



July 31, 2009

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

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

Dear Sirs/Mesdames:

On September 16, 2008, we disclosed that Philippine Long Distance Telephone Company ("PLDT")(PSE:TEL)(NYSE:PHI) signed with ProtoStar Ltd. ("ProtoStar"), a Bermuda company engaged in the satellite business, an agreement for an option to subscribe to US\$27.5 million worth of ProtoStar Series C Preferred Shares and an Agreement for Space Segment Services under which PLDT would make a prepayment of US\$27.5 million for the use of C-band transponders on the ProtoStar I satellite. Under the latter agreement, when the payment is made, ProtoStar is obligated to provide service on five (5) C-band transponders on its ProtoStar I satellite from 2011 to 2017.

Subsequently, on May 15, 2009, we disclosed that PLDT formally notified ProtoStar of PLDT's decision not to exercise its option to subscribe to US\$27.5 million worth of ProtoStar Series C Preferred Shares, and that the Agreement for Space Segment Services between ProtoStar and PLDT remains effective. ProtoStar earlier received from PLDT the amount of US\$27.5 million as priority deposit under the Agreement for Space Segment Services to secure for PLDT first priority for the use of C-band transponders on the ProtoStar I satellite.

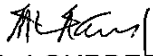
We now disclose that on July 30, 2009, PLDT obtained information from news reports and from the website of Kurtzman Carson Consultants LLC ([www.kccllc.net](http://www.kccllc.net)) that on July 29, 2009, ProtoStar and its affiliates ProtoStar Satellite Systems, Inc., ProtoStar I Ltd., ProtoStar II Ltd., ProtoStar Development Ltd. and ProtoStar Asia Pte. Ltd. each filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. The cases are pending before the United States Bankruptcy Court for the District of Delaware.

In its voluntary petition, ProtoStar disclosed that PLDT is the largest unsecured creditor for the amount of US\$27.5 million. ProtoStar further stated in its petition that ProtoStar estimates that it will have funds available for distribution to unsecured creditors.

PLDT will engage counsel to represent it in the bankruptcy proceedings and will actively participate in such proceedings to protect its rights and interests as a creditor of ProtoStar and under the Agreement for Space Segment Services under which ProtoStar

is bound to provide service on five (5) C-band transponders on the ProtoStar I satellite from 2011 to 2017.

Respectfully yours,



MA. LOURDES C. RAUSA-CHAN  
Corporate Secretary & General Counsel