



May 30, 2016

Philippine Stock Exchange  
3/F Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

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

Gentlemen:

We enclose the presentation materials in connection with the PLDT co-acquisition of Telecommunications Business of San Miguel Corporation.

Thank you.

Very truly yours,

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



May 30, 2016

Securities & Exchange Commission  
SEC Building, EDSA  
Mandaluyong City

Attention: Mr. Vicente Graciano P. Felizmenio, Jr.  
Director – Markets and Securities Regulation Dept.

Gentlemen:

We enclose the presentation materials in connection with the PLDT co-acquisition of Telecommunications Business of San Miguel Corporation.

Thank you.

Very truly yours,

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

# COVER SHEET

SEC Registration Number

P	W	-	5	5					
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Company Name

P	H	I	L	I	P	P	I	N	E	L	O	N	G	D	I	S	T	A	N	C	E				
T	E	L	E	P	H	O	N	E	C	O	M	P	A	N	Y										

Principal Office (No./Street/Barangay/City/Town/Province)

R	A	M	O	N	C	O	J	U	A	N	G	C	O	B	U	I	L	D	I	N	G				
M	A	K	A	T	I	A	V	E	N	U	E														
M	A	K	A	T	I	C	I	T	Y																

Form Type

17	-	C	
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Department requiring the report

M	S	R	D
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Secondary License Type, If Applicable

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### COMPANY INFORMATION

Company's Email Address

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Company's Telephone Number/s

8168534
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Mobile Number

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No. of Stockholders

11,808 As of April 30, 2016
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Annual Meeting  
Month/Day

Every 2 <sup>nd</sup> Tuesday of June
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Fiscal Year  
Month/Day

December 31
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### CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Ma. Lourdes C. Rausa-Chan
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Email Address

lrchan@pldt.com.ph
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Telephone  
Number/s

8168553
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Mobile Number

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Contact Person's Address

MGO Building, Legaspi St. corner Dela Rosa St., Makati City
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**Note:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.1

1. May 30, 2016  
Date of Report (Date of earliest event reported)
2. SEC Identification Number PW-55
3. BIR Tax Identification No. 000-488-793
4. PHILIPPINE LONG DISTANCE TELEPHONE COMPANY  
Exact name of issuer as specified in its charter
5. PHILIPPINES  
Province, country or other jurisdiction  
of Incorporation
6. \_\_\_\_\_ (SEC Use Only)  
Industry Classification Code
7. Ramon Cojuangco Building, Makati Avenue, Makati City  
Address of principal office
- 1200  
Postal Code
8. (632) 816-8405  
Issuer's telephone number, including area code
9. Not Applicable  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code  
and Sections 4 and 8 of the Revised Securities Act

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
_____	
_____	
_____	



*Delivering the total digital experience*

**PLDT Inc.**

PLDT Co-acquisition of  
Telecommunications Business of San Miguel Corporation

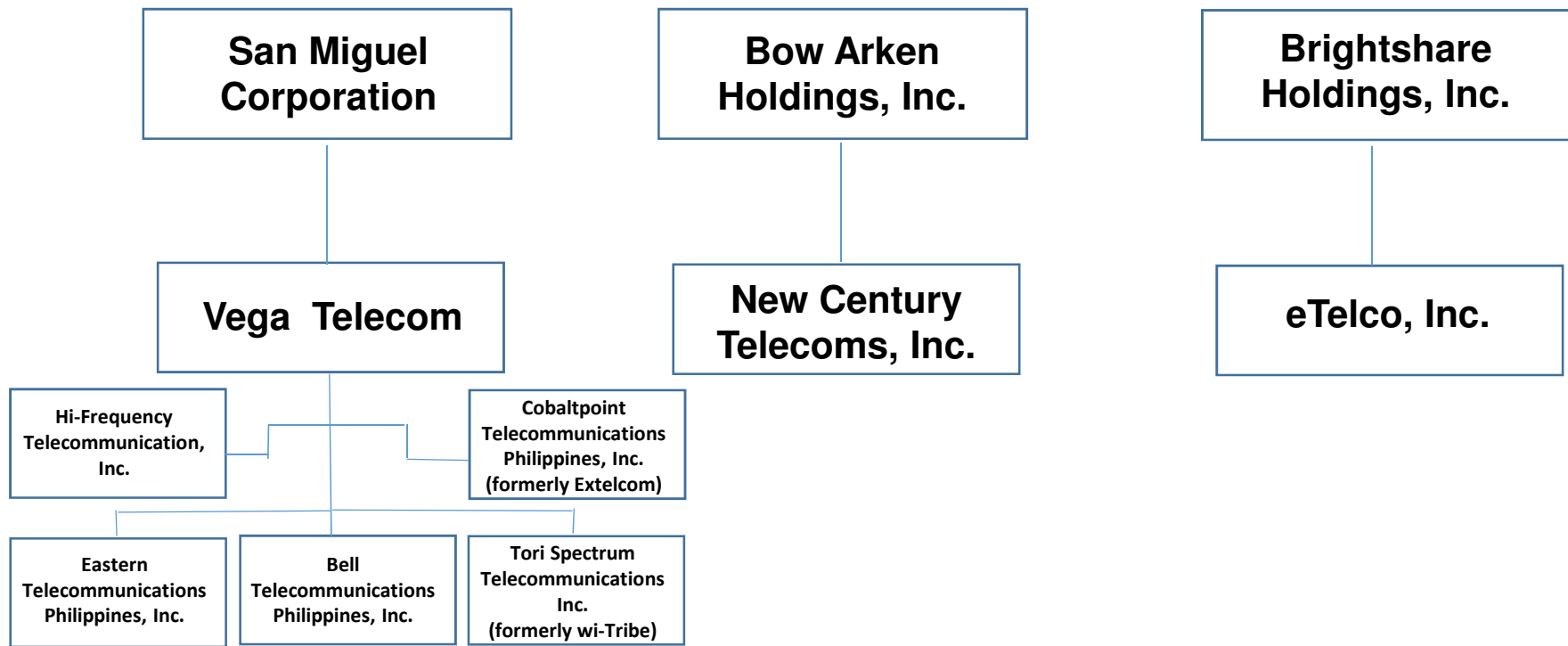
Monday, 30<sup>th</sup> May 2016

# Transaction Highlights

<b>PLDT Investment</b>	<ul style="list-style-type: none"> <li>➤ Acquisition of 50% of the equity interest of the telecommunication business of San Miguel Corporation ("SMC"), on joint basis with Globe Telecom ("Globe")</li> </ul>
<b>Subject of PLDT's Investment</b>	<ul style="list-style-type: none"> <li>➤ PLDT and Globe to acquire all share capital of <b>Vega Telecom</b>, which holds SMC's telecommunication assets through its subsidiaries:             <ul style="list-style-type: none"> <li>▪ Bell Telecommunications Philippines, Inc.</li> <li>▪ Eastern Telecommunications Philippines, Inc.</li> <li>▪ Cobaltpoint Telecommunications, Inc. (formerly Extelcom)</li> <li>▪ Tori Spectrum Telecommunications, Inc. (formerly wi-Tribe)</li> <li>▪ Hi-Frequency Telecommunication, Inc.</li> </ul> </li> <li>➤ PLDT and Globe to concurrently acquire the entire share capital of the following which hold additional spectrum frequencies:             <ul style="list-style-type: none"> <li>▪ <b>Bow Arken Holdings Company</b> (Bow Arken, parent company of New Century Telecoms, Inc.)</li> <li>▪ <b>Brightshare Holdings. Inc.</b> (Brightshare, parent company of eTelco, Inc.)</li> </ul> </li> </ul>
<b>Total Consideration for the acquisition</b>	<ul style="list-style-type: none"> <li>➤ Total consideration for the Acquisition is <b>PHP 70 billion</b>, including:             <ul style="list-style-type: none"> <li>▪ PHP69.1 billion for 100% equity interest in Vega Telecom (PHP52.1 billion equity interest and PHP17.0bn in assumed liabilities)</li> <li>▪ PHP691 million for 100% equity interest in Bow Arken (PHP576 million equity interest and PHP115 million in assumed liabilities)</li> <li>▪ PHP206 million for 100% Brightshare</li> </ul> </li> </ul>
<b>Acquired and Returned Spectrum</b>	<ul style="list-style-type: none"> <li>➤ Portfolio of spectrum frequencies, including a significant part of the 700 MHz band, owned by Vega Telecom, Bow Arken, and Brightshare and their subsidiaries</li> <li>➤ A portion of the frequencies owned by subsidiaries of Vega Telecom, Bow Arken, and Brightshare will be returned to the Philippine Government</li> <li>➤ PLDT (through Smart) and Globe will enter into separate co-use arrangements, on a 50-50 basis, with Vega Telecom, Bow Arken, and Brightshare for the remaining spectrum frequencies</li> </ul>
<b>Execution Plan</b>	<ul style="list-style-type: none"> <li>➤ PLDT has an execution plan and team in place which will enable PLDT to rapidly integrate this Acquisition into PLDT's current network and capex plans</li> <li>➤ PLDT and Globe intend to jointly manage Vega Telecom, Bow Arken and Brightshare to jointly use their assets until the frequencies are eventually transferred and assigned to PLDT (Smart) and Globe, respectively</li> </ul>

# Target Group Structure

## ➤ Sellers



## ➤ Telco Assets

- Frequencies and related telecommunications franchises
- Licenses
- Permits
- Authorities
- Other assets: fiber, telecom towers



# Transaction Rationale

<b>Provides significant benefits to PLDT customers</b>	<ul style="list-style-type: none"><li>➤ Access to additional frequencies will help significantly improve internet speed, quality, and coverage</li><li>➤ 700MHz will improve indoor coverage and enable faster rollout in regional and rural areas</li><li>➤ Attractive mobile connectivity and digital services to its consumer and enterprise customers at affordable prices</li><li>➤ PLDT's capex this year will increase by about US\$100 Million, as it intends to accelerate the rollout of service on the 700 MHz<ul style="list-style-type: none"><li>▪ Allows PLDT's fixed and mobile subscribers to enjoy the significant benefits of this frequency at the soonest possible time</li></ul></li></ul>
<b>Expand PLDT and Smart's network capability and footprint</b>	<ul style="list-style-type: none"><li>➤ The additional spectrum will result in more efficient asset utilization</li><li>➤ Allows PLDT to pursue a growth-focused expansion of its network and extend its services to a larger number of customers in more areas of the country<ul style="list-style-type: none"><li>▪ Smart will be able to serve better the regional and rural areas of the Philippines by more efficiently deploying the acquired 700MHz spectrum frequencies</li><li>▪ Stronger networks and connectivity are key enablers for individual and enterprise sector productivity and cost efficiency</li></ul></li><li>➤ Bridge the Digital Divide in the country and create more opportunities to utilize digital technologies to promote rural development</li></ul>
<b>Better support the country's development efforts</b>	<ul style="list-style-type: none"><li>➤ Helps the National Telecommunications Commission ("NTC") and the Philippine Government provide for a better utilization of available radio frequency spectrum for mobile services, which will benefit consumers starting in 2016</li><li>➤ The returned radio frequencies will be sufficient to allow for a third-party operator to enter the market</li></ul>



# Transaction Consideration

## Total Purchase Price

(in P billions)

	Vega	Bow Arken	Brightshare	Total	PLDT's 50%
Equity Interest	52.08	0.58	0.19	52.85	26.42
Assumed Liabilities	17.02	0.12	0.02	17.15	8.58
<b>Total Consideration</b>	<b>69.10</b>	<b>0.69</b>	<b>0.21</b>	<b>70.00</b>	<b>35.00</b>
<b>50% share</b>	<b>34.55</b>	<b>0.35</b>	<b>0.10</b>	<b>35.00</b>	

## Payment Schedule of Equity Portion

(in P billions)

Payment Dates	PLDT	
	100%	50%
30 May 2016	26.42	13.21
01 Dec 2016	13.21	6.61
30 May 2017	13.21	6.61
<b>Total</b>	<b>52.85</b>	<b>26.42</b>

# PLDT Funding Plan

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➤ **PLDT intends to finance the acquisition through a combination of:**

- Proceeds from the sale of 25% of its equity interest in Beacon Electric to Metro Pacific Investments Corporation ("MPIC") for total consideration of PHP 26.2 billion

- ✓ MPIC will pay PHP 17.0 billion in cash immediately upon transaction completion

- ✓ The balance of PHP 9.2 billion in installments as follows:

June 2017	PHP2.0bn
June 2018	2.0bn
June 2019	2.0bn
June 2020	3.2bn

- Balance sheet cash
- New debt

# Conclusion

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➤ **Benefits to the public:**

- PLDT and Smart customers to experience higher call quality and faster internet and data services
- Speeding up of the country's development efforts, especially in the rural areas

➤ **Advantages of additional spectrum to PLDT:**

- More efficient asset utilization
- Will allow PLDT to:
  - ✓ Pursue a growth-focused expansion of its network
  - ✓ Extend its services to a larger number of customers in more areas of the country

➤ **Boon for the NTC and the Philippine Government:**

- Enables better utilization of available radio frequency spectrum for mobile services
- The returned frequencies will allow a new third-party competitor to enter this market