Philippine Long Distance Telephone Company

80 years

PLDT

We're changing lives.

First Quarter 2009
Financial and Operating Results

5 May 2009

PLDT Group: 1Q 2009 Financial Highlights

	1Q 2009 (unaudited)	1Q 2008 (unaudited)	% Y-o-Y
Service Revenues	P36.2bn	P34.9bn	↑ 4%
• Wireless	P23.9bn	P22.5bn	↑ 6%
• Fixed Line	P12.7bn	P12.3bn	↑ 3%
EBITDA	P21.9bn	P22.0bn	↓ 1%
• Wireless	P15.0bn	P14.5bn	↑ 4%
• Fixed Line	P 6.6bn	P 7.1bn	↓ 7%
EBITDA Margin	60%	63%	↓
Reported Net Income	P 9.6bn	P10.4bn	↓ 8%
Core Net Income	P10.2bn	P 9.3bn	↑ 9%
Core EPS	P53.97	P48.87	↑ 10%
Quarter-end PhP:US$1	P48.42	P41.76	↑ 16%
Quarter-average PhP:US$1	P47.79	P40.95	↑ 17%

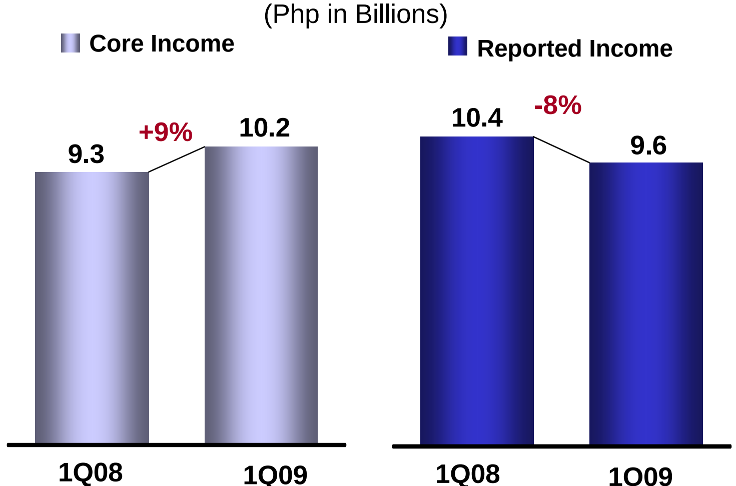
PLDT Group: 1Q 2009 Segment Highlights

- **Wireless Business**
  - 1.7mn net adds for 1Q09, 11% higher than 1Q08 and 62% higher than 4Q08
  - Service revenues hit P23.9bn for the first quarter of 2009, a 6% increase
  - EBITDA of P15bn in 1Q09 is 4% higher compared to 1Q08
- **Fixed Line**
  - 1% increase in subscribers to 1.8mn
  - Service revenues of P12.7bn in 1Q09 increased 3%
  - 17% increase in corporate data and DSL revenues and now contribute 41% to total fixed line service revenues compared to 35% in 1Q08
- **Broadband**
  - Combined subscriber base exceeded the 1mn mark in 1Q09
  - Service revenues of P 3.2bn for 1Q09 represent a 30% increase
  - Broadband service revenues now account for 9% of total Group service revenues
- **ePLDT**
  - Service revenues hit P2.6bn in 1Q09, a 1% increase
  - Net of the electronic data discovery (EDD) business which was wound down starting 4Q08, service revenues increased by over 12%

PLDT Group: Core and Reported Income

- **Core net income for 1Q09 grew by P877mn or 9% y-o-y to P10.2bn as a result of:**
  - \+ Growth in service revenues by 4%
  - \+ Reduction in provision for income tax largely due to the lower corporate tax rate
  - – Increase in cash opex by 10%
  - – Higher net financing costs by 12%
- **Reported net income decreased by P866mn or 8% to P9.6bn compared to 1Q08 largely due to:**
  - P600mn in net forex and derivative losses resulting from movements in the Peso-Dollar exchange rate and Peso- and Dollar-interest rates, compared to a P1.1bn net gain last year which included a P455mn one-time gain resulting from the de-designation of the principal-only swaps and option contracts as hedges
- **1Q09 core income is flat compared to 4Q08 while reported net income for 1Q09 is P1.1bn or 13% higher than P8.5bn in 4Q08**

Core and Reported Net Income
(Php in Billions)

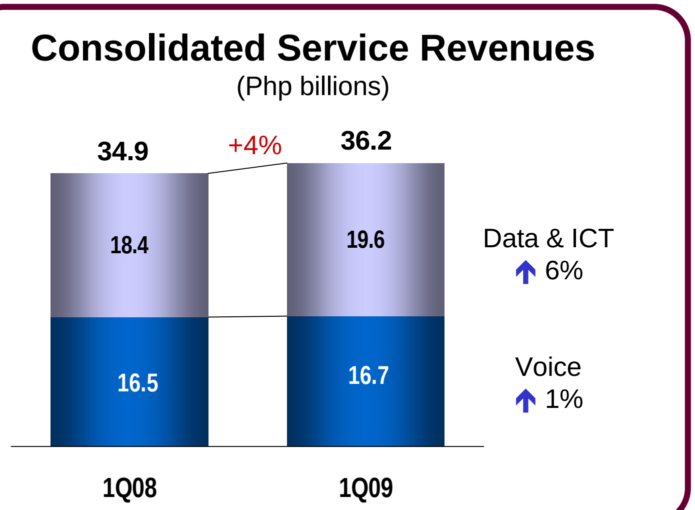


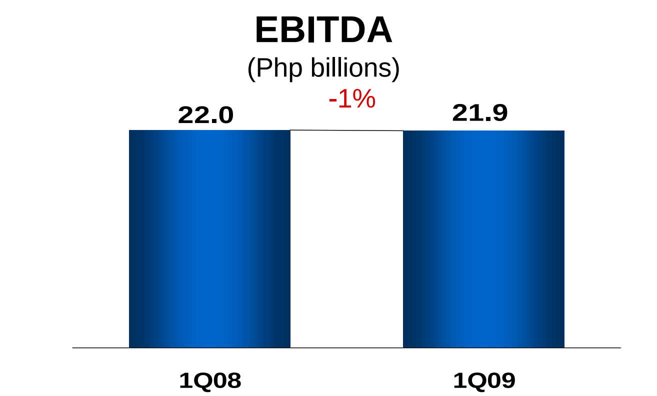
1Q09 vs 1Q08 Core and Reported Income
(Php in Billions)

	1Q09	1Q08	Diff
Core Income	10.2	9.3	0.9
Forex (Loss)/Gain	(0.6)	(0.3)	(0.3)
(Loss)/Gain on Derivatives	(0.3)	2.0	(2.3)
Tax Effect	0.3	(0.6)	0.9
Reported Net Income	9.6	10.4	(0.9)

PLDT Group: Service Revenues and EBITDA

- **Consolidated service revenues grew by P1.3bn or 4% from P34.9bn in 1Q08 to P36.2bn in 1Q09 due to:**
  - 6% growth in data and ICT which now accounts for 54% of total service revenues, and includes a 30% growth in broadband revenues
  - 1% growth in voice revenues resulting from increases in cellular inbound and outbound voice traffic complemented by the peso depreciation
- **1Q09 service revenues lower than 4Q08 by 3% reflecting seasonality**
- **EBITDA was stable at P21.9bn while EBITDA margin declined to 60% from 63% in 1Q08 and 61% for FY08, but is higher than 59% in 4Q08**
  - Wireless margin at 63%
  - Fixed line margin at 52%
  - ICT margin at 8%
- **Cash opex in 1Q09 increased by 10% mainly for compensation/benefits and maintenance expenses**
- **Approximately 35% of consolidated service revenues are directly and indirectly US$ linked**





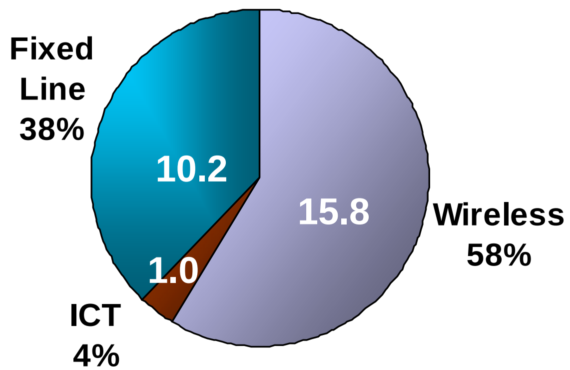
	1Q08	1Q09
Margin	63%	60%*

* FY08 EBITDA: 61%

PLDT Group: Capex and Free Cash Flow

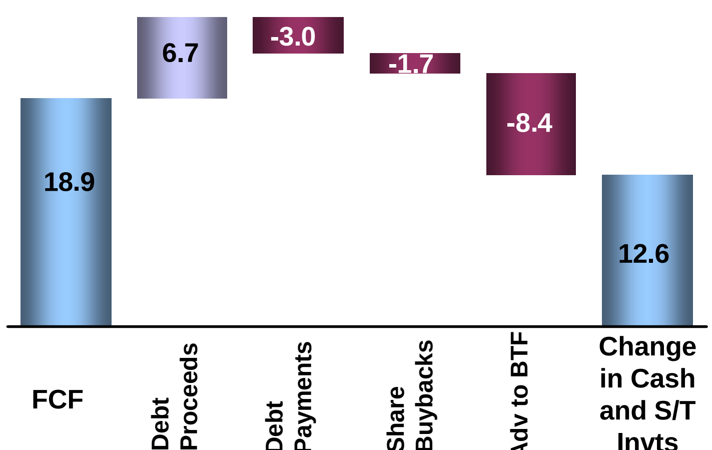
- **Capex spend for 2009 guided at P27bn or approx. 18% of anticipated service revenues**
  - 58% or P15.8bn for wireless, 38% or P10.2bn for fixed line, and 4% or P1bn for ICT
  - For 1Q09, capex stood at P3.9bn compared with P3.1bn last year
  - Of the P 3.9bn: P1.5bn for wireless, P2.3bn for fixed line and P0.1bn for ICT
- **Free cash flow generated for 1Q09 amounted to P18.9bn compared to P17.3bn last year**
  - Net debt proceeds of P3.7bn provided additional cash
  - P1.7bn was utilized for share buybacks
  - P8.4bn was advanced to the PLDT Beneficial Trust Fund (BTF), partly to cover its investment in Meralco
- **Capital management**
  - Approx. P24.4bn of common dividends paid in April 2009 (P 130/share) compared with P23.4bn in April 2008 (P 124/share)
  - PLDT remains committed to dividend payout policy: 70% of core EPS + "look-back" approach
  - As of 31 March 2009, of 5mn shares approved for buyback, PLDT has bought back 2.7 million shares at an average of P2,388/share for a total of P6.4bn

2009 Capex Guidance by Business Unit
(Php billions)



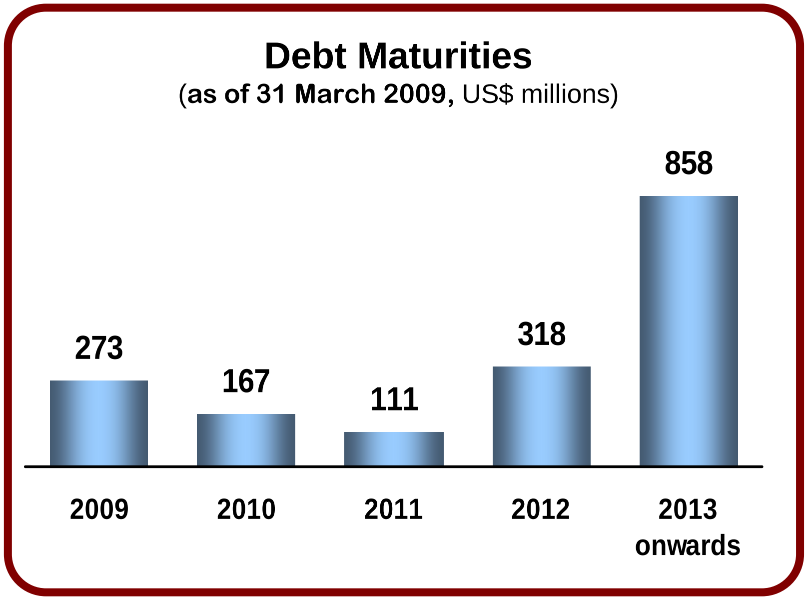
Total: P27 billion

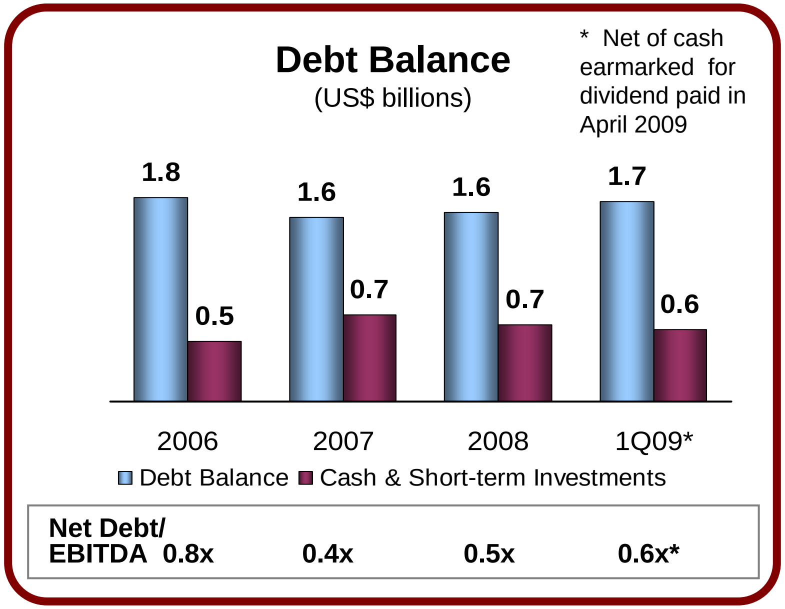
Free Cash Flow Utilization 1Q 2009
(billion pesos)



PLDT Group: Debt Profile

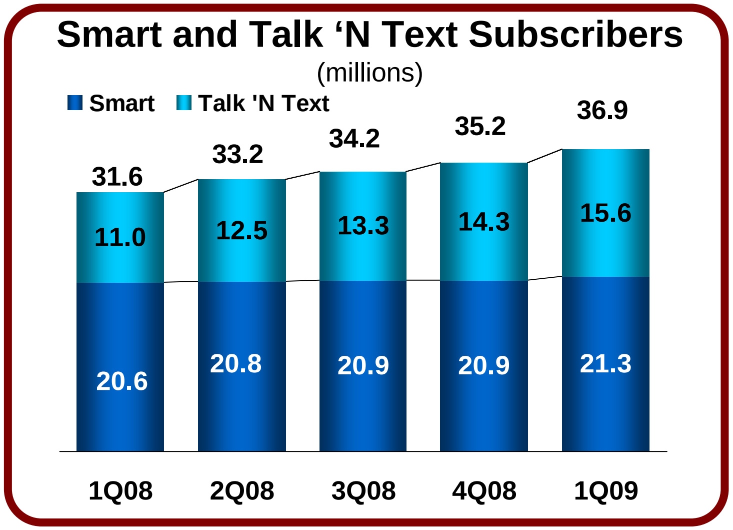
- **As of 1Q09, total group debt stood at US$1.7bn compared to US$1.6bn in 1Q08**
  - 72% is in US$ <from 78% at YE08>
  - 50% of U. S. Dollar denominated debt is hedged <compared to 42% at YE08>
  - Considering our US$ cash holdings, the unhedged portion of our total debt stood at 24% <compared to 38% at YE08>
  - 71% are fixed-rate loans, while 29% are floating-rate loans <from 70% and 30% respectively at YE08>
- **Debt maturities continue to be well-spread out**
  - 2009 Notes, with remaining outstanding balance of US$114mn, fully paid on 15 April 2009
- **Net debt stood at US$1.1bn at the end of 1Q09 (adjusted for P24.4bn cash utilized for the common dividends paid in April 2009)**
- **Net debt/EBITDA at the end of the 1Q09 at 0.6x (net of cash for common dividend payment)**
- **Incremental debt will be drawn in 2009 to support planned investments, including the 20% interest in Meralco, and to take advantage of locally available funds**
  - Opportunity to increase the peso component of our debt portfolio and move towards optimization of balance sheet
  - Net debt/EBITDA post-incremental debt forecast to remain below 1x

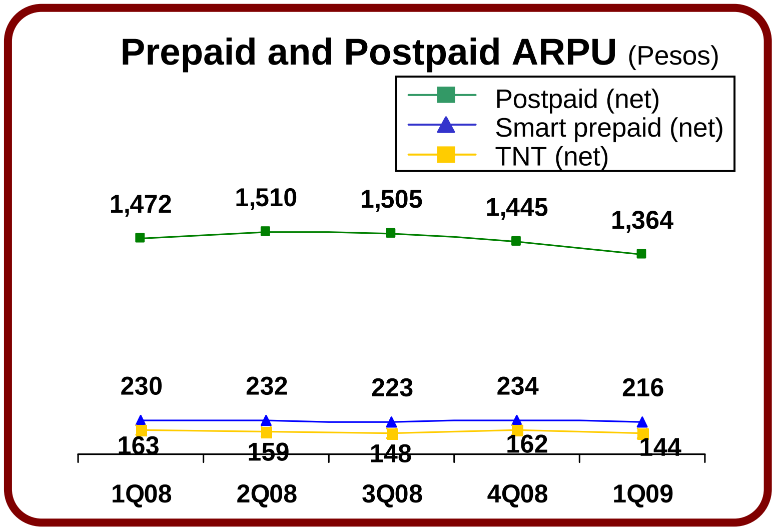




SMART: Starting the year strong

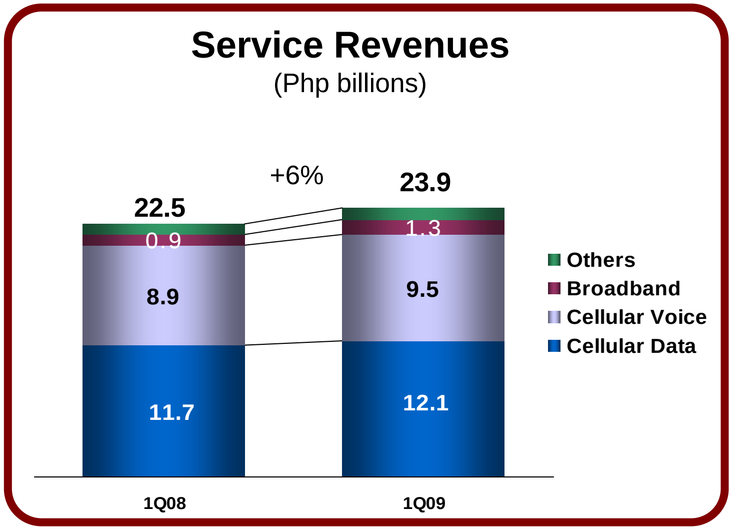
- **Smart and TNT subscriber base grew to 36.9mn as at end-March 2009 reflecting a 17% growth year-on-year, and net adds of 1.7mn cellular subscribers in 1Q09**
  - Of the 1.7mn net adds, 1.26mn are TNT subs
  - Net adds for the quarter are 11% higher than the 1.5mn in 1Q08 and 62% higher than the 1mn net adds in 4Q08
- **Net Blended ARPU declined by 10% year-on-year to P199 but margins maintained at 63%**
- **Prepaid subscriber acquisition costs for 1Q09 continue to decline and now represent only approximately 22% of net blended prepaid ARPU of P186**
- **Transfer of TNT subscribers to Smart will be presented for approval by the Piltel stockholders in June 2009**

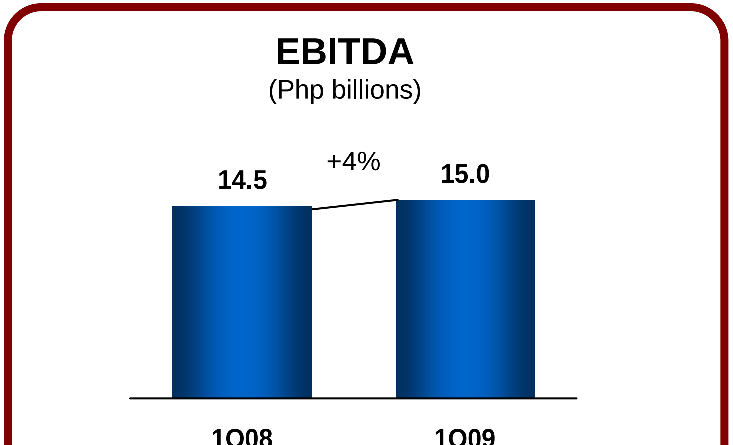




SMART: Growing strongly

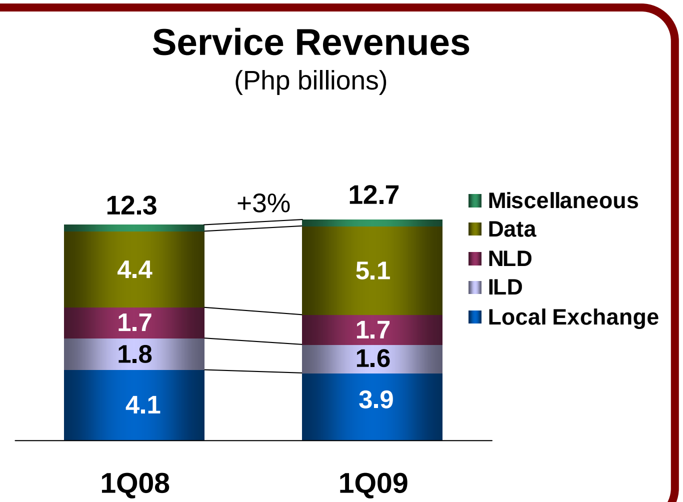
- **Wireless service revenues are up by P1.4bn or 6% y-o-y to P23.9bn from P22.5bn**
  - + 3% increase in cellular data revenues
  - + 6% growth in cellular voice revenues
  - + 40% rise in wireless broadband revenues
- **Data services accounted for 55% of cellular service revenues in both 1Q08 and 1Q09**
  - – Revenues from *bucket plans* now comprise 60% of total data revenues from 57% in 1Q08
- **1Q09 service revenues lower by 4% q-o-q reflecting seasonality**
- **EBITDA improved by 4% y-o-y to P15.0bn in 1Q09**
- **EBITDA margin slightly declined to 63% compared to 65% in 1Q08 and FY08**
- **1Q09 Core Net Income for our wireless business stood at P8.5bn, up 26% from P6.7bn in 1Q08**

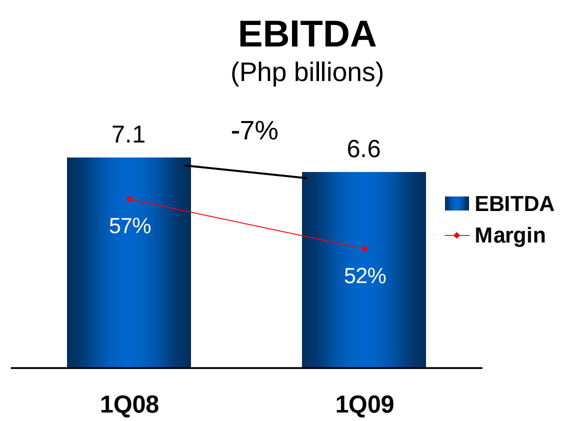




Margin	65%	63%

Fixed Line: Showing continued resilience

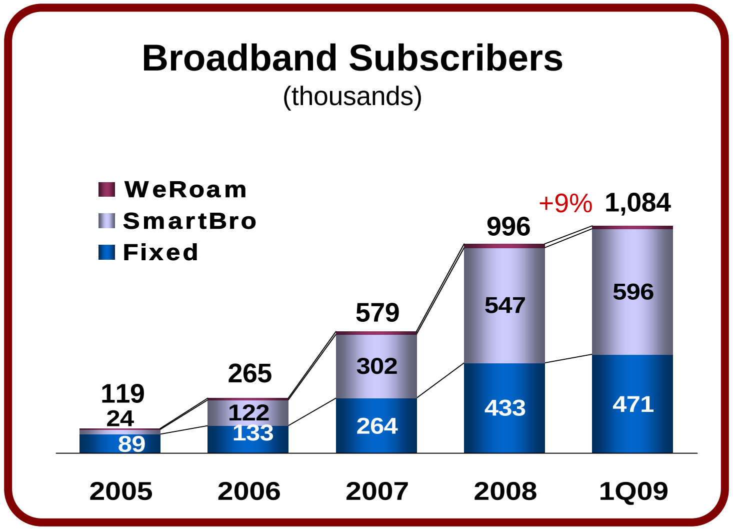


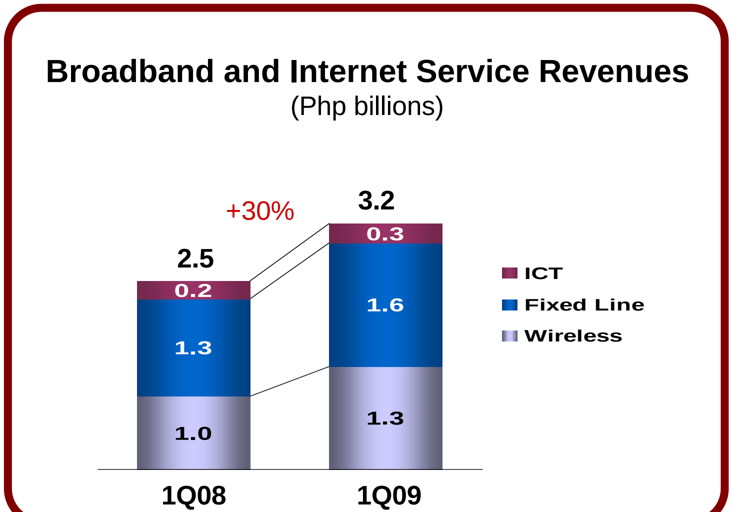


* FY08 EBITDA: 53%

- **Fixed line service revenues increased by 3% y-o-y to P12.7bn in 1Q09 due to the combined impact of:**
  - \+ Increase of 17% in corporate data and DSL service revenues
    - Growth achieved despite flat global and local telecoms market
    - Selected corporate markets showing resiliency at this time: O&O, banking, retail, tourism
    - Continued growth of SME market (32% of GDP)
  - = NLD revenues remained flat
  - – Decrease in LEC and ILD revenues, the latter due to the decline in call volumes and the average settlement rate for inbound calls
- **Fixed line subscribers climbed 1% to 1.8mn in 1Q09**
- **Data service revenues contributed 41% to total fixed line service revenues compared to only 35% in the same period last year**
- **EBITDA declined 7% to P6.6bn in 1Q09 due to moderate increase in revenues offset by higher cash operating expenses on account of provisions for the incentive plan and higher rentals for international capacity and for poles and towers**
- **EBITDA margin fell to 52% compared to 57% in 1Q08 but remained in line with FY08 margin of 53%**
- **1Q09 service revenues up 1% q-o-q; EBITDA higher by 23% compared to 4Q08**
- **Focus of the fixed line organization continues to be on:**
  - Continuing product innovation and development of a menu of business solutions to enable corporates/ SMEs
  - Improvement in quality of service

Broadband: Breaking new ground



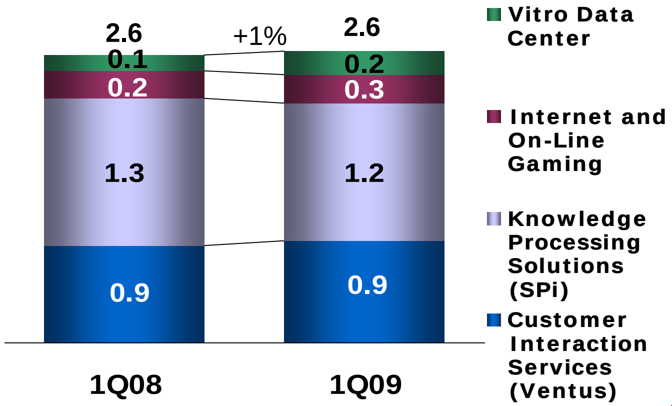


- **PLDT group broadband subscriber base crossed the 1 million mark with PLDT DSL, *SmartBro* and *WeRoam* having added about 88,000 subscribers during 1Q09**
  - *SmartBro,* the most widely available broadband service provider in the country today, added more than 49,000 subscribers in 1Q09 to reach 596,000
  - DSL subscribers grew by over 38,000 in 1Q09 to reach 471,000
- **Subscriber base up 64% compared to 1Q08**
- **PLDT Group's total DSL, wireless broadband and internet service revenues increased 30% to P3.2bn, representing 9% of total service revenues in 1Q09**
- **Marketing initiatives in 1Q09:**
  - Commercial availability of HSPA
  - Introduction of *SmartBro-ready Asus EeePC* (netbook) and *SmartBro Share-It*
  - Planning roll-out and pilot of fiber-to-the home (FTTH) for higher-speed wired Internet access
- **Internet traffic has grown dramatically in recent years; Smart's traffic grew by at least 80% y-o-y since 2006:**
  - Increasing availability and affordability of Internet-enabled devices
  - Skyrocketting popularity of social networking sites
  - Internet access becoming indispensable everyday communication tool

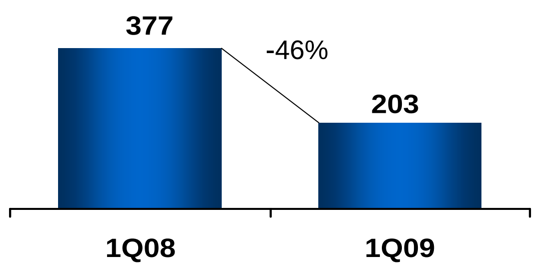
ePLDT: Managing changes

- **ePLDT service revenues, which accounts for 7% of PLDT group service revenues, increased 1% to P2.6bn due to:**
  - \+ 5% increase in call center (Ventus) revenues
  - \+ 48% increase in data center revenues
  - \- 7% decline in KPS/SPi revenues y-o-y which included the impact of the closure of the electronic data discovery (EDD) business
- **Net of EDD, service revenues increased by 12% y-o-y**
- **Developments in the various business lines:**
  - 57% increase in domestic call center business, growing faster than the foreign business
  - EBITDA margins in the content and medical billing verticals holding up at around 20% level
  - Medical transcriptions business pursuing operational improvements programmed for the year
- **ePLDT's consolidated EBITDA margin declined to 8% in 1Q09 from 15% in 1Q08 due to:**
  - Higher cash operating expenses by 9%, specifically with the increase in compensation and incentives for CSR retention and the wind down costs from the EDD operations

ePLDT Service Revenues
(Php billions)



ePLDT EBITDA
(Php millions)



Margin	15%	8%*

* 10% for FY08

Meralco Transaction: Update

- **Transaction: 20% of Meralco to be acquired for P 20bn through Piltel**
  - Agreements executed with the Lopez Group cover:
    - governance matters including Board representation and certain management positions
    - Lopez right-of-first refusal over PLDT shares in Meralco; PLDT right-of-first refusal (assignable) over remaining Lopez shares in Meralco (~14%)
  - PLDT investment in Meralco to be capped at 20%
  - PLDT Group's investment in Meralco to allow strategic access to certain of the latter's assets (fiber optic backbone, 4.5mn customer base, poles, et al)
  - Piltel to fund from existing cash, proceeds from sale of subscribers, brand and assets to Smart

- **Milestones:**
  - 13 March 2009: signing of the Cooperation Agreements with the Lopezes
  - 26 May 2009: Meralco AGM; three (3) PLDT nominees for election to the Board
  - 30 June 2009: Piltel AGM to approve acquisition of Meralco shares
  - End August 2009: "Backstop" closing date for Transaction

- **Performance Based- Regulation (PBR)**
  - Approval Date: 23 April 2009
  - Effectivity Date: 1 May 2009 (effect on consumers' bills: June 2009)
  - Approved Avg. Rate: P1.2227/kwhr (from P0.97/kwhr – Meralco avg tariff for 2008)
  - ERC directed Meralco to accelerate the CERA refund (P 0.1461/kwhr) to mitigate impact to consumers

PLDT Group: Affirming Guidance for 2009

Service Revenues	P150 billion	• 5% growth over 2008 • P7 billion increase
EBITDA	P90-92 billion	• 3-5% growth over 2008 • P2-4 billion increase
Core Net Income	P40 billion	• 5% growth over 2008 • P2 billion increase
Capital Management	Dividend Payout Ratio: 70% of Core EPS + “look back” approach Buyback of up to 2.3 million common shares*	
Capex	P27 billion	7% higher than 2008 P25.2 billion increase

* remaining shares for buyback from total approved 5 million shares for buyback

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, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. The words "believe", "intend", "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

1Q 2009: Consolidated Financial Highlights

Consolidated Statement of Income *(in million pesos)*	1Q 2009				1Q 2008	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Service Revenues	23,904	12,653	2,611	36,249	34,903	4%
Cash operating expenses	8,112	5,818	2,371	13,320	12,136	10%
EBITDA(1)	15,022	6,579	203	21,852	21,987	-1%
EBITDA Margin	*63%*	*52%*	*8%*	*60%*	*63%*	
Depreciation and amortization	3,230	3,258	192	6,708	6,363	5%
Financing costs	(592)	(954)	(36)	(1,584)	(1,389)	14%
Income before income tax	11,545	1,797	(27)	13,287	16,167	-18%
Provision for (benefit from)income tax	2,973	493	(2)	3,455	5,560	-38%
Core net income (2)	8,461	1,823	(43)	10,220	9,343	9%
Reported net income (loss)	8,315	1,302	(18)	9,580	10,446	-8%

(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:

	31-Mar-09	31-Mar-08	31-Dec-08
Php per US$	Php48.42	Php41.76	Php47.65

Revenues

(in million pesos)	1Q 2009				1Q 2008	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Service Revenues						
Wireless						
Cellular	22,151			22,151	21,147	5%
Broadband	1,289			1,289	919	40%
Satellite and other services	464			464	400	16%
Fixed line						
Local exchange		3,857		3,857	4,054	-5%
International long distance		1,595		1,595	1,835	-13%
National long distance		1,687		1,687	1,695	-
Data and other network		5,153		5,153	4,392	17%
Miscellaneous		361		361	360	-
ICT						
Knowledge processing solutions			1,232	1,232	1,323	-7%
Customer interaction services			913	913	867	5%
Internet and online gaming			255	255	242	5%
Vitro data center			211	211	143	48%
Inter-segment transaction				(2,919)	(2,474)	18%
Total Service Revenues	23,904	12,653	2,611	36,249	34,903	4%
Non-Service Revenues	458	63	58	579	483	20%
Inter-segment transaction	-	-	-	(14)	(1)	1300%
	458	63	58	565	482	17%
Total Revenues	24,362	12,716	2,669	36,814	35,385	4%

Expenses

(in million pesos)	1Q 2009 Wireless	1Q 2009 Fixed Line	1Q 2009 ICT	1Q 2009 Consolidated	1Q 2008 Consolidated	% Change
Operating expenses						
Compensation and employee benefits	1,635	2,625	1,715	5,971	4,539	32%
Repairs and maintenance	1,187	1,034	153	2,217	2,049	8%
Selling and promotions	971	362	27	1,358	1,533	-11%
Professional and other contracted services	601	453	122	924	1,088	-15%
Rent	2,637	599	158	908	848	7%
Taxes and licenses	428	293	24	745	840	-11%
Communication, training and travel	217	170	117	445	484	-8%
Insurance and security services	188	162	16	348	341	2%
Other operating expenses	248	120	39	404	414	-2%
Cash operating expenses	8,112	5,818	2,371	13,320	12,136	10%
Depreciation and amortization	3,230	3,258	192	6,708	6,363	5%
Asset impairment	206	253	1	460	584	-21%
Amortization of intangible assets	33	-	60	93	94	-1%
Non-cash operating expenses	3,469	3,511	253	7,261	7,041	3%
Cost of sales	1,022	66	94	1,182	954	24%
Total Expenses	12,603	9,395	2,718	21,763	20,131	8%

EBITDA

(in million pesos)	1Q 2009 Wireless	1Q 2009 Fixed Line	1Q 2009 ICT	1Q 2009 Consolidated	1Q 2008 Consolidated	% Change
Income (loss) before tax	11,545	1,797	(27)	13,287	16,167	-18%
Add (deduct):						
Depreciation	3,230	3,258	192	6,708	6,363	5%
Financing costs	592	954	36	1,584	1,389	14%
Asset impairment	-	-	-	-	276	-100%
Amortization of intangible assets	33	-	60	93	94	-1%
Equity share in net loss (income)of subsidiaries	36	22	(13)	45	23	96%
Losses (gains) on derivatives, net	2	321	-	323	(1,976)	-116%
Foreign exchange losses (gains), net	206	423	(36)	592	288	106%
Interest income	(371)	(154)	(6)	(533)	(450)	18%
Hedge cost	-	183	-	183	199	-8%
Other income	(251)	(225)	(3)	(430)	(386)	12%
EBITDA	15,022	6,579	203	21,852	21,987	-1%
EBITDA Margin	63%	52%	8%	60%	63%	

Other Income (Expenses)

(in million pesos)	1Q 2009				1Q 2008	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Gains (losses) on derivative transactions, net	(2)	(321)	-	(323)	1,976	-116%
Interest income	371	154	6	533	450	18%
Equity share in net earnings (losses) of associates	(36)	(22)	13	(45)	(23)	96%
Foreign exchange (losses) gains, net	(206)	(423)	36	(592)	(288)	106%
Hedge costs	-	(183)	-	(183)	(199)	-8%
Others	251	225	3	430	386	10%
Total	378	(570)	58	(181)	2,302	-108%
Financing Costs						
Interest on loans and related items	(440)	(1,033)	(8)	(1,483)	(1,279)	16%
Accretion on financial liabilities	(196)	(15)	(28)	(239)	(265)	-10%
Dividends on CPS	-	-	-	-	(2)	100%
Financing charges	(2)	(48)	-	(50)	(27)	85%
Capitalized interest	46	142	-	188	184	2%
Total	(592)	(954)	(36)	(1,584)	(1,389)	14%
Total other income (expenses)	(214)	(1,524)	22	(1,765)	913	-293%

Core Net Income

(in million pesos)	1Q 2009				1Q 2008	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Reported net income	8,315	1,302	(18)	9,580	10,446	-8%
Add (deduct):						
Foreign exchange losses (gains), net	206	423	(36)	592	288	105%
Losses (gains) on derivatives, net	2	321	-	323	(1,976)	-116%
Asset impairment	-	-	-	-	(6)	100%
Tax effect	(62)	(223)	11	(275)	591	-145%
	8,461	1,823	(43)	10,220	9,343	9%

Cash Flows

(in million pesos)	1Q 2009 Wireless	1Q 2009 Fixed Line	1Q 2009 ICT	1Q 2009 Consolidated	1Q 2008 Consolidated	% Change
Net cash from operations	16,239	7,035	252	23,526	22,169	6%
Add(Deduct):						
Capital expenditures	(1,518)	(2,339)	(88)	(3,944)	(3,052)	29%
Other investing activities	117	(336)	(3)	117	13	804%
Interest, net	(81)	(507)	(2)	(592)	(711)	-17%
Preferred share dividends	(438)	(49)	-	(487)	(50)	873%
Others	96	207	6	310	(1,090)	-128%
Free cash flow	14,415	4,011	165	18,930	17,279	10%
Common share dividends	-	(4)	-	(4)	-	-100%
Common share buyback	-	(1,389)	-	(1,389)	-	100%
Investments	1,197	(28)	(28)	1,142	832	36%
Advances to BTF		(8,380)		(8,380)	-	100%
Redemption of preferred shares	(282)	-	-	(282)	(331)	-15%
Debt repayments, net	(1,468)	5,559	6	3,757	2,249	-67%
Change in cash	13,862	(231)	143	13,774	20,029	-31%
Cash balance, beginning[1]	23,171	15,938	1,245	40,354	30,862	31%
Cash balance, end[1]	37,033	15,707	1,388	54,128	50,891	6%

(1) Includes short-term investments

Balance Sheet

(in million pesos)	Consolidated	
	March 31, 2009	December 31, 2008
Total Assets	270,965	252,558
Nominal Value of Total Debt	83,582	78,487
in US$	*$1,726*	*$1,647*
Less: Unamortized Debt Discount	4,461	4,576
Total Debt	79,121	73,911
Cash and short-term investments (1)	32,694	40,354
Net Debt (3)	50,888	38,133
Equity	90,634	106,969
Total Debt(2)/Equity	0.92x	0.73x
Net Debt(3)/Equity	0.56x	0.36x
Total Debt(2)/EBITDA	0.95x	0.90x
Net Debt (3)/EBITDA	0.58x	0.44x

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

Earnings Per Share

	1Q 2009		1Q 2008	
	Basic	Diluted	Basic	Diluted
Net Income	9,580	9,580	10,446	10,446
Dividends on preferred shares	(113)	(113)	(114)	(114)
Net Income applicable to common shares	9,466	9,466	10,332	10,332
Outstanding common shares, beginning	187,484	187,484	188,741	188,741
Effect of purchase of treasury shares during the period	(231)	(231)	(41)	(41)
Average incremental number of shares under ESOP during the period		16	-	16
Effect of issuance of common shares during the period	4	4	150	150
Common shares equivalent of preferred shares deemed dilutive:				
Preferred stock series V	-	1	-	-
Preferred Stock Series VI	-	4	-	-
Weighted average number of shares, end	187,257	187,278	188,850	188,866
EPS (based on reported net income)	**50.55**	**50.55**	**54.71**	**54.71**
Core Net Income	10,220	10,220	9,343	9,343
Adjustments for preferred shares deemed dilutive	(113)	(113)	(114)	(114)
Net Income applicable to common shares	10,107	10,107	9,229	9,229
Weighted average number of shares, end	187,257	187,278	188,850	188,866
EPS (based on core net income)	**53.97**	**53.97**	**48.87**	**48.87**

Interest-bearing Liabilities

	March 31, 2009			December 31, 2008	
(in millions)	Carrying Value	Unamortized Debt Discount	Face Value	Face Value	Change
Debt					
PLDT	**$929**	**$7**	**$936**	**$822**	**$114**
Smart	**680**	**85**	**765**	**800**	**(35)**
2014 Debt	200	81	280	280	-
Others	480	4	485	520	(35)
Others*	**25**	**-**	**25**	**25**	**-**
Total Debt	**$1,634**	**$92**	**$1,726**	**$1,647**	**$79**
Obligations under finance lease	**$0.3**	**$0.02**	**$0.3**	**$0.2**	**$0.1**
Preferred Stocks Subject to Mandatory Redemption					
Series V & VI	**$0.2**	**-**	**$0.2**	**$0.2**	**-**

**Includes notes payable of US$11.6mn or PhP561mn*

Hedging and Derivatives

Foreign Exchange Risk / Hedges

- For accounting purposes, at the end of each reporting period, the FCY assets and liabilities are revalued at the then current exchange rate:
  - Given our net FCY liability position, a weaker peso results in a revaluation loss; while a stronger peso translates to a revaluation gain
  - The gain or loss is booked to the P&L
- In 2001-2002, we entered into hedging products aimed at managing the adverse impact of the depreciation of peso on our long-dated bonds
  - As at March 31, 2009, PLDT's outstanding long-term derivatives amounted to US$447 million

LT Hedges	Hedge Item	Notional Amount	Hedge FX Rate	Hedge Cost
Principal Only Currency Swaps	PLDT Notes 2012	US$157 million	Php51.881	3.162%
	PLDT Notes 2017	US$290 million	Php49.772	3.405%

- At the end of each reporting period, the fair market values of the outstanding hedges are computed based on the then current foreign exchange and interest rates
- Until December 31, 2007, changes in the fair value of our long-term hedges and the foreign exchange revaluation on the hedged items were booked to equity/CTA (Currency Translation Account)
- Effective January 1, 2008, PLDT discontinued hedge accounting treatment for these derivative instruments. Thus, any change in the fair value of the derivative as well as the forex revaluation on the hedged items are recognized in the P&L

Foreign Exchange Risk (Consolidated)

- As of March 2009, from a B/S perspective, the net foreign currency liability position is approximately $1,046 million.

	Ave.	Period End
Forex rate, YE2008	44.474	47.647
Forex rate, 1Q2009	47.785	48.422
% of Peso Depreciation vs. USD	7%	2%

Forex sensitivity for every P1 change (in USD Millions)	1Q09
US$ Revenues	224
US$ Expenses	
Cash opex	(43)
Cost of sales	(1)
Financing costs	(30)
US$ Income before tax	150
Tax effect	45
Core earnings	105

Forex sensitivity for every P1 change on B/S Revaluation (in USD Millions)	1Q09
Debt	1,182
Accounts Payable	117
Accrued liabilities	88
Derivative liabilities	43
Total US$-Denominated Liabilities	1,430
Cash and Cash Equivalents and Short-term Investments	156
Short-Term Investments	38
Trade and other Receivables	190
Derivative Assets	0
Total US$-Denominated Assets	384
Net foreign Currency Liability Position	1,046
Forex Revaluation for every P1 change	± 1,046

Factors that affect MTM valuation

- **IFRS accounting requires us to mark-to-market our forex derivatives and due to their long term duration, changes in the value of our derivatives will be affected by changes in US$ and Php interest rates as well as movements in the peso/$ exchange rate.**
  - Interest differentials between the Php and US$ determine the cost of hedging; wider differentials result to higher cost of hedging.
  - Locking-in at a higher cost of hedging vs. prevailing hedge costs in a valuation period will result to a MTM loss for the derivative
- **Exchange rate and interest rates may move in different directions and degrees relative to each other and will thus impact periodic MTM valuation. As a derivative approaches maturity:**
  - Impact of the interest differentials on the MTM is greatly reduced
  - Changes in the peso / $ exchange rate will have greater influence in the overall valuation of the derivative
  - MTM value of PO swaps for the 2012 and 2017 bonds comprise the present value of the remaining hedge cost payments and principal exchanges at maturity

Market Movements and Relative Impact to the P&L		**Sensitivity Analysis**
		PO Swaps
Peso Appreciation	Forex gain on underlying debt MTM Loss on derivatives	P1 change = P447m change in forex reval
Peso Depreciation	Forex loss on underlying debt MTM Gain on derivatives	P1 change = P296m change in MTM
US$ Interest Rates ↓	MTM Gain	100 bps increase/decrease = P1,120m change in MTM
US$ Interest Rates ↑	MTM Loss	
Peso Interest Rates ↓	MTM Loss	100 bps increase/decrease = P920m change in MTM
Peso Interest Rates ↑	MTM Gain	