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INTERNATIONAL FINANCE CORPORATION

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Subject: IFC Investment in Philippine
Long Distance Telephone Company,
Philippines

IFC ASSIST'S EXPANSION OF TELEPHONE SERVICE
IN THE PHILIPPINES

The International Finance Corporation announced today that it is helping to finance an expansion program designed to keep up with the rapidly growing demand for telephone service in the Philippines.

IFC, the World Bank affiliate that invests in private businesses, has purchased a substantial portion of an \$11 million debenture issue by the Philippine Long Distance Telephone Company (PLDT). Organized in 1928, PLDT accounts for 75 per cent of all telephones in the Philippines.

The debenture issue is part of an estimated \$180 million, two-phase expansion program which is due to be completed in 1972. The program provides for a major increase in the number of telephones in service and for setting up additional long distance facilities.

The debentures have detachable warrants to purchase common stock. IFC purchased \$4.5 million of the debentures and the balance of the issue has been sold to institutional investors in the United States, in a private placement arranged by Loeb, Rhoades & Co., and House of Investments, Inc., PLDT's investment bankers, in New York and Manila respectively. PLDT stock is listed on the American and Pacific Coast Exchanges and on the Manila and Makati Stock Exchanges in the Philippines.

The terms of the debenture issue provide for repayment by December 1979, with a provision for extension of final maturity until 1984 upon renewal of PLDT's franchise.

(more)

In 1967, a group of Philippine businessmen formed Philippine Telecommunications Investment Corporation (PTIC), which purchased the holdings in PLDT of General Telephone & Electronics Corporation (GT&E) of the United States and took over management and control of PLDT. GT&E continues to provide technical assistance to PLDT.

In recent years, PLDT's expansion has been accelerated to meet rapidly increasing demand in the Philippines for telecommunications facilities. The first phase of a \$180 million expansion program, completed in 1967, increased the number of telephones serviced by PLDT by 43,000, bringing the total to 154,000. The first phase also included conversion of several manual exchanges to automatic switching, and substantial expansion of long distance telephone facilities.

IFC's investment in PLDT is its third in the Philippines. In 1962, IFC made a \$4.4 million standby commitment for a common stock offering of the then newly organized Private Development Corporation of the Philippines, of which \$4.2 million was taken up at the outset by investors in the Philippines and the remaining \$205,217 was acquired by IFC and subsequently sold by the Corporation in the Philippines. In 1967, IFC made its first commitment to a private utility by making a \$12 million investment, comprising both equity and a long-term loan, to the Manila Electric Company.

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