

**CONSENT SOLICITATION FOR PLDT INC.'S SEVEN (7) YEAR 5.2250% FIXED RATE BONDS DUE ON 6 FEBRUARY 2021 AND TEN (10) YEAR 5.2813% FIXED RATE BONDS DUE ON 6 FEBRUARY 2024**

**Frequently Asked Questions**

*The following are answers to some of the questions that a bondholder may have in connection with the consent solicitation statements (the “**Consent Solicitation Statement**”) issued by PLDT Inc. (“**PLDT**” or the “**Issuer**”).*

*Please note, however, that this summary is qualified in its entirety by reference to the complete content of the Consent Solicitation Statement. Hence, we urge you that, in addition to the suggested answers below, you should read the Consent Solicitation Statement itself carefully. This summary may not contain all of the information that may be important to you.*

*Capitalized terms used but not defined herein shall have the meanings given to them in the Consent Solicitation Statement. Dates indicated herein are indicative.*

**I. Key Information**

**1. What is a consent solicitation?**

Generally, a “consent solicitation” is a request from the issuer of a security to the holders of that security for consent to changes in certain specific terms of the underlying security agreement, the consideration of which may entail the payment of a specified consent fee.

The Consent Solicitation contemplated by the Consent Solicitation Statement relates to PLDT’s Seven (7) Year 5.2250% Fixed Rate Bonds due on 6 February 2021 and Ten (10) Year 5.2813% Fixed Rate Bonds due on 6 February 2024 (the “**Bonds**”).

**2. What is the purpose of this Consent Solicitation?**

The purpose of this Consent Solicitation is to obtain the consent of Bondholders holding more than 50% of the aggregate principal amount of the Bonds (the “**Required Consents**”) to amend Section 4.1(k) of the Trust Indenture dated 22 January 2014 to allow the Issuer to maintain a higher Total Debt to EBITDA Ratio of 4.0:1 from the Total Debt to EBITDA Ratio of 3.0:1 required currently. The Proposed Amendment seeks to provide the Issuer more flexibility to support capital expenditure investments, if needed. For further information, kindly see the background of the proposed amendment in Item II (1).

The Proposed Amendment will not affect any other terms or conditions of the Bonds, interest rates, maturity dates, or PLDT’s obligation to make principal and interest payments on the Bonds as they fall due.

**3. When does the Consent Solicitation begin and when does it end?**

The Consent Solicitation begins on October 16, 2019 and will expire at 12:00 noon (Philippine time) on November 15, 2019, or on such date that the Trustee actually receives the Required Consents, whichever is earlier (the “**Expiration Date**”), unless such Expiration Date is adjusted to an earlier or later time or date by PLDT in its sole discretion (the “**Consent Period**”). In any event, the Expiration Date will

occur when the Trustee confirms that the Required Consents have been obtained. PLDT will announce such occurrence as soon as practicable, and thereafter, PLDT will no longer accept or consider any Consent Forms [after such announcement that the Required Consents have been obtained].

#### ***4. May the Expiration Date be adjusted?***

Yes. PLDT reserves the right to adjust the Expiration Date to an earlier or later date.

During the Consent Period, PLDT shall determine on a daily basis whether the Requisite Consents have been obtained. Unless the Requisite Consents have been obtained earlier, in which case the Expiration Date is deemed to have occurred, the Expiration Date for the Consent Solicitation is at 12:00 noon (Philippine time) on November 15, 2019. In either case, the Issuer shall announce the occurrence of the Expiration Date as soon as reasonably practicable through disclosures to be filed with the Philippine Stock Exchange (“PSE”) and the Philippine Dealing & Exchange Corp. (“PDEX”).

To extend the Expiration Date, PLDT shall notify the Trustee of the extension by oral or written notice and shall make a public announcement thereof at or prior to 9:00 a.m (Philippine time) on the next Business Day after the previously scheduled Expiration Date. Without limiting the manner in which PLDT may choose to make a public announcement, PLDT shall have no obligation to publish, advertise, or otherwise communicate any such public announcement, other than by making a timely press release and complying with any applicable notice provisions of the Trust Indenture.

#### ***5. Will bondholders be entitled to a fee for consenting to the Proposed Amendment?***

Three (3) Business Days after the execution of the Supplemental Indenture, the Issuer will pay all Record Bondholders as of Expiration Date from whom the Trustee has received completed and validly executed and delivered Consent Forms on or before the Expiration Date, and which Consent Forms have been duly checked by the Trustee and verified by the Registrar, an amount equal to ₱1.00 for each ₱1,000.00 on the principal amount of the Bonds in respect of which a Consent Form is given (the “**Consent Fee**”).

A Record Bondholder shall not be entitled to receive any Consent Fee if (i) the Consent Form of the such Record Bondholder is received by the Trustee after the Expiration Date, (ii) such Record Bondholder is not a Record Bondholder as of Expiration Date, even if such Record Bondholder’s Consent Form is received on or before the Expiration Date, (iii) if the Required Consents have not been received on or before the Expiration Date or if any of the other conditions set forth in the Consent Solicitation Statement have not been satisfied, even if such Consent Form has been properly completed and validly executed by such Record Bondholder.

## **II. About PLDT’s consent solicitation exercise**

### ***1. Background on the Proposed Amendment***

**Given the pipeline of network expansion programs that PLDT would like to undertake and in order to serve the increasing data requirements of our customers so as to strengthen PLDT’s market position, the Issuer is proposing to amend the maximum Total Debt to EBITDA Ratio stipulated in the Trust Indenture from 3.0:1 to 4.0:1. This will also align the covenant ratio of PLDT’s outstanding debt capital market issuances with that of the existing bilateral facilities of both PLDT and its wholly-owned subsidiary, Smart Communications, Inc., which is primarily at 4.0x.**

The Proposed Amendment seeks to provide the Issuer with greater flexibility to support, if necessary, higher levels of capital expenditures and general corporate requirements needed by the business. This will include investments in the network to further serve our Home broadband and Enterprise segments. These will mainly be focused on expanding coverage, capacity, and resiliency/redundancy to ensure that our customers enjoy unparalleled customer experience.

In support of business requirements, the PLDT Group has earmarked Php78.4 billion for its consolidated capital expenditure program for 2019. This includes the rollout of fiber to capture the robust demand for fixed home and enterprise broadband; completion of the upgrade of existing DSL customers to VVDSL and/or fiber; increase of fiber to the base stations; and investment in new submarine cable systems. For 2020 and 2021, PLDT's capex requirements are expected to remain elevated as demand and usage of data are expected to grow exponentially.

While most of these will be funded by operating cashflows, allowing an increase in the Issuer's borrowing capacity will give PLDT flexibility to quickly ramp up its capabilities to respond to anticipated increased demand for data, and consequently help solidify PLDT's market position. It will also enable PLDT to respond more quickly as soon as 5G and/or new technologies are ready for commercial roll-out.

## ***2. What effect will the Proposed Amendment have on non-Consenting Bondholders?***

If PLDT, on or prior to the Expiration Date, receives a certification from the Trustee that the Required Consents have been obtained for the Bonds, and determines that the other applicable conditions set out in the Consent Solicitation Statement are satisfied or have been expressly waived by PLDT, PLDT and the Trustee will execute the Supplemental Indenture. The Proposed Amendment will be conclusive and binding on all Bondholders and all future holders and owners of the Bonds (or of any bonds issued in lieu thereof or in exchange therefore), irrespective of whether or not such Bondholders or future holders and owners have consented to the Proposed Amendment to the Trust Indenture.

## **III. Terms of the Consent Solicitation**

### ***1. Which Bondholders are entitled to participate in the Consent Solicitation?***

All persons and entities that are listed as Bondholders in the Register of Bondholders maintained by the Philippine Depository & Trust Corp. (the "**Registrar**") as of 5:00 p.m. on October 8, 2019 (such date, the "**Record Date**", and such Bondholders, the "**Record Bondholders**") are entitled to give Consents and receive the Consent Fee under the terms of the Consent Solicitation. To be entitled to the Consent Fee, such Record Bondholder must be (and remain, as applicable) a Record Bondholder on and as of Expiration Date, with the other conditions for payment set forth therein fulfilled or expressly waived by PLDT.

### ***2. Will a Consenting Bondholder automatically be entitled to receive the Consent Fee?***

No. PLDT will only pay the Consent Fee to Record Bondholders as of Expiration Date from whom the Trustee has received completed and validly executed and delivered Consent Forms on or before the Expiration Date, and which Consent Forms have been duly checked by the Trustee and verified by the Registrar, provided that: (i) such Record Bondholder (and remains, as applicable) is a Record Bondholder on and as of Expiration Date; (ii) the Trustee received the Required Consents on or before the Expiration

Date; (iii) the Issuer receives a certification from the Trustee that the Required Consents to the Proposed Amendment to the Trust Indenture have been obtained for the Bonds; and (iv) the Issuer and the Trustee have executed and delivered the Supplemental Indenture covering the Bonds.

These conditions are set out in the Consent Solicitation Statements.

**3. *Why is the execution of the Supplemental Indenture necessary before a Consenting Bondholder receives the Consent Fee?***

The Supplemental Indenture will be the basis for the adoption of the Proposed Amendment.

**4. *Where and when may a Bondholder get the Consent Form?***

A physical copy of the Consent Solicitation Statement which includes the Consent Form will be sent to Record Bondholders, as PLDT is reasonably able to identify, via courier starting October 11, 2019. The same will also be uploaded to PLDT's website available through the following link: [www.pldt.com/investor-relations/pldt-retail-bond](http://www.pldt.com/investor-relations/pldt-retail-bond).

**5. *To whom should a Bondholder send his/her/its duly accomplished Consent Form?***

Record Bondholders who wish to consent to the Proposed Amendment should complete, sign and date the Consent Form attached as Annex A in the Consent Solicitation Statement and deliver the same by electronic transmission with an original delivered via mail, hand delivery or overnight courier subsequently to any of the Advisors on or before the Expiration Date at the address set forth in the Consent Form, in accordance with the instructions contained therein. Only Consent Forms that contain the original signature/s of the Record Bondholder's authorized signatory/ies shall be considered a valid submission.

Each Record Bondholder bears the risk of his choice of method of delivery of the Consent Form to any of the Advisors. Delivery of such documents will be deemed valid only when actually received by the Advisors at the addresses set forth in the Consent Solicitation Statement. In all cases, sufficient time should be allowed to assure timely delivery. Furthermore, delivery of the Consents to the Advisors shall not constitute a valid submission of such Consents unless and until such Consents are received and checked by the Trustee and verified by the Registrar. Only those Consent Forms actually received by the Advisors on or before 12:00 noon of the Expiration Date, which are duly checked by the Trustee and verified by the Registrar, will constitute a valid submission of such Consents.

**6. *When will a Consent Form be considered effective/valid?***

The Consent Form should be completely filled-out, submitted with the requisite documents, received by any of the Advisors on or before the Expiration Date, checked by the Trustee, and should have been signed by the Record Bondholders' duly authorized signatory/ies, whose signature/s has/have been verified by the Registrar. However, if the Required Consents for the Bonds are obtained before 12:00 noon (Philippine Time) on November 15, 2019, after PLDT announces such fact through an appropriate disclosure, the Issuer shall no longer accept Consent Forms. Note that the Expiration Date may be adjusted by PLDT to a later or earlier time and date in its sole discretion.

**7. *If the Bondholder is a holder on record of more than one account, can she/he just sign one Consent Form and indicate the various registry account numbers and the relevant principal amounts?***

The Trustee requires that one Consent Form should be submitted per registry account. Otherwise, the Consent Form will not be considered valid. The Bondholder will thus receive Consent Forms for *each* of his/her registry accounts. Each Consent Form **will have to be executed separately**.

**8. *Who should sign the Consent Form for a Bond owned by two or more joint Record Bondholders?***

If the Bonds to which a Consent Form relates to are held by two or more joint Record Bondholders, then in order to validly deliver a Consent Form: each joint Record Bondholder must sign the Consent Form if their ownership of the Bonds are recorded by the Registrar in an “and” capacity; or any one of the joint Record Bondholders, may sign the Consent Form if their ownership of the Bonds are recorded by the Registrar in an “or” or “and/or” capacity. The determination of the Registrar of the sufficiency of any signature/s on Consent Forms for validity shall be conclusive on PLDT and as regards the Consent Solicitation.

**9. *Can a trustee that is a Record Bondholder but is representing various clients under one registry account number, but for which the underlying agreement requires it to seek individual consents of its clients, submit partial consents or must it wait until all clients have replied?***

The trustee does not need to wait until it receives a reply from all its clients covered under the registry account number. To be fair and to recognize the clients that have consented, the trustee can submit consents as these are received but must clearly indicate in the cover letter accompanying the Consent Form that these are partial consents (in the case of the first Consent Form submitted) or additional Consent Forms from those submitted as of the last submission date (in the case of succeeding submissions) under the particular registry account number. The trustee must indicate the principal amount covered by each Consent Form (not the cumulative amount).

**10. *What if a person owns Bonds which are in the name of a broker, dealer, commercial bank, trust company or other nominee?***

Such a person must contact his nominee promptly and instruct such nominee, as the Record Bondholder of such Bonds, to execute and deliver a Consent Form on his behalf on or prior to the Expiration Date. Consent Forms shall be accepted from Record Bondholders and any other person who has obtained a proxy in a form, reasonably acceptable to the Issuer that authorizes such other person (or person claiming title by or through such other person) to submit such Consent Forms on behalf of such Record Bondholders.

**11. *What if the authorized signatory/ies of a corporate Bondholder has changed?***

In the event of a change in the authorized signatory/ies of any corporate Record Bondholder, such Record Bondholder must ensure that copies, certified by such Record Bondholder’s corporate secretary, of the resolutions adopted by such Record Bondholder’s board of directors or other appropriate body (or such other documents as the Registrar may reasonably require), together with the relevant specimen signature/s of such signatory/ies, are attached together with the executed Consent Form and submitted to the Advisors. Such Record Bondholder must enclose a transmittal slip itemizing the documents sent together with the Consent Form. Note that the Registrar has the obligation to determine that the

person(s) signing the Consent Form is/are duly authorized to do so based on its records and that such person(s)' signature(s) appearing therein is/are authentic. The Registrar shall notify the Trustee of the results of such determination.

**12. If a Consent Form was considered invalid but was subsequently corrected, what is the reckoning date of submission?**

A Consent Form that is determined to be invalid will be considered as null and void. The actual date of receipt of a valid Consent Form will be the basis for determining eligibility for the Consent Fee.

**IV. Consent Payment Date**

**1. When and how will Consenting Bondholders receive their Consent Fee?**

The Consent Fee is expected to be paid on November 26, 2019 or three (3) Business Days after the execution and delivery of the Supplemental Indenture ("**Consent Fee Payment Date**"), through the Record Bondholders' respective settlement banks, consistent with their instructions to the Registrar and Paying Agent for the payment of interest and principal on the Bonds.

**2. Who will be entitled to Consent Fees if the Bonds are bought or sold after the receipt of a Consent Form?**

Assuming satisfaction of all the conditions mentioned above, only Record Bondholders who complete Consent Forms and deliver the same to the Advisors on or before the Expiration Date and who are Record Bondholders as of Expiration Date are entitled to receive Consent Fees from PLDT through the Paying Agent. The delivery of a Consent Form shall not affect a Record Bondholder's right to sell or transfer any Bonds, and a sale or transfer of any Bonds after the date of the Consent Solicitation Statement shall not have the effect of revoking any Consent Form properly given by the Record Bondholder. Therefore, each properly executed and delivered Consent Form shall be counted notwithstanding any sale or transfer of any Bonds to which such Consent Form relates. However, to be entitled to the Consent Fee, if payable as provided above, such Record Bondholder must be a Record Bondholder as of Expiration Date.

**3. What taxes, if any, would apply to the Consent Fee?**

Under the Philippine Tax Code, the Consent Fee will, as a rule, form part of the gross income of the Record Bondholder delivering the Consent Form. Generally, the following tax rates apply:

Taxpayer	Tax Rate
Individuals that are Philippine citizens, Philippine residents or aliens engaged in trade or business in the Philippines	Variable rates based on net annual taxable income (the highest being 35%)
Non-resident alien individuals not engaged in trade or business within the Philippines	25% final withholding tax
Domestic corporations and resident foreign corporations	30% of net taxable income

No documentary stamp tax is imposed in connection with the execution and delivery of the Consent Forms.

In compliance with Bureau of Internal Revenue Regulations No. 02-98, as amended by Revenue Regulations No.06-09, the Issuer will withhold 2% creditable withholding tax on the Consent Fee paid to the Record Bondholders, who are either Philippine citizens, Philippine residents, aliens engaged in trade or business in the Philippines, domestic corporations and resident foreign corporations. However, the Issuer shall withhold 25% final withholding tax from non-resident alien individuals not engaged in trade or business within the Philippines and 30% final withholding tax from non-resident foreign corporations.

**4. Are Bondholders who are tax-exempt or who are entitled to a reduced tax rate on income arising from the Bonds likewise entitled to such tax-exempt status or reduced rate with respect to the Consent Fee?**

The tax treatment of the Consent Fee will depend on the income tax situation of each Bondholder. Since the Consent Fee is not interest income, PLDT's payment of any Consent Fee may be subject to withholding tax. Each Bondholder considering whether to send a Consent Form should consult its own tax advisor regarding the tax consequences of becoming entitled to and receiving the Consent Fee from PLDT.

**V. Miscellaneous**

**1. How will Bondholders be notified of any announcements or changes regarding the Consent Solicitation Statement?**

The Issuer will file a press release and/or disclosure with the PSE and the PDEX for any public announcements regarding the Consent Solicitation Statement and any changes to its terms and conditions.

**2. When will the Trustee stop accepting Consent Forms?**

The Trustee will stop accepting Consent Forms after the Expiration Date of 12:00 noon (Philippine Time) on November 15, 2019, or after PLDT announces that the Required Consents have been obtained and an earlier Expiration Date has occurred; or after an adjusted Expiration Date that PLDT adopts at its sole discretion.

**3. Who may Bondholders contact for assistance?**

Requests for additional copies of the Consent Solicitation Statement and the Consent Form should be directed to the Advisors or the Trustee. Copies of the Consent Solicitation Statement and the Consent Form are also available for download from the PLDT website ([www.pldt.com/investor-relations/pldt-retail-bond](http://www.pldt.com/investor-relations/pldt-retail-bond)).

Any questions regarding the terms of the Consent Solicitation may be directed to the Advisors. Requests for copies of the Trust Indenture and the form of the Supplemental Indenture may be directed to the Trustee.

#### 4. Timetable

The following are the important dates in connection with the Consent Solicitation. Please note that the Issuer, in its sole discretion, may adjust the times and/or dates contained in this schedule to an earlier or later date or otherwise amend the terms of the Consent Solicitation, as permitted by and in accordance with the Consent Solicitation Statement.

Date	Event
5:00 p.m. (Philippine time) of October 8, 2019	<i>Record Date</i>
October 11, 2019	Sending out of the Consent Solicitation Statement by courier to Record Bondholders commences and the Consent Solicitation Statement is posted on the Issuer's website at <a href="http://www.pldt.com/investor-relations">www.pldt.com/investor-relations</a> .
October 16, 2019	<i>Commencement of the Consent Solicitation</i>
October 16 – November 15, 2019 or such date that the Required Consents are obtained whichever is earlier.	The period during which Record Bondholders may deliver Consents to the Trustee through any of the Advisors.
12:00 p.m. (Philippine time) of November 15, 2019 or such date that the Required Consents are obtained whichever is earlier.	<i>Expiration Date</i> – The deadline for a Record Bondholder to deliver Consents pursuant to the Consent Solicitation and be eligible to receive the Consent Fee. The Issuer may adjust this date and/or time to an earlier or later date at the Issuer's sole discretion. <b>In any case, the Expiration Date will occur on the date that the Required Consents sufficient to approve the Proposed Amendment have been received.</b>
November 21, 2019 or three (3) Business Days after the Trustee certifies that the Required Consents have been obtained	The estimated <i>Execution Date</i> – The date on which the Issuer and the Trustee shall enter into the Supplemental Indenture.
November 26, 2019 or three (3) Business Days after the execution and delivery of the Supplemental Indenture	The estimated <i>Consent Payment Date</i> – The date on which the Issuer pays the Consent Fee pursuant to the Consent Solicitation. The Supplemental Indenture shall take effect as of the Consent Payment Date.