Philippine Long Distance Telephone Company

First Half 2008
Financial and Operating Results

5 August 2008

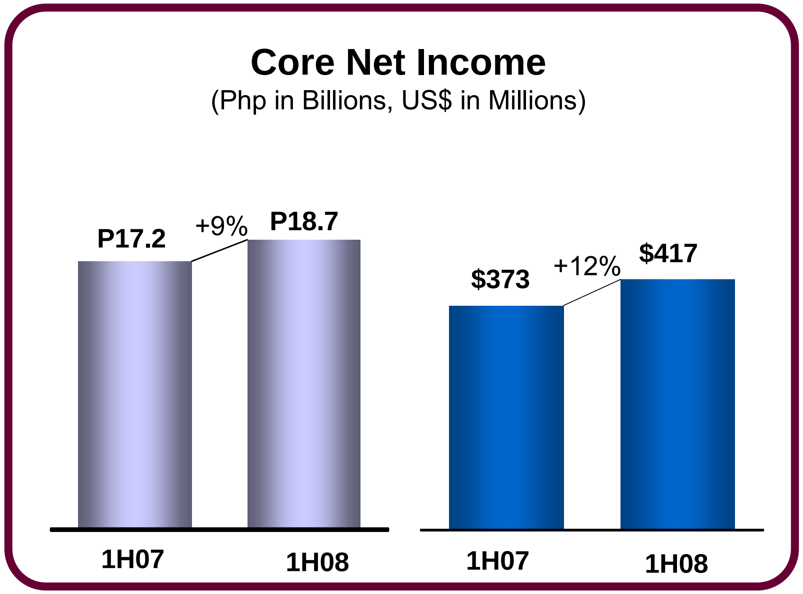
PLDT Group: 1H 2008 Financial Highlights

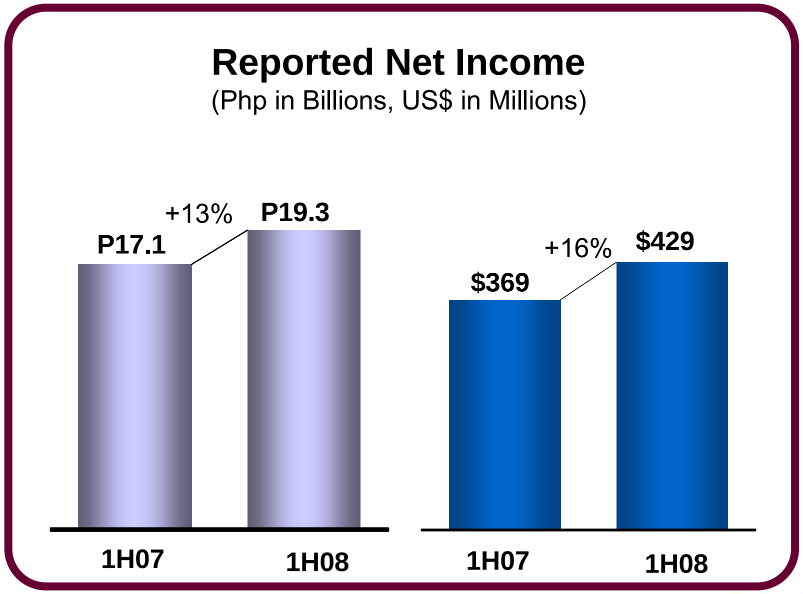
	1H 2008 (unaudited)	1H 2007 (unaudited)		% Y-o-Y
Service Revenues	P70.3bn	P67.1bn	↑	5%
EBITDA	P43.8bn	P41.9bn	↑	4%
EBITDA Margin	62%	62%		
Income Before Tax	P30.1bn	P26.1bn	↑	15%
Reported Net Income	P19.3bn	P17.1bn	↑	13%
Reported Net Income	$429mn	$369mn	↑	16%
Core Net Income	P18.7bn	P17.2bn	↑	9%
Core Net Income	$417mn	$373mn	↑	12%
Core EPS	P97.92	P90.16	↑	9%
Period-end PhP:US$1	P44.896	P46.246	↓	3%
Period-average PhP:US$1	P42.007	P47.745	↓	12%

* Peso/$ exchange rate at 31 December 2007: P 41.411

PLDT Group: Core and Reported Net Income

- **Core net income grew by P1.5bn or 9% to P18.7bn in 1H08 due to:**
  - Increases in service revenues and EBITDA of 5% and 4%, respectively
  - Decrease in financing costs by 19%
- **Reported net income up by 13% to P19.3 bn on account of:**
  - Increase in net gains from forex and derivatives of 7%
  - P 1.0bn additional depreciation booked in 2007
- **We recognized a net gain on forex revaluation and derivative transactions amounting to P 900mn during 1H08 composed of:**
  - A one-time gain of P 700mn resulting from the de-designation of the PO swaps and option contracts as hedges
  - P 200mn net gain resulting from a forex revaluation loss for our financial assets and liabilities and a MTM gain for our derivative instruments for the first half 2008





PLDT Group: Capital Management

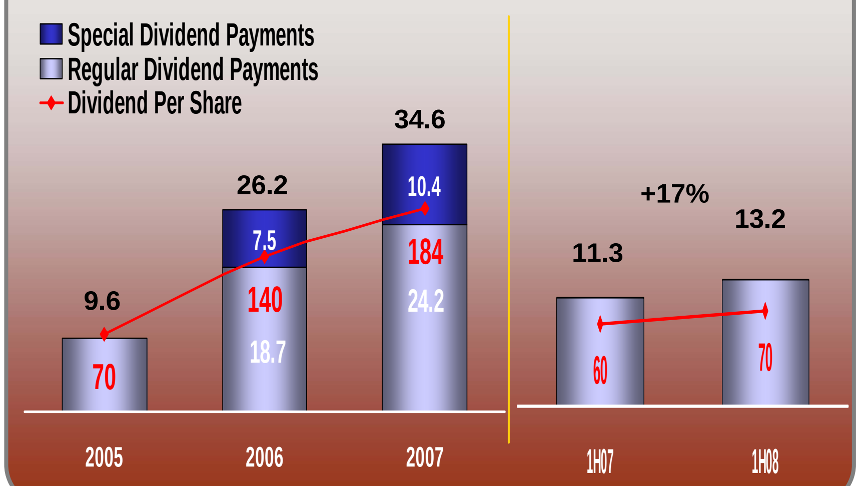
- Consistent with the committed 70% dividend payout ratio, PLDT declared an interim cash dividend of P 70/share, a 17% increase over the P 60 interim dividend in 2007
- Approximately 1.74mn shares (out of 2mn shares under the approved buyback program) have been bought back into treasury as of 16 July 2008 at an average cost of P2,532/share for a total of P4.4bn
- 1.3% net increase in EPS resulting from the buyback of 2mn shares
- An additional 2mn shares have been approved for buyback by the Board

Dividend Declaration

Declaration Date	5 August 2008
Record Date	22 August 2008
Payment Date	22 September 2008
Interim Regular Dividend for 2008	P 70 per share

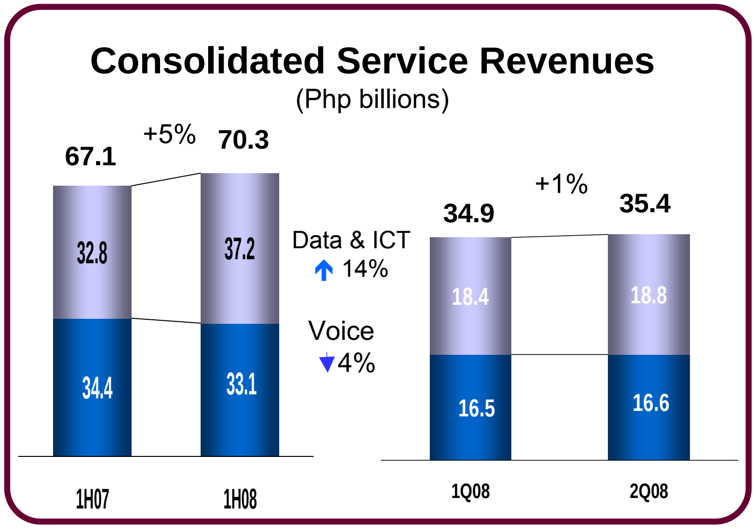
Dividend Payments

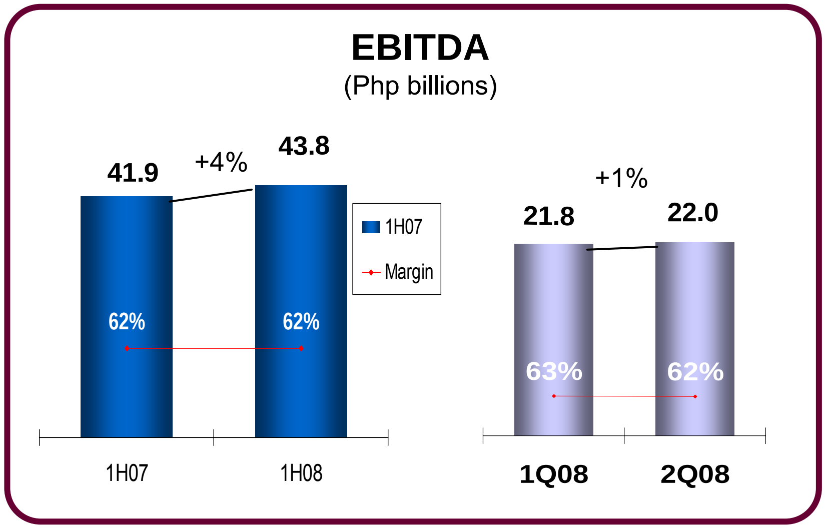
(PhP billions, except per share amount)



PLDT Group: Service Revenues and EBITDA

- **Consolidated service revenues increased by 5% to P 70.3bn from P67.1bn in 1H08 due to:**
  - 14% growth in data and ICT which accounted for 53% of total service revenues, and which included a 48% growth in broadband revenues
  - 4% decline in voice revenues resulting from the peso’s appreciation which offset increases in voice traffic
  - 1H08 registered growth despite 1H07 having had the benefit of election spend
  - 2Q08 consolidated service revenues grew by 1% q-o-q to P 35.4bn from P 34.9bn in 1Q08
- **Approximately 27% of 1H08 consolidated service revenues are US$ linked**
  - Net of hedges, only 12% of consolidated service revenues are exposed to the peso’s movement
  - Service revenues in 1H08 would have grown by an additional P 1.2bn or 2% had the peso remained stable, resulting in a 7% growth year-on-year
- **EBITDA grew by P1.9bn or 4% y-o-y to P43.8bn in 1H08 while EBITDA margin was stable at 62%**
  - Wireless margin at 65%
  - Fixed line margin at 55%
  - ICT margin at 10%
- **Consolidated EBITDA grew by 1% q-o-q to P 22bn in 2Q08; wireless EBITDA increased by 5% q-o-q**





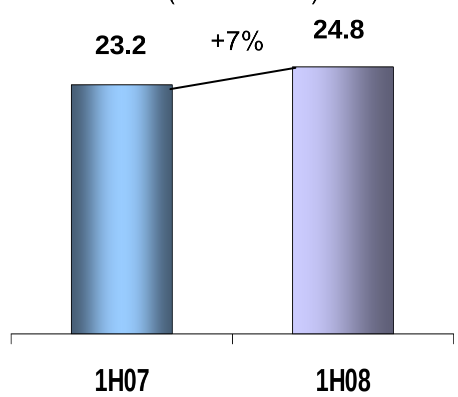
Cash Opex: Exercising Tight Management

- **1H08 consolidated cash opex grew by P 1.6bn or 7% year-on-year to P 24.8bn**
  - P 1bn in higher compensation costs and manpower reduction expenses were offset by lower accruals related to a share-based incentive plan
  - Maintenance expenses that included the cost of improving our quality of service as well as electricity and fuel costs increased by 18% or P 616mn year-on-year
- **Margin pressure felt in the fixed line and ICT businesses:**

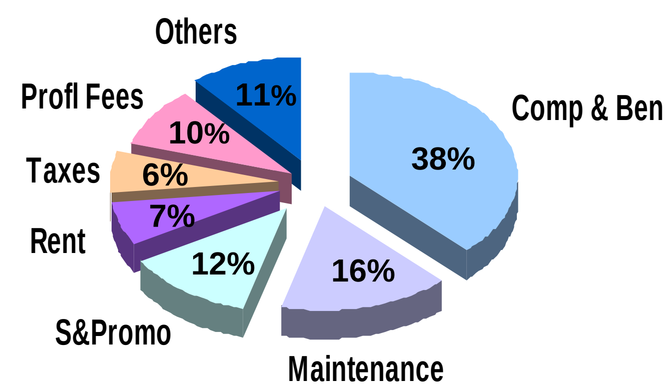
  Fixed Line: certain expenses are, to a degree, externally-determined
  - Though consumption can be managed internally, factors such as per kilowatt-hour cost of electricity and fuel cost per liter are outside our control
  - The fixed line business must abide by wage increases mandated by law and bargaining agreements; though implementation of a series of manpower reduction programs have been key in managing costs

  ICT: Wage pressure experienced due to competition for BPO workers

Consolidated Cash Operating Expenses
(in P billions)



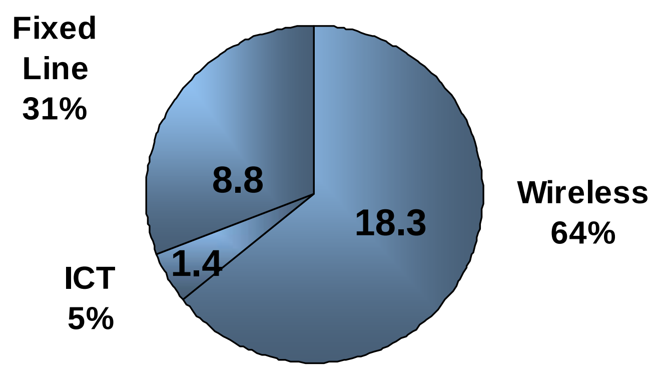
1H08 Breakdown of Cash Operating Expenses
(% of Total)



PLDT Group: Capex and Free Cash Flow

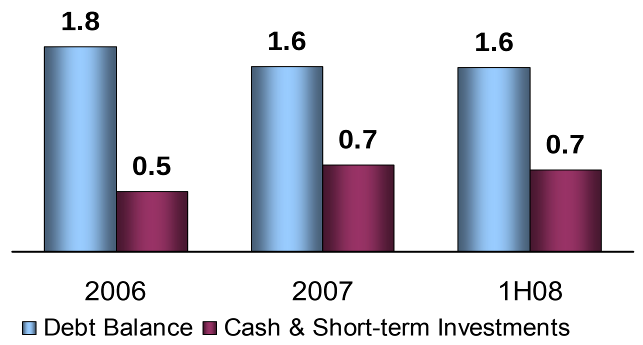
- **Free cash flow of P 28.2bn generated in 1H08, P 3.8bn higher than P 24.4bn in 1H07**
  - Capex at 1H08 amounted to P8.7bn, lower by P 1.3bn compared to last year
- **Capex guidance for 2008 raised to P 28.5bn from P 25.4bn**
  - Higher capex to support higher than expected wireless and broadband subscriber growth and accelerated investments in wireless broadband capacity
  - Part of 2008 capex is investment in our second cable landing station and the Asia America Gateway for additional international bandwidth capacity and redundancy
- **Net debt stood at US$0.9bn and net debt/EBITDA at 0.5x as of 1H08**

2008 Capital Expenditures by Business Unit



Total P28.5 billion

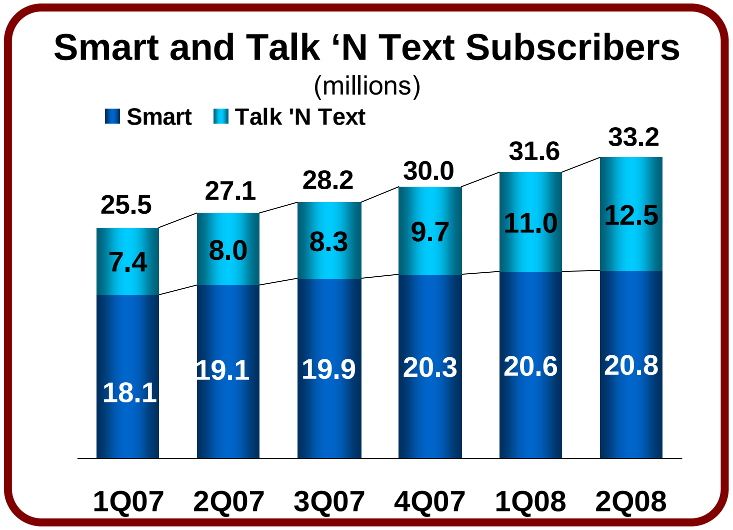
Debt Balance
(US$ billions)

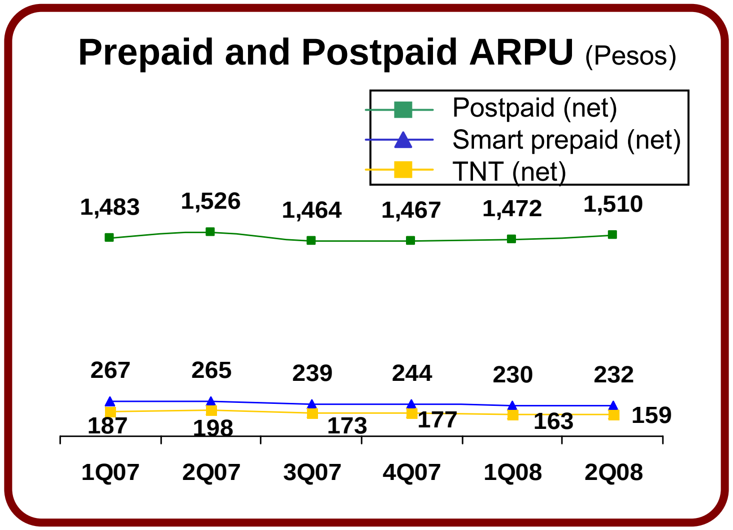


	2006	2007	1H08
Net Debt/ EBITDA	**0.8x**	**0.4x**	**0.5x**

SMART: Remaining Strong

- **The combined Smart and TNT subscriber base exceeded 33.2mn as at end June 2008, reflecting a 23% growth year-on-year**
  - Net adds of 3.2mn subscribers for 1H08, higher than the 2.9mn net adds for 1H07
  - Of the 3.2mn net adds, 2.8mn are TNT subs, nearly three times the TNT net adds at 1H07
  - Though 2Q08 net adds grew by 5% quarter-on-quarter, growth is expected to slow down in 3Q due to seasonality and possible creeping impact of inflation
- **Net blended ARPU decreased by 16% year-on-year to P 220 but margins remained above 60%**
- **Prepaid subscriber acquisition costs recovered in about a week's time, with SAC equivalent to approximately 22% of net blended prepaid ARPU of P 206 in 1H08**



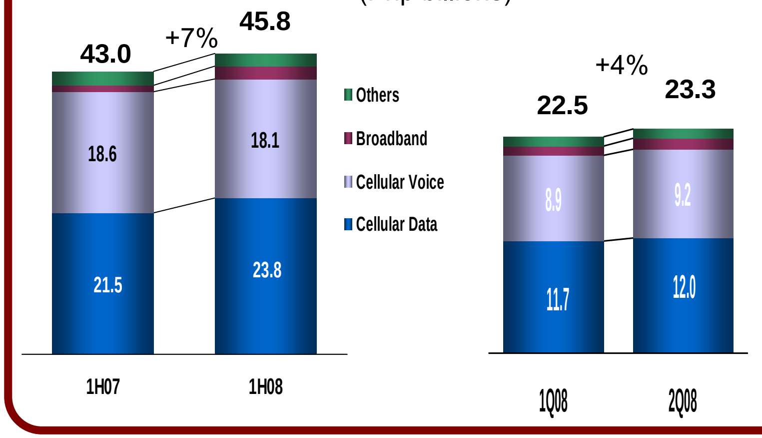


SMART: Registering Increases

- Wireless service revenues were up 7% to P45.8bn and contributed 65% to total service revenues in 1H08 driven by:
  - + 11% increase in cellular data revenues
  - + 109% growth in wireless broadband revenues
- Growth in revenues achieved despite 16% decline in net blended ARPUs due to a 23% increase in subscribers
- Data services made up 55% of cellular service revenues in 1H08 up from 52% in 1H07, with bucket-priced SMS packages now comprising 57% of total cellular data revenues
- EBITDA improved by 5% to P29.7bn in 1H08
- EBITDA margin declined slightly to 65% in 1H08 due to a one-time charge in the satellite business in the first quarter of 2008
- Wireless service revenues for 2Q08 grew by 4% q-o-q to P 23.3bn, while EBITDA increased by 5% q-o-q

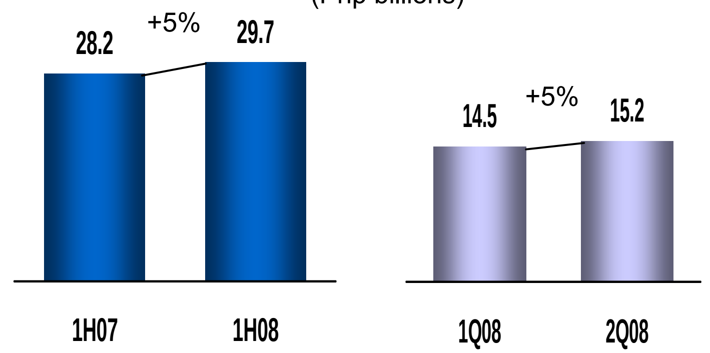
Service Revenues

(Php billions)



EBITDA

(Php billions)



Margin	66%	65%	64%	65%

Smart: Responding to Market Dynamics

- **Penetration continues to rise, with the headline rate now hovering at 68%**
- **"Bucket" load packages are the dominant top-up preference, indicative of subscriber affordability issues**
  - LahaTxt/All Text 20/Gaan Text 10 where tariffs are as low as P0.15/SMS
  - Flat Rate/All Calls 20/Gaantalk where voice rates range from P1.00-P3.00/minute
- **Segmentation approach clearly a defining driver of Smart's continued growth despite the difficult economic environment**
- **Bearing in mind that our prepaid subscribers are the segment most affected by price increases and in support of government efforts to alleviate this burden, we continue to offer relevant and affordable products and services**

Smart: Setting the Standard

- SMART Bro Plug-It prepaid
  - launched in late March 2008
  - mobility provided by USB/dongle which can be plugged into a laptop
  - P 10 for every 30-minute use
  - Over 32,000 subscribers as of end-June 2008 with ARPU of P395

SMART Buddy

Uzzap

- Uzzap, the country's first flat-rate, all-in-one, unlimited instant messaging service
- Uzzap is an Internet protocol (IP)-based, downloadable application which allows users to merge several messaging services such as SMS, instant messaging, and email into their mobile phone
- Trial user base already over 45K after less than a month from launch

SMART

MUSIC STORE

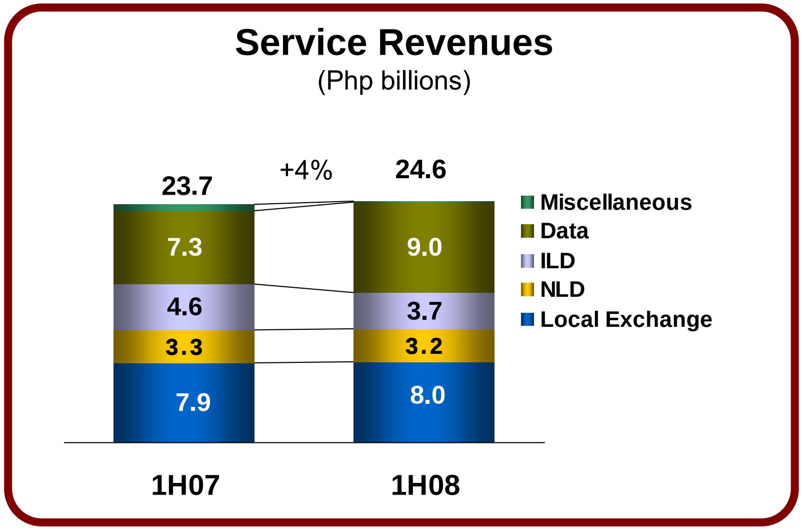
The first ONE-STOP MUSIC SHOP that offers ..
Largest Music catalogue
Exclusive Content
First Heard on mobile

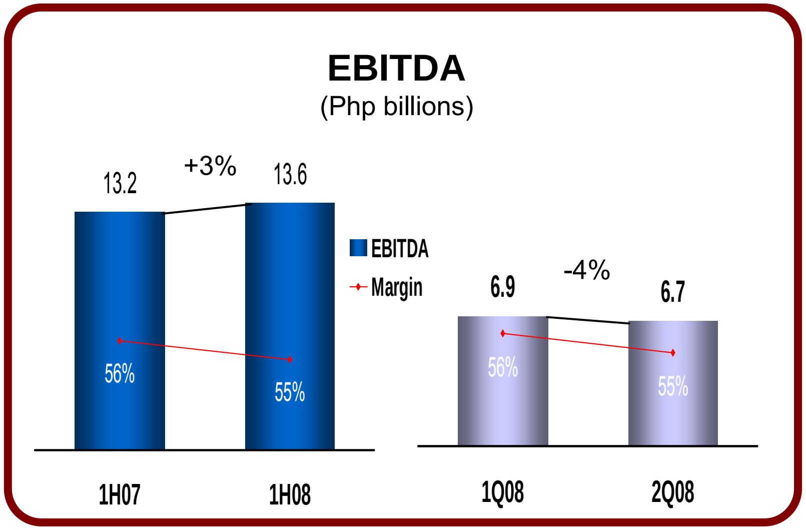
Available in all formats
Full Tracks, True Tones, RBT

SMART Ideas People Love

SMART Buddy | SMART MONEY | SMART Bro | SMART GOLD | TALK 'N TEXT

Fixed Line: Showing Modest Growth





- **Fixed line service revenues increased 4% to P24.6bn in 1H08 due to the combined impact of:**
  - \+ Increase in corporate data and DSL service revenues
  - \+ Stable LEC and NLD revenues
  - – Decrease in ILD revenues due to the negative impact from the stronger peso, reduction in average termination rates and decreases in call volumes
- **Data service revenues contributed 36% to fixed line service revenues compared to 31% in the same period last year, compensating for the decline in ILD revenues**
- **Fixed line service revenues would have increased by P 400mn or another 2% year-on-year if the peso remained stable**
- **EBITDA improved 3% to P13.6bn in 1H08 due to higher revenues**
- **EBITDA margin declined slightly to 55% in 1H08**

Fixed Line: Tapping New Markets

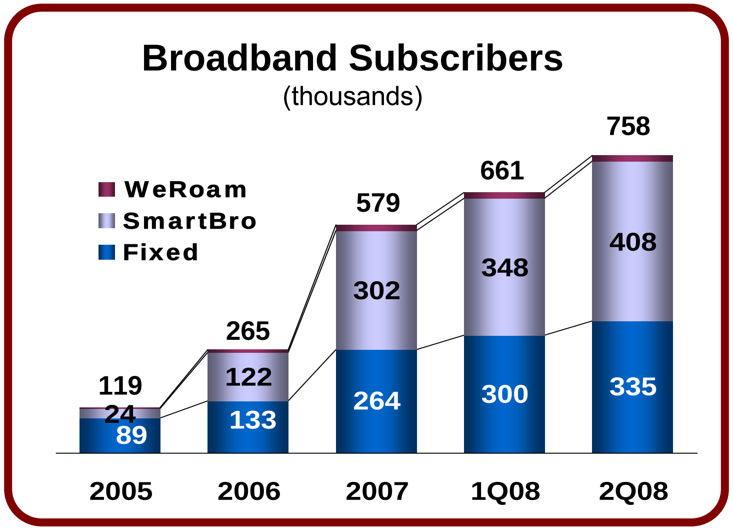
- Our Corporate Business Group continues to aggressively offer various packages providing data services, connectivity, bundled products (hardware, software, connectivity) to corporate clients, making PLDT the partner-of-choice for many corporations in the Philippines
- Our corporate segmentation strategy has identified niche markets to address ; among those we serve: the banking and financial sector, the electronics and semi-conductor industry and the outsourcing/BPO industry
- Efforts are also focused on tapping a growing and previously underserved market: the Small and Medium-sized Enterprises (SMEs) estimated to be around 300,000 in number
- The corporate market has needs which cannot be fully served by wireless applications, thus ensuring a steady source of demand for fixed-line services

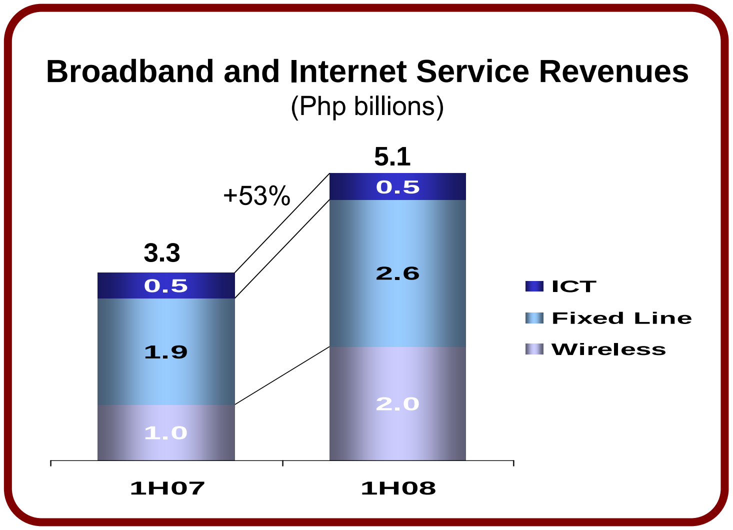
PLDT landline PLUS — NO WAiT, NO WiRES

- A fixed-wireless telephone line that serves as an alternative basic voice communication for customers in areas with limited or no available PLDT fixed facilities
  - Runs on PLDT's fixed and wireless networks
  - Capable of inbound/outbound calls, DDD, SMS
  - Wider coverage area

- Postpaid service launched in March 2007 followed by the launch of prepaid service in March 2008
- Over 116,000 subs at the end of June 2008; to-date: approx. 70,000 are postpaid and over 46,000 prepaid

Broadband: Expanding Rapidly

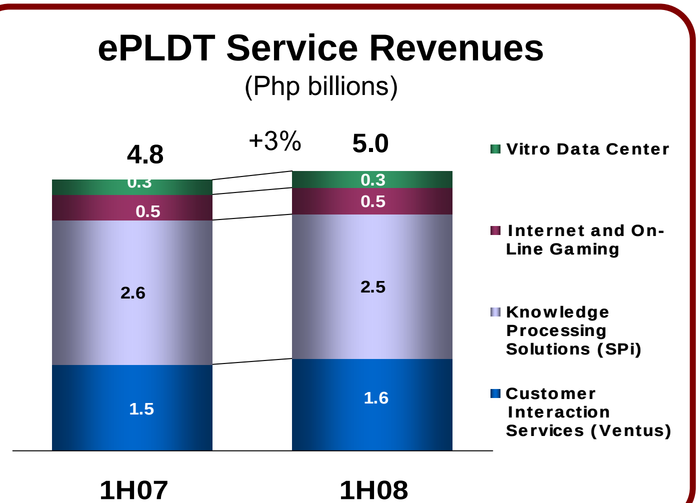


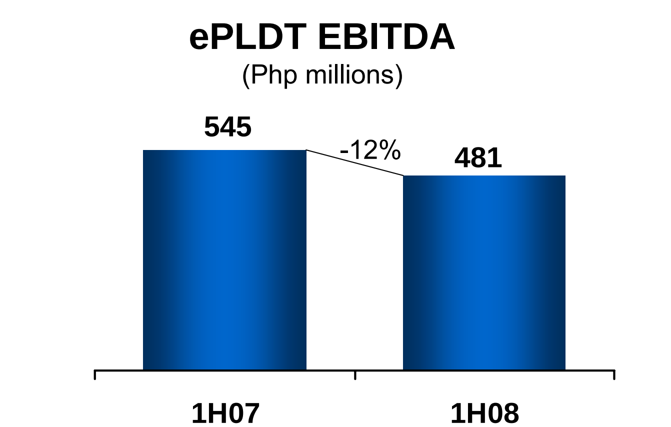


- **PLDT DSL, *SmartBro* and *WeRoam* added 179,000 subscribers during 1H08, representing an increase of 31% from the end of 2007**
  - *SmartBro,* the most widely available broadband service provider in the country today, added more than 106,000 in 1H08, growing its base to 408,000 at the end of the period
  - DSL subscribers grew by over 70,000 in 1H08 to reach 335,000 subscribers
- **PLDT Group's total DSL, wireless broadband and internet service revenues increased 53% to P5.1bn, representing 7% of service revenues in 1H08**
- **PLDT has over 70% of market share for total broadband connects**
- **Broadband has the potential to develop in a similar way as cellular:**
  - **Cost of PCs/laptops and access devices declining**
  - **Prepaid, sachet-priced offerings available for as low as P 10 for 30-minute usage**
  - **Number of unique internet users among Filipinos continues to rise**

ePLDT: Managing Challenges

- **ePLDT's service revenues increased by 3% to P5.0bn due to:**
  - \+ 8% increase in call center (Ventus) revenues
  - \+ 15% increase in data center revenues
  - \- KPS/SPi revenues varied, with revenues in publishing and medical billing broadly in line with expectations; while healthcare and legal have been disappointing
- **ePLDT contributed 7% of PLDT Group service revenues in 1H08**
- **About 85% of ePLDT's service revenues come from Ventus and SPi; of the total Ventus and SPi revenues, 33% is accounted for by call centers, 23% by publishing, 19% by medical billing, 13% by legal, and 12% by medical transcription**
- **ePLDT's consolidated EBITDA margin declined to 10% in 1H08 due to:**
  - – the negative impact of the 12% peso appreciation on ePLDT's dollar service revenues; most felt in CIS/voice business where dollar revenues grew by 13% but peso equivalent grew by only by 8%
  - – Increase in cash operating expenses by 3%, specifically compensation, maintenance and rent costs





Margin	11%	10%

ePLDT: Fine-tuning the Verticals

- **Combined number of employees for Ventus and SPi at nearly 14,600**
- **Number of sites stands at 22: 15 for KPS and 7 for CIS**
- **CIS/voice business has a healthy pipeline of new contracts and expansion of existing contracts**
  - 23% growth in dollar revenues from top two customers partially negated by reduction in dollar revenues generated from a certain aggregator
  - Signed up new clients with gradual ramp up of 1,000 seats by end of the year
  - Expansion at Iloilo site (+150 seats) and Sampaloc center (+ 350 seats)
- **Outlook for the various KPS/non-voice business verticals vary:**
  - ***Publishing***: performing at consistently profitable levels; leads for new customers and service lines being developed
  - ***Medical billing***: also continues to be profitable; strong pipeline of new opportunities identified
  - ***Legal***: Revenue decline in 2Q08 due to seasonality typical of the business; increased sales efforts continue to be pursued
  - ***Medical transcriptions***: Revenue decline in 2Q08 due to seasonality and some loss of customers; quality and turn around times have improved; focus on sales generated encouraging pipeline of opportunities and confirmed new contracts; turnaround expected to take some time
- **ePLDT's other businesses registering contributions:**
  - Vitro Data Center service revenues up 15% year-on-year at P 296mn and EBITDA margin at 19%
  - Internet (Infocom and Netopia) and On-line gaming (Level Up) revenues grew by 9% year-on-year to P 473mn

PLDT Group: Affirming Guidance for 2008

Service Revenues	P 145 billion	• 7% growth over 2007 • P 10 billion increase
EBITDA	P 87 billion	• 5% growth over 2007 • P 4 billion increase
Core Net Income	P 37 billion	• 5% growth over 2007 • P 1.8 billion increase
Capital Management	Dividend Payout Ratio: 70% of Core EPS + "look back" approach Buyback of up to another 2 million common shares in addition to the 2 million approved in January 2008	
Capex	P 28.5 billion	

Except for historical financial and operating data and other information in respect of historical matters, the statements contained herein are “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, and Section 21E of the U.S. Securities Exchange Act of 1934. The words “believe”, “plan”, “anticipate”, “continue”, “estimate”, “expect”, “may”, “will” or other similar words are frequently used to indicate these forward looking statements. Any such forward-looking statement is not a guarantee of future performance and involves a number of known and unknown risks, uncertainties and other factors that could cause the actual performance, financial condition or results of operation of PLDT to be materially different from any future performance, financial condition or results of operation implied by such forward-looking statement. Among the factors that could cause actual results to differ from the implied or expected results are those factors discussed under “Risk Factors” in Item 3 in PLDT’s annual report on Form 20-F.

Appendix

1H 2008: Consolidated Financial Highlights

Consolidated Statement of Income *(in million pesos)*	1H 2008 Wireless	1H 2008 Fixed Line	1H 2008 ICT	1H 2008 Consolidated	1H 2007 Consolidated	% Change
Service Revenues	45,779	24,582	4,964	70,347	67,141	5%
Cash operating expenses	14,869	10,538	4,414	24,780	23,173	7%
EBITDA[1]	29,659	13,613	481	43,781	41,920	4%
EBITDA Margin	*65%*	*55%*	*10%*	*62%*	*62%*	
Depreciation	6,188	6,111	423	12,722	12,876	-1%
Financing costs	1,098	2,035	89	3,222	3,989	-19%
Income before income tax	21,870	8,241	2	30,069	26,109	15%
Provision for (benefit from)income tax	7,619	2,824	(6)	10,437	8,757	19%
Core net income [2]	14,681	4,106	(41)	18,707	17,231	9%
Reported net income	13,869	5,415	30	19,270	17,079	13%

(1) EBITDA calculation provided in the appendix
(2) Consolidated net income before certain adjusting items and excluding gains/losses on foreign exchange/derivatives (after tax)

Foreign Exchange Rates:

	30-Jun-08	30-Jun-07	31-Dec-07
Php per US$	Php44.896	Php46.246	Php41.411

Revenues

(in million pesos)	1H 2008 Wireless	1H 2008 Fixed Line	1H 2008 ICT	1H 2008 Consolidated	1H 2007 Consolidated	% Change
Service Revenues						
Wireless						
Cellular	43,013			43,013	41,082	5%
Broadband	1,948			1,948	930	109%
VSAT and other services	818			818	952	-14%
Fixed line						
Local exchange		8,031		8,031	7,941	1%
International long distance		3,669		3,669	4,562	-20%
National long distance		3,244		3,244	3,255	0%
Data and other network		8,951		8,951	7,251	23%
Miscellaneous		687		687	700	-2%
ICT						
Knowledge processing solutions			2,549	2,549	2,561	-
Customer interaction services			1,647	1,647	1,531	8%
Internet and online gaming			473	473	457	4%
Vitro data center			295	295	257	15%
Inter-segment transaction				(4,978)	(4,338)	15%
Total Service Revenues	45,779	24,582	4,964	70,347	67,141	5%
Non-Service Revenues	910	179	201	1,290	1,393	-7%
Inter-segment transaction	-	-	-	(35)	(77)	-55%
	910	179	201	1,255	1,316	-5%
Interest income	652	227	9	888	646	37%
Foreign exchange gain	-	-	-	-	995	-100%
Gain (loss) on derivatives	(148)	4,188	(31)	4,009	-	100%
Inter-segment transaction	-	-	-	(8)	-	-100%
	(148)	4,188	(31)	4,001	-	100%
Other Income	205	953	28	1,186	500	137%
Inter-segment transaction	-	-	-	(62)	(47)	32%
	205	953	28	1,124	453	148%
Total Revenues and Other Income	47,398	30,129	5,171	77,615	70,551	10%

Expenses

(in million pesos)	1H 2008 Wireless	1H 2008 Fixed Line	1H 2008 ICT	1H 2008 Consolidated	1H 2007 Consolidated	% Change
Operating expenses						
Compensation and employee benefits	2,381	4,088	2,872	9,372	9,854	-5%
Repairs and maintenance	2,156	1,932	281	4,057	3,442	18%
Selling and promotions	2,206	763	98	3,066	2,499	23%
Professional and other contracted services	1,239	1,077	363	2,347	2,325	1%
Rent	4,604	963	345	1,656	1,410	17%
Taxes and licenses	935	619	48	1,600	1,288	24%
Communication, training and travel	524	309	264	980	886	11%
Insurance and security services	352	289	28	634	586	8%
Other operating expenses	472	498	115	1,068	883	21%
Cash operating expenses	14,869	10,538	4,414	24,780	23,173	7%
Depreciation and amortization	6,188	6,111	423	12,722	12,876	-1%
Provisions	-	14	-	14	19	-26%
Asset impairment	223	490	6	719	732	-2%
Amortization of intangible assets	66	-	114	180	181	-1%
Non-cash operating expenses	6,477	6,615	543	13,635	13,808	-1%
Total operating expenses	21,346	17,153	4,957	38,415	36,981	4%
Cost of sales	1,938	106	264	2,308	2,634	-12%
Equity share in net losses of associates	46	-	-	46	9	411%
Financing costs	1,098	2,035	89	3,222	3,989	-19%
Loss on derivative transactions, net	-	-	-	-	829	-100%
Foreign exchange losses (gains), net	1,100	2,594	(141)	3,555	-	100%
Total Expenses	25,528	21,888	5,169	47,546	44,442	7%

EBITDA

(in million pesos)	1H 2008 Wireless	1H 2008 Fixed Line	1H 2008 ICT	1H 2008 Consolidated	1H 2007 Consolidated	% Change
Income before tax	21,870	8,241	2	30,069	26,109	15%
Add (deduct):						
Depreciation	6,188	6,111	423	12,722	12,876	-1%
Financing costs	1,098	2,035	89	3,222	3,989	-19%
Asset impairment	-	-	-	-	21	-100%
Amortization of intangible assets	66	-	114	180	181	-1%
Equity share in net loss of subsidiaries	46	-	-	43	9	378%
Losses (gains) on derivatives, net	148	(4,188)	31	(4,001)	829	-583%
Foreign exchange losses (gains), net	1,100	2,594	(141)	3,555	(995)	-457%
Interest income	(652)	(227)	(9)	(888)	(646)	37%
Other income	(205)	(953)	(28)	(1,121)	(453)	147%
EBITDA	29,659	13,613	481	43,781	41,920	4%
EBITDA Margin	65%	55%	10%	62%	62%	

Financing Costs

(in million pesos)	1H 2008 Wireless	1H 2008 Fixed Line	1H 2008 ICT	1H 2008 Consolidated	1H 2007 Consolidated	% Change
Interest on loans and related items	817	2,211	17	3,045	3,636	-16%
Accretion on financial liabilities	405	8	72	485	562	-14%
Dividends on CPS	4	-	-	4	9	-56%
Financing charges	1	29	-	30	37	-19%
Capitalized interest	(129)	(213)	-	(342)	(255)	34%
Total	1,098	2,035	89	3,222	3,989	-19%

Core Net Income

(in million pesos)	1H 2008 Wireless	1H 2008 Fixed Line	1H 2008 ICT	1H 2008 Consolidated	1H 2007 Consolidated	% Change
Reported net income	13,869	5,415	30	19,270	17,079	13%
Add (deduct):						
Foreign exchange and derivative losses (gains)	1,248	(2,014)	(109)	(866)	(811)	7%
Additional depreciation	-	-	-	-	1,013	-100%
Asset impairment	-	-	-	-	21	-100%
Tax effect	(436)	705	38	303	(71)	-527%
	14,681	4,106	(41)	18,707	17,231	9%

Cash Flows

(in million pesos)	1H 2008 Wireless	1H 2008 Fixed Line	1H 2008 ICT	1H 2008 Consolidated	1H 2007 Consolidated	% Change
Net cash from operations	22,745	16,759	881	40,385	38,524	5%
Add(Deduct):						
Capital expenditures	(5,032)	(3,294)	(358)	(8,683)	(9,966)	-13%
Other investing activities	(27)	791	(383)	380	726	-48%
Interest, net	(247)	(1,744)	(6)	(1,996)	(3,144)	-37%
Dividends from Smart	-	10,000	-	-	-	
Preferred share dividends	(1)	(62)	-	(63)	(73)	-14%
Others	738	(2,710)	123	(1,848)	(1,678)	10%
Free cash flow	18,177	19,741	257	28,176	24,388	16%
Common share dividends	(10,000)	(23,366)	-	(23,366)	(9,386)	149%
Investments	(2,025)	(175)	(22)	(2,596)	(1,686)	54%
Redemption of investments	-	1,187	-	1,187	11	-
Common share buyback	-	(3,553)	-	(3,553)	-	-100%
Redemption of preferred shares	-	-	-	-	(14)	100%
Debt availment, net	6	862	25	893	(8,539)	-110%
Change in cash	6,159	(5,305)	260	740	4,774	-84%
Cash balance, beginning[1]	19,028	10,833	1,000	30,862	25,197	22%
Cash balance, end[1]	25,187	5,528	1,260	31,602	29,971	5%

(1) Includes short-term investments

Balance Sheet

(in million pesos)	Consolidated	
	June 30, 2008	December 31, 2007
Total Assets	237,158	240,158
Nominal Value of Total Debt	71,028	65,112
in US$	*$1,582*	*$1,572*
Less: Unamortized Debt Discount	4,513	4,472
Total Debt	66,515	60,640
Cash and short-term investments	31,602	30,862
Net Debt (2)	39,426	34,250
Equity	105,928	112,511
Total Debt(1)/Equity	0.67x	0.58x
Net Debt(2)/Equity	0.37x	0.30x
Total Debt(1)/EBITDA	0.84x	0.79x
Net Debt (2)/EBITDA	0.46x	0.41x

(1) Nominal value of total debt
(2) Net Debt calculated based on nominal value of debts less cash and short-term investments

Earnings Per Share

	1H 2008		1H 2007	
	Basic	Diluted	Basic	Diluted
Net Income	19,270	19,270	17,079	17,079
Dividends on preferred shares	(227)	(227)	(227)	(227)
Adjustments for preferred shares deemed dilutive				
Dividends on preferred stock subject to mandatory redemption charged to expense for the period	-	-	-	9
Accretion of preferred stock subject to mandatory redemption	-	-	-	71
Foreign exchange gain on preferred stock subject to mandatory redemption	-	-	-	(67)
Net Income applicable to common shares	19,043	19,043	16,852	16,865
Outstanding common shares, beginning	188,741	188,741	188,435	188,435
Effect of issuance of common shares during the period	370	370	161	161
Weighted average number of shares under ESOP during the period	-	14	-	50
Effect of issuance of purchase of treasury stocks during the period	(381)	(381)		
Common shares equivalent of preferred shares deemed dilutive:				
Preferred Stock Series VI	-	-	-	743
Weighted average number of shares, end	188,730	188,744	188,596	189,389
EPS (based on reported net income)	**100.90**	**100.89**	**89.35**	**89.05**
Core Net Income	18,707	18,707	17,231	17,231
Adjustments for preferred shares deemed dilutive	(227)	(227)	(227)	(214)
Net Income applicable to common shares	18,480	18,480	17,004	17,017
Weighted average number of shares, end	188,730	188,744	188,596	189,389
EPS (based on core net income)	**97.92**	**97.91**	**90.16**	**89.85**

Interest-bearing Liabilities

(in millions)	June 30, 2008 Carrying Value	June 30, 2008 Unamortized Debt Discount	June 30, 2008 Face Value	December 31, 2007 Face Value	Change
Debt					
PLDT	**$843**	**$9**	**$851**	**$830**	**$21**
Smart	**605**	**92**	**697**	**702**	**(5)**
2014 Debt	193	90	283	283	-
Others	412	2	414	419	(5)
Others*	**33**	**-**	**33**	**40**	**(7)**
Total Debt	**$1,481**	**$101**	**$1,582**	**$1,572**	**$10**
Obligations under capital lease	**$4**	**-**	**$4**	**$4**	**-**
Preferred Stocks Subject to Mandatory Redemption					
Series V & VI	**$0.3**	**-**	**$0.3**	**$25.8**	**($25.5)**

**Includes notes payable of US$12.6mn or PhP567mn*

Quarterly Consolidated Financial Highlights

(in million pesos)	2008 (Unaudited) 1Q	2008 (Unaudited) 2Q	2007 2Q	% Change 2Q08 vs. 2Q07
Service Revenues	34,933	35,414	34,069	4%
Non-service Revenues	482	773	703	10%
Less: Cost of sales	919	1,389	1,413	-2%
Operating Expenses				
Cash operating expenses	12,377	12,449	11,432	9%
Non-cash operating expenses	6,758	6,877	8,049	-15%
	19,135	19,326	19,481	-1%
Operating Income	15,361	15,472	13,878	11%
EBITDA	21,836	21,946	21,432	2%
EBITDA Margin	*63%*	*62%*	*63%*	
Other Income	707	1,305	555	135%
Other Expenses:				
Interest on loans and related items	1,279	1,766	1,779	-1%
FX and derivatives (gain)/loss	(1,688)	821	(533)	-254%
Others	310	286	448	-36%
	(99)	2,874	1,694	70%
Income before income tax	16,167	13,902	12,739	9%
Provision for income tax	5,560	4,877	4,157	17%
Net income, as reported	10,446	8,824	8,465	4%
Core net income [1]	9,343	9,364	8,797	6%