



**PHILIPPINE LONG DISTANCE  
TELEPHONE COMPANY**

**NOTICE AND AGENDA OF  
THE SPECIAL MEETING OF STOCKHOLDERS  
ON MARCH 22, 2012  
AND  
INFORMATION STATEMENT**



**PHILIPPINE LONG DISTANCE TELEPHONE COMPANY**  
**NOTICE AND AGENDA OF THE SPECIAL MEETING OF STOCKHOLDERS**

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders of PHILIPPINE LONG DISTANCE TELEPHONE COMPANY (the "**Company**") will be held at the Grand Ballroom, Dusit Thani Manila, Ayala Center, Makati City, Philippines on March 22, 2012 at 4:00 p.m.

The Agenda of the Special Meeting is as follows:


1. Call to order
2. Certification of service of notice and quorum
3. Approval of amendments to the Seventh Article of the Articles of Incorporation of the Company consisting of the sub-classification of the authorized Preferred Capital Stock into: One Hundred Fifty Million (150,000,000) shares of Voting Preferred Stock of the par value of One Peso (Php1.00) 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 (Php10.00) each, and other conforming amendments as set forth in Annex A attached hereto and made an integral part hereof
4. Other business as may properly come before the meeting and at any adjournments thereof

The Board of Directors has fixed January 24, 2012 as the record date for the determination of stockholders entitled to notice of, and to vote at the said Special Meeting. Holders of record of common and preferred shares as of the record date are entitled to vote at said Special Meeting.

The stock and transfer books of the Company will not be closed.

IF YOU DO NOT EXPECT TO ATTEND THE SPECIAL MEETING, PLEASE EXECUTE AND RETURN THE PROXY FORM IN THE ENVELOPE PROVIDED FOR THAT PURPOSE.

By order of the Board of Directors.

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

February 7, 2012



**PHILIPPINE LONG DISTANCE TELEPHONE COMPANY**  
**SEC Identification Number PW-55**  
**BIR Tax Identification Number 000-488-793**  
**Telephone Number (632) 816-8405**

## **INFORMATION STATEMENT**

### **GENERAL INFORMATION**

Philippine Long Distance Telephone Company (the “**Company**” or “**PLDT**”) is a corporation incorporated under the laws of the Philippines, with principal office and mailing address at Ramon Cojuangco Building, Makati Avenue, Makati City 1200.

The Company has issued a total of 217,173,724 shares of common stock and a total of 300,026,550 shares of preferred stock, of which 214,449,613 shares of common stock (net of 2,724,111 treasury shares) and 300,026,550 shares of preferred stock were outstanding as of the Record Date. Of the issued shares of common stock, 115,167,285 shares were registered and 102,006,439 shares were issued in transactions exempt from the registration requirement under Section 6 of The Revised Securities Act/Section 10 of The Securities Regulation Code (the “**SRC**”). All of the 300,026,550 issued shares of preferred stock were issued in transactions exempt from the registration requirement under Section 6 of The Revised Securities Act/Section 10 of the SRC.

As of the Record Date, all of the 214,449,613 outstanding shares of common stock (net of 2,724,111 treasury shares) and 26,550 shares out of the total outstanding shares of preferred stock are listed on the Philippine Stock Exchange (the “**PSE**”). 55,059,347 American Depositary Shares, or ADSs, each representing one share of the Company’s common stock, evidenced by American Depositary Receipts, or ADRs, are listed on the New York Stock Exchange.

#### **Date, Time and Place of Meeting**

The Special Meeting of Stockholders of the Company (the “**Special Meeting**”) will be held on Thursday, March 22, 2012 at 4:00 p.m., at the Grand Ballroom, Dusit Thani Manila, Ayala Center, Makati City, Philippines.

**Record Date**

The record date for the purpose of determining the stockholders entitled to notice of, and to vote at, the Special Meeting is January 24, 2012 (the “**Record Date**”).

**Approximate Date of First Release of the Information Statement and Proxy Form**

The approximate date on which this Information Statement, the Proxy Form, and the Company’s Unaudited Consolidated Financial Statements and Management’s Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended September 30, 2011 under SEC Form 17-Q will be first sent or given to the Company’s stockholders is on February 7, 2012.

**Dissenter’s Appraisal Right**

Any stockholder who votes against the proposal set out in Item 3 of the Notice and Agenda of the Special Meeting shall have an appraisal right or the right to demand payment of the fair value of his shares of stock. The procedure required to be followed by a dissenting stockholder in order to perfect his appraisal right is set out on pages 16 and 17 of this Information Statement.

**Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director/independent director or officer and, to the best knowledge of the Board of Directors and Management of the Company, no associate of any of the foregoing persons has any substantial interest, direct or indirect, by security holdings or otherwise in any matter to be acted upon at the Special Meeting.

No director/independent director has informed the Company in writing that he intends to oppose any action to be taken at the Special Meeting.

**INFORMATION ON SECURITIES AND SECURITY OWNERSHIP  
OF CERTAIN RECORD AND BENEFICIAL OWNERS****Voting Securities**

Under the Company’s Amended Articles of Incorporation, holders of shares of common stock shall have the right to vote on all matters to be voted upon by the stockholders, while holders of shares of serial preferred stock shall not be entitled to vote, except as otherwise provided by law, at any meeting of the stockholders. Pursuant to Section 6 of Batas Pambansa Blg. 68, otherwise known as The Corporation Code of the Philippines (the

“**Corporation Code**”), holders of non-voting shares shall nevertheless be entitled to vote on, among certain other corporate matters, the amendment of the articles of incorporation. Accordingly, the holders of the outstanding shares of common stock as well as the holders of the outstanding shares of serial preferred stock as of the Record Date will be entitled to vote on the proposal set out in Item 3 of the Notice and Agenda of the Special Meeting.

The following table sets forth the outstanding shares of common and serial preferred stock of the Company as of the Record Date.

<b>Class/Series</b>	<b>Number of Shares Outstanding</b>
Common Stock	214,449,613*
Serial Preferred Stock	
Cumulative Convertible	
Series GG to II	26,550**
Cumulative Non-Convertible	
Series IV	300,000,000

Each share of common and serial preferred stock of the Company is entitled to one vote in respect of the proposal set out in Item 3 of the Notice and Agenda of the Special Meeting.

\* The total includes 27,679,210 shares of common stock (the “Exchange Shares”) issued by PLDT as payment for the purchase price of the following: (a) 3,277,135,882 common shares of Digital Telecommunications Philippines, Inc. (“Digitel”) owned by JG Summit Holdings, Inc. (“JG Summit”) and certain other seller-parties; (b) zero coupon bonds due 2013 and 2014 issued by Digitel and its subsidiary and held by JG Summit and its subsidiary, with an aggregate redemption value of Php17,745,459,286 as of December 31, 2010, which bonds are convertible or exchangeable into 18,603,265,971 common shares of Digitel, assuming a conversion or exchange date of June 30, 2011 and an exchange rate of Php43.405 per U.S. dollar; and (c) advances made by JG Summit to Digitel with a total principal amount plus accrued interest of Php34,118,544,087 as of December 31, 2010 (the “Enterprise Assets”). On October 26, 2011, PLDT completed the acquisition of the Enterprise Assets and the issuance of the Exchange Shares. On November 14, 2011, JG Summit sold 5,811,504 of the Exchange Shares to Metro Pacific Resources, Inc. On November 24, 2011, JG Summit sold 4,562,081 of the Exchange Shares to NTT DoCoMo, Inc.

\*\* On September 23, 2011, the Board of Directors of PLDT authorized the redemption, effective on January 19, 2012 (the “Redemption Date”), of all the outstanding shares of 10% Cumulative Convertible Preferred Stock of the following Series: A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, BB, CC, DD, EE and FF, issued pursuant to PLDT’s Subscriber Investment Plan (the “SIP Shares”). A total of 403,193,766 SIP Shares were effectively redeemed on the Redemption Date and have been retired.

On the aforesaid date, the Board of Directors of PLDT also authorized the redemption of shares comprising Series GG, HH and II 10% Cumulative Convertible Preferred Stock as and when such shares become eligible for redemption pursuant to the terms contained in the Board resolutions creating each of such Series.

### **Security Ownership of Certain Record and Beneficial Owners**

The following table sets forth the record owners and, to the best knowledge of the Board of Directors and Management of the Company, the beneficial owners of more than five percent of the Company’s outstanding shares of common stock, the number of shares owned by, and percentage of shareholdings of, each of them, as of the Record Date.

<b>Title of Class</b>	<b>Name and Address of Record Owner and Relationship With Issuer</b>	<b>Citizenship</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Number of Shares Held</b>	<b>Percentage of Class</b>
Common	Philippine Telecommunications Investment Corporation <sup>1</sup> 12th Floor Ramon Cojuangco Bldg. Makati Avenue, Makati City Major Stockholder	Philippine Corporation	Same as Record Owner	26,034,263 <sup>2</sup>	12.14
Common	Metro Pacific Resources, Inc. <sup>3</sup> c/o Corporate Secretary 18th Floor, Liberty Center 104 H. V. dela Costa St. Salcedo Village, Makati City Major Stockholder	Philippine Corporation	Same as Record Owner	21,556,676 <sup>2</sup>	10.05
Common	NTT Communications Corporation <sup>4</sup> 1-1-6 Uchisaiwai-cho 1-Chome, Chiyoda-ku Tokyo 100-8019, Japan Major Stockholder	Japanese Corporation	See Footnote 5	12,633,487	5.89
Common	NTT DoCoMo, Inc. <sup>6</sup> 41 <sup>st</sup> Floor, Sanno Park Tower 2-11-1 Nagata-cho, Chiyoda-ku Tokyo 100-6150, Japan Major Stockholder	Japanese Corporation	See Footnote 5	22,796,902 <sup>7</sup>	10.63
Common	JG Summit Group <sup>8</sup> 42/F Robinsons Equitable Tower	Philippine Corporation	See Footnote 8	17,305,625	8.07

<sup>1</sup> Based on a resolution adopted by the Board of Directors of Philippine Telecommunications Investment Corporation, or PTIC, the Chairman of the Board of PTIC, Mr. Manuel V. Pangilinan, has the continuing authority to represent PTIC at any and all meetings of the stockholders of a corporation in which PTIC owns of record or beneficially any shares of stock or other voting security, and to sign and deliver, in favor of any person he may deem fit, a proxy or other power of attorney, with full power of delegation and substitution, authorizing his designated proxy or attorney-in-fact to vote any and all shares of stock and other voting securities owned of record or beneficially by PTIC at any and all meetings of the stockholders of the corporation issuing such shares of stock or voting securities.

<sup>2</sup> In addition to the 26,034,263 shares and 21,556,676 shares owned of record respectively by Philippine Telecommunications Investment Corporation, or PTIC, and Metro Pacific Resources, Inc., or MPRI, both of which are Philippine affiliates of First Pacific Company Limited, or First Pacific, 7,653,703 shares representing approximately 3.57% of the outstanding common stock of PLDT are owned by non-Philippine wholly-owned subsidiaries of First Pacific. PTIC, MPRI and the non-Philippine wholly-owned subsidiaries of First Pacific (referred to herein as "First Pacific Group") collectively owned 25.76% of the outstanding common stock of PLDT as of the Record Date.

<sup>3</sup> Based on a resolution adopted by the Board of Directors of MPRI, Mr. Manuel V. Pangilinan has been appointed as proxy or duly authorized representative of MPRI to represent and vote the PLDT shares of common stock of MPRI in the Special Meeting.

<sup>4</sup> Based on publicly available information, NTT Communications Corporation, or NTT Communications, is a wholly-owned subsidiary of Nippon Telegraph and Telephone Corporation, or NTT. Based on a certification signed by a duly authorized officer of NTT Communications, Mr. Jun Sawada is authorized to execute for and on behalf of NTT Communications, endorsements, transfers and other matters relating to the PLDT shares of common stock held by NTT Communications.

<sup>5</sup> In publicly available reports filed by NTT Communications and NTT DoCoMo, Inc., or NTT DoCoMo, it is stated that because of NTT's ownership of all the outstanding capital stock of NTT Communications and a majority of the common stock of NTT DoCoMo, NTT, NTT Communications and NTT DoCoMo may be considered to constitute a "group" within the meaning of Rule 18.1(5)(C) of the Amended Implementing Rules and Regulations of The Securities Regulation Code. Therefore, each of them may be deemed to have beneficial ownership of the 43,963,642 shares in aggregate held by NTT Communications and NTT DoCoMo, representing 20.50% of the outstanding common stock of PLDT as of the Record Date.

<sup>6</sup> Based on publicly available information, NTT DoCoMo is a majority-owned and publicly traded subsidiary of NTT. Based on a certification signed by a duly authorized officer of NTT DoCoMo, Mr. Hajime Kii or Mr. Mutsuo Yamamoto is authorized to execute for and on behalf of NTT DoCoMo, endorsements, transfers and other matters relating to the PLDT shares of common stock held by NTT DoCoMo.

<sup>7</sup> The total PLDT shareholdings of NTT DoCoMo is 31,330,155 common shares, of which 22,796,902 are owned on record by NTT DoCoMo, and 8,533,253 are shares underlying ADSs, collectively representing 14.61% of the outstanding common stock of PLDT as of the Record Date.

<sup>8</sup> The total shareholdings of JG Summit Group is 17,305,625, of which 17,138,211 shares are beneficially owned by JG Summit Holdings, Inc., 86,723 shares are beneficially owned by Express Holdings, Inc., 70,542 shares are beneficially owned by Solid Finance (Holdings), Limited, 10,148 shares are beneficially owned by Ms. Elizabeth Yu Gokongwei and 1 share is beneficially owned by Mr. James L. Go, all held on record by PCD Nominee Corporation, collectively representing 8.07%.

	ADB Avenue corner Poveda Road Ortigas Center, Pasig City Major Stockholder				
Common	PCD Nominee Corporation <sup>9</sup> 37/F Enterprise Building, Tower I Ayala Ave. cor. Paseo de Roxas St., Makati City Major Stockholder	Philippine Corporation	See Footnote 9	63,879,419	29.79
Common	J.P. Morgan Asset Holdings (HK) Limited <sup>10</sup> (various accounts) 20/F Chater House, 8 Connaught Road, Central, Hongkong Major Stockholder	HongKong Corporation	See Footnote 10	49,023,861	22.86
Common	Lazard Asset Management LLC <sup>11</sup> 30 Rockefeller Plaza, 59 <sup>th</sup> Floor New York, NY 10112, U.S.A. Major Stockholder	Delaware Corporation	See Footnote 11	13,725,776	6.40

The table below sets forth the record owner and, to the best knowledge of the Board of Directors and Management of the Company, the beneficial owner of more than five percent of the Company's outstanding shares of serial preferred stock, the number of shares owned, and percentage of shareholdings, as of the Record Date.

<sup>9</sup> PCD is the registered owner of shares held by participants in the Philippine Depository and Trust Co., or PDTC, a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. Under the PDTC procedures, when an issuer of a PDTC-eligible issue will hold a stockholders' meeting, the PDTC will execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.

This account also includes 17,305,625 shares beneficially owned by JG Summit Group. Please refer also to footnote 8.

Based on available information, none of the owners of the PLDT common shares registered under the name of PCD, owned more than 5% of PLDT's outstanding common stock as of the Record Date, except as provided above and The Hongkong and Shanghai Banking Corp. Ltd.—Clients, which owned approximately 11.50% of PLDT's outstanding common stock as of such date. PLDT has no knowledge if any beneficial owner of the shares under The Hongkong and Shanghai Banking Corp. Ltd.—Clients owned more than 5% of PLDT's outstanding common stock as of the Record Date.

<sup>10</sup> JPMorgan Asset Holdings (HK) Limited holds shares as nominee of JPMorgan Chase Bank, successor depository under the Common Stock Deposit Agreement, dated October 14, 1994, as amended on February 10, 2003, between JPMorgan Chase Bank and the holders of ADRs, evidencing ADSs, representing shares of common stock of PLDT (the "Deposit Agreement"). Under the Deposit Agreement, if the depository does not receive voting instructions from a holder of ADRs, such holder will be deemed to have instructed the depository to provide a discretionary proxy to a person designated by PLDT for the purpose of exercising the voting rights pertaining to the shares of common stock represented by such holder of ADRs, except that no discretionary proxy will be given with respect to any matter as to which substantial opposition exists or which materially and adversely affects the rights of the holders of such ADRs.

This account also includes 8,533,253 shares of PLDT common stock underlying ADS beneficially owned by NTT DoCoMo, 7,653,703 shares of PLDT common stock underlying ADS beneficially owned by non-Philippine wholly-owned subsidiaries of First Pacific and 13,725,776 shares of PLDT common stock underlying ADS beneficially owned by Lazard Asset Management LLC or LAMLLC. Please also refer to footnote 11.

<sup>11</sup> According to the Schedule 13G of LAMLLC filed with the U.S. Securities and Exchange Commission on January 24, 2012, LAMLLC, as an investment adviser, beneficially owned 13,725,776 shares of PLDT common stock. All the 13,725,776 shares of PLDT common stock are underlying ADSs.

<b>Title of Class</b>	<b>Name and Address of Record Owner and Relationship With Issuer</b>	<b>Citizenship</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Number of Shares Held</b>	<b>Percentage of Class</b>
Preferred	RCBC Trust Acct. No. 75044-2	Philippine Corporation	PLDT Beneficial Trust Fund	300,000,000	99.99

Except as stated above and in the related footnotes, the Board of Directors and Management of the Company have no knowledge of any other person who, as of the Record Date, was directly or indirectly the beneficial owner of, or who has voting power with respect to, shares comprising more than five percent of the Company's outstanding common and preferred stocks as of the Record Date.

### **Changes in Control**

There has been no change in control of the Company since the beginning of 2011 and the Company is not aware of any existing, pending, or potential transaction which may result in such a change in control, except as disclosed in this Information Statement under the segment captioned "AMENDMENTS TO THE SEVENTH ARTICLE OF THE AMENDED ARTICLES OF INCORPORATION".

### **Security Ownership of Directors and Key Officers**

The following table sets forth the number of shares of PLDT common stock owned of record and/or beneficially by the directors/independent directors, Chief Executive Officer and key officers of the Company, and the percentage of shareholdings of each, as of the Record Date.

<b>Title of Class</b>	<b>Name &amp; Address of Beneficial Owner</b>	<b>Citizenship</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percentage Of Class</b>
Common	Manuel V. Pangilinan Chairman of the Board 7/F Ramon Cojuangco Bldg. Makati Avenue, Makati City	Filipino	238,450 Direct 1,000 Indirect	0.111192 0.000466
Common	Napoleon L. Nazareno Director President and CEO 7/F Ramon Cojuangco Bldg. Makati Avenue, Makati City	Filipino	6,427 Direct 13,500 Indirect	0.002997 0.006295
Common	Helen Y. Dee Director 3/F Grepalife Bldg. Sen. Gil Puyat Ave., Makati City	Filipino	98 Direct	0.000046
Common	Ray C. Espinosa Director Regulatory Affairs and Policies Group 16/F Locsin Bldg., Ayala Avenue cor. Makati Avenue, Makati City	Filipino	13,043 Direct 5,700 Indirect	0.006082 0.002658
Common	James L. Go Director 43/F Robinsons Equitable Tower	Filipino	27,000 Direct 1 Indirect	0.012590 0.000000



	ADB Avenue corner Poveda Road Ortigas Center, Pasig City			
Common	Setsuya Kimura Director 6/F Ramon Cojuangco Building Makati Avenue, Makati City	Japanese	1 Direct	0.000000
Common	Rev. Fr. Bienvenido F. Nebres Independent Director Ateneo de Manila University 2/F Xavier Hall, Loyola Heights Quezon City	Filipino	2 Direct	0.0000001
Common	Hideaki Ozaki Director 4-12-22-301 Fukasawa Setagaya-ku Tokyo 158-0081, Japan	Japanese	1 Direct	0.000000
Common	Pedro E. Roxas Independent Director 7/F Cacho-Gonzales Bldg. 101 Aguirre St., Legaspi Village Makati City	Filipino	21 Direct	0.000010
Common	Juan B. Santos Director 12/F SSS Building Ayala Avenue cor. Herrera St. Makati City	Filipino	2 Direct	0.000001
Common	Tony Tan Caktiong Director 10/F Jollibee Plaza Emerald Avenue, Ortigas Center Pasig City	Filipino	1 Direct	0.000000
Common	Alfred V. Ty Independent Director 20/F GT Tower Ayala Avenue, Makati City	Filipino	1 Direct	0.000000
Common	Ma. Lourdes C. Rausa-Chan Director Corporate Secretary, Chief Governance Officer and Senior Vice President Corporate Affairs & Legal Services 9/F MGO Building Legaspi St. cor. Dela Rosa St. Makati City	Filipino	39 Direct 660 Indirect	0.000018 0.000308
Common	Ernesto R. Alberto Executive Vice President Enterprise and International and Carrier Businesses 7/F Ramon Cojuangco Bldg. Makati Avenue, Makati City	Filipino	-	-
Common	Anabelle L. Chua Treasurer and Senior Vice President Corporate Finance and Treasury 26/F Smart Tower Ayala Avenue, Makati City	Filipino	11,258 Direct 820 Indirect	0.005250 0.000382

Common	Rene G. Bañez Senior Vice President Supply Chain, Asset Protection and Management 6/F Ramon Cojuangco Bldg. Makati Avenue, Makati City	Filipino	1	Direct	0.000000
Common	Alejandro O. Caeg Senior Vice President International and Carrier Business 7/F Ramon Cojuangco Bldg. Makati Avenue, Makati City	Filipino	200	Indirect	0.000093
Common	Jun R. Florencio Senior Vice President Internal Audit and Fraud Risk Management 6/F MGO Building Legaspi St. cor. Dela Rosa St. Makati City	Filipino	15 500	Direct Indirect	0.000007 0.000233
Common	Menardo G. Jimenez, Jr. Senior Vice President Human Resources Business Transformation Office 6/F Ramon Cojuangco Bldg. Makati Avenue, Makati City	Filipino	22	Direct	0.000010
Common	George N. Lim Senior Vice President Network Services Assurance Business Transformation Office - Network Team 6/F Ramon Cojuangco Bldg. Makati Avenue, Makati City	Filipino	5,256 100	Direct Indirect	0.002451 0.000047
Common	Claro Carmelo P. Ramirez Senior Vice President Office of the President & CEO 7/F Ramon Cojuangco Bldg. Makati Avenue, Makati City	Filipino	11,500	Direct	0.005363
Common	June Cheryl A. Cabal-Revilla First Vice President Financial Reporting and Controllership 11/F Ramon Cojuangco Bldg. Makati Avenue, Makati City	Filipino	-		-
Common	Key Officers and Directors (as a group)		313,138 22,481	Direct Indirect	0.146019 0.010483

Except for the shareholdings reported above, the Company has not received from any of the abovenamed directors/independent directors, Chief Executive Officer and key officers of the Company, any statement of ownership, whether of record or beneficially, of more than five percent of the Company's outstanding common and preferred stocks as of the Record Date.

#### **AMENDMENTS TO THE SEVENTH ARTICLE OF THE ARTICLES OF INCORPORATION**

On July 5, 2011, the Board of Directors of the Company (the “**PLDT Board**”) approved the amendments to the Seventh Article of the Amended Articles of Incorporation of PLDT (the “**Articles**”) consisting of the sub-

classification of its authorized Preferred Capital Stock into: One Hundred Fifty Million (150,000,000) shares of Voting Preferred Stock of the par value of One Peso (Php1.00) each (the **“Voting Preferred Stock”**) 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 (Php10.00) each (the **“Non-Voting Preferred Stock”**), and other conforming amendments. The shares of Voting Preferred Stock may be issued, owned, or transferred only to or by: (a) a citizen of the Philippines or a domestic partnership or association wholly-owned by citizens of the Philippines; (b) a corporation organized under the laws of the Philippines of which at least sixty percent (60%) of the capital stock entitled to vote is owned and held by citizens of the Philippines and at least sixty percent (60%) of the Board of Directors of such corporation are citizens of the Philippines; and (c) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee qualifies under paragraphs (a) and (b) above and at least sixty percent (60%) of the funds accrue to the benefit of citizens of the Philippines (a **“Qualified Owner”**). The holders of shares of Voting Preferred Stock shall have voting rights at any meeting of the stockholders of PLDT for the election of directors and for all other purposes, with one vote in respect of each share of Voting Preferred Stock. The aforementioned amendments and other conforming amendments in the Seventh Article of the Articles are set forth in Annex A attached hereto and made an integral part hereof (the **“Amendments”**). The Amendments are subject to approval by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock and shall take effect upon approval by the Securities and Exchange Commission (the **“SEC”**).

### **Rationale for the Amendments**

On June 29, 2011, the Supreme Court of the Philippines (the **“Supreme Court”**) rendered a decision in the petition filed by Wilson P. Gamboa against Finance Secretary Margarito B. Teves, et. al. (G.R. No. 176579) (the **“Gamboa Case”**), and ruled that:

“...the term “capital” in Section 11, Article XII of the 1987 Constitution refers only to shares of stock entitled to vote in the election of directors, and thus in the present case only to common shares, and not to the total outstanding capital stock (common and non-voting preferred shares). Respondent Chairperson of the Securities and Exchange Commission is DIRECTED to apply this definition of the term “capital” in determining the extent of allowable foreign ownership in respondent Philippine Long Distance Telephone Company, and if there is a violation of Section 11, Article XII of the Constitution, to impose the appropriate sanctions under the law.”

The Supreme Court decision in the Gamboa Case is not yet final and motions for reconsideration of the said decision have been filed by some of the respondents, including Messrs. Manuel V. Pangilinan and Napoleon L. Nazareno, the Chairman of the Board and President and Chief Executive Officer of PLDT, respectively, who have been impleaded as individual respondents in the Gamboa Case. PLDT did not file a motion for reconsideration of the Supreme Court’s decision in the Gamboa Case since it has never been impleaded and has never been a party to that case. As such, it has never participated and is not bound by any decision or other

orders issued in that case. PLDT's not filing a motion for reconsideration does not mean it accepts the correctness or validity of the decision. PLDT is entitled to its constitutional right to due process and, therefore, it will defend itself and vigorously resist any unlawful and improper attempts to enforce any decisions or orders issued in any proceeding, such as the Gamboa Case, where it is not a party and has not been given a chance to defend itself.

PLDT maintains that its current share ownership structure fully complies with the Constitution, i.e. at least sixty percent (60%) of its capital is owned by citizens of the Philippines and corporations organized under the laws of the Philippines at least sixty percent (60%) of whose capital is owned by such citizens. Congress and administrative or regulatory bodies (such as the Department of Justice and the Securities and Exchange Commission) have consistently applied the term "capital" as covering both common and preferred shares of stock, without qualification or distinction. Nevertheless, the PLDT Board approved the Amendments to enable it to authorize the issuance of the Voting Preferred Stock to Qualified Owners, including the Beneficial Trust Fund created pursuant to the Employees Benefit Plan of PLDT (the "**PLDT BTF**"), as and when it determines that such issuance is absolutely necessary to avoid any disruptions in PLDT's operations and transactions and to protect the interests of PLDT and its stakeholders. Should the PLDT Board authorize the issuance of the Voting Preferred Stock, such will result in an expanded voting capital stock in PLDT consisting of the Common Stock and the Voting Preferred Stock. This expanded voting capital structure is aligned with, and identical to, the current capital structure of many Philippine listed companies engaged in partly nationalized businesses such as the operation of public utilities, mining, and land development.

### **Comparison of the Features and Rights of the Outstanding Common Stock and Serial Preferred Stock and New Voting Preferred Stock**

#### Common Stock

- (a) Except as may be otherwise required by law, or by the Articles, each holder of shares of Common Stock shall have one vote in respect of each share of such stock held by him on all matters to be voted upon by the stockholders, and the holders of shares of Common Stock shall have the right to vote for the election of directors and for all other purposes;
- (b) After the requirements with respect to preferential dividends on the Serial Preferred Stock shall have been met and after PLDT shall have complied with all the requirements, if any, with respect to the setting aside of sums as purchase price, retirement or sinking funds, the holders of shares of Common Stock shall be entitled to receive such dividends, as may be declared from time to time by the PLDT Board, out of funds legally available therefor;
- (c) After distribution in full of the preferential amounts to be distributed to the holders of shares of Serial Preferred Stock in the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of PLDT, the holders of shares of Common Stock shall be entitled to receive all the remaining

assets of PLDT of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them, respectively; and

- (d) The holders of shares of Common Stock shall not be entitled to any right (other than such right, if any, as the PLDT Board in its discretion may, from time to time, grant) to subscribe for, or to purchase, or to have offered to them for subscription or purchase, any issue of shares of any class of preferred stock of PLDT, among others.

#### Serial Preferred Stock

Preferred Stock may be issued from time to time in one or more series as the PLDT Board may determine. The PLDT Board is authorized to establish and designate the title and number of shares of each series and to fix the terms thereof, including dividend rate, redemption and sinking fund provisions, conversion rights and the amount to be received upon liquidation, provided that the amounts payable upon redemption or liquidation may not be more than 110%, nor less than 100%, of par value, plus in each such case accrued and unpaid dividends. Except as otherwise provided by law, the holders of shares of Serial Preferred Stock are not entitled to vote for the election of directors or for any other purpose; provided, however, that PLDT may not change the rights of the holders of shares of any series of Serial Preferred Stock in any manner prejudicial to the holders thereof without the affirmative vote of the holders of a majority of the shares of such series. No such approval is needed to increase the number of shares of Serial Preferred Stock (up to the number from time to time authorized by the Articles) or to authorize classes of shares ranking on a parity with the Serial Preferred Stock. The holders of shares of Serial Preferred Stock shall not be entitled to any right (other than such right, if any, as the PLDT Board in its discretion may, from time to time, grant) to subscribe for, or to purchase, or to have offered to them for subscription or purchase, any shares of any class of stock or other securities of PLDT.

As of the Record Date, the outstanding Serial Preferred Stock, with no voting rights, consists of the Series GG to II 10% Cumulative Convertible Preferred Stock and Series IV Cumulative Non-Convertible Redeemable Preferred Stock, with the following features:

- (a) The Series GG to II 10% Cumulative Convertible Preferred Stock are entitled to receive cumulative dividends at the rate of 10% per annum; redeemable at the option of PLDT, at par value plus accrued dividends, five years after the year of issuance; convertible to shares of Common Stock a year after the year of share issuance, at a price equivalent to 10% below the average market price of the Common Stock at the Philippine Stock Exchange (“PSE”) over a period of 30 consecutive trading days before the conversion date; and entitled to be paid an amount equal to the par value of the shares plus accrued and unpaid dividends thereon to the date fixed for such payment in the event of a voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the affairs of the corporation; and

- (b) The Series IV Cumulative Non-Convertible Redeemable Preferred Stock is entitled to receive cumulative dividends at the rate of 13.5% per annum based on the paid-up subscription price; is not convertible to shares of Common Stock; is redeemable at the option of PLDT at any time after one year from subscription at an amount equal to the par value of such shares so redeemed or if such shares are not yet fully paid, the actual amount paid, plus accrued and unpaid dividends thereon; and in the event of a voluntary or involuntary liquidation, dissolution or winding up of affairs of PLDT, shall be entitled to be paid an amount equal to the par value of such shares or if such shares are not yet fully paid, the actual amount paid, plus an amount equal to the dividends accrued thereon to the date fixed for payment.

#### Voting Preferred Stock

In addition to the terms and features set out in the Amendments (with respect to par value, voting right and Qualified Owner), it is contemplated that the Voting Preferred Stock will have the following features:

- (a) Entitled to receive dividends at the rate to be determined by the PLDT Board taking into account the rate of return on similar instruments at the time of the issuance of the Voting Preferred Stock. The PLDT Board shall also determine the terms and conditions upon which and the periods with respect to which dividends shall be payable, whether and upon what conditions such dividends shall be cumulative and, if cumulative, the date or dates from which dividends shall accumulate. The dividends payable on the Voting Preferred Stock shall be payable before any dividends are paid on Common Stock;
- (b) Not convertible to shares of Common Stock or to any shares of stock of PLDT of any class;
- (c) Redeemable at any time at the option of PLDT, by paying the par value thereof and all accrued and unpaid dividends due on the Voting Preferred Stock at the time of redemption;
- (d) The holders of shares of Voting Preferred Stock shall have no pre-emptive right to subscribe or purchase any shares of stock of any class, or convertible debt, securities or warrants issued, sold or disposed of by PLDT; and
- (e) In the event of dissolution or liquidation or winding up of PLDT, whether voluntary or involuntary, the holders of shares of Voting Preferred Stock shall be entitled to be paid in full, or pro rata insofar as the assets of PLDT will permit, the par value of such shares of Voting Preferred Stock and any accrued and unpaid dividends in respect thereof before any distribution shall be made to the holders of shares of Common Stock. The holders of shares of Voting Preferred Stock shall not be entitled to any other distribution.

#### **General Effects of the Amendments**

Should the PLDT Board authorize the issuance of all of the 150,000,000 shares of Voting Preferred Stock after the Amendments shall have been approved by the Company's stockholders and the SEC, the authorized shares, outstanding shares and voting shares of PLDT will be adjusted as shown in the following table:

Class of Shares	As of January 24, 2012 (Record Date)			After Issuance of Voting Preferred Stock		
	Number of Authorized Shares	Par Value	Number of Outstanding Shares	Number of Authorized Shares	Par Value	Number of Outstanding Shares <sup>12</sup>
Common	234,000,000	Php5.00	214,449,613	234,000,000	Php5.00	214,449,613
Voting Preferred Stock	-	-	-	150,000,000	Php1.00	150,000,000
Non-Voting Serial Preferred Stock	822,500,000	Php10.00	300,026,550	807,500,000	Php10.00	300,026,550
Total	1,056,500,000		514,476,163	1,191,500,000		664,476,163

Under Paragraph B, subdivision 4 of the Seventh Article of the Articles, the holders of shares of Common Stock shall not be entitled to any right (other than such right, if any, as the PLDT Board in its discretion may, from time to time, grant) to subscribe for, or to purchase, or to have offered to them for subscription or purchase, any issue of shares of any class of preferred stock of PLDT. Accordingly, the holders of shares of Common Stock will have no pre-emptive right to subscribe for any issue of shares of Voting Preferred Stock. The PLDT Board will determine, with due regard to the interests of the Company and its shareholders and taking into account the prevailing circumstances at the relevant time, whether or not shares of Voting Preferred Stock will be offered for subscription or purchase to the holders of shares of Common Stock, and the terms, conditions and procedures for any such offering.

If no such offering of shares of Voting Preferred Stock will be made to the holders of shares of Common Stock, the voting power of the holders of significant blocks of Common Stock will be diluted as shown in the following table:

---

<sup>12</sup> Excludes any new issuance of shares of: (a) 10% Cumulative Convertible Preferred Stock pursuant to the Subscriber Investment Plan (the "SIP Shares"); (b) Common Stock upon conversion of any SIP Shares; and (c) Common Stock as payment for the purchase price of Digitel shares tendered by the holders thereof pursuant to the tender offer conducted by PLDT (the "Tender Offer"), from the Record Date to the date of issuance of shares of Voting Preferred Stock. As explained in the Tender Offer Report (SEC Form 19-1) and Amended Tender Offer Report filed on December 5, 2011 and January 6, 2012, respectively, with the SEC and the PSE, PLDT shall conduct a mandatory tender offer in accordance with the SRC and applicable rules and regulations to acquire 3,079,840,418 Digitel common shares representing approximately 48.45% of the issued and outstanding common stock of Digitel held by the public (respectively, the "Digitel Public Shares" and the "Digitel Public Shareholders"). If third parties holding convertible bonds convert their holdings to Digitel shares, it is estimated that those bonds may be converted to up to 2,230,972 Digitel Shares, which will form part of the Digitel Public Shares, bringing the total number of Digitel Public Shares that may be tendered in the Tender Offer to 3,082,071,390. Under the terms of the Tender Offer, the Tender Offer Price is Php1.6033 per Digitel Public Share, payable by the issuance of PLDT common shares valued at Php2,500 per share or an exchange ratio of one PLDT common share for every 1,559.28 Digitel shares (the "Exchange Ratio"). After deducting customary selling charges, which shall be for the tendering Digitel Public Shareholder's account, the net Exchange Ratio shall be one PLDT common share for every 1,567.45 Digitel Public Shares. Alternatively, PLDT shall, at the tendering Digitel Public Shareholder's option, pay such shareholder in cash, at Php1.6033 per share before deductions for customary selling charges or Php1.59495 after deducting the customary selling charges. Assuming all of the Digitel Public Shareholders tendered their Digitel Public Shares and opted to receive PLDT common shares as payment, the total number of new PLDT common shares to be issued in the Tender Offer is 1,966,296 based on the net Exchange Ratio.

Significant Shareholders	Number of Shares	% to Outstanding Voting Shares as of January 24, 2012 (Record Date) <sup>13</sup>	% to Outstanding Voting Shares After Issuance of Voting Preferred Stock <sup>14</sup>
Philippine Telecommunications Investment Corporation 12 <sup>th</sup> Floor, Ramon Cojuangco Bldg. Makati Avenue, Makati City	26,034,263 <sup>15</sup>	12.14	7.14
Metro Pacific Resources, Inc. c/o Corporate Secretary 18 <sup>th</sup> Floor, Liberty Center 104 H. V. dela Costa St. Salcedo Village, Makati City	21,556,676 <sup>15</sup>	10.05	5.92
NTT Communications Corporation 1-1-6 Uchisaiwai-cho 1-Chome, Chiyoda-ku Tokyo 100-8019, Japan	12,633,487 <sup>16</sup>	5.89	3.47
NTT DoCoMo, Inc. 41 <sup>st</sup> Floor, Sanno Park Tower 2-11-1 Nagata-cho, Chiyoda-ku Tokyo 100-6150, Japan	22,796,902 <sup>17</sup>	10.63	6.26
JG Summit Group 42/F Robinsons Equitable Tower ADB Avenue corner Poveda Road Ortigas Center, Pasig City	17,305,625 <sup>18</sup>	8.07	4.75

### Exercise of Dissenter's Appraisal Right

Pursuant to the Corporation Code, any stockholder who shall have voted against the Amendments (Item 3 of the Notice and Agenda of the Special Meeting) may exercise his appraisal right by making a written demand on the Company, within 30 days after the date on which the vote was taken, for payment of the fair value of his shares; provided, that failure to make the demand within such period shall be deemed a waiver of his appraisal right.

<sup>13</sup> The total outstanding voting shares as of the Record Date is 214,449,613.

<sup>14</sup> The total outstanding voting shares assuming that 150,000,000 shares of Voting Preferred Stock have been issued is 364,449,613 (excluding any issuance of shares of Common Stock: (a) upon conversion of any SIP shares and (b) in the Tender Offer, from the Record Date to the date of issuance of shares of Voting Preferred Stock).

<sup>15</sup> Please refer to footnote 2.

<sup>16</sup> Please refer to footnote 5.

<sup>17</sup> Please refer to footnotes 5 and 7.

<sup>18</sup> Please refer to footnote 8.



Within 10 days after demanding payment of his shares, the dissenting stockholder shall submit the stock certificate/s representing his shares to the Company, for notation thereon that such shares are dissenting shares.

The price of the shares of the dissenting stockholder shall be the fair value thereof as of the day immediately prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of the proposed corporate action. If within 60 days from the date the proposal set out in Item 3 of the Notice and Agenda of the Special Meeting was approved by the stockholders, the dissenting stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three disinterested persons, one of whom shall be named by the dissenting stockholder, another by the Company and the third by the two thus chosen. The findings of a majority of the appraisers shall be final, and the award shall be paid by the Company within 30 days after such award is made. The cost and expenses of appraisal shall be borne by the Company, unless the fair value ascertained by the appraisers is approximately the same as the price which the Company has offered to pay the dissenting stockholder, in which case they shall be borne by the latter.

No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. Upon such payment, the stockholder shall forthwith transfer his shares to the Company.

## **FINANCIAL AND OTHER INFORMATION**

In connection with the Annual Meeting of Stockholders of PLDT held on June 14, 2011, the Company distributed to its stockholders its Annual Report as at and for the year ending December 31, 2010 (the “**Annual Report**”) containing the information required under SRC Rule 20, Section 4, paragraph A. The said Annual Report is incorporated herein by reference.

In compliance with SRC Rule 20, Section 4, paragraph C and the instructions contained in SEC Form 20-IS, Part I, paragraph C, Item 10, the Company is distributing together with this Information Statement its Unaudited Consolidated Financial Statements and Management’s Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended September 30, 2011 under SEC Form 17-Q (the “**Third Quarter Report**”), in compact disc form. **The Company will provide, without charge, upon written request of a stockholder, a printed copy of the Third Quarter Report. Such written request should be directed to the Corporate Secretary, 9<sup>th</sup> Floor PLDT MGO Building, Legaspi St. corner Dela Rosa St., Legaspi Village, Makati City.**

### **Changes in and Disagreements with Independent Auditors on Accounting and Financial Disclosure**

We have no disagreements with our independent auditors, Sycip Gorres Velayo and Company, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure

## OTHER MATTERS

### Voting Procedures

1. Voting Rights

Owners of shares of common and preferred stocks as at the Record Date who are present or represented by proxy at the Special Meeting shall be entitled to vote on the proposal set forth in Item 3 of the Notice and Agenda of the Special Meeting which will be submitted for stockholders' approval.

2. Votes Required

Matter For Stockholders Approval	Class of Shares Entitled to Vote	Votes Required
Approval of the amendments to the Seventh Article of the Articles of Incorporation of the Company consisting of the sub-classification of the authorized Preferred Capital Stock into: One Hundred Fifty Million (150,000,000) shares of Voting Preferred Stock of the par value of One Peso (Php1.00) 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 (Php10.00) each, and other conforming amendments as set forth in Annex A attached hereto and made an integral part hereof	Common and Preferred	2/3 of total outstanding Common and Preferred shares voting as a whole

3. Manner of Voting

Voting will be by means of written voting instructions submitted by, and taking into account the number of shares which, the stockholders present or represented by proxy at the Special Meeting and entitled to vote thereat own directly or for which they hold proxies.

4. Method of Counting Votes

Counting of votes will be done by the Corporate Secretary or her authorized representative(s) with the assistance of the representative(s) of the Company's independent auditors, Sycip, Gorres, Velayo & Co., and respective stock transfer agents for shares of common stock and preferred stock, The Hongkong and Shanghai Banking Corporation Limited and Rizal Commercial Banking Corporation. All votes attaching to the shares of common and preferred stocks owned by stockholders whose proxies were received by the Company will be cast in accordance with the voting instructions given or authority granted under the proxies.

### **Independent Auditor's Attendance**

Representatives of the Company's independent auditors, Sycip Gorres Velayo and Co. are expected to be present at the Special Meeting and will have an opportunity to make a statement if they desire to do so and to respond to appropriate questions.

### **Special Note Regarding Forward Looking Statements**

This Information Statement contains some statements which constitute "forward-looking statements". We have based these forward-looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as "believe", "plan", "anticipate", "continue", "estimate", "expect", "may", "will" or other similar words.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We have chosen these assumptions or bases in good faith, and we believe they are reasonable in all material respects. However, we caution you that forward-looking statements assumed facts and bases which almost always vary from actual results, and the differences between the results implied by the forward-looking statements and assumed facts or bases and actual results can be, material depending on the circumstances. These forward-looking statements are subject to risks and uncertainties, some of which are beyond our control. In addition, any forward-looking statement made by us in this Information Statement or elsewhere speaks only as at the date on which we made it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this Information Statement after the date hereof. In light of these risks and uncertainties, any forward-looking statement made in this Information Statement or elsewhere might not occur.

### **SIGNATURE**

**After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Information Statement is true, complete and correct in all material respects.**

**Signed in the City of Makati, Philippines on the 7<sup>th</sup> day of February, 2012.**

**PHILIPPINE LONG DISTANCE TELEPHONE COMPANY**

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

## Annex A

Seventh. That the capital stock of said corporation is Nine Billion Three Hundred Ninety Five Million Pesos (P9,395,000,000) and said capital stock is 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.

**The shares of Voting Preferred Stock may be issued, owned, or transferred only to or by:**

- (a) a citizen of the Philippines or a domestic partnership or association wholly-owned by citizens of the Philippines;**
- (b) a corporation organized under the laws of the Philippines of which at least sixty percent (60%) of the capital stock entitled to vote is owned and held by citizens of the Philippines and at least sixty percent (60%) of the Board of Directors of such corporation are citizens of the Philippines; and**
- (c) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee qualifies under paragraphs (a) and (b) above and at least sixty percent (60%) of the funds accrue to the benefit of citizens of the Philippines.**

(As amended on November 21, 1995, December 10, 1999 **and March 22, 2012**).

The Board of Directors shall have full power and authority to authorize (whether by adoption of amendments to the By-laws of said corporation or of resolutions, the promulgation of rules or regulations or otherwise) the taking by said corporation of all such action, and said corporation shall have full power and authority to take all such action, as the Board of Directors may deem necessary or appropriate to insure compliance by said corporation with any applicable provision of the Constitution of the Republic of the Philippines or any other applicable law, treaty, rule or regulation relating to the ownership of securities of said corporation by citizens of the Philippines, aliens or other persons or group of persons which action may include (but shall not be required to include or be limited to) (i) postponing for such period of time as shall be approved by the Board of Directors, or prohibiting, the recordation on the books of said corporation of any proposed transfer of any securities; (ii) purchasing outstanding securities of said corporation in the open market, in private transactions or otherwise at such price or prices as shall be approved by the Board of Directors; (iii) issuing and/or selling for such consideration as shall be approved by the Board of Directors (a) authorized but unissued securities of said corporation which have not been otherwise reserved or set aside for issuance or (b) authorized and previously issued securities of said corporation which have not been

reacquired by, and deposited in the treasury of said corporation; (iv) identifying and/or classifying by means of a legend or otherwise certificates representing any securities of said corporation as “domestic” or “foreign”, or utilizing such other designation or legend as shall be approved by the Board of Directors; (v) maintaining separate transfer records for securities of said corporation held by citizens of the Philippines, aliens or such other persons or groups of persons as shall be approved by the Board of Directors; and (vi) requiring, as a condition to the recordation on the books of said corporation of any issuance or transfer of any of its securities, information satisfactory to the Board of Directors regarding the citizenship or residence of the person to whom it is proposed to issue or transfer its securities.

The following is a statement of the preferences, qualifications, limitations, restrictions and the relative or special rights in respect of each class of the capital stock of the corporation.

**A. Preferred Capital Stock**

1. Shares of **each sub-class of** Preferred **Capital** Stock may be issued from time to time in one or more series as the Board of Directors may determine, and authority is hereby expressly granted to the Board of Directors, subject to the provisions of this Article Seventh, to establish and designate series of **each sub-class of** Preferred **Capital** Stock and to fix the number of shares to be included in each such series and the relative rights, preferences and limitations of the shares of each such series. To the extent not set forth in this Articles Seventh, the terms of each such series shall be specified in the resolution or resolutions adopted by the Board of Directors pursuant to the authority hereinbefore granted providing for the issuance of such shares, which resolution or resolutions shall be recorded with Philippine Securities and Exchange Commission and thereupon be deemed a part of these Articles of Incorporation. Without limiting the generality of the foregoing, the authority of the Board of Directors shall include the determination, which respect to each series of Preferred **Capital** Stock, of the following:

(a) the number of shares to constitute such series and the distinctive designations thereof;

(b) the dividend rate, if any, on the shares of such series (which, if and to the extent the Board of Directors, in its sole discretion, shall deem appropriate under the circumstances, shall be fixed considering the rate of return on similar securities at the time of issuance of such shares), the terms and conditions upon which and the periods with respect to which dividends shall be payable, whether and upon what conditions such dividends shall be cumulative and, if cumulative, the date or dates from which dividends shall accumulate;

(c) whether or not the shares of such series shall be redeemable, the limitations with respect to such redemptions, the time or times when and the manner in which such shares shall be redeemable (including the manner of selecting shares of such series for redemption if less than all shares are to be redeemed) and the price or prices at which such shares shall be

redeemable, which may not be less than (i) the par value thereof plus (ii) accrued and unpaid dividends thereon, nor more than (i) 110% of the par value thereof plus (ii) accrued and unpaid dividends thereon;

(d) whether or not the shares of such series shall be subject to the operation of a purchase, retirement or sinking fund, and, if so, whether and upon what conditions such purchase, retirement or sinking fund shall be cumulative or non-cumulative, the extent to which and the manner in which such fund shall be applied to the purchase or redemption of the shares of such series for retirement or to other corporate purposes and the terms and provisions relative to the operation thereof;

(e) the rights to which the holders of shares of such series shall be entitled upon the voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the corporation, which rights may vary depending on whether such liquidation, dissolution, distribution or winding up is voluntary or involuntary, and if voluntary, may vary at different dates, provided, however, that the amount which the holders of shares of such series shall be entitled to receive in the event of any voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the corporation shall not be more than (i) 110% of the par value of such shares plus (ii) accrued and unpaid dividends thereon, nor less than (i) the par value thereof plus (ii) accrued and unpaid dividends thereon;

(f) whether or not the shares of such series shall be convertible into or exchangeable for shares of stock of any other class or classes, or any other series of the same class, and, if so convertible or exchangeable, the price or prices or the rate or rates of conversion and exchange and the method, if any, of adjusting the same, and any other terms or conditions of such conversion or exchange;

(g) the status of shares of such series redeemed, purchased or otherwise reacquired, or surrendered to the corporation on conversion or exchange; and

(h) any other rights, preferences or limitations of such series, as the Board of Directors may deem advisable and as shall not be inconsistent with the provisions of these Articles of Incorporation.

2. All shares of Preferred Capital Stock shall be of equal rank, preference and priority and shall be identical in all respects regardless of series, except as to voting rights and other terms which may be specified by the Board of Directors pursuant to the provisions of subdivision 1 of this Paragraph A.

3. The holders of shares of Preferred Capital Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefore, preferential cash dividends at the rate, under the terms and conditions, for the periods and on the dates fixed by the resolution or resolutions of the Board of Directors, pursuant to authority hereinbefore granted in this Paragraph A for each series, and no more, before any dividends on the Common Capital Stock (other than dividends payable in Common Capital Stock) shall be paid or set apart for payment with respect to the same dividend period.

All shares of Preferred Capital Stock of all series shall be of equal rank, preference and priority as to dividends irrespective of whether or not the rates of dividends to which the same shall be entitled shall be the same and, when the stated dividends are not paid in full, the shares of all series of Preferred Capital Stock shall share ratably in the payment of dividends including accumulations, if any, in accordance with the sums which would be payable on such shares if all dividends were declared and paid in full, provided, however, that any two or more series of Preferred Capital Stock may differ from each other as to the existence and extent of the right to cumulative dividends as aforesaid.

4. In the event of any voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the corporation, the holders of the shares of each series of Preferred Capital Stock then outstanding shall be entitled to receive out of the net assets of the corporation the amount per share fixed by the resolution or resolutions of the Board of Directors to be received by the holders of shares of each such series on such voluntary or involuntary liquidation, dissolution, distribution of assets or winding up, as the case may be, together with all dividends (whether or not earned) accrued or in arrears, for every share of their holdings of Preferred Capital Stock, before any distribution or payment shall be made to the holders of the Common Capital Stock, and shall be entitled to no other or further distribution.

All shares of Preferred Capital Stock of all series shall be of equal rank, preference and priority as to the net assets of the corporation or proceeds thereof to which the same shall be entitled upon voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the corporation. If, upon any liquidation, dissolution, distribution of assets or winding up, as the case may be, the net assets of the corporation or proceeds thereof distributable among the holders of the shares of Preferred Capital Stock of all series shall be insufficient to pay in full the preferential amount aforesaid, then such assets, or the proceeds thereof, shall be distributed among such holders ratably in accordance with the respective amount which would be payable if all amounts payable thereon were paid in full.

For the purposes of this subdivision 4 neither the consolidation nor merger of the corporation with or into any other corporation, nor any sale, lease, exchange or conveyance of all or any part of the property, assets or business of the corporation shall be deemed to be a liquidation, dissolution, distribution of assets or winding up of the corporation within the meaning of the provisions of this Article

Seventh, unless the Board of Directors of the corporation elects to treat such transaction as a liquidation, dissolution, distribution of assets or winding up of the corporation.

5. **The holders of shares of Voting Preferred Stock shall have voting rights at any meeting of the stockholders of the corporation for the election of directors and for all other purposes, with one vote in respect of each share of Voting Preferred Stock.** Except as otherwise provided by law or as otherwise specifically provided in this subdivision 5, the holders of **shares of Non-Voting** Serial Preferred Stock shall not be **entitled to vote at any meeting** of the stockholders for the election of directors or for any other purpose or otherwise to participate in any action taken by the corporation or its stockholders, or to receive notice of any meeting of stockholders.

The corporation shall not, by an amendment to the Articles of Incorporation, or by merger or consolidation or in any other manner, change the rights, designations, preferences or other special rights of any series of Preferred **Capital** Stock, or the qualifications, limitations and restrictions thereof, in any respect prejudicial to the holders of such series of Preferred **Capital** Stock without the affirmative vote of the holders of at least a majority of the outstanding shares of such series of Preferred **Capital** Stock; provided, however, that without such vote the corporation may (i) increase the authorized number of shares of Preferred **Capital** Stock or of any series thereof, or (ii) authorize classes of shares ranking on a parity with Preferred **Capital** Stock in right of payment of dividends or upon voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the corporation.

6. Shares of Preferred **Capital** Stock may be issued and sold by the corporation for such lawful consideration not less than the par value thereof as the Board of Directors shall determine. The ownership of shares of Preferred **Capital** Stock shall not entitle the owner thereof to any right (other than such right, if any, as the Board of Directors in its discretion may from time to time grant) to subscribe for or to purchase or to have offered to him for subscription or purchase any shares of any class of stock or other securities of the corporation.

**(As amended on March 22, 2012)**

**B. Common Capital Stock**

1. After the requirements with respect to preferential dividends on the Preferred **Capital** Stock shall have been met and after the corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as purchase, retirement or sinking funds, then and not otherwise the holders of shares of Common Capital Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors out of funds legally available therefor.



2. After distribution in full of the preferential amounts to be distributed to the holders of **shares of Preferred Capital** Stock in the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the corporation, the holders of shares of Common Capital Stock shall be entitled to receive all the remaining assets of the corporation of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of the Common Capital Stock held by them, respectively.

3. **The holders of shares of Common Capital Stock shall have the right to vote for the election of directors and any and all matters voted upon by the stockholders.** Each holder of **shares of** Common Capital Stock shall have one vote in respect of each share of such stock held by him.

4. The ownership of shares of Common Capital Stock shall not entitle the owner thereof to any right (other than such right, if any, as the Board of Directors in its discretion may from time to time grant) to subscribe for or to purchase or to have offered to him for subscription or purchase (a) any issue of shares of any class of preferred stock of the corporation, (b) any issue of up to 12,198,462 shares of common capital stock, for cash, to NTT Communications Corporation (or a subsidiary thereof) as a strategic investor in the Corporation, and (c) any issue of up to 1,289,745 shares of common capital stock pursuant to the Executive Stock Option Plan which was approved by the Board of Directors on April 27, 1999.

(As amended on December 10, 1999 **and March 22, 2012**).