

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE
SECURITIES REGULATION CODE**

1. Check the appropriate box:

[] Preliminary Information Statement [X] Definitive Information Statement

2. Name of Registrant as specified in its charter: **PHILIPPINE TELEGRAPH AND TELEPHONE CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization: **MAKATI CITY, METRO MANILA**

4. SEC Identification Number: **21817**

5. BIR Tax Identification Code: **470-000-530-631**

6. Address of principal office: **Spirit of Communications Centre, 106 C. Palanca, Jr. Street, Legaspi Village, Makati City 1229**

7. Registrant's telephone number, including area code: **(02) 817-3158**

8. Date, time and place of the meeting of security holders: 20 September 2018 (Thursday), 10:00 A.M. at Manila Polo Club at McKinley Road, Forbes Park, Makati City, Philippines

9. Approximate date on which the Information Statement is first to be sent or given to security holders: 29 August 2018

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Outstanding Shares
Common Shares	1,500,000,000 at Php1.00 par value
Preferred Shares	230,000,000 at Php 10.00 par value

11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes [x] No []

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Philippine Stock Exchange / 800,000,000 Common Stocks

PHILIPPINE TELEGRAPH AND TELEPHONE CORPORATION IS NOT SOLICITING PROXIES FOR THIS STOCKHOLDERS' MEETING. PLEASE DO NOT SEND TO THE MANAGEMENT YOUR PROXY.

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

ITEM 1. INFORMATION REQUIRED BY ITEMS OF SEC FORM 20

(A) GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

Date: 20 September 2018 (Thursday)

Time: 10:00 A.M.

Place: Manila Polo Club, McKinley Road, Forbes Park, Makati City, Philippines

Approximate date on which copies of the Information Statement are first to be sent or given to security holder: 29 August 2018

Item 2. Dissenter's Right of Appraisal

Stockholders of the Company shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

- (a) In case of any amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of stockholders or any class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of the Company's corporate existence;
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Company's assets as provided under the Corporation Code; and
- (c) In case of merger or consolidation of the Company with another corporation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company within thirty (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 the appraisal right. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing 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 stockholder, another by the Company, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Company within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

There are corporate actions or matters to be taken up at the Annual Stockholders' Meeting that may give rise to the exercise by the stockholders of the right of appraisal.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No current Director or Officer of the Company or nominee for election as directors of the Company or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

As of filing of this report, the Company has not been informed by any member of the Board nor received anything

in writing that a Director intends to oppose any action to be taken by the Company at the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

Only holders of shares of common stock as at the Record Date are entitled to vote at the Regular Stockholders' Meeting either in person or by proxy. Pursuant to the Resolution of the Board of Directors at a regular meeting held on 30 July 2018, all stockholders at the close of business hours on 13 August 2018 shall be entitled to notice and to vote at the Annual Stockholders' Meeting.

As of the Record Date, there are 1,500,000,000 subscribed, issued and outstanding common shares entitled to vote at the meeting, with each share entitled to one vote.

For the election of Directors, stockholders entitled to vote may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of their shares shall equal or may distribute them on the same principle among as many candidates as they shall see fit.

Security Ownership of Certain Record and Beneficial Owners:

As of Record Date, the direct or indirect record and/or beneficial owners of more than 5% of common shares are as follows:

Class	Name, Address of Owner and Relationship with the Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Common Shares	Menlo Capital Corporation, Eurovilla 4 Bldg., Arnaiz Avenue, Makati City, Stockholder of Record	Same ¹	Filipino	560,000,000	37.33%
Common Shares	Telectronic Systems Inc., Spirit of Communications Center, 106 C. Palanca St., Legaspi Village, Makati City, Stockholder of Record	Same ²	Filipino	300,000,241	20.00%
Common Shares	Republic Telecommunications				

¹ The Board of Directors of Menlo Capital Corporation has the power to decide how its shares in the Company are to be voted.

² The Board of Directors of Telectronic Systems Inc. has the power to decide how its shares in the Company are to be voted.

	Holdings, Inc., 106 C. Palanca St., Legaspi Village, Makati City, Stockholder of Record	Same ³	Filipino	278,873,526	18.59%
Common Shares	PCD Nominee Corporation, 37 Tower 1 The Enterprise Center, 6766 Ayala Avenue, Makati City	Various Stockholders	Filipino	150,336,825	10.00%
Common Shares	TIMCO Holdings, Inc., 106 C. Palanca St., Legaspi Village, Makati City, Stockholder of Record	Same ⁴	Filipino	121,126,474	8.08%

Security Ownership of Management

The following are the number of common shares beneficially owned by individual Directors of the Company and the percentage of their shareholdings as at the record date.

Directors:

Title of Class	Name of the Beneficial Owner	Amount and Nature of the Beneficial Ownership	Citizenship	Percent of Class
Common Stock	Salvador Zamora II (Chairman)	Direct: 1	Filipino	NIL
Common Stock	James G. Velasquez (Director and President)	Direct: 1	Filipino	NIL
Common Stock	Miguel Marco A. Bitanga (Director)	Direct: 1	Filipino	NIL
Common Stock	Renato B. Garcia (Director)	Direct: 1	Filipino	NIL
Common Stock	Salvador Zamora III (Director)	Direct: 1	Filipino	NIL

³ The Board of Directors of Republic Telecommunications Holdings, Inc. has the power to decide how its shares in the Company are to be voted.

⁴ The Board of Directors of Timco Holdings, Inc. has the power to decide how its shares in the Company are to be voted.

Common Stock	Serafin C. Ledesma, Jr. (Independent Director)	Direct: 1	Filipino	NIL
Common Stock	Roberto B. Ortiz (Independent Director)	Direct: 1	Filipino	NIL

The remaining executive officers do not hold, directly or indirectly, any shareholdings in the Company.

Voting Trust Holders of 5% or more

The Board of Directors and Management of the Company have no knowledge of any 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 5% of shares of common stock.

Changes in Control

On 08 August 2017, Republic Telecommunications Holdings, Inc. ("Retelcom") sold 560,000,000 common shares to Menlo Capital Corporation ("Menlo") which is equivalent to 37.33% of ownership in the Company. While Retelcom lost its control over the Company as a consequence of Menlo's acquisition, Menlo was not able to acquire control over the Company insofar as the number of shares it acquired is concerned.

Item 5. Directors and Executive Officers

The following are the directors and executive officers of the Company as of the date of distribution of this Information Statement:

Name and Position	Age	Citizenship	Term of Office as Director/Officer	Period Served as Director /Officer
Salvador Zamora II Chairman	71	Filipino	1 year	Since 10 August 2017 (As Director) Since 25 August 2017 (As Chairman)
James G. Velasquez Director and President	52	Filipino	6 months	Since 01 March 2018 (As Director) Since 28 June 2018 (As President)
Miguel Marco A. Bitanga Director, Treasurer and Chief Operations Officer	35	Filipino	1 year	Since 10 August 2017 (As Director) Since 25 August 2017 (As Treasurer and Chief Operations Officer)
Renato B. Garcia Director, Executive Vice-President	66	Filipino	6 months	Since 01 March 2018 (As Director and Executive Vice-President)
Salvador Zamora III Director	41	Filipino	1 year	Since 25 August 2017
Serafin C. Ledesma, Jr. Independent Director	77	Filipino	24 days	Since 30 July 2018
Roberto B. Ortiz Independent Director	66	Filipino	24 days	Since 30 July 2018
Alfredo T. Divino, Jr.	51	Filipino	2 months	Since 02 July 2018

Chief Finance Officer				
Henry T. Galingan Chief Technical Officer	70	Filipino	6 months	Since 01 March 2018
Concepcion D.S. Roxas Chief People and Culture Officer	57	Filipino	2 months	Since 02 July 2018
Patrick Vincent G. Peña General Manager, Fixed Broadband	51	Filipino	2 months	Since 02 July 2018
Federico P. Prieto Corporate Secretary	38	Filipino	1 year	Since 10 August 2017

Directors and Officers

The names of the incumbent Directors and Executive Officers of the Company and their respective current positions held, periods of service and business experience during the past five years are as follows:

Salvador Zamora II Chairman of the Board

Mr. Salvador “Buddy” Zamora II is a renowned Philippine industry player. He is the Chairman and Chief Executive Officer of Tranzen Group Inc., a wholly owned Filipino holding company engaged in renewable energy generation, agro industries, and resort development.

Buddy was educated in the Ateneo de Manila University in the Philippines and in New York University, USA where he received his Masters’ in Business Administration.

Mr. Zamora carved a name in the Philippine mining industry in the 1970’s by establishing Nickel Asia Corporation, the largest lateritic nickel ore producer in the Philippines and one of the largest in the world. Mr. Zamora was the former president of Nickel Asia Corporation’s operational sites: Hinatuan Mining Corporation, Taganito Mining Corporation and Cagdianao Mining Corporation. From 2006 to 2009, Mr. Zamora served as the President and Chief Executive Officer of Nickel Asia Corporation.

In 2008, Mr. Zamora formed Tranzen Group Inc. with a vision to become a leading diversified conglomerate in the country. Tranzen Group along with Carbon Assets Fund of Cayman Island built the Philippines’ first methane production plant in Rizal. Also in Tranzen Group’s pipeline are significant projects in hydro power generation and mining interest in Dinagat Island.

Mr. Zamora is also the Chairman of the following companies Philippine Phosphate Fertilizer Corporation, Bacavalley Energy, Inc., One Pactstar Realty Corporation, Two Pactstar Realty Corporation, Agusan Power Corporation, Philphos Trading Inc., Lear Aero Ltd., Inc., Libjo Mining Corporation, and Lake Mainit Hydro Holdings Corporation.

James G. Velasquez Director, President and Chief Executive Officer

Mr. Velasquez was a Senior Executive for IBM Global Technology Services, Asia Pacific with 30 years experience in running several business units in the Philippines, ASEAN and in Asia Pacific focusing on P&L, IT business management, Operations, IT Infrastructure Management and Regional Sales. He was previously the President and Country General Manager for IBM Philippines where he was responsible for the overall IBM business operations and led both domestic and global delivery growth.

He previously served as Chairman of IBM Philippines and associated IBM subsidiaries, Board of Trustee of the PBSP, Board Member of the Management Association of the Philippines, Director of Asia Pacific College and

Board Trustee of UST Engineering Alumni Association.

He is currently a board member of Disaster Recovery Institute of the Philippines.

He was a recipient of the following recognition: UST Engineering Centennial Award for Industry Leadership, UST's The Outstanding Alumni Award for Business Management and Letran Alumni Award for Industry. He also received the CEO EXCel Awards in 2011 in addition to garnering various recognition for IBM in the Philippines in the areas of Corporate Social Responsibility, Marketing Excellence, HR and ICT.

Miguel Marco A. Bitanga

Director, Treasurer and Chief Operations Officer

Mr. Bitanga received his Bachelor of Arts Degree in Interdisciplinary Studies *Cum Laude* from Ateneo de Manila University and a Master's in Business Administration from IESE Business School in Barcelona, Spain. He previously held the following positions: Managing Director of Benisons Shopping Center, Corporate Information Officer of MRC Allied, Inc. and Business Director of Flux Design Labs.

He was previously a Director of Mano Amiga Academy, a non-profit organization that provides free education to children in need and employment to their mothers. He is presently a member of the organization's Junior Advisory Board.

Renato B. Garcia

Director and Executive Vice-President

Mr. Garcia has been in the IT and telecommunications industry for the past 45 years. He served 14 years in government as IT Director and as the first Assistant Secretary for Telecommunications where he lead the preparation of the country's National Telecommunications Masterplan. He launched the first cellular phone system, "consumerized" the handphone market through its nationwide dealers with off-the-shelf phone kits, prepaid, texting and GSM digital SIM packs. He also had stints with the first Philippine outsourcing software company and the Business Processing Industry. He previously lead the telecommunications and data systems division of a European manufacturing company that introduced the first ATMs, the branded PC clones and the government municipal telephone project. He was also Consultant to the COMELEC En Banc in the country's first automated elections.

Mr. Garcia has always been an active member of the ICT industry, having been Director and President of the Philippine Electronics and Telecommunications Industry (PETEI), Director and Vice President of the IT Foundation of the Philippines and Member of the Business Processing Association of the Philippines (BPAP). He is a graduate of the Columbia University in New York with concentration in Finance and Operations Management.

He is a graduate of the Jesuit American school, Ateneo de Manila University.

Salvador T. Zamora III

Director

Mr. Zamora III is currently connected with the following corporations either as Director, Treasurer or Corporate Secretary: Libjo Mining Corporation, Isarog Renewable Energy Corporation, Skytactic Aero Philippines, Inc., Bacavalley Energy, Inc., La Costa Development Corporation, Inc., Lear Aero Ltd., Inc., Philippine Phosphate Fertilizer Corporation, Trenzen Group, Inc. and 5G Security Inc.

He received his Bachelor of Arts in Music Business from University of New Haven (Connecticut) and MM Music Technology from New York University.

Serafin C. Ledesma, Jr.

Independent Director

Mr. Ledesma is from Davao City. He was a former Station Manager, News Director and Program Director of various radio stations and news agencies in Mindanao. He was a Branch Manager of Telefast Communications from 1976-1978. He was also an Area Manager of Philippine Telegraph and Telephone Corporation from 1978-1982 and later on, the company's Vice-President for Mindanao from 1982-2001. From 1986-2001, he was a Co-Chairman of the Technical Working Group for the Interconnection of Telecommunications Network in Mindanao.

He also served as a Director of Davao City Water District from 2014-2016 and is currently a columnist and opinion writer, respectively, of Sun Star Davao and Philippine News Agency.

Mr. Ledesma is likewise active various civic organizations being the former President of the following organizations: Davao Integrated Press Club (1974-1977), Media Dabaw (1978-1980) and Rotary Club of Davao (1997-1998)

Mr. Ledesma received his B.S. in Natural Science from the Mindanao Colleges (now University of Mindanao) in 1964

Roberto B. Ortiz
Independent Director

Mr. Ortiz worked for Price Waterhouse (now Price Waterhouse Coopers) from 1987-1994. He was the former Vice-President for Finance of Consolidated Industrial Gases Inc. from 1994-2003. From 2003-2009, Mr. Ortiz was the Chief Finance Officer of All Asian Countertrade Inc. and its subsidiaries: Sweet Crystals Integrated Sugar Mill Corporation and Basecom Inc.

Since 2010, he is a Director and Chief Financial Officer of Total Nutrition Corporation.

Mr. Ortiz received his B.S. in Management Engineering from Ateneo de Manila University in 1973.

Alfredo T. Divino, Jr.
Chief Finance Officer

Mr. Divino is a graduate of the Philippine Military Academy and received his Master's in Business Administration from the Asian Institute of Management. For 6 years, he served in the Armed Forces of the Philippines, first as Department Head at the Philippine Navy and then as Head of the Project and Evaluation Group under the Office of the Chief of Staff.

He then transitioned into the private sector when he joined Resources and Investment Corporate House as Manager for Corporate Finance which was followed by a short stint with All Asia Capital. Jay's experience in the telecommunications industry was culled from his 16 year stay with Globe Telecoms where he held various positions such as Head of Business Planning, Head of Comptrollership for the Multi Media Business Group and as Chief Financial Officer, first for BPI Globe Banko and then at Globe Fintech Innovation, Inc. Before joining PT&T, Jay was the Chief Financial Officer of Oriente Express of the JG Summit Group.

Henry T. Galingan
Chief Technical Officer

Mr. Galingan is a licensed Electronics and Communications Engineer and joined PT&T in August 2017 as a Technical Consultant and later as a full-time Chief Technical Officer bringing with him more than 48 years of actual work experience in the telecommunications field in the Philippines and abroad.

He handled various corporate positions and consultancy services notably with Eastern Telecommunications Philippines, Inc., Telic Phil, Liberty Telecommunications, SMART and San Miguel Corporation, among others. He also shared his telecoms expertise in the academe as an Engineering Professor at De La Salle University and in various lecture forum. He is also a recipient of various distinguished awards and recognitions in the fields of engineering and management including the 1989 Outstanding ECE of the Philippines, and the 1997 Outstanding Professional in ECE and Ten Outstanding Energy Managers of the Philippines (TOEM). In addition, he was member of the Board of Directors of several organizations and is active in professional organizations such as the Institute of Electronics and Communications Engineers of the Phils. (IECEP).

Mr. Galingan received his B.S. in Electronics and Communications Engineering from Feati University and his Master's in Business Administration from Ateneo de Manila University.

Concepcion D.S. Roxas
Chief People Officer

Ms. Roxas is an experienced human resource practitioner. She was employed by companies in various capacities in the field of human resources: Supervisor, Manager, Recruitment Manager, Senior Manager, Consultant, Senior Consultant and HR Director.

In the field of telecommunications, she worked for Smart Communications, Inc. from 1994-2005 where she held the following positions: Recruitment Consultant, Recruitment Manager and Senior Manager. After leaving Smart Communications, Inc. she returned to said company last 2015 as its Senior HR Consultant for Organizational Development. Before joining PT&T, Recie was the HR Director of Conduit Global.

Ms. Roxas is a graduate of University of Santo Tomas where she received her B.S. in Psychology.

Patrick Vincent G. Peña
GM, Fixed Broadband

Mr. Peña's experience in the telecommunications industry started in 1996 when he worked for Smart Communications, Inc. His work focused primarily on sales and marketing.

From 2000-2006, he was the Vice-President for Sales and Marketing for Meridian Telekoms Inc., spending the last two years from 2004-2006 establishing Meridian's Broadband Wireless Product for the PLDT Group.

In 2007 he was named as the Vice-President and later, the Senior Vice-President, for Postpaid, Broadband, New Business and Marketing Services of Digitel Mobile Phils., Inc. (Sun Cellular).

Mr. Peña received his B.S. in Industrial Engineering from the University of the Philippines, Diliman.

Federico P. Prieto
Corporate Secretary

Federico P. Prieto is a lawyer with litigation and corporate practice. For his litigation practice he handles criminal, civil, labor and tax cases. His corporate practice includes mergers and acquisitions, business organization restructuring, Initial Public Offering and Additional Listing with the local stock exchange and administrative and regulatory compliance. His clients include business entities engaged in the business of mining, telecommunications, real estate, renewable and clean energy and security.

He is a 2006 graduate of San Beda University's College of Law in Mendiola and was admitted to the Bar in 2007.

Significant Employees

There is not a person who is not an Executive Officer expected by the Company to make significant contribution to the business.

Family Relationship

Salvador Zamora III is the son of Salvador Zamora II.

Other than this, there are no other family relationships known to the registrant.

Connection with any government agencies or instrumentalities

None of the Directors and Executive officers of the Company are connected to any government agencies or instrumentalities.

Involvement of Directors and Officers in Certain Legal Proceedings

During the past five (5) years and until the date of distribution of this Information Statement, the members of the Board of Directors and the Executive Officers:

a) have not filed any bankruptcy petitions or have not had bankruptcy petitions filed against them;

- b) have not been convicted by final judgment or have any pending criminal cases;
- c) have not been subject to any order, judgment or decree, or any court of competent jurisdiction (in a civil action), not subsequently reversed or vacated limiting its involvement in any type of business, securities, commodities or banking activities;
- d) have not been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine Securities and Exchange Commission (“SEC”) or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law.

List of Candidates for Election as Members of the Board of Directors for 2017-2018

The following individuals are nominated to be elected as Members of the Board of Directors of the Company:

Name	Position
Salvador Zamora II	Director
Miguel Marco A. Bitanga	Director
James G. Velasquez	Director
Renato B. Garcia	Director
Salvador Zamora III	Director
Serafin C. Ledesma, Jr.	Independent Director
Roberto B. Ortiz	Independent Director

Nomination of Independent Directors

Serafin C. Ledesma, Jr. (“Mr. Ledesma”) was elected as the Company’s Independent Director last 30 July 2018 replacing the late Jose B. Zuniga. Mr. Ledesma was nominated by Retelcom. Mr. Ledesma is not an officer, director or shareholder of Retelcom and he possess all the qualifications and none of the disqualifications to be elected as an Independent Director.

Roberto B. Ortiz (“Mr. Ortiz”) was elected as the Company’s Independent Director as a result of the resignation of Mario C. Lorenzo. Mr. Ortiz was nominated by Menlo. Mr. Ortiz is not an officer director or shareholder of Menlo and he possess all the qualifications and none of the disqualifications to be elected as an Independent Director.

With the recent changes in the composition of the Board of Directors and management brought about by the entry of Menlo as a shareholder, the Company is still in a transition phase. The Company is still in the process of organizing the various committees, including the Nomination Committee, mandated under the Company’s Manual of Corporate Governance.

Disagreement with a Director

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of the stockholders because of disagreement/s with the Company on any matter relating to the Company’s operations, policies or practices, and no director has furnished the Company a letter describing such disagreement and requesting that the matter be disclosed.

Item 6. Compensation of Directors and Executive Officers

The following are the six (6) highest compensated officers of the Company during the last three (3) fiscal years:

NAME	POSITION
Jose Luis Santiago ⁵	Chairman, President and Chief Executive Officer
Maureen Virginia Santiago ⁶	Executive Vice-President – External Affairs
Arturo T. Falco ⁷	Senior Vice-President - Comptroller

⁵ Resigned last 10 August 2017

⁶ Resigned last 10 August 2017

⁷ Retired last 31 May 2018

Gerardo R. De Leon ⁸	Senior Vice-President – Chief Finance and Admin Officer
Pedro R. Santos ⁹	Senior Vice-President – Network Engineering and Technical Services
Alicia A. Arogo ¹⁰	Vice-President – Treasurer

The aggregate compensation paid or accrued during the last three fiscal years to the Company's (a) President and five highest compensated officers and (b) other officers and directors or key management personnel (as a group unnamed) are as follows:

**SUMMARY COMPENSATION TABLE
(Annual Compensation)**

NAME	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION INCOME
President and five (5) highest compensated officers	2017	P 12,120,000.00	P 360,000.00	P 864,000.00
	2016	P 11,855,267.00	P 360,000.00	P 864,000.00
	2015	P 11,670,229.00	P 144,000.00	P 864,000.00
All other officers and directors as a group unnamed	2017	P 1,650,000.00	P 180,000.00	P 672,000.00
	2016	P 1,644,733.00	P 180,000.00	P 672,000.00
	2015	P 1,634,198.00	P 72,000.00	P 672,000.00

The following are the seven (7) highest compensated officers of the Company for the year 2018:

Name	Position
James G. Velasquez	President and Chief Executive Officer
Miguel Marco A. Bitanga	Treasurer and Chief Operations Officer
Renato B. Garcia	Executive Vice-President
Alfredo T. Divino, Jr.	Chief Finance Officer
Henry T. Galingan	Chief Technical Officer
Concepcion D.S. Roxas	Chief People Officer
Patrick Vincent G. Peña	GM, Fixed Broadband

**SUMMARY COMPENSATION TABLE
(Projected for 2018)¹¹**

NAME	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION INCOME
President and five (5) highest compensated officers	2018	P 25,000,000.00	NONE	P 273,000.00
All other officers and directors as a group	2018	P 9,700,000.00	NONE	P 639,000.00

⁸ Retired last 30 June 2018

⁹ Retired last 31 December 2017

¹⁰ Retired last 10 August 2017

¹¹ For the current officers of the Company

unnamed				
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Compensation of Directors

The Company did not pay any compensation to the Directors for the year ended 30 June 2017.

Description of any Standard Arrangement

There is no standard arrangement with the Directors and Executive Officers of the Company.

Description of Material Terms of any Other Arrangement

There is no other arrangement with the Directors and Executive Officers.

Price of Stock Warrants or Options

There is no arrangement with the Directors and Executive Officers of the Company for stock warrants or options.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There is no general compensatory plan or scheme with respect to any of the Company's executive officers that will result from the resignation, retirement or termination of such executive officer or from a change of control in the Company.

Item 7. Independent Public Accountants

Appointment and Ratification

The appointment of Alas Oplas & Co. as the Company's external auditor for the Fiscal Years ending 30 June 2016, 30 June 2017 and 30 June 2018 will be approved during the stockholders' meeting. Representatives of the of Alas Oplas & Co. will be present during the stockholders' meeting and will have the opportunity to make a statement if they desire to do so. They will also be available to respond to appropriate questions.

External Audit Fees and Services

For the Fiscal Years ending 30 June 2016 and 30 June 2017, the fees for audit work and other services performed by Alas Oplas & Co. for the Company is PhP 750,000.00.

Other non-audit service fees were incurred for professional services of independent appraisal companies as discussed in the Management Report of this Information Statement.

The Company did not incur fees for professional services related to tax accounting, tax compliance audit, and other advisory work.

Out-of-pocket expenses were incurred for incidental costs incurred in relation to the services rendered.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

To the best knowledge of the undersigned, there are no disagreements on any matter of accounting principles or practices, financial statement disclosure or accounting scope or procedure with the Company's external auditor.

Item 8. Compensation Plan

No action will be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed in relation to any stock options, warrants or rights plan or in relation to any other type of compensation plan.

Item 9. Authorization or Issuance of Securities Other than for Exchange

The Company will seek the approval of the stockholders to increase its Authorized Capital Stock from PhP

3,800,000,000.00 divided into 1,500,000,000 Common Stocks with a par value of PhP 1.00 per stock and 230,000,000 Serial Cumulative Convertible Redeemable Preferred Stocks with a par value of PhP 10.00 per share to PhP 15,600,000,000 through the issuance of the following additional stocks:

- a) 3,000,000,000 Common Stocks at PhP 1.00 per stock;
- b.) 6,750,000,000 Series "A" Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock;
- c.) 1,800,000,000 Series "B" Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock;
and
- d.) 250,000,000 Series "C" Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock.

Common Stocks

To raise additional capital, the Company will increase the number of its Common Stocks. A total of 3,000,000,000 Common Stocks at PhP 1.00 per stock will be added to the existing 1,500,000,000 Common Stock which has been fully subscribed and paid.

The Common Stocks are entitled to dividends, have voting and pre-emptive rights pursuant to the provisions of the Corporation Code of the Philippines.

The Common Stocks to be issued will be used to raise funds in the form of equity offering with a view of using the proceeds thereof to fund growth and expansion, general corporate purposes and/or for such other purposes to be determined by the Board of Directors.

Preferred Stocks

Currently, the Company has 230,000,000 Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 10.00 per stock. These stocks are unissued and unsubscribed. Based on the Amended Articles of Incorporation these preferred stocks have no voting rights except in cases allowed under the law. The right to dividends of these preferred stocks are cumulative and non-participating.

In addition to the existing Preferred Stocks, the Company will issue the following additional Preferred Stocks:

- a.) 6,750,000,000 Series "A" Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock;
- b.) 1,800,000,000 Series "B" Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock;
and
- c.) 250,000,000 Series "C" Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock.

The Series "A", "B" and "C" Serial Cumulative Convertible Redeemable Preferred Stocks shall be convertible and redeemable under the terms and in such manner as may be determined by the Board of Directors. The Series "A", "B" and "C" Serial Cumulative Convertible Redeemable Preferred Stocks will have no pre-emptive rights and have no voting rights except in cases allowed under the law.

The Company is of the opinion that there are no provisions in its Amended Articles of Incorporation and in its Amended By-Laws that would have the effect of delaying, deferring or preventing a change in control of the registrant.

Rationale for the issuance of Series "A", "B" and "C" Serial Cumulative Convertible Redeemable Preferred Stocks

Pursuant to the Petition for Rehabilitation filed by the Company, the Regional Trial Court of Makati City, Branch 66 ("Rehabilitation Court") issued an Order dated 01 April 2011 approving the Company's Rehabilitation Plan. In the approved Rehabilitation Plan, the Company was required to issue Series "A", "B" and "C" Serial Cumulative Convertible Redeemable Preferred Stocks to be used in conducting a debt-to-equity conversion to pay the debts of the Company in an amount indicated in Note 15 of the Company's Audited Financial Statements.

Since the issuance of the Series "A", "B" and "C" Serial Cumulative Convertible Redeemable Preferred Stocks are intended to settle the debts of the Company through debt-to-equity conversion, the Company is not expected to

receive any compensation for the issuance of the said shares.

Item 10. Modification or Exchange of Securities

There is no stockholders' action to be taken with respect to the modification of any class of securities of the Company or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

Financial Statements

The audited financial statements for the fiscal years ending 30 June 2016 and 30 June 2017 are filed as part of this Information Statement as Appendix I.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action will be taken with respect to any transaction involving merger or consolidation of the Company into or with any other person or of any other person, the acquisition by the Company of another person, the acquisition by the Company of any other going business or the assets thereof, the sale or other transfer of all or any substantial part of the assets of the Company, or the liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property

No action will be taken with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

No action will be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

Item 15. Action with Respect to Reports

The following are included in the Agenda for the 20 September 2018 Annual Stockholders' Meeting for the approval of the stockholders of the Company:

1. Approval of the Minutes of the Last Stockholders Meeting Held on 19 October 2012;
2. Approval to further amend the Amended Articles of Incorporation to increase the Authorized Capital Stock from PhP 3,800,000,000.00 divided into 1,500,000,000 Common Shares at PhP 1.00 per share and 230,000,000 Serial Cumulative Convertible Redeemable Preferred Shares at PhP 10.00 per share to PhP 15,600,000,000.00 through the issuance of the following additional shares:
 - a) 3,000,000,000 Common Stocks at PhP 1.00 per stock;
 - b.) 6,750,000,000 Series "A" Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock;
 - c) 1,800,000,000 Series "B" Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock; and
 - d) 250,000,000 Series "C" Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock.
3. Approval to conduct debt-to-equity conversion or other equity offering of up to PhP 8,800,000,000.00 and to use the debts converted to equity as part of the Company's compliance with the required minimum subscribed and paid-up capitalization.
4. Approval to list the Common and Serial Cumulative Convertible Redeemable Preferred Stocks, in the Philippine Stock Exchange.

5. Waiver of the requirement to conduct rights or stock offering.
6. Grant of authority to participate in the bidding for the New Major Player in the Public Telecommunications Market and authorizing the Board of Directors to appoint authorized representatives for such purpose.
7. Election of the members of the Board of Directors.
8. Appointment of Alas Oplas & Co. as External Auditor.
9. Approval of the Audited Financial Statements of the Company for the Fiscal Years ending 30 June 2016 and 30 June 2017.
10. Approval to amend further the Amended Articles of Incorporation to include the phrase "information and communications technology" in the Company's purpose.
11. Grant of Authority to the Board of Directors to secure funding for the Company's operations and expansion programs through financing, loans and equity offering.
12. Grant of authority to the Board of Directors to establish and determine the terms and conditions of long term incentive plan for key executive officers of the Company.
13. Confirm the acts of the Board of Directors and officers of the Company in negotiating, signing and execution of relevant and appropriate agreement with National Transmission Corporation and to confirm the acts of the appoint authorized representatives and signatories.
14. Approval to amend further the Amended By-Laws to:
 - a) Change the accounting period from Fiscal Year (01 July to 30 June) to Calendar year (01 January to 31 December); and
 - b) Change the annual meeting of the Company from last Friday of October to last Friday of June.

Item 16. Matters Not Required to be Submitted

As a matter of corporate policy, the Management will set the approval and ratification by the stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since 10 August 2017.

Item 17. Amendment of Charter, Bylaws or Other Documents

The proposed amendments to the Company's Amended Articles of Incorporation and Amended By-Laws are as follows:

Proposed amendments to the Amended Articles of Incorporation:

Proposed Amendments	Reason / General Effect
1. Amend Article II of the Amended Articles of Incorporation to include the phrase "information and communications technology" in the purpose of the Company.	The purpose is to allow the Company to engage in businesses and activities falling under the descriptive phrase information and communications technology".
2. Amend Article VII of the Amended Articles of Incorporation by increasing the Authorized Capital Stock from PhP 3,800,000,000.00 divided into 1,500,000,000 Common Stocks at PhP 1.00 per stock and 230,000,000 Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 10.00 per stock to PhP 15,600,000,000.00 through the issuance of the	The reason for the proposed increase in the Authorized Capital Stock is to enable the Company is to enable the Company to pay its outstanding obligations through equity restructuring, to raise the funds in the form of equity offering with a view of using the proceeds of such fund raisings to fund growth and expansion, general corporate purposes and/or for such other

<p>following additional stocks:</p> <p>a) 3,000,000,000 Common Stocks at PhP 1.00 per stock;</p> <p>b.) 6,750,000,000 Series “A” Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock;</p> <p>c) 1,800,000,000 Series “B” Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock; and</p> <p>d) 250,000,000 Series “C” Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock.</p>	<p>purposes to be determined by the Board.</p> <p>The payment of the Company’s indebtedness through equity offering will eventually allow the Company to exit from corporate rehabilitation.</p>
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Proposed amendments to the Amended By-Laws

Proposed Amendments	Reason / General Effect
Amend Article V of the Amended By-Laws to change the accounting period of the Company from fiscal year to calendar year beginning on 01 January and ending on 31 December	This will allow the Company to file its Annual Income Tax Return and Audited Financial Statements on 15 April of every year.
Amend Article II of the Amended By-Laws to to change the date of the annual meeting of stockholders from last Friday of October to last Friday of June.	This is intended to synchronize the holding of the annual meeting of the stockholders with the filing of the Company’s Annual Income Tax Return and Audited Financial Statements.

Item 18. Other Proposed Action

Proposed Action	Reason
1. Grant of authority to conduct equity offering and to list the common and serial cumulative convertible redeemable preferred stocks with the Philippine Stock Exchange.	To allow the Company to settle its indebtedness through equity offering as mandated by the approved Rehabilitation Plan and under reasonable and acceptable terms and conditions.
2. Waiver of the Requirement to Conduct Rights or Public Offering	-same-
<p>3. Grant of the following:</p> <p>a) Authority to participate in the bidding for the New Major Player in the Public Telecommunications Market; and</p> <p>b) Authority to the Board of Directors to appoint authorized representatives and signatories in the bidding for the New Major Player in the Public Telecommunications Market.</p>	To officially allow the Company to participate in the bidding for the said project.
4. Authorize the Board of Directors to secure funding for the Company’s operations and expansion programs through financing, loans and equity offering.	To allow the Company, through its Board of Directors, to secure the immediate financing to fund the Company’s operations, expansion programs and

	projects.
5. Authorize the Board of Directors to establish and determine the terms and conditions of long term incentive plan for key executive officers of the Company.	To allow the Company to offer competitive compensation terms to deserving officers of the Company.
6. Confirm the acts of the Board of Directors in negotiating, signing and execution of relevant and appropriate agreement with National Transmission Corporation and to confirm the acts of the appointed authorized representatives and signatories.	To officially allow the Company to enter into an agreement with National Transmission Corporation.

Item 19. Voting Procedures

At the Stockholders' Meeting, every stockholder shall be entitled to vote for each share of stock which has voting power upon the matter in question, registered in his name in the books of the Company.

A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected. Provided, however, that no delinquent stock shall be voted.

Vote Requirement

The following matters require the following votes:

Subject Matter	Votes Required
1. Approval of the minutes of the Last Stockholders Meeting held on 19 October 2012.	Majority of the votes cast
2. Approval to further amend the Amended Articles of Incorporation to increase the Authorized Capital Stock from PhP 3,800,000,000.00 divided into 1,500,000,000 Common Stocks at PhP 1.00 per stock and 230,000,000 Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 10.00 per stock to PhP 15,600,000,000.00 through the issuance of the following additional stocks: a) 3,000,000,000 Common Stocks at PhP 1.00 per stock; b) 6,750,000,000 Series "A" Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock; c) 1,800,000,000 Series "B" Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock; and d) 250,000,000 Series "C" Serial Cumulative Convertible Redeemable Preferred Stocks at PhP 1.00 per stock.	Two-thirds (2/3) of the outstanding capital stock
3. Approval to conduct debt-to-equity conversion or other equity offering of up to PhP 8,800,000,000.00 and to use the debts converted to equity as part of the Company's compliance with the required minimum	Majority of the votes cast

subscribed and paid-up capitalization.	
4. Approval to list the Common and Serial Cumulative Convertible Redeemable Preferred Stocks with the Philippine Stock Exchange.	Majority of the votes cast
5. Waiver of the requirement to conduct rights or stock offering.	Majority of the minority shareholders present or represented
6. Grant of authority to participate in the bidding for the New Major Player in the Public Telecommunications Market and authorizing the Board of Directors to appoint authorized representatives for such purpose.	Majority of the votes cast
7. Election of the members of the Board of Directors.	The top seven (7) nominees with the most number of votes cast are elected
8. Ratification of actions taken by the Board of Directors and officers since 10 August 2017.	Majority of the votes cast
9. Appointment of Alas Oplas & Co. as External Auditor.	Majority of the votes cast
10. Approval of the Audited Financial Statements of the Company for the Fiscal Years ending 30 June 2016 and 30 June 2017.	Majority of the votes cast
11. Approval to amend further the Amended Articles of Incorporation to include the phrase "information and communications technology" in the Company's purpose.	Two-thirds (2/3) of the outstanding capital stock
12. Grant of Authority to the Board of Directors to secure funding for the Company's operations and expansion programs through financing, loans and equity offering.	Majority of the votes cast
13. Grant of authority to the Board of Directors to establish and determine the terms and conditions of long term incentive plan for key executive officers of the Company.	Majority of the votes cast
14. Confirm the acts of the Board of Directors and officers of the Company in negotiating, signing and execution of relevant and appropriate agreement with National Transmission Corporation and to confirm the acts of the appointed authorized representatives and signatories.	Majority of the votes cast
15. Approval to amend further the Amended By-Laws to change the accounting period from Fiscal Year (01 July to 30 June) to Calendar year (01 January to 31 December).	Two-thirds (2/3) of the outstanding capital stock
16. Approval to amend further the Amended By-Laws to Change the annual meeting of the Company from last Friday of October to last Friday of June.	Two-thirds (2/3) of the outstanding capital stock

MANAGEMENT REPORT

I. Plan of Operation

In the next 12 months, the Company will aggressively work towards exiting from rehabilitation. The Company was recently granted by the Rehabilitation Court an early exit, subject to certain conditions, last 06 August 2018. This early exit allows the Company to grow its footprint in its Broadband/Fiber Business. The Company is currently serving Metro Manila and the nearby CALABARZON area and will continue to expand in Region III and IV-A. In addition, the Company will implement its plans in building a nationwide backbone in the next 2 years. The Company will also participate in the bidding and selection for the New Major Player in the Public Telecommunications Market ("3rd Telco Bidding") of the Department of Information and Communications Technology which is in line with the Company's aspiration to be a nationwide mobile and digital services provider.

While current operations are sufficiently funded by internally-generated cash flows, capital expenditures and one-off expenses related to the approved Rehabilitation Plan and the resulting statutory obligations needs to be funded by advances from shareholders. Expansion into new areas, increasing capacity and new businesses to be undertaken in the next 12 months will also require raising capital through debts and equity.

The Company will also be offering additional services in line with its core Broadband/Fiber Business. These additional services will include information technology and telecommunications services. Broadband and corporate data products will be updated as may be necessary given market developments, availability of new technology or feedback from customers. Assuming plans on the fiber transmission backbone pushes through, the Company could potentially launch a wholesale bandwidth business.

The Company is considering the sale of some of its properties located in different areas in the Philippines. The proceeds of the sale of these selected properties will be used to settle the Company's statutory obligations and to fund the operational requirements of the Company.

Currently, the Company has a total of 181 employees and the Company projects that the said number will increase to 247 by the end of 2018. Once the Company commence the expansion of its operations in the next 12 months and assuming that the Company will be successful in the 3rd Telco Bidding, the Company expects to increase its employees to 400 by 2019.

II. Management's Discussion and Analysis of Financial condition and Results of Operation

The following discussion and analysis should be read in conjunction with the accompanying financial statements and the related notes. PT&T's financial statements and the financial information discussed below have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The Company has selected and applied accounting policies so that financial statements will comply with all the requirements of Statement of Financial Accounting Standard and Interpretations. If there are no specific requirements, management has developed policies to ensure that the financial statements provide relevant and reliable information.

The Company maintains and adopted no change in accounting principle or practice, or in the method of applying any accounting principle or practice which affects relevance, reliability and comparability of the financial statements with those of prior periods.

The Company has no significant change in accounting estimates of the amount reported during the interim period of the financial year and in the other interim period or changes in estimates of amounts reported in prior financial years.

Since the last audited annual balance sheet date as of 30 June 2017, the Company has no change in contingent liabilities and contingent assets during the interim financial period reported.

The Company is contingently liable for various claims arising in the ordinary conduct of business and certain tax assessments, which are being contested. Additional details of the disclosures are disclosed in the SEC Form 17-A and its attachments previously submitted.

During the interim period, there is no change in the Company's composition with regards to business combination, acquisition or disposal of subsidiaries and long-term investments and discontinuing operations, other than the explanations presented in Items 1 and 2 and Notes to Financial Statements.

The financial information appearing in this report and in the accompanying financial statements is stated in Philippine pesos. Translation into Philippine peso amounts into U.S. dollar in this report and in the accompanying financial statements were based on the exchange rate of P51.79 vis-à-vis U.S.\$1.00, the average exchange rate of the U.S.

dollar at 31 March 2018.

III. Discussion on Financial Results for nine (9) months Interim period ending 31 March 2018

Revenue Performance

The Company for its 3rd quarter ending 31 March 2018, reported total operating revenues of PhP 153.9 million, or an improvement of 58% as compared to the previous year's same quarter revenue of PhP 97.7 million. The Company ended the quarter with almost 1,000 data services circuits, notably broadband connections which is a key performance indicator or an increase of 78% over the same quarter of the previous year. For the nine (9) months ending 31 March 2018, broadband reached a 65% increase in sales performance as compared to the same period last year. Activities for the broadband group included street level saturations on major nodes and account management of existing subscribers. Additional sales personnel were hired during the period.

Another key performance indicator known as monthly recurring revenue (MRR) per each data service circuit was steady at about PhP 20,000 per circuit despite being diluted by the almost two-fold increase in the number of data circuits. The details of the revenue performance are shown below:

OPERATING REVENUES - Net
(In Php thousands)

	FOR THE NINE (9) MONTHS ENDED MARCH 31				FOR THE 3RD QTR ENDED			
	2018	2017	VAR	%	MAR. 2018	MAR. 2017	VAR	%
Broadband	146,061	88,782	57,279	65%	61,216	32,671	28,545	87%
Rental Income/Others	7,882	8,877	(995)	-11%	1,475	2,978	(1,503)	-50%
	153,943	97,659	56,284	58%	62,691	35,649	27,042	76%

Cost and Expenses

Operating cost and expenses increased at a lower rate of 23%, from PhP 65.9 million to PhP 80.8 million. The following table shows the Company's comparative total costs and expenses for the nine (9) months ended 31 March 2018 and 31 March 2017:

COSTS & EXPENSES
(In Php thousands)

	FOR THE NINE (9) MONTHS ENDED MAR 31				FOR THE 3RD QTR. ENDED			
	2018	2017	VAR	%	MAR 2018	MAR 2017	VAR	%
Operating Expenses								
Staff Related Expenses	42,237	33,686	8,551	25%	15,375	12,812	2,563	20%
Premises related Expenses	14,066	12,596	1,470	12%	5,146	4,800	346	7%
Other Operations Expenses	24,545	19,627	4,918	25%	11,117	6,934	4,183	60%
TOTAL COST & EXPENSES	80,848	65,909	14,939	23%	31,638	24,546	7,092	29%

EBITDA and Profitability Performance

As seen in the above tabulation, the Company's personnel related expense as of 31 March 2018 amounted to PhP 42.2 million compared to last year's level of PhP 33.6 million for an increase of PhP 8.5 million due to additional manpower. On the other hand, premises related expenses amounted to PhP 14.1 million as compared to the same period last year of PhP 12.5 million for an increase of PhP1.4 million or 12% due to higher rate of kilowatt per hour. Finally, the Company's operations related expenses amounted to PhP 24.5 million as compared to the same period last year of PhP19.6 million for an increase of PhP4.9 million or 25% due to higher overhead costs.

Thus, with a higher revenue growth vis-à-vis a relatively lower increase in operating expenses, the Company was able to show a significant 130% improvement in its EBITDA, another key performance indicator, for the 3rd quarter ending 31 March 2018. The EBITDA margin is computed at a relatively healthy level of 47%.

EBITDA PERFORMANCE
(In PhP Thousands)

	FOR THE NINE(9) MONTHS ENDED MAR. 31				FOR THE 3RD QTR. ENDED			
	2018	2017	VAR	%	MAR. 2018	MAR. 2017	VARIANCE	%
Revenues	153,943	97,659	56,284	58%	62,691	35,649	27,042	76%
Cost and Expenses	80,848	65,909	(14,939)	-23%	31,638	24,546	(7,092)	-29%
EBITDA	73,095	31,750	41,345	130%	31,053	11,103	19,950	180%
EBITDA MARGIN	47%	33%			50%	31%		

In terms of profitability as a key performance indicator, the Company had a complete turn-around towards net income from recorded losses of PhP 5.6 million in the comparative previous quarter to a net income of PhP 38.3 million as of 31 March 2018. The net income was attained after recognition of the legal interest rate of 6% p.a. on unsettled obligations as directed by the Rehabilitation Court as well as the proper treatment of amortization charges in the audited financial statements as of 30 June 2017.

Operating Cash Flows

Consequently, the healthy financial performance enabled the Company to internally generate PhP 37.7 million cash as of 31 March 2018 as shown above. This internally generated cash funded the PhP 28.7 million increase in property plant and equipment as the Company pursues facilities expansion and upgrading projects to support further growth in the increasing number of data service circuits demanded by its expanding subscriber base.

Financial Condition - Balance Sheet Accounts

The highlights of the Company's Balance Sheet Accounts as of the interim period ending 31 March 2018 as compared to 2017 fiscal year's audited financial data (ending 30 June 2017) are shown below:

BALANCE SHEETS

(In Thousand Pesos)

	March. 31, 2018 (Interim-Unaudited)	June 30, 2017 AUDITED	Variance	%
ASSETS				
Current Assets				
Cash	13,954	4,887	9,067	186%
Accounts receivable, net of Allow. for Doubtful Accts.	90,513	51,259	39,254	77%
Other current assets	28,457	15,670	12,787	82%
Total Current Assets	132,924	71,816	61,108	85%
Property, Plant and Equipment - net				
Investment Properties	462,659	447,864	14,795	3%
Other Assets	235,795	235,795	-	0%
Total Noncurrent Assets	711,080	687,644	23,436	3%
TOTAL ASSETS	844,004	759,460	84,544	11%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Trade and Other payables	418,118	357,126	60,992	17%
Statutory obligations	515,071	512,093	2,978	1%
Accrued interest, expenses and other liabilities	242,734	243,920	(1,186)	0%
Total Current Liabilities	1,175,923	1,113,139	62,784	6%
Noncurrent Liabilities				
Deposit for subscription in accordance with the court-approved rehabilitation plan	8,711,737	8,711,737	-	0%
Retirement benefits liability	117,112	133,610	(16,498)	-12%
Deferred income tax liability	45,114	45,114	-	0%
Total NonCurrent Liabilities	8,873,963	8,890,461	(16,498)	0%
Total Liabilities	10,049,886	10,003,600	46,286	0%
Capital Deficiency				
Capital Stock				
Common Stock	2,054,254	2,054,254	-	0%
Revaluation Surplus	102,102	102,102	-	0%
Accumulated actuarial gain (loss) on retirement benefits	3,163	3,163	-	0%
Unrealized valuation loss on AFS investments	(192)	(192)	-	0%
Deficit	(11,365,209)	(11,403,467)	38,258	0%
Total Capital Deficiency	(9,205,882)	(9,244,140)	38,258	0%
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	844,004	759,460	84,544	11%

In terms of financial condition, the Company's Total Assets amounted to PhP 844.0 million as of 31 March 2018. Cash of PhP 13.9 million as of 31 March 2018 increased by P9.1 million or 186% as compared to 30 June 2017. Accounts Receivable of PhP 90.5 million as of 31 March 2018 increased by PhP 39.2 million or 77% as compared to 30 June 2017 due to increase in revenue and other non-trade receivables.

Other current assets increased by PhP12.8 million or 82% as of 31 March 2018. A major component of other current assets are the creditable withholding taxes that can be claimed as credit against future tax liabilities. Other components include various prepayments such as prepaid rents, including usage of poles of other utility companies, deferred input tax and other prepayments like health maintenance, business permits and Philippine Stock Exchange listing fees all of which shall be expensed once consumed.

Property, plant and equipment of PhP 462.7 million as of 31 March 2018 increased by P14.7 million or 3% as compared to 30 June 2017 essentially due to acquisition of new equipment for the Company's upgrading and expansion of network facilities to support its expanding subscriber base.

Trade and other payables increased by PhP60.9 million or 17% as of 31 March 2018. A major portion of this account is attributable to trade transactions which increased by PhP 25.1 million thus ending the quarter with total trade payable of PhP 141.0 million. Also included in this account are customer's deposits. Finally, the other payables are generally due to related parties which represent non-interest bearing, unsecured and short-term Philippine currency denominated financing and advances to support the Company's working capital requirements as part of the approved rehabilitation plan of the Company.

Non-current liabilities include retirement benefits which was established in the amount of PhP 133.6 million based on the latest actuarial valuation report as of 30 June 2017. As of 31 March 2018, the liability has decreased to PhP 117.1 million as a result of payments to the retirement of certain executives when the new shareholders stepped in last August 2017.

Total deficit remained in the level of PhP 11.4 billion despite the PhP 38.2 million net income generation for the three (3) quarters ending March 31, 2018. Thus, the total capital stock deficiency remained at the same level of PhP 9.2 billion which can be reduced significantly upon the proper balance sheet treatment of the debt-to-equity conversion.

The debt-to-equity conversion is seen as the Deposit for Subscription of PhP 8.7 billion in accordance with the court-approved rehabilitation plan. However, the external auditors recommended that the appropriate presentation of this Deposit for Subscription is under non-current liabilities pending approval by the Securities and Exchange Commission on the increase in authorized capital stock.

Current ratio as of 31 March 2018 is at 0.11:1 as compared to 30 June 2017 of 0.06:1.

Financial Risk Disclosure

The Company adopts an expanded corporate governance approach in managing its business risks. There is a systematic review of the risks and a better understanding of the different risks that could threaten the achievement of and to provide emphasis on how management and employee play a vital role in achieving the company's mission, vision, strategies and goals.

The policies are not intended to eliminate risk, but to manage it in such a way that opportunities to create value for the stakeholders are achieved. Risk management takes place in the context of the normal processes such as strategic planning, business planning, operational and support processes.

The risks are managed through the delegation of management and functional authority and individual accountability as documented in employment contracts, consultancy contracts, key result areas, terms of reference and other policies that provide guidelines for managing specific risks arising from the company's business operations and environment.

Financial Risks

1. Currency Risk

The company has no foreign denominated transactions/ accounts in the financial statements.

2. Interest Rate Risk

Under the approved rehabilitation program, the Rehabilitation Court ordered that the interest or unpaid principal obligations to the creditors as of August 2009 be fixed at 6% per annum.

3. Liquidity Risk

Under the rehabilitation program, except for the statutory obligations, all obligations are converted to redeemable preferred stock while statutory obligations shall be settled from the proceeds of the sale of the company's real estate assets.

4. Credit Risk

The Company assesses the business status of prospective customers before accepting post-paid arrangements. It also requires an adequate deposit and encourages substantial upfront payments in exchange for attractive discounts. Review of the adequacy of the provision is being made on a regular basis.

The aging of the receivables shows that the receivable as of 31 March 2018 of P90.5 million is adequately covered by the provisions.

IV. Discussion of Financial Results for three (3) full fiscal years ending 30 June 2017, 30 June 2016 and 30 June 2015 based on Audited Financial Statements

The discussion below should be read in conjunction with the Audited Financial Statements of the Company for fiscal year ending 30 June 2017 with comparative presentation for fiscal year ending 30 June 2016.

Revenue Performance

For fiscal year 2017, the Company improved its growth rate in the number of data services circuits over the prior fiscal years 2016 and 2015. It recorded a total of 603 circuits by 30 June 2017 compared to 350 and 259 ending circuits in fiscal years 2016 and 2015, respectively. This sustained increase in the number of data circuits resulted in operating revenues of PhP 124.5 million, PhP 88.6 million and PhP 57.5 million for fiscal years ending 30 June 2017, 2016 and 2015 respectively. This revenue increase, before revenues from rental of Company's premises, showed an average annual growth rate of 47% for the said three (3) fiscal years. The details of the revenue performance for the three (3) fiscal years are presented below:

OPERATING REVENUES - Net (In PhP thousands)

	FY ENDING JUNE 30 (In PhP Thousand)		
	2017	2016	2015
Broadband	124,474,173	88,585,830	57,497,919
Rental Income/Others	11,270,545	12,424,398	10,655,481
	135,744,718	101,010,228	68,153,400

The Company's growth since fiscal year 2015 is buoyed up by its ongoing infrastructure development anchored on platform transformation that is accompanied with process, practice and expanded brand and market initiatives. The Company continued its pursuit of a deliberate technology transformation, with minimal capital outlay through creative 3rd-party arrangements. Thus, the Company's expansion and upgrade in Region IV enabled it to access several growth areas and industrial parks such as those in the Cavite area. The Company likewise instituted protection, upgrading and expansion projects in its main networks in Rizal and Laguna. These involved, among others, the completion of the 10Gbps upgrade in Metro Manila's North and South backbone rings and the Company's Laguna lake backbone network.

Capitalizing on the progressive fixed wire and wireless network brought about by the abovementioned facilities and improvement projects, the Company was able to implement saturation drives in selected commercial business districts (CBDs) with particular focus on the business segment of the market thus generating relatively high average revenue per connected circuit exceeding PhP 20,000 per month.

The strong revenue performance generated from a relatively small client base, i.e. from 174 broadband circuits at the start of fiscal year 2015 and increased to 603 circuits by the end of fiscal year 2017, has been the key driver of the Company's encouraging financial performance.

Market penetration was made solely and under collaborative and mutually beneficial arrangements with other telecommunication service providers. Thus, more buildings are now accessible with the Company's fiber network. The potential subscribers therein are being tapped by an increased direct and indirect sales force for new and old services, markets, alongside increased direct and indirect operations crews to handle expanded scope of installation, restoration and general service support.

Another possible area of growth is the telecommunications services using the satellite technology known as VSAT. During the early part of fiscal year 2017, the Company embarked on technical and market feasibility of VSAT services. Its revenue potential, with an eye on its cost-benefit analysis, remains to be seen as of the end of fiscal year 2017.

Cost and Expenses

The attainment of the aforesaid revenue growth had a concomitant increase in cost and expenses.

In support of the infrastructure development and sales thrust, the Company also enhanced its organizational capabilities in the technical and support areas. The staffing level increased from 55 at the start of fiscal year 2015 to

91 at the end of fiscal year 2017. Mobility for the sales and technical crews were continuously improved through the acquisition of service vehicles. Nevertheless, their impact on operational expenses has generally been manageable and was more than covered up by the strong revenue performance. The details of the cost and expenses are shown below:

COSTS & EXPENSES

(In Php thousands)

	FY ENDING JUNE 30 (In PHP Thousand)		
	2017	2016	2015
Operating Expenses			
Staff Related Expenses	53,461,041	44,204,587	29,097,600
Premises related Expenses	21,202,623	20,346,696	18,472,022
Other Operations Expenses	27,810,302	23,504,155	18,023,344
TOTAL COST & EXPENSES	102,473,966	88,055,438	65,592,966

EBITDA and Profitability Performance

From the foregoing revenue performance, the Company has consistently produced positive EBITDA during fiscal year 2015, 2016 and 2017 in the respective amounts of PhP 2.6 million, PhP 12.9 million and PhP 33.3 million. The EBITDA margin performance has significantly improved from 4% in fiscal year 2015 to 25% in fiscal year 2017. The EBITDA margin improvement is expected to continue in the forthcoming months.

However, despite the encouraging EBITDA performance, the Company posted annual losses of PhP 58.6 million in fiscal year 2015, PhP47.6 million in fiscal year 2016 and PhP 26.9 million in fiscal year 2017. Noticeable however is the improving bottom line performance as the annual losses continued to decline in the three (3) fiscal years. The Company is reasonably optimistic that a positive profitability can be achieved in the subsequent fiscal year.

The losses were brought about by recognizing the Rehabilitation Court's imposed 6% p.a. legal interest on unpaid obligations and the depreciation charges. Likewise, in fiscal year 2017, the Company recognized income tax of PhP 0.3 million.

A tabulation of the comparative EBITDA and net income/(loss) presentation for fiscal years 2017, 2016 and 2015 is presented below:

EBITDA PERFORMANCE

(In PhP Thousands)

	FY ENDING JUNE 30 (In Php Thousand)		
	2017	2016	2015
Revenues	135,744,718	101,010,228	68,153,400
Cost and Expenses	102,473,966	88,055,438	65,592,966
EBITDA	33,270,752	12,954,790	2,560,434
EBITDA MARGIN	25%	13%	4%
NET INCOME(LOSS)	(26,905,960)	(47,564,582)	(58,630,463)

Financial Condition - Balance Sheet Accounts

BALANCE SHEETS

(In Thousand Pesos)

	June 30, 2017	June 30, 2016	Variance	%
	AUDITED	AUDITED		
ASSETS				
Current Assets				
Cash	4,888	2,461	2,426	99%
Accounts receivable, net of Allow. for Doubtful Accts.	51,259	21,185	30,074	142%
Other current assets	15,670	12,874	2,796	22%
Total Current Assets	71,817	36,521	35,296	97%
Property, Plant and Equipment - net				
Investment Properties	235,795	235,795	-	0%
Other Assets	3,985	2,560	1,425	56%
Total Noncurrent Assets	687,644	593,435	94,209	16%
TOTAL ASSETS	759,461	629,956	129,505	21%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Trade and Other payables	357,126	334,825	22,301	7%
Statutory obligations	512,094	506,438	5,656	1%
Accrued interest, expenses and other liabilities	243,920	228,102	15,818	7%
Total Current Liabilities	1,113,140	1,069,366	43,774	4%
Noncurrent Liabilities				
Deposit for subscription in accordance with the court-approved rehabilitation plan	8,711,737	8,711,737	-	0%
Retirement benefits liability	133,610	128,802	4,808	4%
Deferred income tax liability	45,114	12,748	32,365	254%
Total NonCurrent Liabilities	8,890,461	8,853,287	37,174	0%
Total Liabilities	10,003,601	9,922,653	80,948	1%
Capital Deficiency				
Capital Stock				
Common Stock	2,054,254	2,054,254	-	0%
Revaluation Surplus	102,102	30,030	72,072	0%
Accumulated actuarial gain (loss) on retirement benefits	3,163	(284)	3,447	0%
Unrealized valuation loss on AFS investments	(192)	(136)	(56)	0%
Deficit	(11,403,467)	(11,376,561)	(26,906)	0%
Total Capital Deficiency	(9,244,140)	(9,292,697)	48,557	0%
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	759,461	629,956	129,505	21%

The Company's total assets amounted to PhP 759.5 million as of 30 June 2017 compared to PhP 629.9 million in the previous fiscal year. A major portion of the increase is due to the PhP 102.9 million revaluation increment of the Company's land used in operations. Likewise, the Company's receivables also increased by PhP 30.1 million attributable to trade receivables and due from related parties, the latter being in the form of non-interest bearing advances for the loan extended by the Company for the working capital requirements of the said related parties as explained in Section VIII of this report.

Other current assets increased by PhP 2.8 million or 22% during the fiscal year ending 30 June 2017. A major component of other current assets are the creditable withholding taxes which amounted to PhP 14.5 million as of said date that can be claimed as credit against future tax liabilities.

Trade and other payables increased by PhP 22.3 million or 7% during the fiscal year ending 30 June 2017 largely attributable to trade transactions as the Company increased its operating expenses to support the expansion of client base and corresponding revenue increase.

Deferred income tax liability increased almost four-fold, from PhP 12.7 million to PhP 45.1 million as of 30 June 2017. The net deferred income tax liability is principally due to revaluation surplus amounting to PhP 43.8 million and actuarial gain on retirement benefits amounting to PhP 1.3 million.

The deficit increased by PhP 26.9 million due to the Company's loss of the same amount in fiscal year 2017. However, its impact is relatively insignificant to the total deficit in the level of PhP 11.4 billion. The PhP 8.7 billion court-directed debt-to-equity conversion is currently booked as a noncurrent liability instead of an equity component pending approval by the Securities and Exchange Commission (SEC) of the Company's increase in its authorized capital stock.

The current ratio as of June 30, 2017 is 0.06:1, an improvement compared to the previous year's 0.03:1

Material Uncertainties

Other than the uncertainty discussed in Note 1 of the Audited Financial Statements relating to the rehabilitation of the Company, the Company is not aware of any other material trend, event and uncertainty that would affect its liquidity, sales and operations.

V. External Audit Fees

A.) Audit and Audit Related Fees

For the Fiscal Years ending 30 June 2016 and 30 June 2017, the fees for audit work and other services performed by Alas Oplas & Co. for the Company is PhP 750,000.00.

The Company likewise paid professional fees of independent appraisal companies contracted by the Company for the appraisal of its assets. The total amount paid by the Company for the professional fee of the independent appraisal companies is PhP 509,240.00.

The Company also contracted the professional services for actuarial and funding valuation. The contracted fee was PhP 100,000.00.

B.) Tax Fees

The Company has not contracted professional services by a third party in the last two (2) fiscal years for tax accounting, compliance, advice, planning and any other form of tax services.

C.) All Other Fees

Not Applicable

D.) Approval of Audit Committee

The Company is currently in transition stage given the recent changes in the composition of the Board of Directors and changes in Executive Officers of the Company. With this, the Company is still in the process of organizing Board Committees including the composition of the Audit Committee.

VI. Brief Description of general nature and scope of business of the Company

On 20 June 1964, the Company was granted a 25-year national legislative franchise under Republic Act No. 4161, as amended, allowing the Company to establish, install, maintain and operate wire and/or wireless telecommunications systems, lines, circuits and stations throughout the Philippines for public domestic and international communications and to provide domestic record communications services consisting of telex, telegraph, and private leased circuits. On 21 July 2016, the Company was granted an extension of its franchise for another 25 years under Republic Act No. 10894 allowing the Company to operate as a telecommunications company until 2041.

The Company has various Certificates of Public Convenience and Necessities ("CPCNs") and Provisional Authorities ("PAs") granted by the National Telecommunications Commission ("NTC") for the conduct of its telecommunications activities. These CPCNs and PAs allows the Company to provide data communications services, to implement its expansion and improvement programs covering installation, operation and maintenance of an integrated digital

network in the National Capital Region (“NCR”) and to install, operate and maintain a national packet data network with the accompanying authority to charge rates for said services.

Aside from NTC-authorized services, the Company was granted a CPCN that enable it to participate in the government’s liberalization of telecommunications industry as mandated under Executive Order No. 109. While the Company was already operating as an inter-exchange carrier allowing the Company to provide inter-exchange trunk facilities to connect with local exchange carriers (“LEC”) and public calling offices for long distance toll service, Executive Order No. 109 enabled the Company to become an LEC operator. As an LEC operator, the Company was granted Region IV-A comprising the provinces of Aurora, Laguna, Marinduque, Quezon, Rizal, and Romblon for LEC services. The Company was also granted a CPCN to establish, operate and maintain international gateway facilities to/from foreign countries.

In 2008, the Company has ceased its LEC operations.

The Company is also an NTC registered value-added service (“VAS”). As a VAS provider, the Company offers internet access service, virtual private network, electronic mail (e-mail), messaging services, web hosting, electronic commerce, firewall service and e-learning. The VAS registration of the Company is valid until 05 September 2022.

In response to recent economic events and financial issues, the Company reviewed its businesses with the objective of optimizing revenues, reducing expenses and improving service quality. The Company’s medium-term strategy now focuses on the emerging internet era with its offering of broadband internet access and other VAS to e-business providers.

The Company is currently focused on broadband internet access services as a result of rapid growth of wireless/mobile systems and the rise of broadband internet demand. As such, the Company’s main source of revenue is broadband internet access services. The Company offers dedicated or shared internet access service, via fiber or wireless and operates a 10+ Gbps broadband network across the NCR, and Regions III and IV catering corporate, business and residential customers.

VII. Market Price and Dividends

A.) Market Information

Out of the current 1,500,000,000 common stocks of the company, 800,000,000 thereof are listed with the Philippine Stocks Exchange (“PSE”). However, the trading of the listed stocks is currently suspended as a result of the Company’s request for voluntary suspension of trading last 10 December 2004. The request of the Company to suspend the trading of its stocks was approved by the PSE last 13 December 2004.

B.) Holders

The number of shareholders of record as of Record Date is 3,624.

The Top 20 stockholders of the Company as of Record Date are:

NAME	CITIZENSHIP	NO. OF SHARES	PERCENTAGE
1. Menlo Capital Corporation	Filipino	560,000,000	37.33%
2. Telectronic Systems, Inc.	Filipino	300,000,241	20.00%
3. Republic Telecommunications Holdings, Inc.	Filipino	278,873,526	18.59%
4. PCD Nominee Corporation	Filipino	150,336,825	10.00%
5. Timco Holdings, Inc.	Filipino	121,126,474	8.08%
6. PCD Nominee Corporation	Non-Filipino	7,485,164	0.50%
7. Lim, Ernesto B.	Filipino	2,500,000	0.17%
8. Pioneer Insurance and Surety Corporation	Filipino	2,148,000	0.14%
9. Tan, Felix L.	Filipino	1,808,500	0.12%
10. Ang, Teresa W.	Filipino	1,448,000	0.10%
11. Knights of Columbus Fraternal Association of the Philippines	Filipino	986,664	0.07%
12. G&L Sec. Co., Inc.	Filipino	923,667	0.06%
13. David Go Securities Corporation	Filipino	855,830	0.06%
14. Yan, Lucio W.	Filipino	850,000	0.06%
15. Pioneer Intercontinental Insurance Corp.	Filipino	850,000	0.06%
16. Santiago, Severina M.	Filipino	818,260	0.06%
17. Caedo, Jose Jr. P.	Filipino	811,963	0.05%
18. Camarines Minerals Inc.	Filipino	800,000	0.05%

19. Lopez-Santiago, Eleanor M.	Filipino	729,926	0.05%
20. Santiago, Virginia M.	Filipino	729,926	0.05%

No acquisition, business combination or reorganization was implemented that would have affected the amount or percentage of the current holdings of the Company's common equity beneficially owned by more than 5% of the beneficial owners, each director and nominee and all directors and officers as a group.

C.) Dividends

The Company has not declared any dividends for its common equity in the last two (2) fiscal years. The Company is not in a position to declare dividends due to its accumulated deficits amounting to P11,403,467,004 as of 30 June 2017. Moreover, the Company is undergoing rehabilitation and should first settle its obligations before it can declare any dividends to its stockholders.

E.) Recent Sale of Unregistered or Exempt Securities

There are no recent sale of unregistered or exempt securities or recent issuance of securities constituting an exempt transaction.

F.) Compliance with leading practices in Corporate Governance

On January 2017, the Company promulgated its Manual on Corporate Governance ("Manual"). Given that the Company is in its transition stage with the entry of a new investor, recent changes in the composition of the Board of Directors and the newly hired Executive Officers, the Company is currently undertaking measures and initiatives to fully comply with the mandates of the Manual. At present, the Company is in the process of organizing the Board Committees required to be established under the Manual.

Should it be necessary or depending on the decision of the current management, the Company may revise or improve the existing Manual.

VIII. Certain Related Transactions

The receivables of the Company due from related parties are in the form of non-interest bearing advances and loans extended by the Company for the working capital requirements of the said related parties. Please see Note 19 of the Audited Financial Statements.

The amount due to related parties was incurred by the Company in the form of various loans and financing to fund its working capital requirements. This is in accordance with the approved Rehabilitation Plan of the Company which allows it to secure, whenever necessary, DIP Financing with interests at market rate for its working capital requirement. Please see Note 19 of the Audited Financial Statements.

IX. Legal Proceedings

The Company is involved in 39 labor cases. All these labor cases stemmed from the financial difficulties experienced by the Company which led to the filing of a Petition for Rehabilitation in 2009. As consequence of the Stay Order issued by the Rehabilitation Court, proceedings in all these labor cases are suspended. The possible liability of the Company arising from the labor disputes is indicated in Note 13 of the Company's Audited Financial Statements.

The Company is likewise a party in 45 civil cases which are primarily collection cases. All these cases stemmed from the financial difficulties experienced by the Company which led to the filing of a Petition for Rehabilitation. As consequence of the Stay Order issued by the Rehabilitation Court, proceedings in all these cases are suspended. The amount involved in these cases are part of or are included in the obligations mentioned in Note 15 of the Audited Financial Statements which are to be settled through debt-to-equity conversion with the issuance of Series "A", "B" and "C" Preferred Stocks.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO PROVIDE THE SAID STOCKHOLDER WITHOUT CHARGE A COPY OF THE REGISTRANT'S ANNUAL REPORT ON SEC FORM 17-A. REQUEST FOR COPIES OF SEC FORM 17-A SHALL BE DIRECTED AND ADDRESSED TO THE CORPORATE SECRETARY AT SPIRIT OF COMMUNICATIONS CENTER, 106 C. PALANCA ST., LEGASPI VILLAGE, MAKATI CITY. AT THE DISCRETION OF MANAGEMENT, A CHARGE MAY BE MADE FOR EXHIBITS PROVIDED SUCH CHARGE IS LIMITED TO REASONABLE EXPENSES INCURRED BY THE REGISTRANT IN FURNISHING SUCH EXHIBITS.