

IT'S NOT JUST ABOUT  
MOVING FORWARD.  
IT'S ABOUT CHANGING  
**THE GAME.**



2010 ANNUAL REPORT

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PLDT is the leading telecommunications service provider in the Philippines. Through its three principal business segments—wireless, fixed line, and information and communications technology—PLDT offers the largest and most diversified range of telecommunications services across the Philippines’ most extensive fiber optic backbone and wireless, fixed line, broadband and satellite networks.

PLDT is listed on the Philippine Stock Exchange (PSE:TEL) and its American Depository Shares are listed on the New York Stock Exchange (NYSE:PHI). In 2010, PLDT was one of the largest Philippine-listed companies in terms of market capitalization.

## SUBSIDIARIES



**WIRELESS**

Smart Communications, Inc. and Subsidiaries  
Smart Broadband, Inc. and Subsidiaries  
Connectivity Unlimited Resource Enterprise, Inc.  
Chikka Holdings Limited and Subsidiaries  
PLDT Communications and Energy Ventures, Inc.  
(formerly Pilipino Telephone Corporation)  
ACeS Philippines Cellular Satellite Corporation  
Mabuhay Satellite Corporation



**FIXED  
LINE**

PLDT Clark Telecom, Inc.  
PLDT Subic Telecom, Inc.  
PLDT Global Corporation and Subsidiaries  
PLDT-Philcom, Inc. and Subsidiaries  
PLDT-Maratel, Inc.  
Bonifacio Communications Corporation  
Smart-NTT Multimedia, Inc.



**INFORMATION &  
COMMUNICATIONS  
TECHNOLOGY (ICT)**

ePLDT, Inc. and Subsidiaries  
SPi Technologies, Inc. and Subsidiaries  
SPi CRM, Inc. (formerly ePLDT Ventus, Inc.)  
Infocom Technologies, Inc.  
BayanTrade, Inc. and Subsidiaries  
Level Up!, Inc.  
netGames, Inc.

## MISSION/VISION

PLDT will be the preferred full service provider of voice, video and data at the most attractive levels of price, service quality, content and coverage, thereby bringing maximum benefit to the Company’s stakeholders.

## VALUES

### Accountability

We take full responsibility for our actions and decisions.

### Integrity

We do the right thing.

### Fairness

We uphold justice and fair play.

### Transparency

We disclose accurate and prompt information.

## ABOUT THE COVER

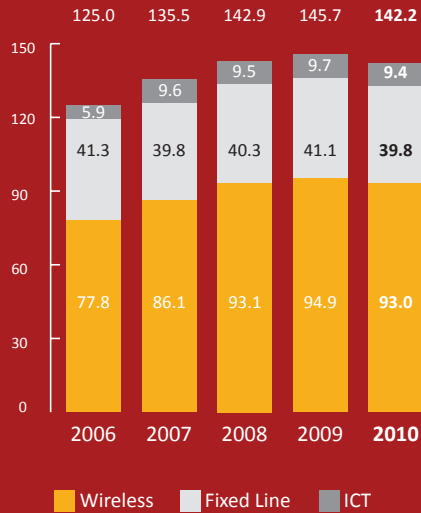
The PLDT 2010 Annual Report’s cover is literally a statement – borne by the rapidly changing and increasingly difficult environment. It may also serve as a battlecry to help strengthen and ensure PLDT’s undisputed leadership in the telecommunications industry.

## COMPARATIVE HIGHLIGHTS

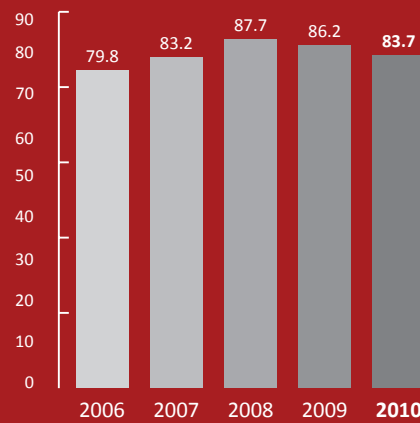
	2006	2007	2008	2009	2010
<b>FINANCIAL INFORMATION</b> (in millions, except cash dividends declared per common share)					
Revenues					
Service Revenues	Php124,976	Php135,478	Php142,873	Php145,567	Php142,242
Non-Service Revenues	2,967	2,480	2,709	2,426	2,217
	127,943	137,958	145,582	147,993	144,459
Expenses					
Depreciation and Amortization	31,869	28,613	24,709	25,607	26,277
Compensation and Employee Benefits	18,359	20,470	20,709	23,100	24,070
Repairs and Maintenance	6,886	7,310	8,569	8,631	9,434
Selling and Promotions	4,907	5,541	5,695	5,749	5,284
Professional and Other Contracted Services	3,149	5,588	4,591	4,361	4,853
Cost of Sales	5,625	5,127	5,252	5,432	4,771
Others	11,260	11,807	16,261	17,231	14,214
	Php82,055	Php84,456	Php85,786	Php90,111	Php88,903
Net Income Attributable to Equity Holders of PLDT	Php35,138	Php36,004	Php34,635	Php39,781	Php40,217
EBITDA	Php79,765	Php83,162	Php87,741	Php86,194	Php83,717
Core Income	Php31,564	Php35,151	Php38,079	Php41,138	Php42,028
Property, Plant and Equipment					
Accumulated Depreciation, Impairment and Amortization	183,217	205,558	216,894	229,436	253,206
Carrying Value	Php164,190	Php159,414	Php160,326	Php161,256	Php163,184
Capital Expenditures	Php20,674	Php24,824	Php25,203	Php28,069	Php28,766
Short and Long-Term Debts	Php80,154	Php60,640	Php73,911	Php98,729	Php89,646
Net Debt	Php54,957	Php29,778	Php 33,557	Php56,586	Php52,299
Equity Attributable to Equity Holders of PLDT	Php102,521	Php111,113	Php105,531	Php98,575	Php97,069
Cash Dividends Declared Per Common Share					
Out of the Earnings for the Year	Php140	Php184	Php200	Php218	Php222
<b>OPERATING INFORMATION</b>					
Number of Cellular Subscribers	24,175,384	30,041,030	35,224,604	41,328,641	45,636,008
Number of Fixed Line Subscribers	1,776,647	1,724,702	1,782,356	1,816,541	1,822,105
Number of Broadband Subscribers	264,649	579,095	995,916	1,614,407	2,021,004
Wireless	131,490	314,804	563,333	1,054,743	1,377,956
Fixed Line	133,159	264,291	432,583	559,664	643,048
Number of Stockholders	2,189,374	2,185,395	2,183,666	2,183,194	2,182,391
Number of Employees					
Wireless	5,358	5,415	5,602	5,507	5,165
Fixed Line	8,711	8,080	7,813	7,947	7,395
ICT	14,156	16,760	16,489	15,581	16,210

# CONSOLIDATED FINANCIAL PERFORMANCE HIGHLIGHTS

**Service Revenues**  
(in billion pesos)



**EBITDA**  
(in billion pesos)



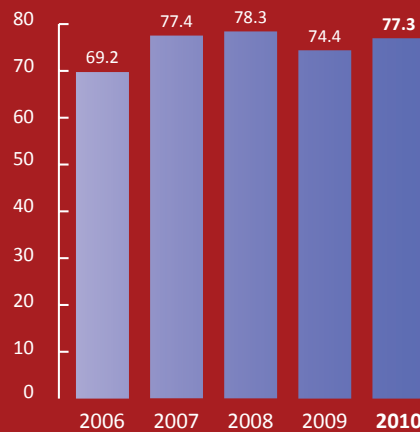
**Core Income**  
(in billion pesos)



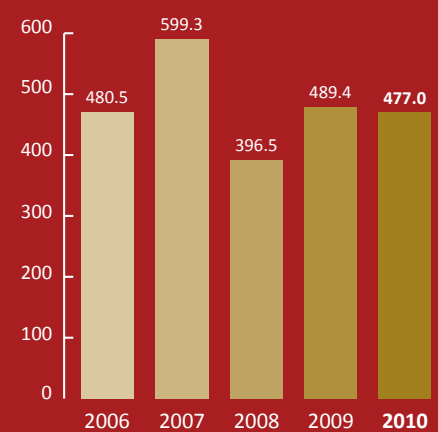
**Subscriber Base**  
(in millions)



**Cash Flows from Operations**  
(in billion pesos)



**Market Capitalization**  
(Year-end, in billion pesos)



# CHA

## A Message from THE CHAIRMAN

The winds of change blew strong in 2010. Filipinos installed a new president through a maiden automated electoral process which delivered nationwide results with surprising speed. The Philippine economy bounced back from a slow 2009, buoyed by the global recovery and continued strong overseas remittances.

In telecommunications, the forces of change that had been gathering momentum for years began to impact more palpably the bottomlines of industry players as these continued to reshape the market and disrupt legacy business models. Despite this challenging environment, your Company delivered solid financial results, maximizing its existing businesses whilst innovating for a new future.

Group Core Income totaled Php42.0 billion in 2010, a 2% increase from the year before. We continued to set the pace for the country in terms of overall profitability, posting a 1% increase in Reported Income of Php40.2 billion despite a 2% decline in consolidated service revenues to Php142.2 billion.

Free cash flow in 2010 remained robust at Php43.7 billion, enabling your Company to declare a 100% cash dividend for the fourth year running. Dividends per share amounted to Php222, while the total dividend payments for 2010 added up to Php41.4 billion – yet again the highest corporate dividend payout in business.

### **Fundamental Shift**

Despite the Group's strong performance, the 2010 results indicate that a fundamental market transformation has indeed started. The impact of the evolving industry dynamics that we observed in 2009 became even more pronounced in 2010.

Continued strong data revenues combined with a surge in cellular voice to boost service revenues. This was accompanied, however, by marked revenue reduction in cellular text despite a significant increase in volume, and in fixed national and international long distance voice revenues – our traditional bread-and-butter services. Across the legacy voice and texting businesses, usage rose but at lower prices – thus depressing yield per usage some more in the course of the year.

This pressure on revenues has come largely from the continued consumer shift to bucket and unlimited pricing plans for voice, short messaging system (SMS) and, increasingly, for broadband internet services as well. It has also come from the rising popularity of online services such as social networking and voice over internet protocol (VoIP) services as mainstream means of communications.

Both these trends have tended to “de-couple” traffic from revenues. This profound disconnect becomes even more pronounced as the internet is increasingly fused with telecommunications.

In this emerging industry landscape, the competitive arena has become multi-dimensional. Aside from contending with various threats emanating onshore, telecoms carriers must reckon with “over the top” service providers offshore which offer various social media, VoIP and other online services directly to their customers.

In our view, these trends indicate that the telecom industry has reached an inflection point. We are bumping against the limits of the old ways of doing business. To put your Company, and indeed the entire industry, on the path of continued growth, we cannot just move forward, doing more of the same. We need to change the game.

### **Pursuing Convergence**

It is worth pointing out that PLDT had undertaken a strategic redirection before. When growth shifted from landlines to mobile in the late 1990s and early 2000s, PLDT seized the opportunity and invested considerable resources to ensure that Smart Communications, Inc. (Smart), which it had by then acquired, would maintain, if not enhance its industry leadership position.

Similarly, we have embraced the new broadband services that are now reshaping the industry. The challenge here is precisely to generate sustainable value in these new businesses for both the industry and its customers.

In setting PLDT's new direction for the next few years, your Board of Directors and Management have taken into account the large, rapid and often unpredictable shifts in technologies, consumer tastes and market conditions that altogether drive the telecoms industry.

# MESSAGE

In our view, the way forward is to pursue convergence aggressively and with focus, within the PLDT Group. Over the past five years, many aspects of the organization and operations of the Group have already been placed on a convergent platform. But in the face of the industry's new challenges, we need to raise convergence to its fullest potential.

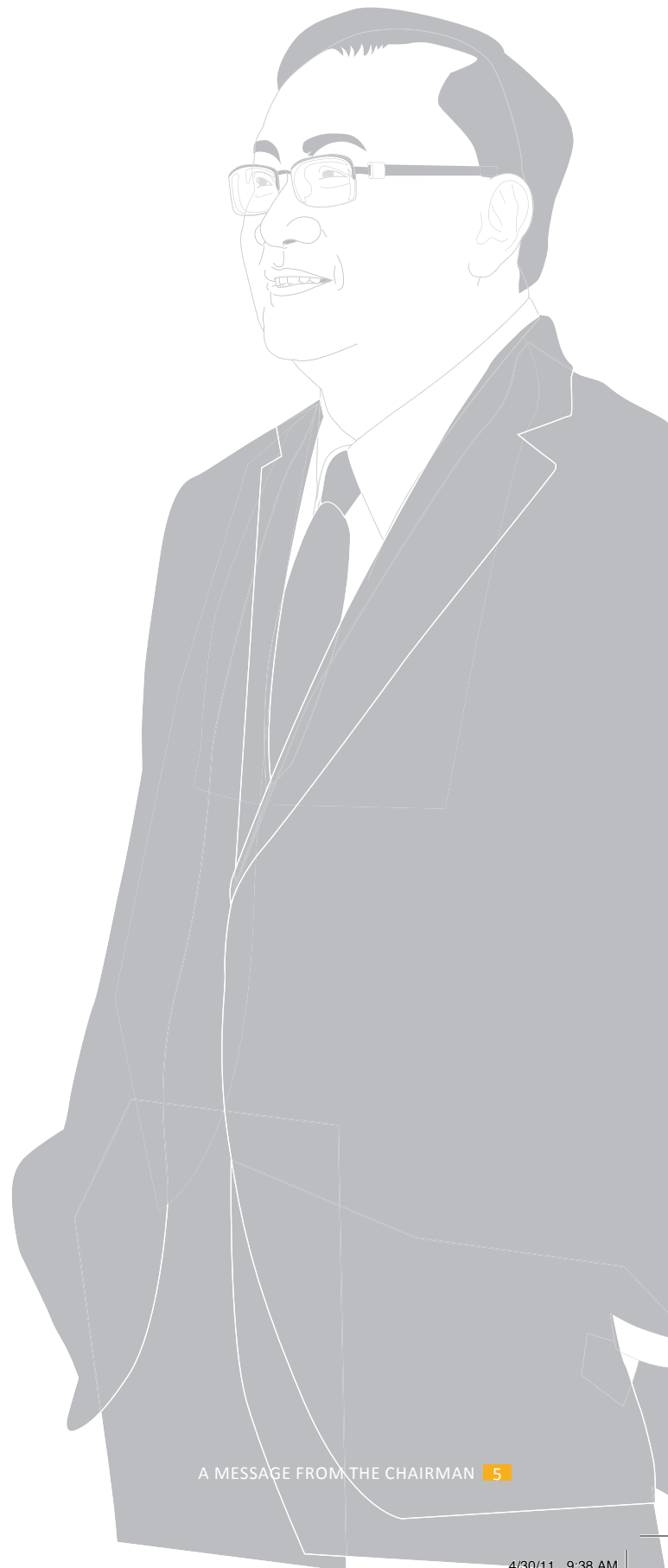
#### **Focus on the Customer**

This new phase of convergence shall be driven by a single-minded focus on serving our customers in the best possible way, by offering compelling, high-quality products and services at attractive price points. This customer-centric approach will guide us through the many strategic choices that have to be made in the coming years.

As the first step in this direction, we have organized a new business unit within the Group dedicated to serving the Home market, alongside three other Verticals: the Enterprise, International, and Individual Consumer markets. The members of these four Verticals have been drawn from both the fixed and mobile businesses and are concentrated on serving customers and developing new products for each of these markets.

To support our broad convergence initiative, we are undertaking a massive modernization program of our mobile and fixed networks. For the next two years, we have committed a total of Php67 billion to expand and upgrade the core, access and backroom support elements of our cellular network to handle the rapidly rising levels of voice, SMS and broadband traffic at superior service quality levels. This significant capex commitment also supports the continuing shift of our fixed lines to a Next Generation Network, all-IP platform.

These new fixed and mobile networks will be able to support a more diversified and flexible portfolio of services addressing the different market segments. This includes new internally-developed mobile internet devices such as Smart's *Netphone* and PLDT's *TelPad*, which open up opportunities for the development of new and rich content and service applications.



# GAME CHANGERS





The new networks will also serve as platforms for what we call new “synergy services “ (such as prepaid electricity services and smart meters) being developed for the Manila Electric Company (Meralco), in which PLDT has invested, as well as for Maynilad Water Services, Inc. (Maynilad), the Metro Pacific Tollways Corporation and the various hospitals of the Metro Pacific Investments Corporation (MPIC). Convergence is thus acquiring a business footprint far beyond the PLDT Group.

To support all these initiatives, we shall further transform our organization to make it more flexible, responsive and customer-focused. Our people and organization will acquire new skills and competencies needed to offer the more complex products and services valued by our customers. Organizational structures will have to be made more adaptable to the changing requirements of the business.

#### **Our Awards**

PLDT continued to win major awards and recognition in 2010. Most gratifying are the awards for corporate governance and transparency and for our commitment to a strong dividend policy given to us by prestigious international magazines like *FinanceAsia*, *Asiamoney* and *Alpha Southeast Asia*.

*Euromoney* also ranked PLDT No. 1 in its listing of 18 best-managed Philippine companies and cited your Company for having the “most convincing and coherent strategy” in the Philippines.

PLDT and Smart also won 14 awards for its communications and community service programs from the Public Relations Society of the Philippines.

PLDT’s business process outsourcing (BPO) subsidiary, SPI Global, was named for the sixth straight year to the 2011 Global Outsourcing 100 List by the International Association of Outsourcing Professionals. These awards provide fresh validation of PLDT’s commitment to excellence and integrity.

#### **Our Social Commitment**

PLDT and Smart played a significant though largely low-key role in the successful conduct of the Philippines’ first nationwide automated presidential elections in May 2010.

Smart’s mobile phone network carried the major share of the election-return reports transmitted wirelessly from the polling precincts while PLDT’s high-capacity transmission fiber optic network channeled these reports to the three data centers ran by the Commission on Elections. Aside from supporting the Comelec, PLDT and Smart also partnered with the Parish Pastoral Council for Responsible Voting (PPCRV) to conduct a voters’ education campaign and to monitor the conduct of the automated polls.

In 2010, PLDT, Smart and PLDT–Smart Foundation, Inc. (PSF) added public health to its roster of social concerns that include education, livelihood, community-building, sports and youth development (please see details on pages 17 to 21 of this Annual Report).

Working with various partners, Smart has rolled out pioneering tele-health initiatives that promise to raise the efficiencies of public health care, particularly in remote areas in the provinces of Tarlac and Misamis Oriental. Together with PLDT, it is now developing an electronic referral system that will be initially installed in Iloilo province.

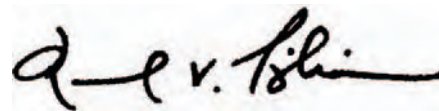
We have also broadened our sports program to include football, to which Smart has pledged Php80 million in financial support to the Azkals, our national team, for the next 10 years. In cooperation with affiliated companies in the Metro Pacific Investments Group, PLDT and Smart helped set up the MVP Sports Foundation to provide sustained support to selected sports where we have a reasonable chance to win medals in international competition.

The Group has continued to assist in promoting disaster preparedness through the Philippine Disaster Recovery Foundation (PDRF) where I serve as Chairman of the Board of Trustees. Working with different Government agencies, private companies and non-governmental organizations, the PDRF has pursued projects to improve the country’s early warning system for typhoons, develop a master plan for flood control and to reforest the Marikina Watershed. It has also established working ties with an alliance of seven flood-prone cities and towns in Metro Manila and Rizal province (Antipolo, Rodriguez, San Mateo, Marikina, Cainta, Pasig, and Quezon City).

#### **Outlook**

The focus of our efforts in the next few years is to build yet again a new future for PLDT within a rapidly changing and increasingly difficult environment. We shall spare no effort to maintain and strengthen PLDT’s undisputed leadership in terms of financial performance, innovation, service quality, customer focus and corporate citizenship. It is this commitment that gives us optimism that our results in the longer-term would prove to be better.

In closing, I wish to thank most sincerely the Board of Directors for their insight and counsel, and our shareholders for their unrelenting support. I wish to express my gratitude as well to our Management and Staff for their dedication and their excellent performance in the year past. Together, we shall create a better tomorrow for PLDT, and for our country.



**MANUEL V. PANGILINAN**  
Chairman of the Board

## A Letter from the PRESIDENT AND CEO

### Dear Fellow Shareholders:

I am happy to report that PLDT has turned in another strong year in 2010 despite a very demanding operating environment.

Consolidated service revenues for the group declined by 2% to Php142.2 billion in 2010 compared with the year before. Impacting our revenues were the new revenue streams such as broadband contributing to the decrease in our traditional revenue sources, such as international long distance and SMS revenues. In addition, the stronger peso also resulted in reduced service revenues for the year.

EBITDA declined by 3% to Php83.7 billion year-on-year as a consequence of lower service revenues and higher cash operating costs that include a significant one-time cost of Php2.2 billion relating to the manpower reduction program that involved close to 1,100 regular employees of both PLDT and Smart. Notwithstanding this, EBITDA margin for 2010 was stable at 59%.

Reported net income for 2010 was higher by 1% year-on-year to Php40.2 billion.

Core income grew by Php900 million, or 2%, to Php42.0 billion in 2010 compared with the previous year. The higher core income resulted from higher earnings contribution from Meralco, ePLDT/SPI, and a lower tax charge.

Free cash flow for 2010 remained strong at Php43.7 billion, albeit slightly lower than the Php44.4 billion in 2009, with increased capex and net interest payments having offset the higher level of cash from operations of Php2.9 billion.

Consistent with our dividend policy, the Board approved the payment of a final dividend for 2010 of Php78 per share, in addition to the interim dividend of Php78 per share paid in September, bringing total regular dividends per share to Php156, or a 70% dividend payout. The Board also approved the payment of a special dividend of Php66 per share, representing another 30% dividend payout, in line with our "look back" approach. This brings total dividend payment payout to 100%, equivalent to a total dividend payout of Php222 per share, the fourth consecutive year that PLDT paid out 100% of its core earnings as dividends.

The peso closed at Php43.81 vis-à-vis the U. S. dollar at the end of 2010 compared with Php46.43 in 2009. The average peso-dollar exchange rate for the year was Php45.12 compared with Php47.64 for the previous year, an appreciation of 5%.

### **Broadband: Continuing to Climb**

Our broadband business continued its growth momentum in 2010 with PLDT maintaining its market leadership in this segment.

PLDT's combined broadband subscriber base crossed the 2 million mark, reflecting a 25% increase from 1.6 million in 2009. At the end of 2010, our DSL subscriber base grew 15% from the end of 2009 to over 643,000, while our wireless subscriber base registered a strong 31% increase year-on-year to nearly 1.4 million.

Broadband service revenues for 2010 improved by 16% year-on-year to Php16.9 billion, and now accounts for 12% of consolidated service revenues compared with 9% in the year before. The strong performance of our broadband business and PLDT's leadership position in this space are expected to continue given the combined strength of our fixed and wireless networks.

### **Wireless: Managing the Transformation**

Despite the high level of penetration in the cellular market, Smart was able to register a 10% subscribers' growth for the year. Smart added 4.3 million subscribers in 2010, bringing Smart's combined subscriber base to 45.6 million.

Wireless service revenues declined by 2% to Php93.8 billion in 2010. Excluding the impact of the peso appreciation and our satellite operations which have been sold, wireless service revenues would have been stable year-on-year.

Although revenues from SMS at Php41.5 billion were lower by 12% compared with the previous year, revenues from voice and wireless broadband registered strong year-on-year growth of 9% and 17%, respectively.

As mentioned last year, the revenue mix of our wireless business has begun to change, with increasing contribution from voice and broadband and declining contribution from text/SMS. With the lower price of voice services, voice traffic has grown dramatically. On the other hand, though volumes of text messages continue to grow, the continuing popularity of bucket plans has resulted in lower yields and consequently, lower text revenues.

EBITDA was slightly lower by 1%, or Php500 million, to Php58.9 billion due to softer revenues, offset by lower cash operating expenses such as rental expenses, taxes and licenses, and selling and promotion expenses.

As a result of a greater focus on managing costs, EBITDA margin for our wireless business improved to 63% for 2010 despite the lower revenues.

### **Fixed Line: Declining Traditional Revenues Muting Growth**

Our fixed line business recorded a 5% year-on-year decline in service revenues to Php48.6 billion. With 25% of our fixed line service revenues being dollar-denominated or dollar-linked, the peso's strength negatively impacted our revenues. Had the peso remained stable, our service revenues would have been higher by Php700 million.

Our data and DSL service revenues of Php21.6 billion in 2010, accounting for 45% of our total fixed line revenues, were stable year-on-year, with non-group data and DSL revenues higher by 11%. However, these improvements were muted by the declines registered by our traditional fixed line revenue sources, namely: local exchange carrier (LEC), national long distance (NLD) and international long distance (ILD).

EBITDA for the fixed line decreased by 10% due to lower revenues and higher cash operating expenses, which included Php1.1 billion to cover the costs arising from our manpower reduction program.

The fixed line business continues to give greater focus on serving the needs of the corporate and SME customers, particularly their requirements for data connectivity.

#### **ICT: Pushing Forward**

Service revenues from our ICT business amounted to Php10.7 billion in 2010, now accounting for about 7% of total group service revenues. 70% of ICT revenues are denominated in U. S. dollars. Had the peso remained stable, ICT revenues would have been 2% higher year-on-year, instead of being 2% lower.

ePLDT's data center operations continued to grow strongly with revenues higher by 25% year-on-year. Although our BPO revenues grew 8% in dollar-terms, they improved by only 1% in peso terms. In contrast, our customer relationship management (CRM) business registered a 15% decline largely due to lower domestic sales and international revenues, and the impact of the peso appreciation.

Our moves to rationalize and streamline our ICT business have begun to show results. EBITDA for 2010 grew by 30% to Php1.7 billion compared to the previous year, with margin having improved to 16% compared with 12% in 2009.

Prospects for our ICT business, particularly our BPO and customer relationship management (CRM) verticals, should be able to ride on the sustained dramatic growth of the offshoring-and-outsourcing industry in the Philippines. We remain optimistic about the potentials of our reorganized BPO business under SPi Global as it continues to show promise given the growth in the number of new clients and expansions of existing accounts, as well as greater contribution expected from the higher margin verticals such as healthcare and content solutions.

#### **Meralco: Registering Strong Results**

As a result of our shares in Meralco held directly by PLDT Communications and Energy Ventures (PCEV, formerly Piltel) and indirectly by PCEV through Beacon Electric Asset Holdings, Inc., PLDT's financial results reflect the equity accounting of Meralco's financial results.



IT'S NOT JUST ABOUT

# CHANGERS





Following its strong performance in 2009, Meralco sustained its growth momentum as reflected in its 2010 full year results. Higher energy sales, an increase in customer count, the higher average cost of purchased power and transmission pass-through costs, distribution rate adjustments, as well as greater operating efficiencies, all contributed to Meralco's core income of Php12.2 billion in 2010, a 74% improvement year-on-year.

The Meralco Board approved a Php2.65 dividend in its February 28, 2011 meeting. This brought total dividends for 2010 to Php6.45, or a payout ratio of 60% of core earnings.

We are confident that the improvements in Meralco's performance will be sustained, to be complemented by Meralco's interest to invest in power generation. In addition, initiatives to identify areas of mutual cooperation continue to be pursued by both PLDT and Meralco.

**Financial Position**

PLDT's consolidated statement of financial position remained solid in 2010. Consolidated gross debt declined to US\$2.1 billion, with net debt stable year-on-year at US\$1.3 billion. Net debt to EBITDA also remained steady at 0.7 times, staying comfortably below optimum gearing levels.

PLDT's debt profile remains healthy with maturities well spread out.

PLDT continued to invest in the business with capital expenditures for 2010 amounting to Php28.8 billion, or equivalent to about 20% of our service revenues. Our capex for the year included investments for increased capacity and coverage in support of higher broadband and voice usage, which included the build out of our second network for low-cost voice delivery. We also began investing in the modernization of our access and core networks to improve operating and cost-efficiencies.

**Undisputed Market Leadership**

Our outlook for 2011 and beyond is that we expect competitive intensity in the market to be sustained, and that we are anticipating an explosion in the demand for broadband. We foresee the continued popularity of bucket plans and unlimited offerings resulting in higher SMS volumes and voice traffic but with lower yields. Although revenues from SMS and voice would remain a significant portion of our revenues, we envision growth shifting to the broadband arena.

Unlike SMS and voice to some extent, broadband requires more network resources given the subscriber's requirement for speed, reliability, greater customer service, and a low tolerance for poor quality of service. Given this, a superior integrated fixed and wireless network, such as PLDT's, would be a significant competitive advantage in the delivery of broadband service.

Thus, in response to the demands of these changing business dynamics, PLDT will fortify its position of being the undisputed market leader in terms of network quality, capacity and coverage, but without losing sight of maintaining margins and profitability.

This will involve adjustments in our operational model, which include adopting an integrated approach to the customer via the delivery of a superior and integrated customer experience

through proactive customer management such as enhanced customer service and retention initiatives. We will also develop and implement a clear and segmented device strategy.

In addition, we will reinforce our number one position in network quality. In this connection, we are planning to invest Php67 billion for capital expenditures in 2011 and 2012. Included in these investments, among others, are projects that will modernize and upgrade our wireless networks that would result in further cost efficiencies; projects that would expand our capacity in order to serve a greater number of subscribers and offer a more varied suite of services; projects that would strengthen our network by providing additional resiliency and redundancy; and investments in business intelligence, and in Operating and Business Support Systems projects.

This higher level of capital expenditure is not being pursued to prepare ourselves to do battle in the unlimited arena, which we think is unsustainable. Rather, our investments will reinforce our position of strength and establish our clear lead vis-à-vis competition, especially in broadband.

As a result of the higher level of investments planned for 2011 and 2012, we expect higher depreciation and interest charges to reduce our core income to Php40.5 billion in each of these years. However, we expect to return to our growth path by 2013, stronger, and better positioned to harness the opportunities in the new battlefield of broadband, even as we manage our traditional businesses of SMS and ILLD. We also foresee greater contribution from ICT and Meralco, as well as possibly registering modest gains from cooperation initiatives with companies in the broader group such as investments of our Beneficial Trust Fund in media, and those of MPIC in roads, tollways, the water utility, and the hospitals.

**2011 and Beyond: The Journey Ahead**

In my message to you last year, I compared 2010 to the point in time where a mountain climber reaches base camp in preparation for scaling greater heights.

2011 will not be any easier for PLDT. Though still at base camp, we are now intensifying the preparations as the time to start the climb approaches. Like the mountain climber, we need to be strong, lean, and clear about where we want to go. Armed with a strong and integrated fixed and wireless network, with continued focus on streamlining costs to ensure cost-efficient operations, and with a clear path to leadership with focus on the customer, we will be in the best position for the upward journey.

On behalf of your team at PLDT, let me assure you that we are committed to bringing your Company to greater heights, and that we will continue to do our best to overcome the challenges we will encounter on this arduous journey.



**NAPOLEON L. NAZARENO**  
President and CEO



## PLDT GROUP 2010 MILESTONES

# EVERYDAY GAME CHANGERS

*Pursuing its business transformation program in 2010 under an increasingly price-competitive and market-share sensitive environment, PLDT submitted a satisfactory year-end performance report card strongly indicating that in order to survive and prosper, it must be prepared to make changes.*

*The need for change is quite apparent in the Company's revenue mix for the year that showed the ongoing transition of revenue streams – with the growth of new revenue streams replacing the lower traditional sources.*

*Combined fixed and wireless broadband and internet revenues increased. Cellular voice revenues likewise increased; and so did revenues from fixed data and other network services to third parties. On the other hand, cellular text revenues dipped while national long distance revenues and fixed line international long distance revenues also declined.*

*To achieve its target revenues for the year, PLDT posted operational milestones in its wireless, fixed line and ICT business highlighted by the launch of innovative products and services all aimed at serving customers in the best possible way.*

*Photos on this spread and the next pages depict some highlights of PLDT's accomplishments in 2010.*



■ PLDT Telpad bundles a landline service with a touch-screen tablet and high-speed myDSL facility all under one service plan.



■ PLDT Telepresence is a collaborative high-definition video and audio communication and immersive room solution for a face-to-face, in-person conferencing experience that offers enhanced business productivity and enables quick-to-market opportunities, with rapid decision-making and reduced travel costs.



■ The reorganized BPO business under SPi Global continues to show promise given the growth in the number of new clients and expansion of existing accounts.



■ Smart unveiled the Meralco SIM and Meralco Mobile services that allow Talk 'N Text subscribers to receive Meralco information and service updates with just a few clicks on their mobile phones any time, anywhere.



■ *Bossing Ako pays tribute to small and medium entrepreneurs who continuously support and choose PLDT as their partner in technology.*



■ *The 3-day Ultra Broadband Blowout was a hit with customers as it offered big discounts on laptops or free subscription periods on PLDT myDSL, among others, with all applications processed on the same day.*



■ *Smart Bro started commercially offering WiMAX in strategic areas in the country to complement Smart's portfolio of broadband access technologies and to cover unserved areas and provide internet connectivity to places that were once inaccessible.*



■ *PLDT Unified Communications (UNO) promises to change the game of communications – seamless convergence of voice and data applications for improved organizational responsiveness supporting real-time business processes and operations. PLDT UNO manages VoIP applications across a centrally-converged network, allowing traditional call processing features and business communication applications to run on the IP network.*





■ PLDT myDSL Biz Macbook Bundle promo caters to the high-end SME market that wish to avail of fast broadband internet connection together with reliable Apple desktops and laptops.

■ PLDT's KaAsenso program has created a community of Mini Gosityantes to uplift the entrepreneurs' standard of living and building the Philippine economy one micro business at a time by offering various products and services customized for their business and provide supplementary income for their families.



■ Open to all Smart Buddy and Talk 'N Text subscribers nationwide, Tutok Sabay Txt (TST), Smart's biggest ever text promo, in cooperation with ABC Development Corporation (TV5) gave away as much as Php5 million to weekly winners like the lucky 19-year-old Gina Mariano (center) of Libmanan, Camarines Sur.



■ PLDT AppFarm offers best-of-breed cloud computing solutions to the enterprise market with a rich online platform where users can securely log on to use a whole host of helpful applications. It enables businesses to run the enterprise applications they need, minus the costly IT investments.

Locally dominant. Globally recognized.

ePLDT continues to dominate the country's data center industry, with innovative solutions and services that are at par with the world's best.

[www.epldt.com](http://www.epldt.com)

■ ePLDT's data center operations continued to grow strongly with revenues higher by 25%.





■ PLDT's Shops.Work Unplugged (SWUP) Card All-Access offering extended its application beyond just card payment processing to include ticketing, cashiering and loyalty applications targeting the transport and retail industry.



■ PLDT Negosyo Boost Connect, a new variant of the Negosyo Boost family, aims to address the demand of small and medium enterprises (SMEs) for business-grade DSL and voice bundle with branches and multiple outlets.



■ MasterCard Worldwide and Smart subsidiary Smart Hub Inc., announced a joint venture to accelerate delivery of mobile payment solutions that will enable financial institutions and cellular phone networks around the world to deliver end-to-end mobile payment services through the MasterCard worldwide network.



■ PLDT Telerewards aims to help win the loyalty of subscribers and gain new ones by rewarding each customer depending on their usage, payment habit, and tenure.



■ Through its numerous innovations, Smart helps "change the game" or make life "extraordinary" for millions of Filipinos as shown in one of its corporate advertisements.

# THE PLDT GROUP CSR REPORT

In 2010, the PLDT Group played a key role in several pioneering initiatives that had a tremendous impact not only in Filipinos' lives, but also in helping push the country towards technological advancement. Collaborations likewise contributed to the further expansion of community service initiatives.

The country's first nationwide automated Presidential Elections was successfully held in 2010. PLDT and Smart's telecommunications networks supported the electronic and wireless transmission of ballots, enabling fast and efficient canvassing of votes across the country.

PLDT-Smart Foundation (PSF) and Smart also partnered with the Parish Pastoral Council for Responsible Voting (PPCRV) and donated Php1 million to help fund "Botong-Boto Ka Na Ba?", a Voters' Education campaign that aimed to educate voters and poll watchers on automated election.

## HEALTH

Health became a major service initiative in 2010 for the PLDT Group, even as new programs under Education, Environment, Livelihood, and Sports continued to roll out for the rest of the year.

By harnessing its wireless technologies and extensive network that reached even remote communities, Filipinos in far-flung areas had access to doctors and specialists – some for the first time in their lives – via cellphones and the internet.

In 2010, the healthcare sector witnessed one of the first remote wireless medical consultations in the countryside, an innovation pioneered by Smart together with private and public sector partners.

Several programs were rolled out: the Mobile Surgery Services Project with the Provincial Government of Misamis Oriental; and the Amputee Screening via CELLphone NeTworking (ASCENT) with the Physicians for Peace (PfP) volunteers.

Developed in support of PfP-Philippines' Walking Free Program, ASCENT is a mobile and web application provided by Smart to help improve amputee screening in the country to benefit patients, health workers and doctors.

Under the Mobile Surgery Services Project, Smart is providing free one-year internet connectivity to all seven provincial hospitals of Misamis Oriental. Pilot hospitals include those in Gingoog, Talisayan, Balingasag, and Manticao towns.

PLDT's "PiLa na, may Doktor Tayo" medical and dental missions, meanwhile, provided free consultations, medicines, and dental services to victims of calamities and mishaps, to impoverished constituents of various municipalities, and to indigenous minorities. In 2010, PLDT served 1,534 patients in Taytay, Rizal and Barobaybay, Northern Samar. Since 2007, the Company has served 16,009 patients.

With the Philippine Health Insurance Corporation (PhilHealth) serving as Filipinos' basic health insurance, Smart supported its efforts to boost membership especially among the informal sector by providing some 200 Smart Bro Plug-It units to PhilHealth's registration centers for the nationwide PhilHealth Registration Day on October 2, 2010. Aside from providing internet connectivity to PhilHealth, Smart is also helping the agency enhance its

## PLDT Group CSR Statement

*At the PLDT Group of Companies, Corporate Social Responsibility (CSR) is grounded in our belief that an integral part of our business is the imperative to help improve the overall well-being of the Filipino people. To achieve this goal, we will address proactively the interests of our various stakeholders. We believe that as we seek to enhance value for our shareholders, we have a responsibility to:*

- *Provide quality products and services for our customers*
- *Develop our employees*
- *Work with our suppliers and business partners in an ethical and mutually beneficial manner*
- *Care for the environment*
- *Improve our communities*

*We are conscious about the proper management of our finite and fragile environment and are taking tangible measures to lessen our carbon footprint. We will continue to invest in technical business solutions that both cut our costs and help save the environment.*

*By succeeding as a corporation, we create wider opportunities for employment, entrepreneurship and the greater well-being of all Filipinos. We believe that as we help raise the overall economic welfare of the Filipino, we expand the market of our products and services. The creed of our Company's business strategy is the desire to Change Lives for the better.*





■ PLDT and Smart supported the wireless transmission of ballots during the country's first nationwide automated presidential elections successfully held in May 2010.



■ Teachers actively participate in the "Live and Loud" concert, Gabay Guro's tribute to the country's mentors.



■ In 2010, Smart together with private and public sector partners, facilitated one of the first remote wireless medical consultations in the countryside – allowing a 12-year-old patient diagnosed at the Misamis Oriental Provincial Hospital-Balingasag with meningo encephalocele to consult a neurosurgeon assigned at the Provincial Health Office in Cagayan de Oro City.

collection efficiency via the PhilHealth Remittance-by-Air service. Exclusive to Smart subscribers, this allows PhilHealth members to pay their monthly contributions via SMS.

PLDT, Smart, and ePLDT likewise continued to support the Philippine National Red Cross' (PNRC) nationwide blood donation activities to help ensure adequate blood supply for patients in need of blood transfusions. Smart was cited by the Philippine Red Cross (PRC) Mindanao Regional Blood Center as the "Bloodiest Telecommunications Company" for its efforts to promote voluntary blood donation. PLDT continued its partnership with PNRC and Philippine Children's Medical Center (PCMC) by conducting blood donation activities for the hospital's cancer patients mostly in Manila. PCMC has always been the first to respond to PLDT and Smart employees' and their immediate families' urgent requests for blood donations.

## ENVIRONMENT

The PLDT Group's environment-related initiatives in 2010 focused on reforestation efforts and disaster preparedness.

Over 451,000 seedlings and mangrove propagules were planted in about 23 municipalities by employees, partner schools, local governments and civic organizations under PLDT's TELEpuno project, Smart and NTT Docomo's joint SMARTrees program, and PSF, ePLDT, Makati Medical Center, and partner communities' tree planting activities.

PLDT's TELEpuno is a five-year program in partnership with Department of Environment and Natural Resources (DENR), Philippine Business for Social Progress (PBSP), the Multi-sectoral Watershed Management Council, Inc. and the local governments of Real and Infanta, Quezon. Under the program, 80,000 seedlings will be planted in the 80-hectare Real-Infanta Watershed Forest Reserve. Some 16,000 were planted in 2010. To date, 32,000 seedlings have been planted.

PSF supported the Philippine Disaster Recovery Foundation's (PDRF) Marikina Watershed Initiative program, which aims to reforest the watershed to prevent massive flooding in Metro Manila. PSF supported the project with Jollibee Foundation, Accenture, DB Schenker Philippines, and Millward Brown, among others.

PLDT and the Philippine Eagle Foundation, Inc. (PEF) signed an agreement to restore the denuded lands within the Arakan Valley Conservation Area into viable habitats for the Philippine Eagle and other wildlife. PLDT is the first private institution to help PEF reforest Arakan Valley in North Cotabato, also home to the Manobo, Matigsalog, and Bagobo tribes. PLDT adopted one hectare of the forest corridor and planted 1,000 seedlings. PLDT received a plaque of appreciation from PEF for its role in protecting the forest during the 12<sup>th</sup> Philippine Eagle Week in Davao City.

PLDT employee-volunteers planted 2,700 seedlings in Tabunan, Cebu City, in 2010 under the Cebu Hillylands Reforestation Caravan in partnership with the PBSP. To date, a total of 74,017 trees have been planted in 14 municipalities under the program.

PSF likewise donated to ABS-CBN Foundation's "Kapit Bisig para sa Ilog Pasig" project and conducted disaster relief missions in Isabela for victims of typhoon Juan.

PLDT's other environment programs include the PLDT-Motolite-PBSP Balik Baterya Program which aims to protect the environment through proper disposal and recycling of used lead acid batteries (ULABs). The ULABs donated by PLDT were bought by Oriental and Motolite Marketing Corp. at a higher price. The proceeds were used to fund the establishment of 22 Learning Resource Centers (LRCs) or mini-libraries in eight remote towns in Cebu, six in Bohol, three in Iloilo, and five in Samar. In 2010, seven LRCs were set up in Cebu. The remaining 15 LRCs will be turned over in 2011. PLDT remains to be the program's biggest donor.

PLDT also supported the Highway Clean-up Drive for Tirona Highway in Bacoor, Cavite in partnership with the municipality and the Municipal Environment and Natural Resources Office (MENRO); the Earth Day Celebration in partnership with Philippine Business for the Environment (PBE); and the Run for Pasig River 10.10.10 which raised funds for the Pasig River clean up and also made it to the Guinness world record.

PLDT likewise donated a potable water system for the community in Sitio Enamong in Barangay Datu Ladayon, Arakan Valley, North Cotabato. The Company's employee-volunteers helped in the installation of the water system.

For its part, Smart sponsored the development of the 10 Million Movement campaign website, which was launched as part of the Earth Day 2010 celebration led by the Earth Day Network Philippines, Inc. and the DENR. The website, accessible via [www.10mm.ph](http://www.10mm.ph) is part of a campaign to gather 10 million commitments for the environment from all over the country. It is designed to encourage every Filipino to commit to an environment-friendly act, which can be as simple as walking to the nearby grocery instead of riding the car or taking the tricycle.

Smart, in partnership with the Makati Medical Center, installed the country's first hybrid wind-solar power system that uses vertical-axis wind turbines in 2010. To date, Smart has more than 100 wind- and solar-powered cell sites nationwide.

Smart also hosted Global System Mobile (GSM) Association's 7<sup>th</sup> Green Power for Mobile Working Group meeting. The Green Power for Mobile Working Group gathered some 40 representatives from 10 mobile network operators around the world, two tower companies and some 10 vendors to discuss innovations and developments in the use of alternative energy sources in the global telecom industry.

In 2010, Smart focused on developing partnerships and mobile solutions to help reduce disaster risks, develop a flood forecasting system, and respond more quickly to calamities.

PBSP, Smart, and the disaster coordinating councils of the Province of Southern Leyte launched a World Bank-funded project, "Strengthening Disaster Preparedness of Southern Leyte through SMS Technology", which won a US\$200,000 grant during the 2009 Development Marketplace Competition organized by the World Bank. Under the two-year project, PBSP and Smart will set up a system that will enable an effective exchange of information between pilot communities in 10 towns in Southern Leyte that have been identified as vulnerable to natural calamities and the Southern Leyte Provincial Disaster Management Office (PDMO).

In collaboration with the country's two other major telcos, Smart strengthened its partnership with the government weather bureau, the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA). The initiative is part of a program of the PDRF to help upgrade the country's flood forecasting system. The installation of PAGASA flood forecasting and weather instruments in strategic cell sites is expected to help PAGASA issue flood forecasts and warnings more accurately.



■ PLDT donated a potable water system to residents of Arakan Valley in North Cotabato.

Lastly, Smart also partnered with the Ateneo de Davao University (AdDU) to develop a weather monitoring and disaster alert system for Davao City; the Davao City Government for its world-class Public Safety Command Center; PAGASA for the set up of a high-grade automatic rain gauge in a cell site in Montalban, Rizal and the training of seven schools and six barangays in Antipolo, Rizal and the members of the Provincial Disaster Coordinating Council; the Typhoon Committee Foundation, Inc. (TCFI) and PAGASA for the first Rain Watchers Awards, a contest for all public elementary and high schools that are participating in Smart's Project Rain Gauge for being the most creative and consistent in terms of collecting and reporting rainfall data. The Monkayo National High School in Monkayo, Compostela Valley won first prize, followed by San Miguel National High School (SMNHS) in Bulacan then Aurora National Science High School (ANSHS) in Baler, Aurora.

## EDUCATION

PSF's programs for education benefited more students in 2010. Its numerous programs include Gabay Guro, MVP Academic Excellence Awards for employees' qualified children, PSF Employees Educational Grant, and the PSF-Philippine National Police (PNP) Educational Grant Assistance Program.

Gabay Guro has one dream: to improve education in the country in a sustainable way. And in pursuing that dream, Gabay Guro harnessed innovative partnerships and the creative use of the PLDT Group's resources to uplift the lives of the teachers through its six core pillars: (1) educational grants, (2) training, (3) teachers' tribute cards, (4) livelihood, (5) broadbanding and computerization of public schools, and (6) housing.

Based on the idea of a multiplier effect, where one good and well-motivated teacher can influence hundreds or even thousands of students, Gabay Guro has benefitted teachers and would-be teachers since 2007.

From only 15 scholars in 2007, it now has 268 scholars and 23 partner-schools nationwide for school year 2010-2011. Last year, from the initial batch of scholars from the Philippine Normal University, five have graduated cum laude and one has received a leadership service award.

Under training, teachers from public schools were given AmSpeak instruction by our SPi Technologies trainers to help them become better English speakers. Teachers also learned out-of-the-box teaching methods and e-Learning modules to help them teach better.



■ Smart sponsored the development of the 10 Million Movement campaign website which was launched as part of the 2010 Earth Day celebration.





■ PSF extended support to the Angono Regional Pilot School for the Arts by helping renovate its music room and donating musical instruments.

■ A total of 794 students from 80 schools all over the country completed the Infoteach Computer Advanced Course.



In September 2010, Gabay Guro, the Government of Daet headed by City Mayor Tito Sarion, and Education Secretary Brother Armin A. Luistro, FSC, inked an agreement for a pioneering housing project for teachers.

PSF likewise partnered with PDRF for the installation of container van schools in Guitnang Bayan Elementary School and Gov. Isidro Rodriguez Memorial High School. The Foundation also extended support to the Angono Regional Pilot School for the Arts by helping renovate its music room and donating musical instruments; to the Philippine Red Cross-Rizal Chapter for the orphans under its care; to Pastolan Elementary School, where students from the Aeta indigenous tribe were given notebooks; to the Passerelles Numeriques for a one-year DSL connection and cash package; and to the local government unit in Iloilo for the use of 10 personal computers.

PLDT's Infoteach Outreach Program, in partnership with Netopia (Digital Paradise Inc.), Department of Education (DepEd) and Microsoft, aims to empower public high school students and public school teachers by upgrading their cyber-technology skills through internet use and basic IT education.

In 2010, graduates of the Infoteach Computer Advanced Course totaled 794, spread out from 80 schools in NCR, Luzon, Visayas and Mindanao. To date, 7,157 public school students and teachers have benefitted from the PLDT Infoteach Outreach Program.

The PLDT myDSL Broadband Quiz was also held during which student-graduates of the PLDT Infoteach Outreach Program from the National Capital Region, Luzon, Visayas and Mindanao competed for cyber supremacy, significant rewards and immense pride for their respective schools. PLDT also partnered with the University of the Philippines Open University (UPOU), Online Teachers' Development Program. PLDT will enroll eight qualified top teacher graduates of the PLDT Infoteach Outreach Program in a computer science course.

Continuing its thrust of sharing state-of-the-art technologies to the academe, Smart launched its Worldwide Interoperability for Microwave Access (WiMAX) for Public Schools program with a simple Switch-On ceremony at the Dr. Arcadio Santos National High School (DASNHS) in Parañaque City. The event highlighted Smart's deployment of WiMAX in support of the goal of the DepEd

and Commission on Information and Communications Technology (CICT) to connect all public schools to the internet.

Smart launched CommuniTeach with Silid Aralan, Inc. and the PBSP. CommuniTeach actively involves communities in helping Grades 1 to 3 public school kids identified to be the lowest performers in their respective batches to improve their academic performance via after-school learning sessions. CommuniTeach also assists in other areas through funding, school supplies donation, classroom cleaning, and even cooking and serving snacks for the beneficiaries.

Smart highlighted its co-branding, co-financing model for its flagship Smart Schools Program (SSP) and CommuniTeach via a partnership with Deutsche Regis Partners, Inc. and the PBSP. Deutsche Regis funded the provision of internet access, content and training for 10 SSP partner schools, and the inclusion of five public elementary schools in CommuniTeach. SSP promotes the use of ICT in basic education through partnerships with public schools officials, its teachers, and parents-teachers-community associations.

Smart also tied up with the Naga City Government, the Ateneo de Naga University, PBSP, DepEd Naga City, Triangulo Elementary School and Pacol Elementary School to implement CommuniTeach in the two schools.

Smart likewise partnered with SM Investments Corporation, which donated Php1 million, and the PBSP to enable nine public high schools to join the SSP.

Through its "Doon Po Sa Amin" (DPSA) Project, Smart launched two new online content generation contests. "Ano ang Kwento Mo?" (What's your story?) asks high school students nationwide to create video blogs that feature a distinct characteristic, place, or culture in their communities. The DPSA Quest engages teacher-student teams from SSP partner elementary schools and Online Associates to research unique stories about their respective communities and narrate them at their blog sites.

For its partner colleges and universities, Smart conducted the 6<sup>th</sup> SWEEP Innovation and Excellence Awards, its annual search for the most innovative wireless applications developed by 38 partner schools under the Smart Wireless Engineering Education Program (SWEEP). Holy Name University won the grand prize for its wireless application that enables residents of Calape, Bohol to monitor

the condition of their water pipes and detect leakages. Other winners included Bulacan State University's Wilmir Nicanor for the PalaECEpan quiz bee and Surigao del Sur's Barobo National High School's entry "Sumbada" for the 2<sup>nd</sup> DPSA Learning Challenge.

Smart also conducted On-the-Job training to partner schools Systems Plus College Foundation, Wesleyan University-Philippines, and the University of Baguio.

Under the Smart Mentors Program, 16 public school teachers earned their Master of Arts degree in Instructional Media and Design at the University of Makati.

Smart likewise sponsored 32 officials from SWEEP and the Application Developers' Intro School elective program at the 3<sup>rd</sup> Leadership Conference Series, which featured former U.S. Vice President and environmental advocate Al Gore.

Other activities included: the participation of over 500 employee volunteers in DepEd's Brigada Eskwela Plus by doing repairs and maintenance work in at least 16 public schools across the country before the school opening; partnership with DepEd for a poetry and essay-writing contest held during the Teachers Month; Treebute, a tree-planting activity supporting the PDRF's Marikina Watershed Initiative, where 1,250 trees were planted in Sitio San Joseph, Barangay San Jose in Antipolo City; Project Connect: Linking Environment, Education and Technology, a project with World Wide Fund for Nature-Philippines which aims to educate students on energy efficiency and conservation and renewable energy technologies; and a Blog Site contest with Sun Star Daily for Cebu's campus publications during the Cebu Press Freedom Week. Benedicto College Gazette, the Cebu Normal University's "Ang Suga" and University of San Carlos' "The Carolinian" were given awards.

The SPi Technologies Foundation, Inc., through the SPi Global's Scholarship Program, has 16 scholars since 2008. The program assists qualified students to complete their college education and gain employment from SPi after graduating. The first batch of scholars from Silliman University in Dumaguete, Negros Oriental is expected to join the SPi office in the province.

■ Smart conducted the 6<sup>th</sup> SWEEP Innovation and Excellence Awards, its annual search for the most innovative wireless applications developed by 38 partner schools under SWEEP.



SPi Foundation also conducted the Successful Job Applicant workshop to 270 students in partnership with aSPire University, SPi Global's leadership and management training vehicle. Adobe Acrobat and Photoshop workshops were also conducted for students in the Laguna and Batangas areas. The Company continuously hires Adobe-trained specialists to support the growing volume of client requirements needing Adobe skills.

#### COMMUNITY DEVELOPMENT AND LIVELIHOOD

PSF, PLDT, and Smart turned over a Php2.5-million check to Gawad Kalinga (GK) Foundation for the building of homes in adopted GK villages in Southern Leyte and Sulu. PSF, PLDT, and Smart have adopted eight PLDT-Smart Amazing GK Villages nationwide.

SPi Foundation's SPi Springer Sunshine GK Village at St. Mary's Compound, Moonwalk, Parañaque City now has 50 families. In late 2010, two of SPi's major clients – Springer and TNT, have committed to build another 50 houses for a total of 100. The Foundation will likewise look at another GK program in Negros Oriental where SPi Global is currently expanding its operations.

In 2010, SPi Foundation's Employee Volunteer Program spent 12,000 hours for various programs in the Philippines, India, Vietnam and the U.S. These programs include the house builds, medical missions, feeding programs, computer training lessons, business training programs, and participation in partner organizations' CSR programs such as Operation Smile, Gabay Guro, Dream in A Shoebox, Health Run for a Cause, Walk the World, Cribs Philippines, and Smart Gilas, among others.

For livelihood, PLDT established seedling nurseries in Quezon in line with the five-year tree planting program in the area. Other initiatives include: ePLDT's Christmas donation to Food for the Hungry Philippines; iPlus/Infocom's CSO Modelo fundraiser for children cancer patients at the Philippine General Hospital; and BayanTrade's support to the Black Pencil Movement.

#### SPORTS AND ATHLETIC DEVELOPMENT

Advocacy for sports came in the form of donation to three major institutions, namely: the Samahang Basketbol ng Pilipinas, Amateur Boxing Association of the Philippines, and the Philippine Taekwondo Association.



■ The Company continued to support sports by sponsoring events and giving donations to sports organizations like the Amateur Boxing Association of the Philippines.



# CORPORATE GOVERNANCE REPORT



*PLDT's Board of Directors ensures principled business conduct in pursuit of promoting and protecting the interest of the Company, its stockholders, and all other stakeholders.*

PLDT recognizes that corporate governance is a key element in its strategy to accomplish the Company's mission, create value for its shareholders and stakeholders, and sustain its long-term viability. The Company's approach is to continuously improve its governance structures and processes on three levels: (1) compliance with the standards and requirements of laws and regulatory issuances and guidelines; (2) benchmarking against recognized international best practices and monitoring developments in corporate governance; and (3) fostering an ethical corporate culture guided by the principles of accountability, integrity, fairness, and transparency.

PLDT conforms with the corporate governance laws, issuances, guidelines and standards of three jurisdictions. PLDT is subject to Philippine corporate governance laws, issuances, guidelines and standards as established by the Philippine Securities and Exchange Commission (Philippine SEC) and the PSE. The Company is also subject to the standards set forth in U.S. Securities Exchange Act, the Sarbanes-Oxley Act of 2002 and the NYSE Listed Company Manual. As an investee company of various Philippine and other affiliates of First Pacific Company Limited (First Pacific), PLDT likewise endeavours to conform with certain corporate governance guidelines of First Pacific which are based on the rules of the Hong Kong Stock Exchange in which First Pacific's shares are listed. The demanding regulatory regime under which PLDT operates has provided the impetus for PLDT to impose upon itself high standards of corporate governance and business conduct.

## OUR GOVERNANCE STRUCTURES

### Board of Directors

It is the Board of Directors which has the primary responsibility for ensuring principled business conduct in pursuit of promoting

and protecting the interest of the Company, its stockholders, and all other stakeholders. The Board of Directors functions within the scope of its powers and authorities provided in applicable laws and the Company's By-Laws, and conducts itself in accordance with Company policies such as the PLDT Manual on Corporate Governance (CG Manual) and the PLDT Code of Business Conduct and Ethics (Code of Ethics).

The PLDT Board of Directors is composed of 13 members whose diverse skills and experiences serve to create the appropriate balance and mix of expertise matched by a commitment to the highest standards of corporate governance and business conduct. This commitment is manifested in the Board's independence from Management, as well as its undertaking to observe and adopt, whenever applicable, proven best practices, and to continuously improve the Board's and individual Directors' performance.

The positions of Chairman and Chief Executive Officer (CEO) are held separately by two individuals, Mr. Manuel V. Pangilinan and Mr. Napoleon L. Nazareno, respectively. Each position has been given distinct and separate duties and responsibilities under PLDT's By-Laws and CG Manual.

Independent oversight by the PLDT Board over Management is enhanced through PLDT's independent directors and non-executive Directors. PLDT has four duly-screened and qualified independent directors, namely: Rev. Fr. Bienvenido F. Nebres, S.J., Oscar S. Reyes<sup>1</sup>, Mr. Pedro E. Roxas, and Mr. Alfred V. Ty. The number of PLDT's independent directors surpasses that required under local regulations of at least two independent directors or 20% of the entire board membership, whichever is lower. With the

<sup>1</sup> Mr. Reyes' status as an independent director ceased as of August 3, 2010 due to his appointment as Chief Operating Officer of Meralco, an affiliate and investee company of the PLDT Group.



exception of Mr. Napoleon L. Nazareno and Atty. Ray C. Espinosa, all the members of the Board are non-executive Directors.

The Board commits itself to a process of self-improvement. In the past year, the Board continued its pioneering practice in the Philippines of conducting a periodic performance self-assessment. It is a process whereby the Board, through its individual members, assesses its collective performance as well as that of the individuals that comprise it and its committees. The Board utilizes a self-assessment tool developed with reference to the Philippine SEC's Revised Code of Corporate Governance and Self-Rating Form, PLDT's CG Manual and Code of Ethics, Sarbanes-Oxley Act, NYSE Listed Company Manual, the survey questions of the Institute of Corporate Directors (ICD), and established global best-practices. The assessment instrument includes an evaluation of the Board's structure, processes and responsibilities, as well as the performance of the Chief Executive Officer. Results of the assessment are used to develop strategies to strengthen and enhance, among others, PLDT's governance practices.

The Board undergoes training on corporate governance through annual corporate governance enhancement sessions. These sessions provide the Directors with an opportunity to interact with experts and stay abreast with key developments in corporate governance and business ethics that are of particular significance to the PLDT Group. All of the current Directors have undergone corporate governance training or have attended at least one enhancement session out of the four enhancement sessions conducted since 2007.

Aside from its regular meetings to review the Company's financial results and operating performance, in 2010, the Board also went through a technology briefing in order to be fully updated on the latest trends and developments that have an impact on the Company's strategy and competitiveness. The Board also led and actively participated in the review of the PLDT Group's business strategy and in the assessment of new business opportunities and sources of growth, to ensure that the PLDT Group maintains its market leadership in the intensely competitive telecommunications industry. The Board also focused on strengthening enterprise risk management (ERM), placing this

vital concern on more solid footing with the creation of the PLDT Group Enterprise Risk Management Department.

The Board also sees to it that all other aspects of corporate governance and responsibility are given proper emphasis and attention. It provides overall guidance to Management with respect to CSR programs and directs efforts to devise and implement meaningful and authentic approaches to our corporate sharing, as well as ways and means to act responsibly in relation to the world's finite resources and fragile environment.<sup>2</sup>

The Board had a total of 12 meetings in 2010. The Chairman and five other Directors attended all of the meetings and the remaining seven Directors attended at least 75% of the said meetings. The table below provides a summary of the attendance performance of the Directors.

In 2010, the total amount of *per diem* provided for the Board of Directors (and the five members of the Advisory Committee) was Php41.8 million. Each Director and member of the Advisory Committee is entitled to receive a *per diem* of Php0.2 million for each board meeting attended. Except for the *per diem*, Directors are not entitled to any other compensation from the Company.

#### Board Committees

The Board has an Advisory Committee which provides guidance and suggestions, as necessary, on matters deliberated upon during Board meetings.

To assist in the performance of the Board's responsibilities and aid in ensuring compliance with the principles of good corporate governance, the Board has established four committees namely, the Audit Committee, the Governance and Nomination Committee, the Executive Compensation Committee and the Technology Strategy Committee (collectively, the Board Committees).

The Board Committees have their respective charters that have been approved by the Board. The charters establish the composition, define the functions, set the general objectives and outline the procedures of the said Committees. In 2010, the Board approved the revisions, as recommended by the Board

### BOARD OF DIRECTORS 2010 MEETINGS ATTENDANCE PERFORMANCE

	Jan 26	Mar 2	Mar 26	May 13	Jun 8 **	Jul 7	Aug 3	Aug 31	Sept 28	Nov 4	Dec 7	Dec 8 ***
Manuel V. Pangilinan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Napoleon L. Nazareno	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Donald G. Dee*	✓	✓	✓	✓	✓	✓	✓	✓	–	✓	–	–
Helen Y. Dee	✓	✓	✓	✓	–	✓	✓	✓	✓	✓	–	–
Albert F. del Rosario	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ray C. Espinosa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tatsu Kono	✓	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bienvenido F. Nebres	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Takashi Ooi	✓	✓	✓	✓	✓	✓	–	✓	✓	✓	✓	✓
Oscar S. Reyes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pedro E. Roxas	✓	✓	✓	✓	–	✓	✓	✓	✓	✓	✓	✓
Tony Tan Caktiong	✓	✓	✓	–	✓	–	✓	✓	✓	✓	✓	✓
Alfred V. Ty	✓	✓	✓	✓	–	✓	✓	✓	✓	✓	✓	✓

\* Mr. Dee resigned as a PLDT Director effective December 6, 2010.  
 \*\* The meeting on June 8, 2010 was also the date of the Annual Stockholders Meeting and the Organizational Meeting.  
 \*\*\* The meeting on December 8, 2010 was the only special meeting of the Board of Directors in 2010.

<sup>2</sup> Please see separate report on PLDT Group CSR Activities.

Committees, to their respective charters. Key amendments to these charters pertain to aligning each Board Committee's purposes to those set forth in the CG Manual. Furthermore, sections in the CG Manual pertaining to the independence criteria for independent directors, qualifications for directorship, and grounds for disqualification from directorship, were incorporated as Annexes to the revised charters.

#### Audit Committee

The Audit Committee (AC) is composed of three independent directors, and three advisors. Each of the members of the AC is financially literate and one of the advisors is a certified public accountant with financial management expertise. The primary purpose of the AC is to assist the Board in fulfilling its oversight responsibilities for: the integrity of the Company's accounting and financial reporting principles and policies, and system of internal controls, including the integrity of the Company's financial statements and the independent audit thereof; the Company's compliance with legal and regulatory requirements; the Company's assessment and management of enterprise risks including credit, market, liquidity, operational and legal risks; and the Company's audit process and the performance of the Company's internal audit organization and external auditor, including the external auditor's qualifications and independence.

In addition to the general amendments stated earlier, the AC Charter was also updated with respect to references to applicable Independence Standards and Auditing Standards relating to the external auditor, including reports and communications required to be submitted by the latter.

The revised charter of the AC may be viewed and downloaded from the PLDT website through the following link: <http://www.pldt.com.ph/about/management/Documents/Audit%20Committee%20Charter.pdf>.

For the year 2010, the AC held six regular meetings, four special meetings and one joint meeting with the audit committees of major subsidiaries, Smart and ePLDT during which it also performed the activities described below.

With respect to the external auditor, SGV&Co.:

- Discussed the results of their integrated audit of PLDT's 2009 financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS) and International Financial Reporting Standards (IFRS);
- Evaluated internal controls over financial reporting;
- Received the required communications from the external auditor including a statement as to its independence as required by prevailing applicable auditing and independence standards;
- Reviewed the external auditor's integrated plan for the audit of the 2010 financial statements and review of internal controls over financial reporting; and
- Evaluated the performance of SGV&Co. for the year 2009 and resolved to re-appoint SGV&Co. as the external auditor for the year 2010.

With respect to the internal audit organization:

- Reviewed and/or approved the internal auditor's charter, reports and plans such as the Internal Audit and Fraud Risk Management Group's accomplishment report for 2009, the internal audit plan and updated internal audit plan for 2010, and periodic status reports regarding the PLDT Group's Sarbanes-Oxley Section 404 readiness and compliance as of year end 2010; and

- Discussed with auditing firm Punongbayan & Araullo the results of its external quality assessment review for the PLDT internal audit organization, which was given the highest rating of "General Conformance" with the International Standards for the Professional Practice of Internal Auditing (ISPPA).

With respect to the integrity of financial reporting:

- Reviewed with the PLDT finance officers, internal auditors, and SGV&Co., the financial results and reports for the first quarter of 2010, the six months ended June 30, 2010 and the nine months ended September 30, 2010.

With respect to governance, general internal controls, and risk management:

- Reviewed and discussed the status of the Company's compliance with applicable laws and significant legal matters, the status of whistleblowing complaints and updates on the PLDT Group's ERM processes and activities, including results of internal risk assessments and various ERM initiatives.

The table shows the number of meetings held by the AC and the individual attendance record of each member for the year 2010. For each AC meeting attended, a member/advisor is entitled to a *per diem* of Php0.075 million. A total of Php4.4 million was paid as *per diem* to the members and advisors of the AC for the year 2010.

Voting Members	Number of Meetings Attended
Bienvenido F. Nebres (Chairman)*	11/11
Pedro E. Roxas*	11/11
Oscar S. Reyes <sup>3</sup>	8/8
Alfred V. Ty <sup>4</sup>	2/2
<b>Advisors</b>	
Corazon S. De la Paz-Bernardo	11/11
Tatsu Kono	9/11
Roberto R. Romulo	11/11

\* Independent Director

<sup>3</sup> Member and independent director until August 3, 2010.

<sup>4</sup> Member beginning September 28, 2010.

#### Governance and Nomination Committee

The Governance and Nomination Committee (GNC) is composed of five voting members, three of whom are independent directors and the other two are non-executive directors. The GNC also has three non-voting members composed of an independent member of the Advisory Committee, the Human Resources Group Head and the Chief Governance Officer of the Company. The primary purposes of the GNC are to: oversee the development and implementation of corporate governance principles and policies; review and evaluate the qualifications of the persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board; identify persons believed to be qualified to become members of the Board and/or the Board Committees; assist the Board in making an assessment of the Board's effectiveness in the process of replacing or appointing new members of the Board and/or Board Committees; and assist the Board in developing and implementing the Board's performance evaluation process.

The revised charter of the GNC may be accessed and downloaded from the PLDT website through the following link: <http://www.pldt.com.ph/about/management/Documents/Governance%20and%20Nomination%20Committee%20Charter.pdf>.

Below are the GNC's activities for 2010 in the performance of its governance function:

- Reviewed and assessed PLDT's CG Manual in light of the issuance of the Philippine SEC's Revised Code of Corporate Governance;
- Passed upon and approved the interpretation guidelines on the terms used in the independence criteria for independent directors in the said CG Manual;
- Conducted a mandatory periodic review of the Conflict of Interest Policy and the Code of Ethics (GNC determined that both policies remain to be adequate and compliant and required no amendments);
- Provided guidance or directives with respect to proposed corporate governance related rules and guidelines issued by regulators and reports of corporate governance rating agencies and other organizations interested in corporate governance;
- Provided input in the development and implementation of the PLDT corporate governance education and communication activities; and
- Evaluated and submitted to the Board of Directors the consolidated results of the Board Performance Assessment for 2009 and provided assistance to the Board in initiating the Board performance assessment for 2010.

As regards its nomination function, the GNC performed the following:

- Screened persons nominated as directors or independent directors and determined, identified and recommended the final list of director/independent director nominees for election in the 2010 annual meeting of stockholders;
- Reviewed the composition of Board Committees and made the appropriate recommendations to ensure that the same are in conformity with applicable laws, rules and regulations;
- Reviewed the list and qualifications of officers and recommended the re-appointment of said officers at the organizational meeting of the Board of Directors; and
- Reviewed and endorsed the recommendation of the Management Committee regarding the promotion of certain executives with the rank of Assistant Vice President to Vice President.

Summarized in the table are the number of meetings held by the GNC and the individual attendance record of each member. For each GNC meeting attended, each member is entitled to a *per diem* of Php0.075 million. A total of Php2.4 million was paid as *per diem* to the members of the GNC in 2010.

Voting Members	Number of Meetings Attended
Manuel V. Pangilinan (Chairman)	4/4
Tatsu Kono	4/4
Bienvenido F. Nebres*	4/4
Oscar S. Reyes <sup>5</sup>	4/4
Alfred V. Ty*	4/4
<b>Non-Voting Members</b>	
Artemio V. Panganiban	4/4
Ma. Lourdes C. Rausa-Chan	4/4
Victorico P. Vargas <sup>6</sup>	3/3
Menardo G. Jimenez, Jr. <sup>7</sup>	1/1

\* Independent Director

<sup>5</sup> Independent Director until August 3, 2010.

<sup>6</sup> Member until September 28, 2010.

<sup>7</sup> Member beginning November 8, 2010.

#### Executive Compensation Committee

The Executive Compensation Committee (ECC) is composed of five voting members, three of whom are independent directors, and the other two are non-executive Directors. The ECC also has one non-voting member, who is the Human Resources Group Head of the Company. The primary purposes of the ECC are to: provide guidance to and assist the Board in developing a compensation philosophy or policy consistent with the culture, strategy and control environment of the Company; oversee the development and administration of the Company's executive compensation programs, including long term incentive plans and equity based plans for officers and executives; and assist the Board in the performance evaluation of and succession planning for officers, including the CEO, and in overseeing the development and implementation of professional development programs for officers.

The revised charter of the ECC may be viewed and downloaded from the PLDT website through the following link: <http://www.pldt.com.ph/about/management/Documents/Executive%20Compensation%20Committee%20Charter.pdf>.

In 2010, the ECC had the following activities:

- Discussed and approved the merit increases for officers and executives;
- Passed upon the 2009 variable pay payout and the targets for the 2010 variable pay;
- Reviewed the PLDT Long-Term Incentive Plan (LTIP) payout for the 2007-2009 performance cycle and discussed and recommended for Board approval the LTIP for the 2010-2012 performance cycle; and
- Discussed and approved the subsidiaries and affiliates 2010-2012 LTIP sharing scheme.

Summarized in the table are the number of meetings held by the ECC and the individual attendance record of each member. For each meeting attended, an ECC member is entitled to a *per diem* of Php0.075 million. A total of Php2.5 million was paid as *per diem* to the members of the ECC in 2010.

Voting Members	Number of Meetings Attended
Albert F. del Rosario (Chairman)	6/6
Tatsu Kono	5/6
Oscar S. Reyes <sup>9</sup>	6/6
Pedro E. Roxas*	6/6
Alfred V. Ty*	4/6
<b>Non-Voting Members</b>	
Victorico P. Vargas <sup>9</sup>	5/5
Menardo G. Jimenez, Jr. <sup>10</sup>	1/1

\* Independent Director

<sup>8</sup> Independent Director until August 3, 2010.

<sup>9</sup> Member until August 1, 2010.

<sup>10</sup> Member beginning December 7, 2010.

#### Technology Strategy Committee

The Technology Strategy Committee (TSC) is composed of five voting members, one of whom is an independent director, and two non-voting members. Under the revised TSC Charter, at least one member of the TSC must have at least a general knowledge or understanding any of the technologies relevant to the Company's line of business.

The primary purposes of the TSC are to assist and enable the Board to: review and approve the strategic vision for the role of technology in the Company's overall business strategy, including the technology strategy and roadmap of the Company; fulfill its oversight responsibilities for the Company's effective execution of its technology-related strategies; and ensure the optimized use and contribution of technology to the Company's business and strategic objectives and growth targets.

A copy of the revised charter of the TSC may be viewed and downloaded from the PLDT website through the following link: <http://www.pldt.com.ph/about/management/Documents/Technology%20Strategy%20Committee%20Charter.pdf>.

In 2010, the TSC had the following activities:

- Discussed updates on the PLDT Technology Roadmap and proof of concept of the latest technologies;
- Arranged a presentation to the PLDT Board about the technology initiatives being undertaken for both the fixed and wireless networks and developments in the Asia Pacific region with respect to telecommunications and technology evolution; and
- Engaged Delta partners to look at the PLDT Group's technological future as part of the comprehensive review of the Company's business.

Summarized in the table are the number of meetings held by the TSC and the individual attendance record of each member. For each meeting attended, a TSC member is entitled to a *per diem* of Php0.075 million. A total of Php0.45 million was given as *per diem* to the members of the TSC in 2010.

Voting Members	Number of Meetings Attended
Manuel V. Pangilinan (Chairman)	1/1
Ray C. Espinosa	1/1
Tatsu Kono	1/1
Napoleon L. Nazareno	0/1
Oscar S. Reyes <sup>11</sup>	1/1
<b>Non-Voting Members</b>	
Manuel M. Lopez <sup>12</sup>	1/1
Orlando B. Vea	1/1

<sup>11</sup> Independent Director until August 3, 2010.

<sup>12</sup> Resigned as member on July 26, 2010.

#### Chief Executive Officer

Under the overall guidance and oversight of the Board of Directors, the CEO is charged with the general care, management and administration of the business operations of the Company. He provides leadership for Management in developing and implementing business strategies, plans and budgets. More importantly, he ensures that the business and affairs of the Company are managed in a sound and prudent manner and operational, financial and internal controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations and contracts. The CEO also has the responsibility to provide the Board with a balanced and understandable account of the Company's performance, financial condition, results of operations and prospects, on a regular basis.

#### Independent Audit

The Company has an internal audit system which provides a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control, and governance processes.

The internal audit organization is led by the Chief Audit Officer/Internal Audit Head who functionally reports to the Audit Committee. It is responsible for conducting, in accordance with the International Standards for the Practice of Internal Auditing, internal audit activities which includes, among others, the evaluation of the adequacy and effectiveness of controls covering the Company's financial reporting, governance, operations and enforcement systems, and the reliability and integrity of financial and operational information.

The Company also has an independent external auditor duly accredited by the SEC. Its duty is to undertake an independent audit and provide objective assurance on the manner by which the Company's financial statements have been prepared and presented. The Audit Committee selects and appoints the external auditor and reviews and approves all audit and non-audit services to be performed by the external auditor and all fees to be paid for such services.

The external auditor or the lead audit partner, primarily responsible for the audit of the Company's financial statements, is rotated at least once every five years or such shorter or longer period provided under applicable laws and regulations.<sup>13</sup> In addition, PLDT's Personnel Manual generally prohibits the hiring of former employees of the Company's independent auditing firm or members of the audit team assigned to perform audit services for the Company.<sup>14</sup>

#### Chief Governance Officer

The corporate governance compliance system established in the CG Manual includes the designation by the Board of a Chief Governance Officer who reports to the Chairman of the Board and the Governance and Nomination Committee. The primary responsibilities of the Chief Governance Officer include monitoring compliance with the provisions and requirements of corporate governance laws, rules and regulations, reporting violations and recommending the imposition of disciplinary actions, and adopting measures to prevent the repetition of such violations.

In addition, the Chief Governance Officer assists the Board and the Governance and Nomination Committee in the performance of their governance functions, including their duties to oversee the formulation or review and implementation of the corporate governance structure and policies of the Company, the establishment of an evaluation system to verify and measure compliance with the CG Manual in relation to related laws, rules and regulations, and to oversee the conduct of a self-assessment of the performance and effectiveness of the Board, the Board Committees, and individual Board members in carrying out their functions.

#### Corporate Governance Office

The Chief Governance Officer is supported by a Corporate Governance Office (CGO). The CGO personnel are entrusted with overseeing PLDT's three E's of Corporate Governance: Engineering, Enforcement and Education. Engineering involves the continuing development, drafting, issuance and review of appropriate corporate governance-related policies to guide company personnel. Enforcement ensures compliance by company personnel with the corporate governance policies so issued and enacted. Education rounds off the process by ensuring the development of the proper knowledge, skills, attitudes and habits that would promote voluntary observance of corporate governance policies and, more importantly, PLDT's four core values of accountability, integrity, fairness and transparency.

<sup>13</sup> Per Item 2.7.1(C), PLDT CG Manual, and Item 1.7, Schedule, Audit Committee Charter

<sup>14</sup> Part 2 Hiring and Placement D(6). Hiring of such persons, if ever, is allowed by the application of various "lookback" periods, depending on the nature of the service performed and the position for which the employee will be hired. Approval of the Chief Financial Officer is also required in certain instances.

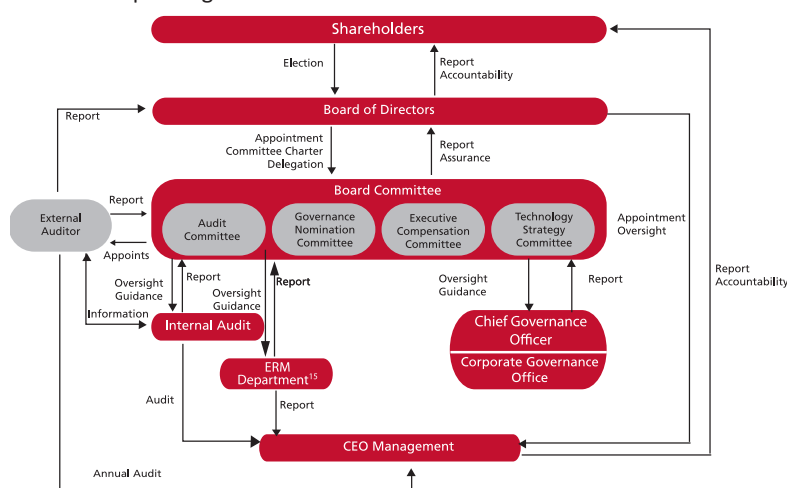


The Corporate Governance Office performed the following tasks in compliance with Philippine regulatory requirements:

- Submitted to the Philippine SEC and the PSE the Company's annual certification confirming that PLDT's CG Manual, as revised and adopted on March 26, 2010, conforms with the provisions of the Revised Code of Corporate Governance of the Philippine SEC;
- Submitted the 2010 Corporate Governance Scorecard for Publicly-listed Companies to the ICD and the Philippine SEC on November 22, 2010. The fact of such submission was disclosed to the PSE on the same date; and
- Submitted the PSE Corporate Governance Disclosure in compliance with PSE Memorandum No. 2010-0574 dated November 26, 2010.

### Implementing Structure

The diagram below presents the implementing structure for corporate governance in PLDT.



### Policies and Implementation

PLDT's corporate governance principles, structures and processes are established and articulated in two fundamental policies: The CG Manual and the Code of Ethics. These policies are benchmarked against global best practices in corporate governance, yet are applicable and responsive to PLDT's particular context.

### CG Manual

The PLDT Manual on Corporate Governance (CG Manual) was approved and adopted by the Board of Directors on March 26, 2010 pursuant to SEC Memorandum Circular No. 6 Series of 2009 or the Revised Code of Corporate Governance. It supersedes the CG Manual approved and adopted on September 24, 2002, as amended on March 30, 2004 and January 30, 2007. The structures and processes set forth in the CG Manual, as well as the Articles of Incorporation and By-Laws, combined with the Company's commitment to the principles of transparency, accountability, fairness and integrity, form PLDT's basic framework of governance by which our Board of Directors, officers, executives and employees strive to achieve the Company's strategic objectives, create value for all its stakeholders, and sustain its long term viability.

In compliance with the Revised Code of Corporate Governance of the Philippine SEC and consistent with the relevant provisions of the Securities Regulation Code and Corporation Code of the Philippines, our CG Manual covers the following key areas:

- The composition of our Board of Directors as well as the qualifications and grounds for disqualification for directorship;
- The requirement that at least 20% of the membership of the Board of Directors, and in no case less than two members, must be independent directors, and the standards/criteria for the determination of independent directors;

- The duties and responsibilities of our board of directors and the individual directors;
- The manner of conduct of Board meetings including the requirement to have an independent director present in every meeting to promote transparency and the need to have an executive session for non-executive and independent directors;
- The establishment of Board Committees, specifically, the Audit Committee, Executive Compensation Committee, and Governance and Nomination Committee, including the composition and the principal duties and responsibilities of such committees, as well as the requirement for each board committee to have its own charter;
- The role of the Chairman as the leader of the Board and as the prime mover in ensuring compliance with, and the performance of, corporate governance policies and practices;
- The duty of the Board of Directors to promote and uphold stockholders' rights, such as the right to vote, pre-emptive right, the right to inspect corporate books and records, the right to timely receive relevant information, the right to dividends, and the appraisal right;
- The requirement for the Board to explore and implement steps to reduce excessive or unnecessary costs that impede stockholders' participation and to act with transparency and fairness at the annual and special stockholders' meetings;
- The Company's undertaking to disclose material information promptly and accurately as well as the imposition of reasonable rules regarding the treatment and handling of material non-public information; and
- The establishment of an appropriate evaluation system for purposes of monitoring and assessing compliance with the CG Manual and other applicable laws and administrative issuances.

### Code of Ethics

The Company's Code of Business Conduct and Ethics, or Code of Ethics, was adopted to strengthen the implementation of the CG Manual. Approved by the Board on March 30, 2004 and subsequently updated on July 11, 2006, the Code of Ethics sets out the Company's business principles and values, which aim to promote a culture of good corporate governance. It provides standards that govern and guide all business relationships of PLDT, its directors, officers and employees, especially with respect to the following:

- Compliance with applicable laws, rules and regulations;
- Ethical handling of conflicts of interest, corporate opportunities and confidential information;
- Protection and proper use of company assets;
- Fair dealing with employees, customers, service providers, suppliers and competitors;
- Compliance with reporting and disclosure obligations to the relevant regulators and to investors;
- Compliance with disclosure and financial reporting controls and procedures;
- Assessment and management of risks involved in business endeavors; and
- Adoption of international best practices of good corporate governance in the conduct of the Company's business.

The Code of Ethics undergoes a mandatory review process every two years. The latest review was in October 2010. The GNC approved the results of the review which found that the Code is appropriate for the Company and compliant with the applicable laws, regulations and listing standards and that no revision was needed at that time.

<sup>15</sup> Please see separate report on ERM.

## Other Policies

The Company also has enabling policies adopted by the Board to provide specific guidelines on the provisions of the Code of Ethics:

(a) Conflict of Interest Policy approved on October 24, 2005 – This Policy aims to ensure that work-related actions of our directors, officers, employees and consultants are based on sound business principles and judgment devoid of bias or partiality. It enjoins all employees to be aware of the possibility of such bias and partiality in dealings with various entities or individuals in the course of or in relation to their work.

(b) Policy on Gifts, Entertainment and Sponsored Travel approved on January 31, 2006 – This Policy provides safeguards so that the custom of giving gifts is handled in accordance with the principles of integrity, accountability, fairness and transparency.

(c) Supplier/Contractor Relations Policy approved on January 31, 2006 – This Policy seeks to ensure that the Company upholds the highest professional standards in business practices and ethics in its dealings with suppliers and contractors in the procurement of goods and services.

(d) Policy on Employee Disclosure on Violations of the Corporate Governance Rules, Questionable Accounting or Auditing Matters, and Offenses covered by PLDT's Table of Penalties (or the Expanded Whistleblowing Policy) approved on May 9, 2006 – This Policy provides guidelines on handling employee disclosure or complaint of violation of rules pertaining to the aforesaid matters, protects whistleblowers from retaliation and ensures confidentiality and fairness in the handling of a disclosure or complaint.

Detailed implementing guidelines are likewise issued for the said policies to ensure their wide observance. All these policies and rules (collectively, the Corporate Governance or CG Rules) are periodically reviewed to ensure that they are appropriate for PLDT, keep pace with comparable and applicable global best practices, and are compliant with the requirements of the Philippine and U.S. SEC, NYSE and Hong Kong Stock Exchange corporate governance rules, as may be appropriate and applicable.

To access the Code of Ethics, CG Manual or information on how our corporate governance practices and those required of U.S. listed companies under NYSE Section 303A.11 differ, please refer to:

[http://www.pldt.com.ph/governance/about/Documents/27623c20007849698da4df57179ec70dPLDT\\_Code\\_of\\_Business\\_Conduct\\_and\\_Ethics.pdf](http://www.pldt.com.ph/governance/about/Documents/27623c20007849698da4df57179ec70dPLDT_Code_of_Business_Conduct_and_Ethics.pdf)

[http://www.pldt.com.ph/governance/about/Documents/22336f71c88c495793d15575c2addffcpldtcorpgov\\_manual.pdf](http://www.pldt.com.ph/governance/about/Documents/22336f71c88c495793d15575c2addffcpldtcorpgov_manual.pdf)

<http://www.pldt.com.ph/governance/about/Documents/f7933d17962d4b2c942e50ba4980f21bpldtdisclosure.pdf>

Our subsidiaries and their respective subsidiaries have also adopted corporate governance rules and policies similar in substance and form to PLDT's CG Rules, as well as appointed their respective corporate governance officers.

As part of the embedding of corporate governance standards in performance evaluation of personnel, the Company includes corporate governance policy violations as a cause for disqualification in incentives and rewards in its Policy on Employee Qualification for Incentives and Rewards. PLDT officers and executives have also been required to submit Conflict of Interest Disclosures in order to maintain strict observance of the PLDT Conflict of Interest Policy.

PLDT is progressively institutionalizing the practice of timely and transparent disclosures down to the level of rank-and-file employees.

Pursuant to the Expanded Whistleblowing Policy, PLDT maintains an Expanded Whistleblowing Hotline and other reporting facilities, such as a dedicated electronic mailbox, post office box, and facsimile transmission system. Any employee may submit a complaint or disclosure of violation of the rules referred to in the said Policy to the Chief Governance Officer or to the CGO, verbally or in writing. The system is open to all employees who come forward in good faith, regardless of rank or status to report violations of CG Rules or any act that may be considered as contrary to the Company's values of accountability, integrity, fairness and transparency. Finally, the CGO also addresses queries and requests for opinions from operating units to provide guidance and ensure adherence to CG rules and values.

## Education and Enhancements

PLDT recognizes the need for providing the appropriate environment for encouraging ethical behavior as a means of developing the desired corporate culture. PLDT's corporate governance education and communication activities aim to reach out to all PLDT personnel through face-to-face and on-line trainings and workshops, and the production and dissemination of relevant corporate governance materials. The trainings and communication activities conducted in 2010 are:

- Corporate governance enhancement session for the PLDT Board on December 14, 2010. Mr. Marc Ronez, Managing Director of the Singapore-based Asia Risk Management Institute spoke about Board of Directors Fiduciary Duties and Role in Relation to ERM: Best Practices in Dealing with the Agency Dilemma and Setting a Company's Risk Appetite;
- Corporate governance enhancement session for PLDT's senior management on December 14, 2010 by Mr. Marc Ronez on Enterprise Risk Management in Relation to Transformation and Change Efforts of an Organization;
- Workshops on Ethical Decision Making for newly-promoted or newly-hired executives;
- Development and release of e-Learning modules on the PLDT Conflict of Interest Policy (for supervisory and rank-and-file employees) and on the Expanded Whistleblowing Policy (for PLDT managers, senior managers and assistant vice presidents);
- Refresher Course for selected units;
- Corporate Governance Orientation for newly-hired employees in the supervisory and rank-and-file levels;
- On-line issuance of a monthly e-newsletter featuring stories, news and developments on corporate governance;
- Weekly release of Corporate Governance Newsbriefs which are summaries of news articles from global on-line sources;
- Periodic advisories on PLDT corporate governance policies to all its employees.

In order to learn from others and benchmark against proven best practices in corporate governance, PLDT engages in networking activities with like-minded companies. These activities include:

- Continued active membership in the Ethics and Compliance Officer Association (ECO), the largest association of ethics and compliance professionals in the world;
- Taking a lead role in the formation of the Good Governance Advocates and Practitioners of the Philippines (GGAPP), which is composed of corporate governance and ethics and compliance officers from various companies in the Philippines; and
- Active involvement in activities organized by the ICD.

### Recognition and Awards

PLDT believes that there is a positive relationship between ethical business conduct and good corporate governance on one hand, and excellent business performance and results, on the other. In 2010, PLDT was once again listed among the Gold Awardees in the Corporate Governance Scorecard of the ICD. Only 11 publicly-listed companies in the Philippines were given the distinction of being a Gold Awardee. PLDT has consistently been one of the top five companies in the ICD Corporate Governance Scorecard since it started in 2005. *Asiamoney Magazine* also cited PLDT as the best company in the Philippines in corporate governance for 2010. In addition, it also recognized PLDT as the best in disclosure and transparency, best for responsibilities of senior management and the board of directors, and best in investor relations in the Philippines. Likewise, *Euromoney Magazine* gave the following awards to PLDT: best in corporate governance in the Philippines and most convincing and coherent strategy in the Philippines. Finally, *Finance Asia Magazine* cited PLDT's investor relations as the best in the country and also recognized PLDT as the company that is most committed to a strong dividend policy in the Philippines.

These awards and recognition serve to inspire PLDT to move on and move further with its corporate governance initiatives.

Whether or not PLDT garners awards and recognition, it aims to show, in its own way, that good governance is essential in achieving sustained growth and profitability, and trusts in the inherent worth of the principles of accountability, integrity, fairness and transparency to serve as the foundation by which it will strive to create value for its shareholders, serve its customers, and conduct itself responsibly for the good of all its other stakeholders.

## ENTERPRISE RISK MANAGEMENT

In early 2010, the Group Enterprise Risk Management Department (GRMD) was created to serve as the working team supporting the Enterprise Risk Management Committee (ERMC) in implementing its mandate to employ an integrated risk management framework across the PLDT Group. During the past year, the GRMD has successfully initiated in several critical operational units within the Group the application of a standard risk management process based on the ISO 31000 international standard on risk management. The result of the said process validated the outcome of a separate exercise conducted with senior management of the PLDT Group to identify the most important risk areas facing the Group. The top 10 identified risk areas were as follows:

1. Market dynamics
2. Fast pace of technological change
3. Operational "single point of failure"
4. Regulatory challenges
5. People
6. Network quality and reliability
7. Corporate/Capital structure
8. Information security and privacy
9. Hazards
10. New investments

The succeeding steps in the risk management process will ensure that these risks are addressed and monitored by the operational units affected by these risks:

- Complete risk assessment and mitigation exercises across the PLDT Group.

- Complete and present risk maps to all relevant groups to create awareness of priority risks and required mitigation measures.
- Finalize and circulate Group-wide Risk Manual.

Also in 2010, the PLDT Group Risk Management Philosophy Statement was drafted and approved to embody the Group's commitment to managing risk in a proactive and effective manner.

*The PLDT Group operates in a complex and dynamic business environment which gives rise to a variety of risks that can be both threat and opportunity. Recognizing that these risks are an integral part of its business, the PLDT Group is committed to managing its overall risk exposure in a systematic way and in such a manner that supports its strategic decision-making process. Accordingly, the PLDT Group employs a comprehensive, integrated risk management program, effected across all levels of the organization, with the goal of identifying, analyzing and managing the Group's risks to an acceptable level, so as to enhance opportunities, reduce threats, and thus sustain competitive advantage. The PLDT Group believes that an effective risk management program will contribute to the attainment of objectives by PLDT and its subsidiaries, thus creating value for the business and its stakeholders.*

Towards the end of 2010, the GRMD formally assumed the functions of the ERMC, which, after acting as an ad hoc committee since 2006 to administer the Group's risk management efforts, was abolished to streamline functional responsibilities and reporting lines. The GRMD now serves as the dedicated team focused on developing, implementing and enhancing risk management approaches and practices within the PLDT Group.

## THE BOARD OF DIRECTORS



### 1 Manuel V. Pangilinan

64, Filipino

Director of the Company since November 24, 1998. He continues to serve as Chairman of the Board since February 2004, after serving as President and CEO for five years from November 1998. He is the Chairman of the Governance and Nomination and the Technology Strategy Committees of the PLDT Board. He also serves as Chairman of Smart, PCEV, ePLDT, SPi, SPi CRM, Inc. (SPi CRM), MPIC, Landco Pacific Corporation, Maynilad, Philex Mining Corporation, Manila North Tollways Corporation, Medical Doctors, Inc. (Makati Medical Center), Colinas Verdes, Inc. (Cardinal Santos Medical Center), Davao Doctors, Inc., and Our Lady of Lourdes Hospital. He is also a director and the President and CEO of Meralco. He is the CEO and Managing Director of First Pacific Company Limited in Hong Kong, and President Commissioner of P.T. Indofood Sukses Makmur Tbk, the largest food company in Indonesia.



### 2 Napoleon L. Nazareno

61, Filipino

Director of the Company since November 24, 1998. He has served as President and CEO since his appointment on February 19, 2004, and is concurrently the President and CEO of Smart, PCEV and Connectivity Unlimited Resources Enterprise, Inc., positions he has held since January 2000, November 2004 and April 2008, respectively. He is a member of the Technology Strategy Committee of the PLDT Board. He also serves as Chairman of Smart subsidiaries including Wolfpac Mobile, Inc., Smart Broadband, Inc., and i-CONTACTS Corporation. His other directorships include Mabuhay Satellite Corporation, where he is Chairman; ACeS Philippines Cellular Satellite Corporation, where he is the President; PLDT Global Corporation; ePLDT; SPi; SPi CRM; and Meralco. He is a non-executive director of First Pacific.



### 3 Helen Y. Dee

67, Filipino

Director of the Company since June 18, 1986. She is the Chairman or a director of several companies engaged in the banking, insurance and real property businesses and the President and/or Chief Executive Officer of GPL Holdings, Inc., House of Investments, Inc., Grepalife Asset Management Corporation, Grepalife Fixed Income Fund Corporation and Chairperson of Rizal Commercial Banking Corporation, RCBC Savings Bank and Malayan Insurance Company.

### 4 Atty. Ray C. Espinosa

55, Filipino

Director of the Company since November 24, 1998 and Head of PLDT Regulatory Affairs and Policies since March 2008. He is the President and Chief Executive Officer of Mediaquest Holdings, Inc., TV5, Mediascape, Inc. (Signal TV), Nation Broadcasting Corporation, and other subsidiaries of Mediaquest. He is also the Vice Chairman of the Board of Trustees of the PLDT Beneficial Trust Fund and Philweb Corporation. He is also a director of several companies engaged in electricity, mining, other public utility and media businesses.

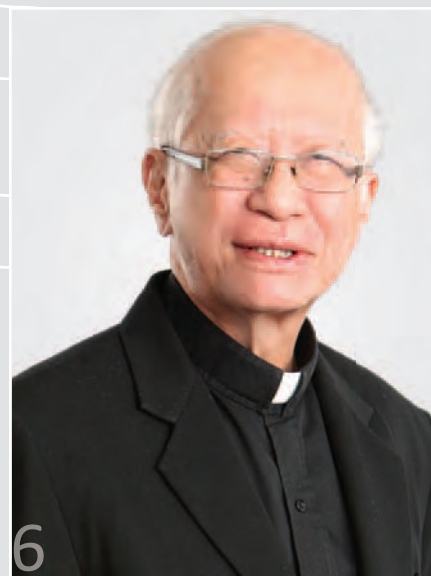




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**5 Tatsu Kono**

58, Japanese

Director of the Company since March 28, 2006. He is a member of the Governance and Nomination, Executive Compensation and Technology Strategy Committees and advisor to the Audit Committee of the Board of Directors of PLDT. He is the Chief Operating Advisor of PLDT. He has been a Managing Director of Corporate Sales Department, Corporate Marketing Division of NTT DoCoMo since 2003.

**6 Rev. Fr. Bienvenido F. Nebres, S.J.**

71, Filipino

Independent Director

Director of the Company since November 24, 1998. He is the Chairman of the Audit Committee and a member of the Governance and Nomination and Executive Compensation Committees of the Board of Directors of PLDT. He is the President and a member of the Board of Trustees of the Ateneo de Manila University, the Chairman of the Board of Trustees of the Center for Leadership and Change, Inc., the Vice Chairman of the Board of Trustees of the Asian Institute of Management and a member of the Board of Trustees of several private educational institutions including Loyola School of Theology, and Sacred Heart School – Jesuit Cebu City. He is also a member of the Board of Trustees of

Manila Observatory and Philippine Institute of Pure and Applied Chemistry.

**7 Takashi Ooi**

49, Japanese

Director of the Company since November 6, 2007. He is presently the Senior Vice President for Global Business of NTT Communications, in charge of product/service development and global network design/engineering and proposal/installation/delivery of global network and solutions for global multinational companies.

**8 Oscar S. Reyes**

65, Filipino

Independent director of the Company since April 5, 2005. Effective August 2010, his status changed to a regular director in view of his appointment as Senior Executive Vice President and Chief Operating Officer of Meralco. He serves as a member of the Technology Strategy Committee of the Board of Directors of PLDT. He is the Chairman of Link Edge, Inc. and MRL Gold Phils., Inc. and a director/independent director of various public companies and private firms engaged in electricity, banking, energy, financial and business advisory services, manufacturing, mining, shipping, real estate and related activities.

**9 Albert F. del Rosario<sup>1</sup>**

71, Filipino

Director of the Company since November 24, 1998. He serves as Chairman of the Executive Compensation Committee of the Board of Directors of PLDT. He is the President of Gotuaco, del Rosario Insurance Brokers, Inc. and of the Philippine Telecommunications Investment Corporation. He is the Chairman of the Philippine Stratbase Consultancy, Inc., the Vice Chairman of Asia Insurance (Philippines) Corporation and is a director of several companies engaged in infrastructure, property development, media, public utility and mining businesses. He also sits in the board of First Pacific Company Limited and is the Chairman of the Remuneration Committee, and is a Commissioner of P.T. Indofood Sukses Makmur Tbk. He served as the Ambassador Plenipotentiary and Extraordinary of the Republic of the Philippines to the United States of America from 2001 to 2006.

<sup>1</sup> Resigned effective March 25, 2011. Atty. Ma. Lourdes C. Rausa-Chan was elected director effective March 29, 2011 and for the unexpired term of her predecessor in office, Mr. Albert F. del Rosario.



**10 Pedro E. Roxas**

55, Filipino  
Independent Director  
Director of the Company since March 1, 2001. He serves as a member of the Governance and Nomination, Audit and Executive Compensation Committees of the Board of Directors of PLDT. He is the Chairman and/or CEO/President of various business organizations in the fields of agribusiness, sugar manufacturing and real estate development including Roxas Holdings Inc., Roxas and Company, Inc., Roxaco Land Corporation, Central Azucarera Don Pedro, Inc., Central Azucarera de la Carlota, Inc., Roxol Bioenergy Corporation, Fuego Land Corporation and Hawaiian Philippine Sugar Company, an independent director of Meralco and BDO Private Bank, and a director of Brightnote Assets Corporation.

<sup>2</sup> Elected effective January 25, 2011 and for the unexpired term of his predecessor in office, Mr. Donald G. Dee

**11 Juan B. Santos<sup>2</sup>**

73, Filipino  
Director of the Company since January 25, 2011. He is the Chairman of Social Security Commission, a member of the Board of Directors of Alaska Milk Corporation, First Philippine Holdings Corporation, Greplife Financials, Inc., Philex Mining Corporation and Zuellig Group, Inc., a member of the Board of Advisors of Coca Cola Bottlers Phils., Inc. and East-West Seeds Co., Inc., a trustee of St. Lukes Medical Center, and a consultant of the Marsman-Drysdale Group of Companies.

**12 Tony Tan Caktiong**

58, Filipino  
Director of the Company since July 8, 2008. He is the Chairman and Chief Executive Officer of Jollibee Foods Corporation and the Chairman of Jollibee Foundation. He is also an independent director of First Gen Corporation and a director of Temasek Foundation and member, Board of Trustees, of St. Luke's Medical Center.





**13 Alfred V. Ty**

43, Filipino  
Independent Director  
Director of the Company since June 13, 2006. He serves as a member of the Audit, Governance and Nomination and Executive Compensation Committees of the Board of Directors of PLDT. He is the Vice Chairman of Toyota Motors Philippines Corporation, the Chairman of Lexus Manila, Inc. and Asia Pacific Top Management International Resources, Corp. (Marco Polo Plaza Cebu), the President of Federal Land, Inc., the Corporate Secretary of Metropolitan Bank and Trust Company and Metrobank Foundation, Inc., and a director of Global Business Power Corp.

**ADVISORY BOARD**

**14 Artemio V. Panganiban**

**15 Robert R. Romulo**

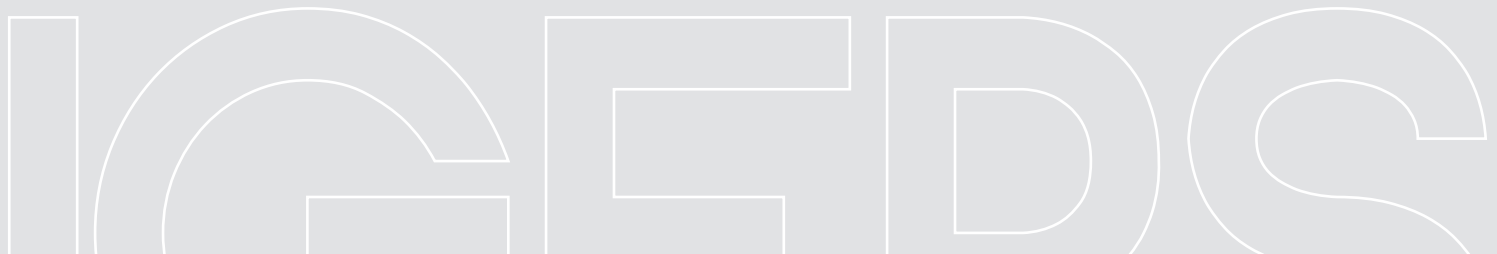
**16 Benny S. Santoso**

**17 Washington Z. SyCip\***

**18 Orlando B. Vea**

**19 Christopher H. Young**

*\* Effective January 25, 2011.*



## KEY OFFICERS AND ADVISORS

PLDT



From left: Napoleon L. Nazareno, Ernesto R. Alberto, Anabelle L. Chua, Christopher H. Young, René G. Bañez

PLDT



From left: Jun R. Florencio, Menardo G. Jimenez, Jr., June Cheryl A. Cabal, George N. Lim, Ma. Lourdes C. Rausa-Chan

### Ernesto R. Alberto

50, Filipino

Customer Sales and Marketing Group (CSMG) Head, leads all revenue generation relationship initiatives of PLDT including product/market development, product management, marketing, sales and distribution, and customer relationship management. He is the Chairman, director and/or President of PLDT Subic Telecom, Inc. (Subictel), PLDT Clark Telecom, Inc. (Clarktel), PLDT-Philcom, Inc. (Philcom and Subsidiaries), PLDT-Maratel, Inc., Telesat, Inc., SBI-Cruztelco, Bonifacio Communications Corporation, Mabuhay Satellite Corporation, Smart NTT Multimedia, Inc. and NTT Communications Phils. He has over 20 years of work experience in the areas of corporate banking, relationship management and business development and, prior to joining PLDT in 2003, was a Vice President and Head of the National Corporate Group of Citibank N.A., Manila from 1996 to May 2003. He previously served as Vice President and Head of the Relationship Management Group of Citytrust Banking Corporation.

### René G. Bañez

56, Filipino

Administration and Materials Management Group Head, was the Chief Governance Officer of PLDT from October 2004 to March 3, 2008 and the Support Services and Tax Management Group Head of PLDT from January 1999 to January 2001. He is a director of Clarktel and Subictel. He served as Commissioner of the Philippine Bureau of Internal Revenue from February 2001 to August 2002. Prior to joining PLDT, he was the Group Vice President for Tax Affairs of Metro Pacific Corporation for 3 years until December 1998. He holds directorships in some subsidiaries of PLDT.

### June Cheryl A. Cabal

37, Filipino

Controller and Financial Reporting and Controllorship Head, is also a director and the chief financial officer/treasurer of certain subsidiaries of PLDT including Clarktel, Subictel, Smart-NTT Multimedia, Inc. and the PSF. She is also the director and chief financial officer of Philcom and Subsidiaries, as well as Mabuhay Satellite Corporation and Telesat, Inc. She is also the Chief Finance Officer of the Philippine Disaster Recovery Foundation and the President of Tahanan Mutual Building and Loan Association. Prior to joining PLDT in June 2000 as an executive trainee in the Finance Group, she was a senior associate in the business audit and advisory group of Sycip Gorres Velayo & Co. She was the 2008 Young Achievers Awardee for Commerce and Industry conferred by the Philippine Institute of Certified Public Accountants. In March 2010, she was appointed as a member of the Financial Reporting Standards Council of the Philippines.

### Anabelle L. Chua

50, Filipino

Treasurer and Corporate Finance and Treasury Head, concurrently holds the position of Chief Financial Officer of Smart since 2006. She holds directorships in Smart and several subsidiaries of PLDT and Smart including ePLDT, SPi Technologies, SPi CRM, PCEV, Wolfpac Mobile, Inc., Smart Broadband, Inc., Connectivity Unlimited Resources, Inc., Airborne Access Corporation, Smart Hub, Inc., and Chikka Holdings Limited. She is a member of the Board of Trustees of the PLDT Beneficial Trust Fund. She has over 20 years of experience in the areas of corporate finance, treasury, financial control and credit risk management and was a Vice President at Citibank, N.A. where she worked for 10 years prior to joining PLDT in 1998.



**SMART**

From left: Napoleon L. Nazareno, Anabelle L. Chua, René G. Bañez, Danilo J. Mojica, Mario G. Tamayo, Rolando G. Peña, Orlando B. Vea, Alejandro O. Caeg

**ICT**

From left:  
ePLDT: Beth G. Lui, Danny Y. Yu, Sonny T. Valdez

Spi Global: Maulik Parekh, Ian Wilson, Isabel R. Bales

**Jun R. Florencio**

55, Filipino

Internal Audit and Fraud Risk Management Head, has over 25 years of work experience in the areas of external and internal audit, revenue assurance, credit management, information technology, financial management, and controllership. He was the Financial Controller of Smart for four years before he joined the Company in April 1999. He held various positions in the finance organization of another telecommunications company prior to joining Smart.

**Menardo G. Jimenez, Jr.**

48, Filipino

Human Resources Group Head and concurrently Business Transformation Office Head, was Revenue Team Head of the Business Transformation Office from January 2008 to July 2010, the Retail Business Head of PLDT from June 2004 to December 31, 2007 and, prior to that, the Corporate Communications and Public Affairs Head. He had a stint at GMA Network, Inc., where he served as head of creative services and network promotions. He won the first CEO Excel Awards (Communications Excellence in Organizations) given by the International Association of Business Communicators mainly for effectively using communications strategies in managing the PLDT retail business team to meet its targets and achieve new heights in the landline business. In 2006, his further achievements in handling the retail business of PLDT and his stint in Smart as officer-in-charge for marketing were recognized by the Agora Awards which chose him as its Marketing Man of the Year.

**George N. Lim**

58, Filipino

Network Service Assurance Head and concurrently Network Team Head of Business Transformation Office, has over 30 years of work experience in telecommunications management. He was the Network Services Head from February 2003 to December 2007, Network Development and Provisioning Head from February 1999 to January 2003 and Marketing Head from December 1993 to February 1999. Mr. Lim holds directorships in some subsidiaries of PLDT.

**Atty. Ma. Lourdes C. Rausa-Chan**

57, Filipino

Director of the Company since March 29, 2011. She has been serving as Corporate Secretary, Corporate Affairs and Legal Services Head and Chief Governance Officer of PLDT since November 1998, January 1999 and March 2008, respectively. She also serves as Corporate Secretary of PCEV and several subsidiaries of PLDT. Prior to joining PLDT, she was the Group Vice President for Legal Affairs of Metro Pacific Corporation and the Corporate Secretary of some of its subsidiaries.

**Christopher H. Young**

53, British

PLDT's Chief Financial Advisor. He worked in PricewaterhouseCoopers in London and Hong Kong from 1979 until 1987, at which time he joined First Pacific in Hong Kong as Group Financial Controller. He joined Metro Pacific Corporation in 1995 as Finance Director, a position he held until he joined PLDT in November 1998.

# OFFICERS

**Manuel V. Pangilinan**

Chairman of the Board

**Napoleon L. Nazareno**

President and Chief Executive Officer

**Ernesto R. Alberto**

SVP, CSMG Head  
Corporate Business Head

**René G. Bañez**

SVP, Supply Chain, Asset Protection and  
Management Group Head  
Chief Governance Officer

**Anabelle L. Chua**

SVP, Corporate Finance and Treasury  
Corporate Treasurer

**Jun R. Florencio**

SVP, Internal Audit and Fraud Risk  
Management

**Menardo G. Jimenez, Jr.**

SVP, Human Resources/  
Business Transformation Office Head

**George N. Lim**

SVP, Network Service Assurance/  
Business Transformation Office  
Network Team

**Claro Carmelo P. Ramirez**

SVP, Office of the CEO

**Ma. Lourdes C. Rausa-Chan**

SVP, Corporate Affairs and Legal Services/  
Chief Governance Officer  
Corporate Secretary

**June Cheryl A. Cabal**

FVP, Financial Reporting and  
Controllershship

**Alejandro O. Caeg<sup>1</sup>**

FVP, Carrier Business

**Alfredo B. Carrera**

FVP, Regulatory Strategy and Support

**Cesar M. Enriquez**

FVP, CSMG Revenue and Operations Support

**Florentino D. Mabasa, Jr.**

FVP, Legal Services

**Leo I. Posadas**

FVP, Treasury

**Ricardo M. Sison**

FVP, Consumer Credit and Business  
System Management

**Emiliano R. Tanchico, Jr.**

FVP, Human Resources Management  
and Development

**Miguela F. Villanueva**

FVP, Cost and Valuation

**Danny Y. Yu**

FVP, ePLDT Group Chief Financial Officer

**Katrina L. Abelarde**

VP, Small and Medium Enterprises

**Jose A. Apelo**

VP, Outside Plant Network Services

**Rafael M. Bejar**

VP, Medical Services

**Marco Alejandro T. Borlongan**

VP, Customer Service Management

**Renato L. Castañeda**

VP, Corporate Relationship  
Management C

**Arnel S. Crisostomo**

VP, Simple Services Provisioning and  
Restoration

**Amihan E. Crooc**

VP, IS-Application Development and  
Management/Officer-in-Charge,  
Information Systems

**Rebecca Jeanine R. De Guzman**

VP, Retail Sales and Distribution

**Alona S. Dingle**

VP, Financial Reporting

**Margarito G. Dujali, Jr.**

VP, Retail Data Acquisition

**Mario C. Encarnacion**

VP, Customer Services Team  
Business Transformation Office

**Alejandro C. Fabian**

VP, Industrial and Employee Relations

**Gil Samson D. Garcia**

VP, Revenue Management and Cash Assurance

**Elisa B. Gesalta**

VP, Network Services Project  
Management

**Ma. Josefina T. Gorres**

VP, Corporate Billing and Credit  
Management

**Ma. Criselda B. Guhit**

VP, Tax Management

**Emeraldo L. Hernandez**

VP, Network Migration Office

**Juan Victor I. Hernandez**

VP, Corporate Business

**Marven S. Jardiel**

VP, Corporate Process Review and  
Information Management

**Alexander S. Kibanoff**

VP, Training, Development and Career  
Management

**Joseph Nelson M. Ladaban**

VP, Consumer Credit and Collection  
Management

**Javier C. Lagdameo**

VP, Corporate Relationship  
Management A

**Luis Ignacio A. Lopa**

VP, Corporate Marketing Services

**Joseph Homer A. Macapagal**

VP, Property and Facilities Management

**Oliver Carlos G. Odulio**

VP, Asset Protection Center

**Lilibeth F. Pasa**

VP, Retail Market Development

**Jose Lauro G. Pelayo**

VP, GMM South/West Customer Service District

**Gerardo C. Peña**

VP, GMM North/East Customer Service District

**Ricardo C. Rodriguez**

VP, Compensation and Rewards Planning  
and Management

**Genaro C. Sanchez<sup>2</sup>**

VP, Network Planning

**Ana Maria A. Sotto**

VP, Business Transformation Office  
(Project Manager)

**Julietta S. Tañeca**

VP, Consumer Business System Support  
Management

**Jesus M. Tañedo**

VP, Visayas-Mindanao Customer Service District

**Patrick S. Tang**

VP, Retail Voice Acquisition-Postpaid

**Victor Y. Tria**

VP, Corporate Business Solutions

**Melissa V. Vergel De Dios**

VP, Investor Relations

**Fe M. Vidar**

VP, Organization, Policies and Procedures  
Development

<sup>1</sup> Appointed President and CEO of PLDT Global Corporation effective September 23, 2010.

<sup>2</sup> Concurrent Coordinator, International Network Operations effective June 16, 2010.