

Globe Telecom, Inc.

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November 27, 2012

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Philippine Stock Exchange
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

For the attention of : Ms. Janet A. Encarnacion
Head - Disclosure Department

Subject : *philSTAR.com* news article

Dear Ms. Encarnacion,

We refer to your letter dated November 27, 2012 requesting our Company to comment on the news article entitled "Globe eyes up to 70% of Bayan for \$180 M" posted in *philSTAR.com* on November 27, 2012. The article reported in part that:

MANILA, Philippines – Ayala-owned Globe Telecom may end up owning as much as 70 percent of Lopez-controlled Bayan Telecommunications, industry sources said.

As planned, Globe will acquire \$180 million worth of debt papers, held by Bayan's IOU holders, which can later be converted into equity.

....

We would like to clarify that in our PSE disclosure of November 5, 2012, Globe Telecom, Inc. (Globe) commenced offers to purchase (the Debt Offers) up to 100% of the financial obligations of Bayan Telecommunications, Inc. (BTI) and Radio Communications of the Philippines, Inc. (RCPI) to their respective financial creditors (the Debt). The Debt Offers are conditioned on, among other things, acceptance by at least 70% of the holders of the unsecured financial indebtedness of BTI under the USD 13.5% bonds originally due in 2006 (the Notes); 70% of the outstanding financial indebtedness owed by BTI (the Loans); and 70% of the aggregate principal amount under the terms of the rehabilitation plan of BTI and RCPI.



The \$180 million mentioned in the article most likely refers to the aggregate remaining principal amount of the Notes as recognized under the rehabilitation plan of \$184.478 million, as Globe understands it. Globe is looking to buy both the loans and bonds with a total face value of approximately \$437 million at a price of up to \$0.31 for every \$1.00 of Debt or about \$136 million. The only reference to 70% relates to the minimum threshold before we commit to the tender.

Globe has commenced separate discussions with the controlling shareholders of BTI regarding a wide range of commercial arrangements, including a potential acquisition by Globe of an equity interest in BTI. The approval of the National Telecommunications Commission is required to complete the acquisition. The parties remain in discussions on the terms of the commercial arrangements, including the price and other conditions under which the acquisition may be effected. No definitive agreement has been executed at this time.

Very truly yours,
Globe Telecom, Inc.
By:



ALBERT M. DE LARRAZABAL
Chief Financial Officer