



March 7, 2008

The Philippine Stock Exchange
4/F PSE Center, Exchange Road
Ortigas Center, Pasig City

Attention: **Atty. Pete M. Malabanan**
Head, Disclosure Department

Gentlemen:

This pertains to your Memorandum to Philweb dated March 5, 2008 requesting the company to explain within 24 hours from receipt why there was no disclosure on the Resolution of the Board of Directors dated January 10, 2007 as quoted in the Secretary's Certificate of Ana Katigbak attached to the Memorandum.

Please note that the said resolution is only a logical consequence of the company's approved stock option plan which provides that up to 5% of the common stock may be allocated under the plan for awarding of options. The provisions of the stock option plan had been disclosed to the Exchange. When the outstanding capital stock of the company increased as a result of the subscription of ePLDT, Inc., a matter which had also been disclosed to the Exchange, the 5% reserved for the Company's stock option plan also increased.

Thus, we did not consider the resolution as material information which could potentially affect share prices. The matter becomes material when the options are actually awarded to qualified persons, and Philweb has always disclosed any award it grants under the stock option plan immediately after the options are awarded.

We hope this explanation will merit your favorable consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Cliburn Anthony A. Orbe", written over a horizontal line.

Atty. Cliburn Anthony A. Orbe
Corporate Information Officer