atty. Ray C. Espinosa    | 8. Mr. Juan. B. Santos            |
| 4. Mr. Setsuya Kimura       | 9. Ms. Helen Y. Dee               |
| 5. Mr. Hideaki Ozaki        | 10. Ms. Ma. Lourdes C. Rausa-Chan |

Independent Directors

- |  |                      |
|--|----------------------|
| 11. Former Chief Justice Artemio V. Panganiban | 13. Mr. Alfred V. Ty |
| 12. Mr. Pedro E. Roxas                         |                      |

The Chairman informed the body that the Governance and Nomination Committee of the Board (the "Committee"), which is currently chaired by himself, with Mr. Setsuya Kimura, and 2 independent directors, namely, Mr. Pedro E. Roxas and Mr. Alfred V. Ty, as voting members, has reviewed and evaluated the background information of the persons nominated for election as directors. The Committee has determined that the nominees possess all of the qualifications, and have none of the disqualifications, for directorship, specified in the Company's Amended By-Laws and Manual on Corporate Governance and in the Governance and Nomination Committee Charter. In addition, the Committee has determined that the independent director-nominees meet the independence criteria specified in SRC Rule 38, the Company's Amended By-Laws and Manual on Corporate Governance as well as the other independence standards set by the Governance and Nomination Committee. None of the independent director-nominees is involved in the Company's management or has any business or other relationships which could, or could be reasonably perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as independent directors. The Chairman further stated that three individuals have been nominated for election as independent directors surpassing the legal requirement that there shall be at least 2 independent directors or such independent directors shall constitute 20% of the members of the Board, whichever is lesser.

A motion was duly made by Ms. Rosa Natividad P. Villanueva (a proxy holder) that, since there are only 13 board seats and all of the 13 nominees are qualified to be elected as directors, including 3 who are qualified to be independent directors, the votes be cast in accordance with the voting instructions of the stockholders present in person or represented by proxies in the meeting, and all of the nominees be declared elected as directors, with Former Chief Justice Artemio V. Panganiban, Mr. Pedro E. Roxas and Mr. Alfred V. Ty, as independent directors. The said motion was duly seconded.

There being no objection to the motion, the Chairman instructed the Corporate Secretary to cast the votes.

The Corporate Secretary informed the body that only shares of Common Stock and Voting Preferred Stock are entitled to vote for the election of directors. After casting the votes, she reported that each nominee received the votes of more than a majority of the outstanding shares of stock entitled to vote<sup>4</sup>. Thereafter, the Chairman declared the above-named nominees as the duly elected directors of the Company, with Former Chief Justice Artemio V. Panganiban, Mr. Pedro E. Roxas and Mr. Alfred V. Ty as independent directors.

The Chairman introduced to the stockholders the newly re-elected directors, except Ms. Dee who was absent.

The Chairman also informed the stockholders that at the Organizational Meeting following the Annual Meeting of Stockholders, the newly elected Board will vote for the appointment of the members of the Advisory Board/Committee, namely, Mr. Oscar S. Reyes, Mr. Roberto R. Romulo, Mr. Benny S. Santoso, Mr. Orlando B. Veja, Rev. Fr. Jose Ramon Villarín, Mr. Washington SyCip and Mr. Christopher H. Young. He then introduced them (except for Messrs. Roberto R. Romulo and Washington Z. SyCip who were absent).

## **6. APPROVAL OF THE DECREASE IN THE AUTHORIZED CAPITAL STOCK AND AMENDMENTS TO THE SEVENTH ARTICLE OF THE ARTICLES OF INCORPORATION OF THE COMPANY**

<sup>4</sup> Stockholders have cumulative voting right for the purpose of election of directors.

NAME OF DIRECTOR/INDEPENDENT DIRECTOR	VOTES CAST			TOTAL NUMBER OF VOTES
	Stockholder 1	Stockholder 2	Stockholder 3	
Former Chief Justice Artemio V. Panganiban Independent Director	58,135	1	331,275,718	331,333,854
Mr. Pedro E. Roxas Independent Director	58,135	1	335,877,489	335,935,625
Mr. Alfred V. Ty Independent Director	58,135	1	335,983,478	336,041,614
Ms. Helen Y. Dee	58,135	1	331,584,441	331,642,577
Atty. Ray C. Espinosa	58,135	1	334,816,552	334,874,688
Mr. James L. Go	58,135	1	329,837,184	329,895,320
Mr. Setsuya Kimura	58,135	1	333,710,801	333,768,937
Mr. Napoleon L. Nazareno	58,135	1	336,488,400	336,546,536
Mr. Manuel V. Pangilinan	58,135	3,178,358	333,096,571	336,333,064
Mr. Hideaki Ozaki	58,135	1	333,761,506	333,819,642
Ms. Ma Lourdes C. Rausa-Chan	58,135	1	334,858,761	334,916,897
Mr. Juan B. Santos	58,135	1	333,767,353	333,825,489
Mr. Tony Tan Caktiong	58,135	1	333,761,502	333,819,638

Legend:

- Stockholder 1 - Stockholders present in person with no proxy previously filed but with voting instructions filed at the annual meeting.
- Stockholder 2 - Stockholders present in person with proxies previously filed
- Stockholder 3 - Stockholders represented only by proxies



The Chairman announced that the next item on the Agenda is the approval of the decrease in the authorized capital stock and the corresponding amendments to the Articles of Incorporation of the Company. He requested the Corporate Secretary to explain the proposed corporation actions.

The Corporate Secretary informed the body that the Company is requesting approval of the following corporate actions: (a) decrease in the Company's authorized capital stock from Nine Billion Three Hundred Ninety Five Million Pesos (P9,395,000,000), divided into two classes consisting of (A) Preferred Capital Stock sub-classified into: One Hundred Fifty Million (150,000,000) shares of Voting Preferred Stock of the par value of One Peso (P1.00) each and Eight Hundred Seven Million Five Hundred Thousand (807,500,000) shares of Non-Voting Serial Preferred Stock of the par value of Ten Pesos (P10.00) each, and (B) Two Hundred Thirty Four Million (234,000,000) shares of Common Capital Stock of the par value of Five Pesos (P5.00) each to Five Billion One Hundred Ninety Five Million Pesos (P5,195,000,000), divided into two classes consisting of (A) Preferred Capital Stock sub-classified into: One Hundred Fifty Million (150,000,000) shares of Voting Preferred Stock of the par value of One Peso (P1.00) each and Three Hundred Eighty Seven Million Five Hundred Thousand (387,500,000) shares of Non-Voting Serial Preferred Stock of the par value of Ten Pesos (P10.00) each, and (B) Two Hundred Thirty Four Million (234,000,000) shares of Common Capital Stock of the par value of Five Pesos (P5.00) each; and (b) corresponding amendments to the Seventh Article of the Articles of Incorporation of the Company

She explained that in prior years, a total of 417,329,521 fully paid shares of 10% Cumulative Convertible Non-Voting Serial Preferred Stock Series A to II (the "SIP Shares") had been issued and 300,000,000 shares of Cumulative Non-Convertible Non-Voting Serial Preferred Stock had been subscribed and partially paid. The SIP Shares were created and issued to subscribers of the Company's telephone service under the Subscriber Investment Plan established in compliance with Presidential Decree 217 (the "SIP"). Under the Board Resolutions creating the SIP Shares, the Company may redeem the SIP Shares 5 years after the year of issuance by paying the holders thereof in cash in an amount equal to the par value of the shares to be redeemed plus accrued and unpaid dividends thereon to the date fixed for redemption. In an effort to rationalize the capital structure and as part of the Company's capital management program, the Board of Directors of the Company authorized the redemption and retirement of Series A to Series FF and Series GG SIP Shares effective on January 19, 2012 and August 30, 2012, respectively. A total of 402,893,846 SIP Shares issued as Series A to GG had been redeemed and retired and 14,432,705 SIP Shares had been converted into Common Stock by the holders thereof. Thus, it is proposed that the number of authorized shares of Non-Voting Serial Preferred Stock be reduced by 420,000,000 or from 807,500,000 shares to 387,500,000 shares to eliminate the SIP Shares redeemed and retired and reduce the number of Non-Voting Serial Preferred Stock previously allocated for issuance under the SIP, and the authorized capital stock correspondingly decreased from P9,395,000,000 to P5,195,000,000.

The Chairman inquired if there are any questions on the proposed corporate action. There was none.

Ms. Mildred A. Fabian (a proxy holder) moved for the approval of the proposed corporate actions, which motion was duly seconded.

There being no objection to the motion, the Chairman instructed the Corporate Secretary to cast the votes.

The Corporate Secretary informed the body that the decrease in authorized capital stock and corresponding amendments to the Seventh Article of the Articles of Incorporation require the approval of the stockholders representing two thirds of the outstanding capital stock consisting of shares of Common Stock and Preferred Stock (sub-classified into Voting Preferred Stock and Non-Voting Serial Preferred Stock). She reported that a total of 636,390,008 votes or more than two-thirds of the outstanding capital stock have been cast as follows: 636,257,840 shares or more than two-thirds of the outstanding capital stock as FOR Votes; 15,299 shares as AGAINST Votes; and 116,869 shares as ABSTAIN Votes, with respect to the proposed decrease in authorized capital stock and corresponding amendments to the Seventh Article of the Articles of Incorporation<sup>5</sup>. Thereafter, the Chairman declared that the proposed corporate actions are approved.

## 7. ADJOURNMENT

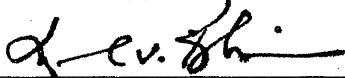
The Chairman asked if there are other matters for discussion. There being none, upon motion duly made, seconded and carried, the Chairman declared the meeting adjourned and conveyed his gratitude to the stockholders for attending the meeting and for their support.

CERTIFIED CORRECT BY:



**MA. LOURDES C. RAUSA-CHAN**  
Corporate Secretary

ATTESTED BY:



**MANUEL V. PANGILINAN**  
Chairman of the Board

<sup>5</sup> Total FOR Votes: 636,257,840 (635,955,215 proxy votes + 244,490 votes of stockholders present in person but with proxies previously filed which were counted as FOR votes since none objected to the motion + 58,135 FOR votes of stockholders present in person with no proxy previously filed but with voting instructions filed at the annual meeting). Total AGAINST Votes: 15,299 proxy votes. Total ABSTAIN Votes: 116,869 proxy votes