

## H. Transactions with Related Parties

Globe Telecom and Innove, in their regular conduct of business, enter into transactions with their major stockholders, AC and STI, venturers and certain related parties. These transactions, which are accounted for at market prices normally charged to unaffiliated customers for similar goods and services, include the following:

### Entities with joint control over Globe Group – AC and STI

- Globe Telecom has interconnection agreements with STI. The related net traffic settlements receivable (included in “Receivables” account in the consolidated statements of financial position) and the interconnection revenues earned (included in “Service revenues” account in the consolidated statements of comprehensive income) are as follows:

(In Thousand Pesos)	2014	2013	2012
Traffic settlements receivable – net	<b>₱79,191</b>	₱201,216	₱126,277
Interconnection revenues	<b>784,965</b>	921,540	1,117,420
Interconnection costs	<b>112,976</b>	116,477	151,382

- Globe Telecom and STI have a technical assistance agreement whereby STI will provide consultancy and advisory services, including those with respect to the construction and operation of Globe Telecom’s networks and communication services (see Note 25.6 of the FS), equipment procurement and personnel services. In addition, Globe Telecom has software development, supply, license and support arrangements, lease of cable facilities, maintenance and restoration costs and other transactions with STI.

The details of fees (included in repairs and maintenance under the “General, selling and administrative expenses” account in the consolidated statements of comprehensive income) incurred under these agreements are as follows:

(In Thousand Pesos)	2014	2013	2012
Technical assistance fee	<b>₱160,534</b>	₱163,004	₱140,083
Maintenance and restoration costs and other transactions	<b>63,695</b>	61,841	64,835
Software development, supply, license and support	<b>19,642</b>	16,681	12,590

The outstanding balances due to STI (included in the “Accounts payable and accrued expenses” account in the consolidated statements of financial position) arising from these transactions are as follows:

(In Thousand Pesos)	2014	2013	2012
Technical assistance fee	<b>₱135,877</b>	₱35,775	₱45,326
Maintenance and restoration costs and other transactions	<b>10,882</b>	20,695	32,372
Software development, supply, license and support	-	4,014	35,268

- Globe Telecom earns subscriber revenues from AC. The outstanding subscribers receivable from AC (included in “Receivables” account in the consolidated statements of financial position) and the amount earned as service revenue (included in the “Service revenues” account in the consolidated statements of comprehensive income) are as follows:

(In Thousand Pesos)	2014	2013	2012
Subscriber receivables	<b>₱9,662</b>	₱14,761	₱2,143
Service revenues	<b>18,990</b>	14,107	14,720

- Globe Telecom reimburses AC for certain operating expenses. The net outstanding liabilities to (included in “Accounts payable and accrued expenses” account in the consolidated statement of financial position) and the amount of expenses incurred (included in the “General, selling and administrative expenses” account in the consolidated statements of comprehensive income) are as follows:

(In Thousand Pesos)	2014	2013	2012
General, selling and administrative expenses	<b>₱37,135</b>	<b>₱7,768</b>	<b>₱9,145</b>
Accounts payable and accrued expenses	<b>755</b>	–	–

#### Joint Ventures in which the Globe Group is a Venturer

- Globe Telecom has preferred roaming service contract with BMPL. Under this contract, Globe Telecom will pay BMPL for services rendered by the latter which include, among others, coordination and facilitation of preferred roaming arrangement among JV partners, and procurement and maintenance of telecommunications equipment necessary for delivery of seamless roaming experience to customers. Globe Telecom also earns or incurs commission from BMPL for regional top-up service provided by the JV partners. The net outstanding liabilities to BMPL related to these transactions amounted to ₱2.37 million and ₱0.98 million as of December 31, 2014 and 2013, respectively. Balances related to these transactions (included in “General, selling and administrative expenses” account in the consolidated statements of comprehensive income) amounted to ₱23.76 million and ₱3.76 million, as of December 31, 2014 and 2013, respectively.
- In October 2009, the Globe Group entered into an agreement with BPI Globe BankO for the pursuit of services that will expand the usage of GCash technology. As a result, the Globe Group recognized revenue amounting to ₱6.81 million and ₱0.54 million in 2014 and 2013, respectively. The related receivables amounted to ₱7.16 million and ₱1.11 million in 2014 and 2013, respectively.

#### Transactions with the Globe Group Retirement Plan (GGRP)

- In 2008, Globe Telecom, Innove and GXI pooled its plan assets for single administration by the GGRP, which was created for the management of the retirement fund. The decisions of the GGRP are made through collective decision of the Board of Trustees.

The plan is funded by contributions as recommended by the independent actuary on the basis of reasonable actuarial assumptions. These assumptions and the funded status of the pension plan are disclosed in Note 18.2 of the FS.

The unfunded status for the pension plan of Globe Group as of December 31, 2014 and 2013 amounted to ₱2,321.20 million and ₱1,607.30 million, respectively (see Note 18.2 of the attached Notes to the Consolidated Financial Statements).

The fair value of plan assets by each class held by the retirement fund, on a pooled basis, as follows:

	2014	2013
	<i>(In Thousand Pesos)</i>	
Cash and cash equivalents	<b>₱148,746</b>	₱121,330
Investment in fixed income securities	<b>1,129,892</b>	1,026,966
Investment in equity securities	<b>1,636,204</b>	1,506,611
Loans and receivables	<b>968,000</b>	968,000
Liabilities	<b>(968,000)</b>	(968,000)
Balance at end of year	<b>₱2,914,842</b>	₱2,654,907

All equity and debt instruments held, except for investment in preferred shares of HALO Group, debt securities issued by private corporations and long-term negotiable certificates of

deposit, have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

Loans and receivables consist of interest and dividend receivables, receivable on securities sold to brokers and loan granted by the plan to BHI.

Liabilities pertain to interest and trust fee payables, accrued professional fees and loan granted to the plan by Globe Telecom.

The plan assets have diverse investments and do not have any concentration risk.

As of December 31, 2014 and 2013, the pension plan assets of the retirement plan include shares of stock of Globe Telecom with total fair value of ₱26.32 million and ₱24.77million, and shares of stock of other related parties with total fair value of ₱115.08 million and ₱83.31 million, respectively. Gains arising from these investments amounted to ₱12.91 million and ₱8.34 million in 2014 and 2013, respectively.

- In 2008, the Globe Group granted a short-term loan to the GGRP amounting to ₱800.00 million with interest at 6.20%. Upon maturity in 2009, the loan was rolled over until September 2014 with interest at 7.75%. Further, in 2009, the Globe Group granted an additional loan to the retirement fund amounting to ₱168.00 million which bears interest at 7.75% and is due also in September 2014.

On September 16, 2014, the maturity of the outstanding balance of loan receivable from GGRP amounting to ₱968.00 million was extended to September 11, 2017 and the interest rate was reduced to 5% per annum effective on September 11, 2014. Interest income amounted to ₱68.02 million, ₱76.26 million and ₱76.27 million in 2014, 2013 and 2012, respectively (see Note 19 of the attached Notes to the Consolidated Financial Statements).

The retirement plan utilized the loan to fund its investments in BHI, a domestic corporation organized to invest in media ventures. BHI has controlling interest in Altimax Broadcasting Co., Inc. (Altimax) and Broadcast Enterprises and Affiliated Media Inc. (BEAM), respectively.

- On August 13 and December 21, 2009, the Globe Group granted five-year loans amounting to ₱ 250.00 million and ₱ 45.00 million, respectively, to BHI at 8.275% interest. The ₱250.00 million loan is covered by a pledge agreement whereby in the event of default, the Globe Group shall be entitled to offset whatever amount is due to BHI from any unpaid fees to BEAM from the Globe Group. The ₱45.00 million loan is fully secured by a chattel mortgage agreement dated December 21, 2009 between Globe Group and BEAM.

On August 13, 2014, the maturity of the outstanding balance of loan receivable from BHI amounting to ₱158.62 million was extended to August 13, 2017 and the interest rate was reduced to 5% per annum effective August 14, 2014 (see Note 11 of the attached Notes to the Consolidated Financial Statements).

- On February 1, 2009, the Globe Group entered into a memorandum of agreement (MOA) with BEAM for the latter to render mobile television broadcast service to Globe subscribers using the mobile TV service. As a result, the Globe Group recognized an expense (included in "Professional and other contracted services") amounting to ₱155.00 million in 2014 and 2013 and ₱194.00 in 2012. Effective January 1, 2015, BEAM will charge an increased service fee rate to Globe Group as a result of an amendment to the MOA.
- On October 1, 2009, the Globe Group entered into a MOA with Altimax for the Globe Group's co-use of specific frequencies of Altimax's for the rollout of broadband wireless access to the Globe Group's subscribers. As a result, the Globe Group recognized an expense (included in "General, selling and administrative expenses" account in the consolidated statements of comprehensive income) amounting to ₱90.00 million in 2014 and 2013.

### Transactions with other related parties

Globe Telecom has money market placements and bank balances, and subscriber receivables (included in "Cash and cash equivalents" and "Receivables" accounts in the consolidated statements of financial position, respectively) and earns service revenues (included in the "Service revenues" account in the consolidated statements of comprehensive income) from its other related parties namely, Ayala Land Inc., Ayala Property Management Corporation, Bank of the Philippine Islands, Manila Water Company, Inc., Integrated Microelectronics, Inc., Stream Global Services, Inc., HR Mall Inc., Honda Cars, Inc., Isuzu Automotive Dealership, Inc., Accendo Commercial Corp., Affinity Express Philippines, Inc., Alveo Land Corp., Asian I-Office Properties, Inc., Avida Land Corp., Avida Sales Corporation, Ayala Hotels, Inc., Ayala Plans, Inc., Ayala Systems Technology, Inc., Cebu Holdings, Inc., Makati Development Corp., myAyala.com, Inc., North Triangle Depot Commercial Corp., PSI Technologies, Inc., Roxas Land Corp, Serendra, Inc., Station Square East Commercial Corp., Ten Knots Development, KHI ALI Manila, Inc., Lagoon Development Corp., Subic Bay Town Center, Inc., Ayala Aviation Corporation, Laguna AAA Water Corp., Liveit Solution, Inc., Liveit Investments, Ltd., Integreon, Inc., Arvo Commercial Corp., Amaia Land Corp., Michigan Power, Philippine Intergrated Energy Solutions, Inc., Southcrest Hotel Ventures, Inc., Bonifacio Hotels and Crestview E-Office.

The balances with other related parties are recorded under the following accounts:

(In Thousand Pesos)	2014	2013	2012
Cash and cash equivalents	<b>₱1,385,635</b>	₱166,074	₱199,392
Service revenues	<b>479,923</b>	439,702	344,206
General, selling and administrative expenses	<b>171,873</b>	346,280	345,004
Subscriber receivables (included in "Receivables" account)	<b>218,837</b>	212,391	102,454
Property and Equipment	<b>64,300</b>	60,437	71,272
Accounts payable and accrued expenses	<b>15,454</b>	72,440	50,008

The balances under "General, selling and administrative expenses" and "Property and equipment" accounts consist of expenses incurred on rent, utilities, customer contract services, other miscellaneous services and purchase of vehicles, respectively.

These related parties are either controlled or significantly influenced by AC.

### Transactions with Key Management Personnel of the Globe Group

The Globe Group's compensation of key management personnel by benefit type are as follows:

(In Thousand Pesos)	2014	2013	2012
Short-term employee benefits	<b>₱237,100</b>	₱157,272	₱123,700
Share-based payments	<b>9,649</b>	15,151	11,502
Post-employment benefits	<b>30,466</b>	18,090	12,822
	<b>₱277,215</b>	₱190,513	₱148,024

There are no agreements between the Globe Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Globe Group's retirement plans.

The Globe Group has no non-interest bearing short-term loans to its key management personnel in 2014 and 2013, respectively.

### Transaction with an associate

The Globe group purchased BTI's outstanding debts from its creditors and was recognized at transaction price which was considered its fair value. The total debt of BTI is comprised of sustainable Tranche A and unsustainable Tranche B. A portion of the debt (Tranche B) was

converted into equity and was valued at nil while the total consideration at point of tender was assigned to the collectible portion of Tranche A.

As of December 31, 2014 and 2013, loans receivable from BTI amounted to ₱4,443.96 million and ₱5,037.65 million comprising of principal and interest due until 2023, with quarterly interest payments and semi-annual principal payments (see Notes 6 and 11). Interest income amounted to ₱504.67 million and ₱475.82 million in 2014 and 2013, respectively.

Globe Telecom and BTI executed an agreement to jointly use BTI frequencies for their respective telecommunications services (see Note 25.8).

The summary of balances arising from related party transactions for the relevant financial year (in thousands) are presented in the next pages:

2014

	Amount/Volume			Outstanding Balance				Terms	Conditions
	Revenues	Cost and Expenses	Property and Equipment	Cash	Amounts Owed by Related Parties	Other Current Assets	Amounts Owed to Related Parties		
<b>Entities with joint control over Globe Group</b>									
AC	₱18,990	₱37,135	₱-	₱-	₱9,662	₱-	₱755	Interest-free, settlement in cash	Unsecured, no impairment
STI	671,989	243,871	-	-	79,191	-	146,759	Interest-free, settlement in cash	Unsecured, no impairment
<b>Jointly controlled entities</b>									
BMPL	-	23,765	-	-	-	-	2,367	Interest-free, settlement in cash	Unsecured, no impairment
BPI Globe BankO	6,812	-	-	-	7,160	-	-	Interest-free, settlement in cash	Unsecured, no impairment
<b>Associate</b>									
BTI	504,671	5,000	-	-	4,443,956	-	80,334	Loan receivable - 20 years, 9.60% to 11.55%; lease capacity provisioning - interest-free, settlement in cash	Unsecured, no impairment
<b>Other related parties</b>									
GGRP	68,015	-	-	-	968,000	-	-	3 years, 5%, settlement in cash	Unsecured, no impairment
BHI	11,304	-	-	-	158,620	-	-	3 years, 5%, settlement in cash ,	The ₱250.00 million is covered by a pledge agreement while the ₱ 45.00 million is fully secured by chattel mortgage agreement.
BEAM	-	155,000	-	-	-	-	-	Interest-free, settlement in cash	-
Altimax	-	90,000	-	-	-	-	-	Interest-free, settlement in cash	-
Key management personnel	-	277,215	-	-	-	-	-	Interest-free, excluding cash and cash equivalents, settlement in cash	Unsecured, no impairment
Others	479,923	171,873	64,300	1,385,635	218,837	-	15,454	Interest-free, excluding cash and cash equivalents, settlement in cash	Unsecured, no impairment
<b>Total</b>	<b>₱1,761,704</b>	<b>₱1,003,859</b>	<b>₱64,300</b>	<b>₱1,385,635</b>	<b>₱5,885,426</b>	<b>₱-</b>	<b>₱245,669</b>		

2013

	Amount/Volume		Outstanding Balance				Terms	Conditions
	Revenues	Cost and Expenses	Property and Equipment	Cash and Cash Equivalents	Amounts Owed by Related Parties	Amounts Owed to Related Parties		
<b>Entities with joint control over Globe Group</b>								
AC	<b>₱14,107</b>	<b>₱7,768</b>	<b>₱-</b>	<b>₱-</b>	<b>₱14,761</b>	<b>₱-</b>	Interest-free, settlement in cash	Unsecured, no impairment
STI	<b>957,232</b>	<b>241,526</b>	-	-	<b>201,216</b>	<b>60,484</b>	Interest-free, settlement in cash	Unsecured, no impairment
<b>Jointly controlled entities</b>								
BMPL	-	<b>3,762</b>	-	-	-	<b>977</b>	Interest-free, settlement in cash	Unsecured, no impairment
BPI Globe BankO	<b>541</b>	-	-	-	<b>1,107</b>	-		
<b>Associate</b>								
BTI	<b>475,822</b>	<b>5,000</b>	-	-	<b>5,037,653</b>	<b>9,500</b>		
<b>Other related parties</b>								
GGRP	<b>76,257</b>	-	-	-	<b>968,000</b>	-	5 years, 7.75%, settlement in cash	Unsecured, no impairment
BHI	<b>13,721</b>	-	-	-	<b>158,620</b>	-	5 years, 8.275%, settlement in cash	The ₱250.00 million is covered by a pledge agreement while the ₱45.00 million is fully secured by chattel mortgage agreement.
BEAM	-	<b>155,000</b>	-	-	-	-	Interest-free, settlement in cash	-
Altimax	-	<b>90,000</b>	-	-	-	-	Interest-free, settlement in cash	-
Key management personnel	-	<b>190,513</b>	-	-	-	-	Interest-free, settlement in cash	Unsecured, no impairment
Others	<b>439,702</b>	<b>346,280</b>	<b>60,437</b>	<b>166,074</b>	<b>212,391</b>	<b>72,440</b>	Interest-free, excluding cash and cash equivalents, settlement in cash	Unsecured, no impairment
<b>Total</b>	<b>₱1,977,382</b>	<b>₱1,039,849</b>	<b>₱60,437</b>	<b>₱166,074</b>	<b>₱6,593,748</b>	<b>₱143,401</b>		