

24th March 2000

PLDT, JAPAN'S NTT COM, FIRST PACIFIC GROUP SEAL PESOS 52.6 BILLION (US\$1.3 BILLION, HK\$10.0 BILLION) LANDMARK DEALS

Philippine Long Distance Telephone Company (PLDT), the Philippines' leading telecommunications company, has today (March 24) sealed landmark transactions with NTT Communications Corporation (NTT Com), a member of the NTT Group of Japan, one of the world's largest telecommunications groups, and the First Pacific Group, being Hongkong-based conglomerate First Pacific Company Limited and certain of its Philippine and other affiliates (First Pacific Group).

The transactions which were completed today at a signing ceremony held in Manila's Malacañan Palace involve PLDT's acquisition of Smart Communications, Inc. (SMART) for an aggregate consideration of Pesos 37.9 billion (US\$931.2 million, HK\$7.2 billion), the subscription by a wholly-owned subsidiary of NTT Com of 12.2 million new PLDT shares for cash amounting to Pesos 14.7 billion (US\$361.2 million, HK\$2.8 billion) and the forging of a strategic alliance between PLDT and NTT Com.

President Joseph Ejercito Estrada witnessed the signing of the closing documents by PLDT President and Chief Executive Officer Manuel V. Pangilinan, NTT Com President Masanobu Suzuki and First Pacific Company Limited Executive Director David Eastlake.

PLDT President and CEO Manuel V. Pangilinan said: "PLDT is delighted to finalize the formation of our strategic alliance with NTT Com and the acquisition of SMART. These transactions continue our strategy of aiming to provide an increased number of customers across the Philippines with fully integrated, high quality telecommunications services, including fixed-line and cellular, Internet and broadband. I am looking forward to the contribution NTT Com will make to our business as we continue to work on improving our operations and service levels to ensure that PLDT remains the Philippines' leading communications company."

NTT Com President Masanobu Suzuki said: "In the dynamically changing environment of business, this alliance will have significant advantages to both PLDT and NTT Group and will pave the way for the new millennium. As PLDT President Mr. Pangilinan pointed out, migration to data services and provision of a wide variety of applications and contents are becoming an essential business in the information

technology (IT) era. Furthermore, the integration of mobile and fixed services will be a key element in taking leadership in a competitive market. Our alliance with PLDT represents a logical extension of our commitment to the Philippines, which started with our investment in SMART in 1995. I am confident that NTT Com will contribute to the Philippines' development as strategic partner of PLDT."

PLDT has issued approximately 35.1 million new common shares at a value of approximately Pesos 37.9 billion (US\$931.2 million, HK\$7.2 billion) in exchange for all of the issued share capital of SMART, the leading cellular operator in the country. In addition, a wholly-owned subsidiary of NTT Com has subscribed in cash for approximately 12.2 million new PLDT common shares at a price of Pesos 1,202 (US\$29.5, HK\$229.5) per share, for a total issue of approximately Pesos 14.7 billion (US\$361.2 million, HK\$2.8 billion).

All government and regulatory approvals required for the completion of the transactions have been obtained, including the approvals of the National Telecommunications Commission, the Securities and Exchange Commission and the Bureau of Internal Revenue.

On completion of the transactions, the attributable economic interest in the enlarged common capital stock of PLDT will be approximately 23.1% for the First Pacific Group and approximately 15.0% for NTT Com.

Two NTT Com nominees join PLDT's expanded 13-member Board. The two NTT Com nominees are Mr. Taketo Suzuki and Mr. Mitsuhiro Takase. Apart from this change, the Board of PLDT will remain the same and Manuel V. Pangilinan will remain as PLDT's President and Chief Executive Officer.

PLDT and NTT Com have also entered into commercial agreements under which PLDT will market managed data and other services under NTT Com's Arcstar brand to its corporate customers in the Philippines. PLDT and NTT Com have further agreed to co-operative arrangements for conventional international telecommunications services to enhance their respective international businesses, as well as arrangements to co-ordinate plans for the deployment and utilization of Internet Protocol transport capacity, and the development and promotion of Internet-related and other value-added services. In addition, PLDT will benefit from the technical expertise of NTT Com through a number of NTT Com employees to be engaged in technical advisory positions for various business areas of PLDT.