

PLDT COMPLETES ACQUISITION OF DIGITEL IN LANDMARK TELCO TRANSACTION

Manila, Philippines : 26 October 2011 - The Philippine Long Distance Telephone Company ("PLDT") and JG Summit Holdings, Inc. ("JG Summit") jointly announce that PLDT has successfully completed the acquisition of a majority interest in Digital Telecommunications Philippines, Inc. ("Digitel") from JG Summit and other shareholders of Digitel, in a landmark share swap transaction valued at about P69.2 billion.

Together with 3.277 billion shares representing 51.55% of Digitel's outstanding common stock, PLDT also acquired the zero-coupon bonds issued by Digitel Group to JG Summit, which were assumed to be convertible or exchangeable into 18.6 billion Digitel shares, and assumed P34.1 billion in advances made by JG Summit to Digitel Group (collectively, the "Enterprise Assets"). As payment for the Enterprise Assets, PLDT issued 27,679,210 new shares of common stock at the issue price of P2,500 per PLDT share. As a result, the JG Summit Group presently holds approximately 12.9% of PLDT's expanded outstanding common stock.

Approvals Obtained

The transaction was completed today following the issuance by the Securities and Exchange Commission ("SEC") on July 29, 2011 of its confirmation of the valuation of the Enterprise Assets and by the National Telecommunications Commission ("NTC") on 26 October 2011 of its approval of the transfer of 51.55% interest in Digitel. PLDT's common shareholders had earlier approved the issuance of PLDT common shares as payment for the Enterprise Assets during their meeting on June 14, 2011.

Divestment Sale of CURE by SMART

Cognizant of the concerns raised by government and certain oppositors regarding the PLDT group's ownership of 3G frequency, and to assure all parties that it is not PLDT's intention to accumulate the said frequency, PLDT presented a plan to the NTC covering SMART Communications, Inc.'s ("SMART") divestment of its subsidiary, Connectivity Unlimited Resource Enterprises, Inc. ("CURE"). CURE owns 10MHz of 3G frequency in the 2100 band (the "Affected Frequency").

As part of its approval of the acquisition of Digitel by PLDT, the NTC also approved the divestment plan presented by PLDT, which covers the following commitments:

- CURE will sell its Red Mobile business to 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 of the NTC approving the PLDT acquisition of Digitel (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.

Appointments

At meetings held today by the respective boards of directors of Digitel and Digitel Mobile Philippines, Inc. (DMPI), Mr. Manuel V. Pangilinan was appointed as Chairman while Mr. Orlando B. Veja was appointed as President and Chief Executive Officer, of Digitel and DMPI.

Lock-up and Option Agreements

The PLDT shares that were issued as payment for the Enterprise Assets are subject to a lock-up period of one (1) year during which JG Summit and the other sellers may not transfer or encumber such PLDT shares without the consent of PLDT.

PLDT has granted consents to the potential sale by JG Summit of 5.81 million and 4.56 million PLDT shares under separate option agreements that JG Summit has entered

into with an associate company of First Pacific Company Limited and NTT Docomo, Inc., respectively. Following the sale of these shares, expected to occur within 30 days from the listing date of the PLDT shares issued to JG Summit, the JG Summit Group will own approximately 8.0% of PLDT's common shares.

Tender Offer

As the transaction triggers a mandatory tender offer for the acquisition of the remaining 48.45% of Digitel shares held by the public, PLDT will launch a tender offer for such shares on a date to be announced by PLDT. Under the terms of the tender offer, Digitel shareholders will be given an option to sell at P1.6033¹ per Digitel share or swap their holdings for PLDT common shares at a swap ratio of 1,559.28² Digitel shares for every new PLDT common share. If fully taken up, the tender offer would bring the total transaction value to P74.1 billion, making it the largest buyout in Philippine corporate history. On June 21, 2011, the SEC issued its confirmation that PLDT may close the main transaction with JG Summit prior to the closing of the tender offer.

Impact on the Telecommunications Industry

With PLDT's successful acquisition of Digitel, consumers are expected to begin realizing the substantial benefits to be reaped from the combined expertise, resources and capabilities of the PLDT Group and Digitel.

PLDT's Chairman, Manuel V. Pangilinan, remarked: *"PLDT is extremely pleased to welcome Digitel to the PLDT Group. PLDT will continue to provide its consumers with the best value in terms of price, quality and range of products and services and we have committed to continue offering "unlimited" type of services in fulfillment of this promise. In addition, Sun subscribers can benefit from PLDT's extensive infrastructure and varied service offerings."*

On the other hand, JG Summit Chairman, James L. Go, said of the transaction: *"This transaction ensures that Digitel remains in good hands. Together, the PLDT-Digitel Group will be well-positioned to compete not only with formidable existing competitors but with well-funded new entrants as well."*

¹ Equivalent to P1.59495 per share after deducting customary selling charges (excluding brokers' commissions).

² Equivalent to 1,567.45 Digitel shares for every new PLDT common share after deducting customary selling charges (excluding brokers' commissions).

Advisers

SyCip Salazar Hernandez & Gatmaitan acted as PLDT's legal adviser while ING Bank N.V. acted as PLDT's financial adviser. Romulo Mabanta Buenaventura Sayoc and De Los Angeles acted as legal adviser to JG Summit.

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About PLDT

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

PLDT is listed on the Philippine Stock Exchange (PSE:TEL) and its American Depositary Shares are listed on the New York Stock Exchange (NYSE:PHI). PLDT has one of the largest market capitalizations among Philippine-listed companies.

Further information can be obtained by visiting the web at www.pldt.com.ph.

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