















We're changing lives

**First Half 2010  
Financial and Operating Results**

**3 August 2010**

# PLDT Group: 1H 2010 Financial Highlights

	1H 2010 (unaudited)	1H 2009 (unaudited)	% Y-o-Y	
<b>Service Revenues</b>	<b>P72.2bn</b>	<b>P72.9bn</b>		<b>1%</b>
• Wireless	P47.9bn	P48.1bn		-
• Fixed Line	P25.2bn	P25.4bn		1%
<b>EBITDA</b>	<b>P43.3bn</b>	<b>P44.1bn</b>		<b>2%</b>
• Wireless	P29.7bn	P30.2bn		2%
• Fixed Line	P12.6bn	P13.3bn		5%
<b>EBITDA Margin</b>	<b>60%</b>	<b>60%</b>		
<b>Reported Net Income</b>	<b>P21.7bn</b>	<b>P19.7bn</b>		<b>10%</b>
<b>Core Net Income</b>	<b>P21.2bn</b>	<b>P20.8bn</b>		<b>2%</b>
<b>Core EPS</b>	<b>P112.43</b>	<b>P110.20</b>		<b>2%</b>
<b>Period-end PhP:US\$1</b>	<b>P46.42</b>	<b>P48.16</b>		<b>4%</b>
<b>Period-average PhP:US\$1</b>	<b>P45.78</b>	<b>P47.83</b>		<b>4%</b>

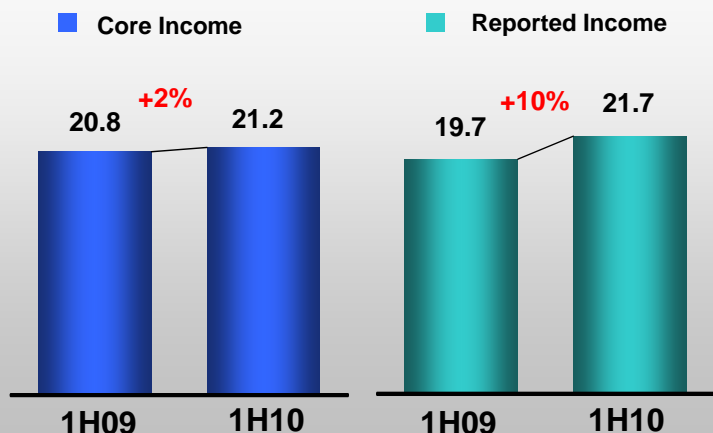
# PLDT Group: 2Q2010 vs 1Q2010 and 2Q2009

	2Q2010 (unaudited)	1Q2010 (unaudited)	% Change	2Q2010 (unaudited)	2Q2009 (unaudited)	% Change
<b>Service Revenues</b>	<b>P36.2bn</b>	<b>P36.0bn</b>	-	<b>P36.2bn</b>	<b>P36.5bn</b>	1%
• Wireless	P24.2bn	P23.7bn	2%	P24.2bn	P24.2bn	-
• Fixed Line	P12.4bn	P12.9bn	4%	P12.4bn	P12.7bn	2%
<b>EBITDA</b>	<b>P22.1bn</b>	<b>P21.2bn</b>	4%	<b>P22.1bn</b>	<b>P22.2bn</b>	1%
• Wireless	P15.3bn	P14.4bn	6%	P15.3bn	P15.2bn	1%
• Fixed Line	P6.4bn	P6.3bn	1%	P6.4bn	P6.7bn	5%
<b>EBITDA Margin</b>	<b>61%</b>	<b>59%</b>		<b>61%</b>	<b>61%</b>	
<b>Reported Net Income</b>	<b>P10.3bn</b>	<b>P11.4bn</b>	10%	<b>P10.3bn</b>	<b>P10.1bn</b>	1%
<b>Core Net Income</b>	<b>P10.7bn</b>	<b>P10.5bn</b>	2%	<b>P10.7bn</b>	<b>P10.6bn</b>	1%
<b>Core EPS</b>	<b>P56.30</b>	<b>P55.52</b>	1%	<b>P56.30</b>	<b>P55.55</b>	1%

# PLDT Group: Core and Reported Income

## Core and Reported Net Income

(Php in Billions)



## 1H10 vs 1H09 Core and Reported Income

(Php in Billions)

	1H10	1H09	Diff
Reported Income	21.7	19.7	2.0
Core Income	21.2	20.8	0.4
	<u>0.5</u>	<u>(1.1)</u>	<u>1.6</u>

Accounted for by:

Forex Gain/(Loss)	(0.1)	(0.3)	0.2
Gain/(Loss) on Derivatives	1.2	(1.3)	2.5
Asset Impairment	(0.1)	0.0	(0.1)
Adj in equity in investment	(0.2)	0.0	(0.2)
	<u>0.8</u>	<u>(1.6)</u>	<u>2.4</u>
Tax Effect	(0.3)	0.5	(0.8)
	<u>0.5</u>	<u>(1.1)</u>	<u>1.6</u>

➤ **Core net income for 1H10 grew by 2% or P400mn to P21.2bn on account of:**

- + P1.0bn of equity share in net earning of affiliates, principally from our share in Meralco's earnings
- + Decrease in PCEV Minority Interest by P600mn
- + P200mn decline in cost of sales
- P700mn decrease in service revenues
- Net financing costs higher by P500mn
- Other income lower by P200mn

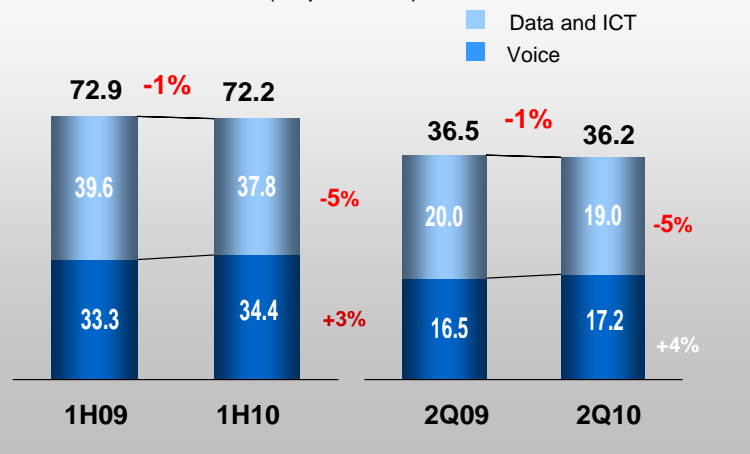
➤ **Reported net income as at 1H10 increased by P2.0bn or 10% year-on-year to P21.7bn largely due to:**

- + P400mn growth in core income
- + P800mn net gain from forex revaluation and derivatives in 1H10 compared with a P1.1bn net loss in 1H09
- P100mn increase in asset impairment
- P227mn adjustment for non-core items of Meralco

# PLDT Group: Service Revenues and EBITDA

## Consolidated Service Revenues

(Php billions)

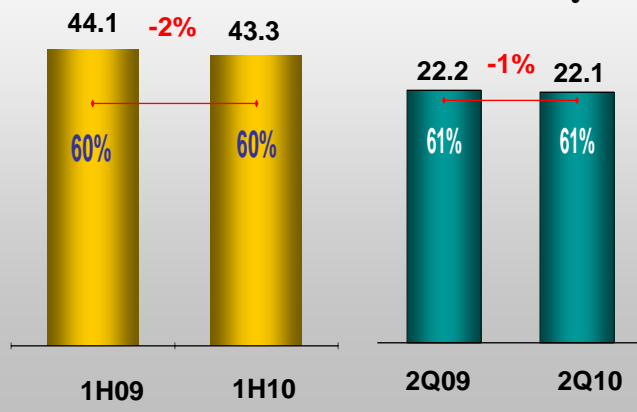


- Consolidated service revenues of P72.2bn as at 1H10 were P715mn or 1% lower than P72.9bn in 1H09 as a result of:
  - + 3% growth in voice revenues particularly in cellular as a result of the recent introduction of new unlimited voice offers and the growth in inbound international call volumes
  - 5% decline in data and ICT revenues, which account for 52% of total service revenues due to:
    - 13% decline in revenues from cellular data/text
    - + 21% increase in broadband and internet revenues
    - + 10% improvement in corporate data revenues
- Approximately 28% of consolidated service revenues are directly or indirectly linked to the US\$; had the peso remained stable, service revenues would have remained flat year-on-year
- 2Q10 service revenues remained flat compared with 1Q10 and are 1% lower than 2Q09
- Cash opex in 1H10 remained stable year-on-year due to a strong focus on cost control
- EBITDA margin for 1H10 stood at 60% similar to 1H09 margin (59% FY09)
  - Wireless margin at 62% (63% at 1H09, 62% FY09)
  - Fixed line margin at 50% (52% at 1H09, 49% FY09)
  - ICT margin at 14% (10% in 1H09, 12% FY09)
- EBITDA of P43.3bn as at 1H10 is 2% lower than the P44.1bn as at 1H09 resulting from lower revenues
- 2Q10 EBITDA of P22.1bn represents a 4% growth q-o-q but is lower by 1% compared with 2Q09

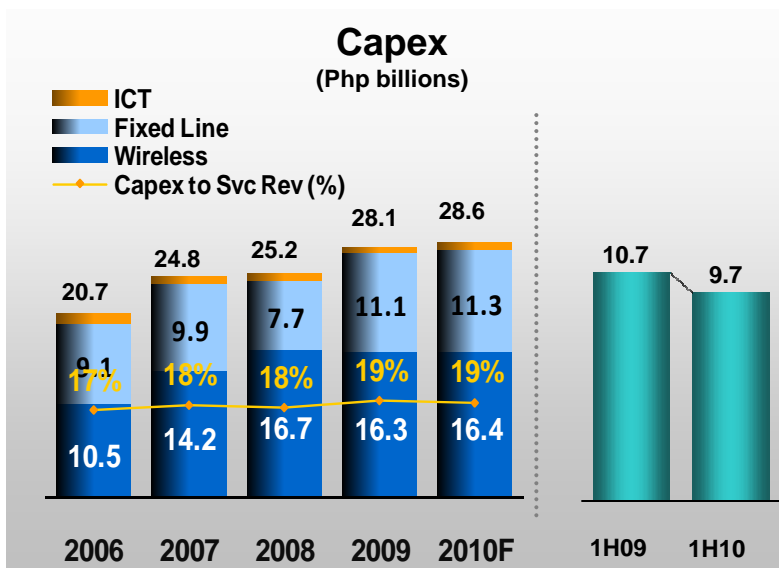
## EBITDA

(Php billions)

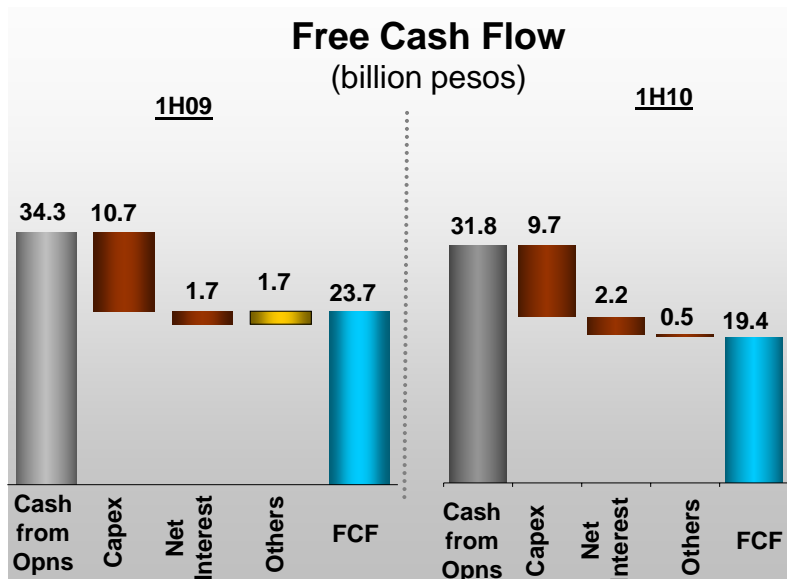
+ Margin



# PLDT Group: Capex and Free Cash Flow



- **Capex for 2010 estimated to be P28.6bn or approx. 19% of projected service revenues**
  - 1H10 capex stood at P9.7bn compared with P10.7bn last year
  - Of the P9.7bn: P5.0bn for wireless (P5.3bn in 1H09), P4.5bn for fixed line (P5.1bn in 1H09) and P220mn for ICT (P241mn in 1H09)
  - In addition to the investments in network expansion and improvement to support broadband and voice usage, we have started to identify initiatives that aim to reduce network costs over the medium-term, such as:
    - re-architecting of the network (single RAN, single IP broadband, transport)
    - Modernization of our core and access networks to deploy HSPA+, WiMax
    - “Off-loading” through the use of WiFi hotspots and femtocells, cache-ing content to reduce capacity required for base stations and international bandwidth

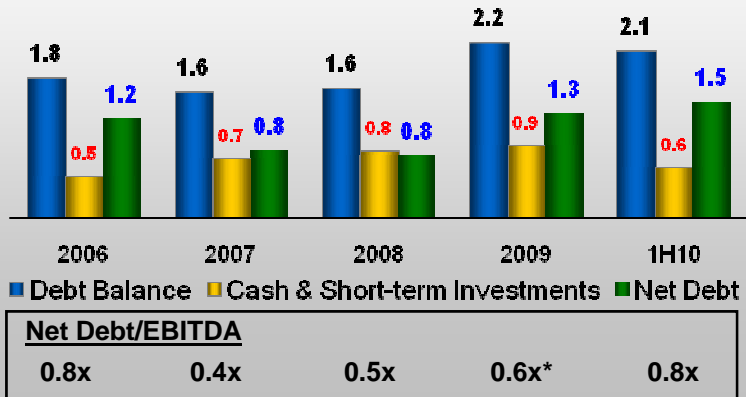


- **Free cash flow generated for 1H10 at P19.4bn reflects a decrease of P4.3bn compared with P23.7bn last year, largely due to:**
  - + Lower capex by P1.0bn
  - Cash from operations reduced by P2.5bn
  - Higher interest (net) by P0.5bn

# PLDT Group: Debt Profile

\* Net of cash earmarked for dividends paid in April 2010

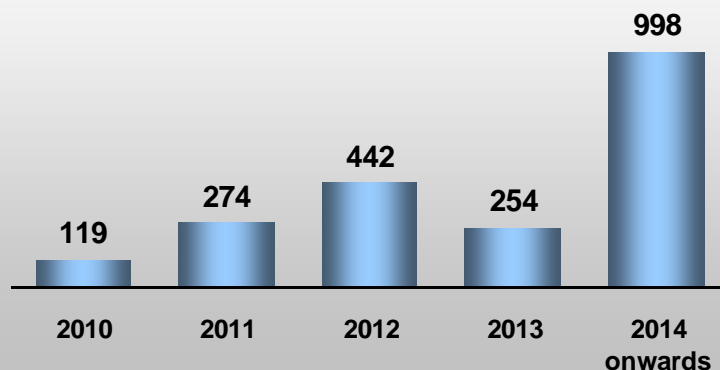
## Debt Balance (US\$ billions)



- Net debt stood at US\$1.5bn at the end of 1H10
- Net debt/EBITDA as at end of June 2010 at 0.8x
- As of 1H10, total group debt amounted to US\$2.1bn
  - 49% is in US\$
  - Considering our US\$ cash holdings, peso borrowings and hedges, only US\$478mn or 23% of our total debt remains unhedged
  - 71% are fixed-rate loans, while 29% are floating-rate loans

## Debt Maturities

(as of 30 June 2010, US\$ millions)



- Debt maturities continue to be well-spread out
- Year-end net debt estimated to be US\$1.5bn with net debt to EBITDA to remain at below 1x

# PLDT Group: Capital Management

## Dividend Declaration

Declaration Date	3 August 2010
Record Date	19 August 2010
Payment Date	21 September 2010
Interim Regular Dividend for 2010	P78 per share

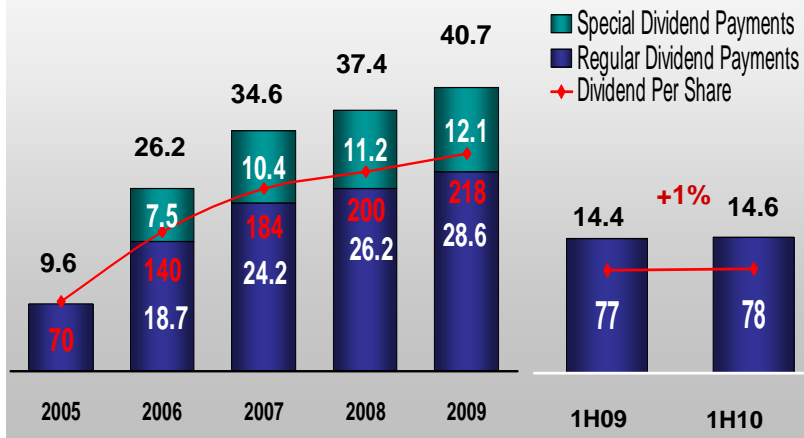
➤ Consistent with the committed 70% dividend payout ratio, PLDT declared an interim cash dividend of P 78/share, an increase over the P77 interim dividend in 2009

➤ As part of our dividend policy, the company will undertake a “look-back” approach at the end of the year to determine the payment of any special dividends

➤ Under the approved share buyback program, PLDT may still acquire up to 2.3mn shares on opportunistic basis

## Dividend Payments

(PhP billions, except per share amount)

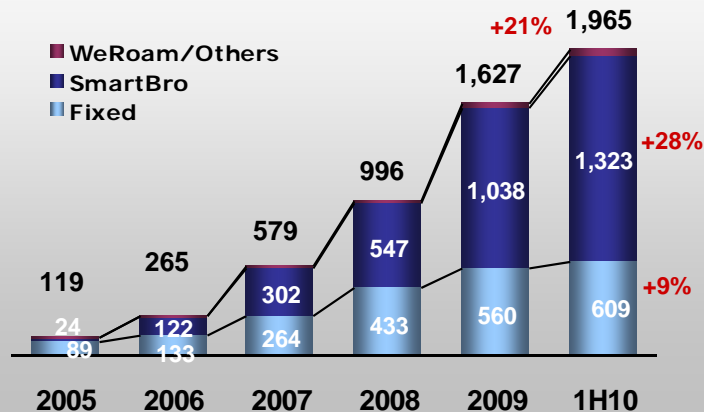




# Broadband: Soaring to new heights

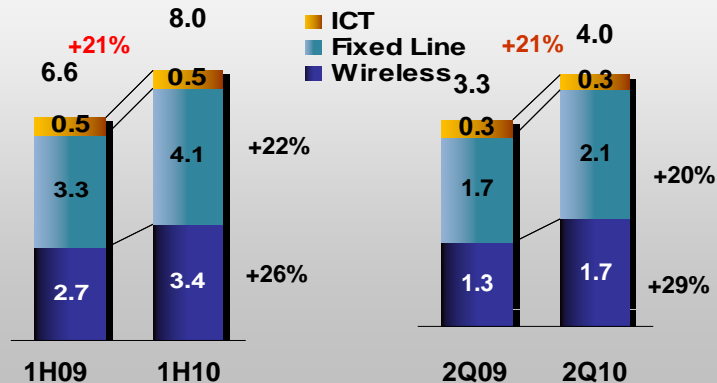
## Broadband Subscribers

(thousands)



## Broadband and Internet Service Revenues

(Php billions)

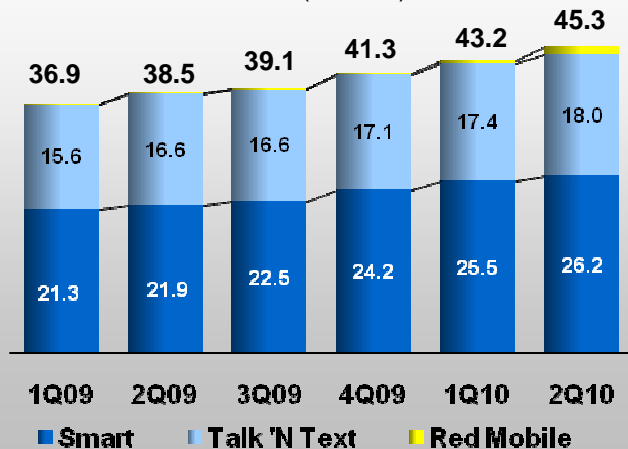


- **PLDT combined broadband subscriber base grew 21% to 1.96mn from YE09 with PLDT DSL, *SmartBro*, and *WeRoam* having added about 340,000 subscribers in 1H10**
  - *SmartBro*, the most widely available broadband service provider in the country today, had 1.3mn subscribers as at end June 2010, of which about 867,000 are Plug-It prepaid subscribers
    - Of more than 285,000 net adds in the first half of 2010, over 265,000 were Plug-It prepaid subscribers
  - DSL subscribers grew by nearly 50,000 in 1H10 to more than 609,000
- **Combined broadband subscriber base up 60% compared to 1H09, with *SmartBro* subscribers having increased by 92%**
- **PLDT Group's total DSL, wireless broadband and internet service revenues increased 21% to P8.0bn in 1H10, now representing 11% of total service revenues**
  - DSL revenues grew by 22% to P4.1bn, while wireless broadband increased 26% to P3.4bn
  - DSL ARPU at approx P1,150 while net blended wireless ARPU at P465
- **2Q10 revenues improved 21% to P4.0bn compared to the same period of 2009, and by 2% from 1Q10**
- **Initiatives to maximize returns from broadband:**
  - Introduction of promos to stimulate use of mobile internet
  - Pursue initiatives to use content as a differentiator to further spur demand and for retention

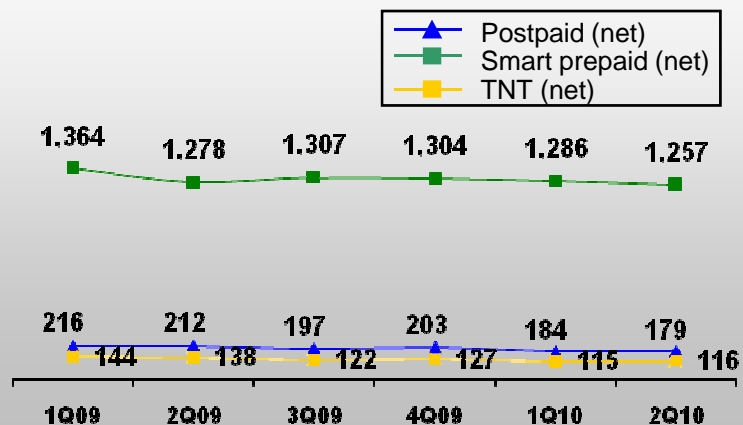
# SMART: Expanding our reach

**Combined Smart Subscriber Base**

(millions)



**Prepaid and Postpaid ARPU (Pesos)**

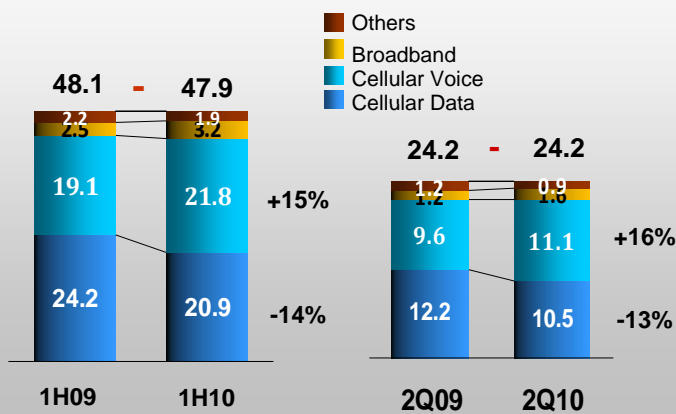


- **Combined Smart, TNT, and Red Mobile subscriber base grew by 18% year-on-year to 45.3mn as at end-June 2010**
- **Net adds of 4.0mn cellular subscribers were registered in 1H10**
  - Of the 4.0mn net adds, 2.0mn were Buddy subscribers, 1.1mn were Red Mobile subscribers, while 0.9mn were TNT subscribers
  - Net adds for the period were 22% higher than the 3.3mn in 1H09
- **Net Blended ARPU declined by 16% year-on-year to P164**
- **Market continues to look for best value-for-money**
  - Preference for bucket and unlimited plans still growing and now accounting for 56% of cellular text revenues
  - Multi-SIM ownership remains popular as means of maximizing various on-net promos
- **Prepaid subscriber acquisition costs for 1H10 continue to decline and represent only approximately 18% of net blended prepaid ARPU of P153**
- **Red Mobile Unlimited, PLDT's offering to capture subscriber spend on a second SIM to avail of unlimited offerings, saw a sharp increase in subscriber base; Red subscribers now allowed to make unlimited calls to Smart subscribers**
- **Text volumes and voice minutes as of 1H10 were higher by 27% and 279% year-on-year; however, yields have declined to P0.12 per text and P1.25 per minute of voice on higher traffic volumes**

# SMART: Nurturing new growth areas

## Service Revenues

(Php billions)



➤ **Wireless service revenues were stable year-on-year at P47.9bn for the first half of 2010; excluding the satellite business, revenues were higher by P0.2bn year-on-year**

- + 27% increase in wireless broadband revenues
- + 15% growth in cellular voice revenues
- 14% decrease in cellular data/text revenues
- 37% decline in satellite and other revenues

➤ **Voice revenues contributed 50% to total cellular service revenues in 1H10 compared to 43% in 1H09**

- Low-cost/unlimited voice promos (*SmartTalk, SmartTalk Plus, Red Mobile Unlimited*) continue to stimulate the demand for voice with a 279% y-o-y increase in domestic call minutes
- Resultant increase in voice traffic contained within the Red Mobile/second network we have put in place

➤ **SMS/data services as at end June 2010 accounted for 47% of cellular service revenues compared to 54% last year**

- SMS volumes continue to grow but yields are lower due to bucket plans

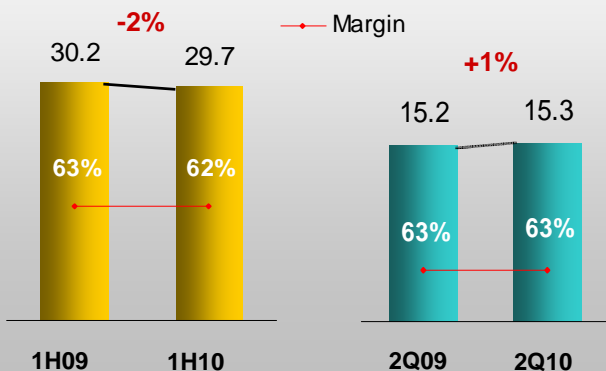
➤ **EBITDA decreased by 2% y-o-y to P29.7bn in 1H10 due to stable service revenues and a 3% increase in cash opex**

➤ **EBITDA margin of 62% for 1H10 is similar to the FY09 margin, but is a decline compared with 63% in 1H09**

➤ **EBITDA for 2Q10 grew 6% q-o-q and 1% y-o-y with margin at 63% for 2Q10 up from 61% in 1Q10 and similar to 2Q09**

## EBITDA

(Php billions)



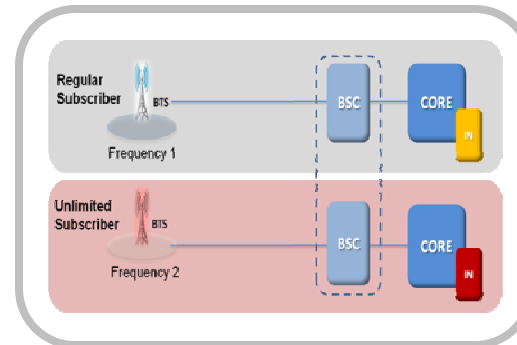
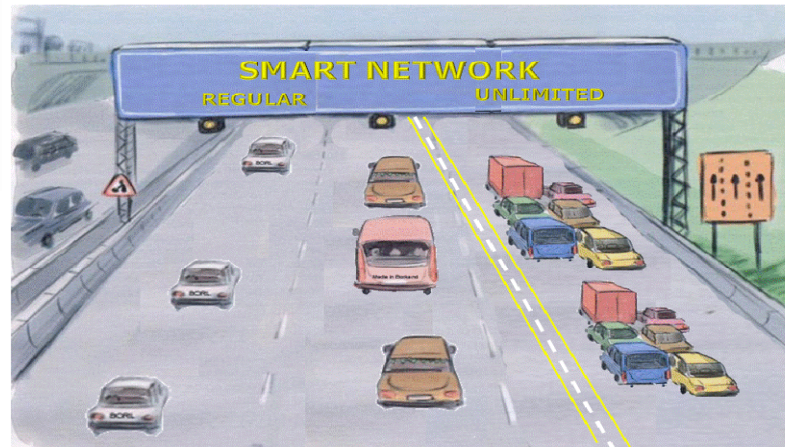
# Smart: Recent Marketing Initiatives



- Text-in promo with ABC5 is generating significant number of hits and entries



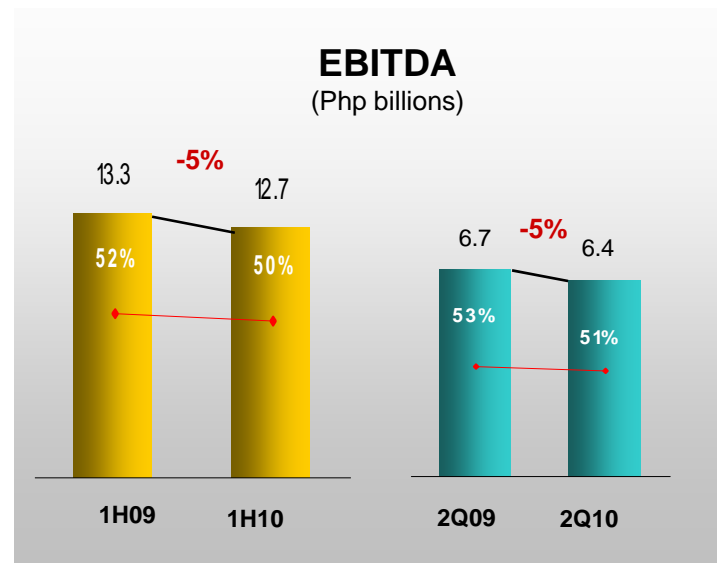
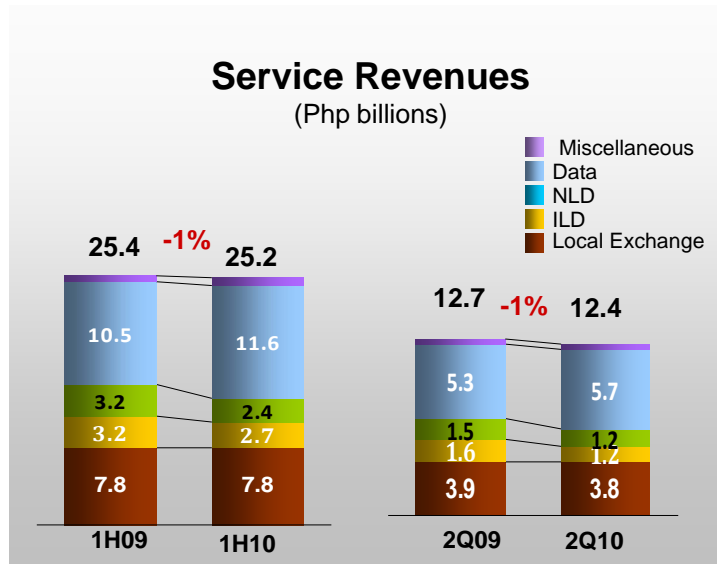
- Increased Traffic from giving Friday Mobile Internet for Free!
- Smart Facebook wall filled with **POSITIVE** feedback



RED Mobile usage showing marked increase after the opening of the Unli service to all SMART brands.

- Lower cost of delivery for unlimited service
- Implement control mechanisms to prevent usage abuse
- Protect regular subscriber's quality of service

# Fixed Line: Holding steady



- **Fixed line service revenues declined by P200mn or 1% to P25.2bn in 1H10 compared to 1H09 due to the combined effect of:**
  - + 11% increase in corporate data and DSL service revenues
    - Domestic data service revenues grew by P738mn or 9% due to continued demand from the offshoring and outsourcing industry
    - International data service revenues are higher by P372mn or 14% resulting from higher I-Gate revenues from Smart's higher usage and monthly recurring charges
    - Sustained growth of revenues from SME customers
  - LEC revenues decreased by 1% despite increase in number of postpaid billed lines due to bundled voice and data services
  - Lower NLD revenues largely resulting from a decline in call volumes
  - Decrease in ILD revenues due to the decrease in the average settlement rate for inbound calls and the unfavorable impact of the peso appreciation which reduced revenues by approx. P269mn
- **Fixed line subscribers grew by 4% y-o-y to 1.9mn in 1H10**
- **Data service revenues contributed 46% of total fixed line service revenues in 1H10 compared with 41% in the same period last year**
- **EBITDA of P12.7bn in 1H10 is 5% lower y-o-y due to the combined effect of lower revenues and slightly higher cash operating expenses**
- **EBITDA margin of 50% for the first half of 2010 is higher than FY09 margin of 49%, but is lower compared with 52% in 1H09**
- **2Q10 service revenues were 4% lower q-o-q but EBITDA was 1% higher as a result of a 9% reduction in cash operating expenses**

# Fixed Line: Finding more ways to serve



- PLDT KaAsenso is an initiative of PLDT to empower and enable progressive micro-businesses (aptly called “Minigosyos”) with the right communication and information tools to increase their profits and maximize savings.
- Convergent offer which bundles the wired PLDT landline service with wireless products and allows unlimited local calls



- Features key SME Owners as “Pinoy Bossings” who stand as role models for aspiring and existing Entrepreneurs.
- Espoused utilization of Technology as a key enabler for Business success.
- Rationalized various products and services of SME under an Umbrella brand, BOSS (Bossing’s Solutions for Success)

**PLDT introduced its cloud computing services under the brand AppFarm.**

**AppFarm initially offers (1) Document Management System (AppFarm Organize),** Integrating and organizing various documents, both paper and digital, into a single, searchable database accessed through a web browser and a private or an Internet connection; and **(2) In-the-Cloud Security (AppFarm Protect)** a managed security service that delivers secure, fast and policy-based Internet experience from any place, on any device.

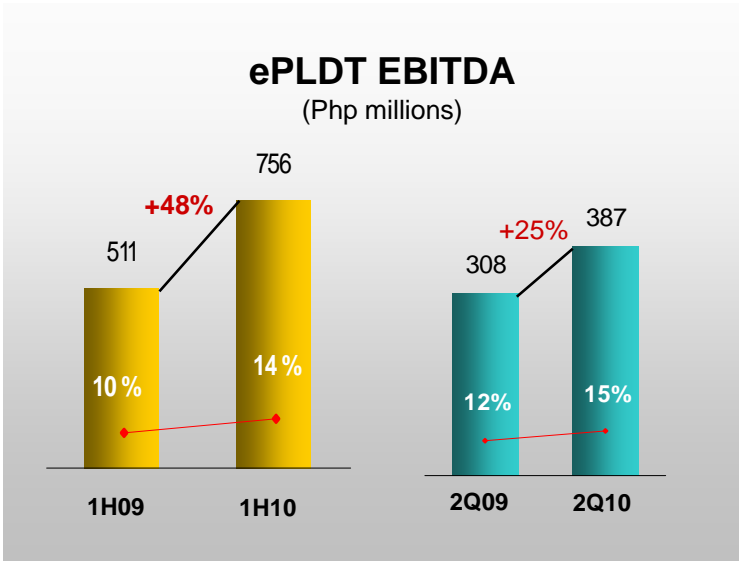
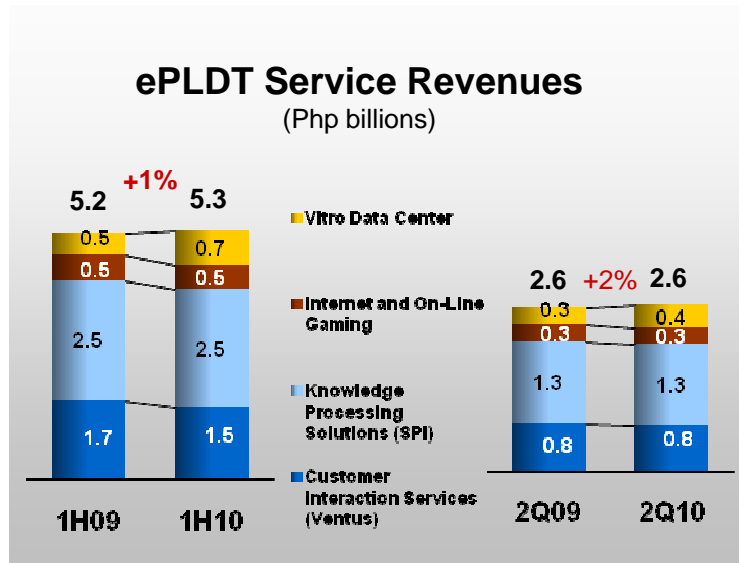


- PLDT myDSL Watchpad is exclusively available to PLDT DSL subscribers
- DSL broadband entertainment: WATCH (free live streaming of 20 channels), chat, blog and share



In partnership with Alcatel-Lucent, Avaya and Cisco, PLDT introduced PLDT UNO, the country's first managed unified communication solution. The use of VoIP gateways combined with PBX functionalities will enable businesses to enjoy the benefits of single network for voice and data applications.

# ePLDT: Positioning for growth

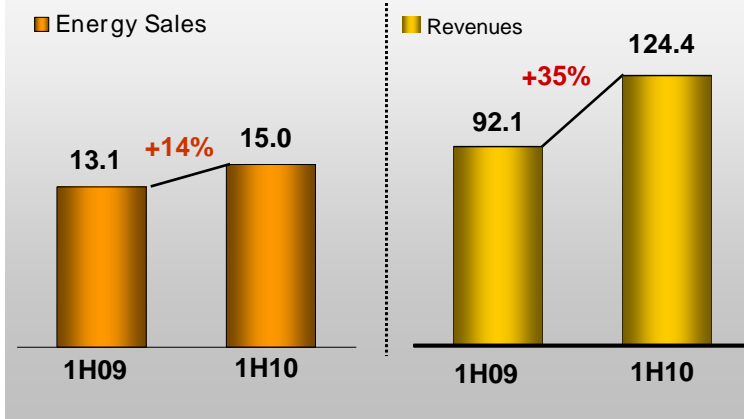


- ePLDT service revenues, which accounts for about 7% of PLDT group service revenues, improved by 1% to P5.3bn as a result of:
  - + 52% growth in data center revenues arising from increases in co-location and disaster recovery contracts
  - 9% reduction in call center/Ventus revenues largely due to the impact of the peso appreciation on dollar-denominated revenues;
  - 1% decrease in BPO revenues largely in the coding business and due to the peso appreciation
- 70% of ePLDT's 1H10 revenues are dollar-denominated; had the peso remained stable, service revenues for the period would have increased by 4% y-o-y
- ePLDT's EBITDA for the first half of 2010 registered a 48% increase to P756mn with EBITDA margin of 14% compared with 10% in 1H09 and 12% in FY09 due to:
  - + 1% growth in service revenues
  - + 4% decline in cash operating expenses, primarily resulting from lower compensation and benefit costs due to a reduction in headcount
- Re-organization of ePLDT to result in two entities:
  - SPi Global Holdings (combined call center/Ventus and KPS/BPO operations) now focusing on generating pipeline of new contracts including tapping new markets (e. g., APAC) and creating end to end BPO solutions for clients through consolidation, accelerating growth across all three verticals - Call center, Healthcare and Content solutions
  - ePLDT (data center, internet and on-line gaming operations) to pursue expansion of data center operations, and other ICT growth areas

# Meralco: Highlights

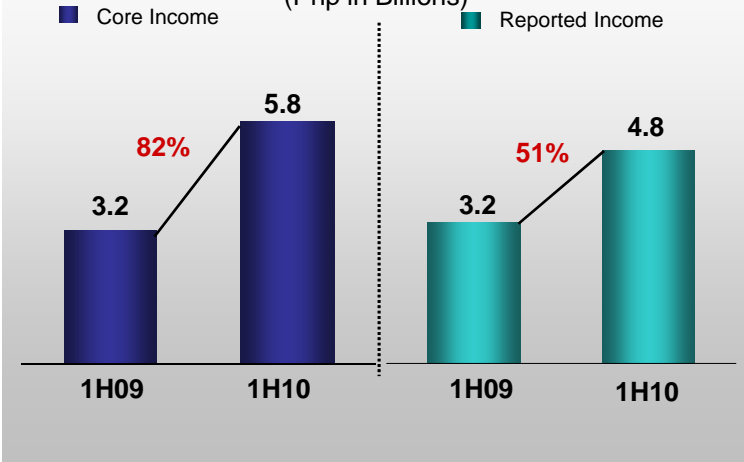
## Energy Sales and Service Revenues

(in '000 GWh and Php in Billions)



## Core and Reported Net Income

(Php in Billions)



- Meralco's consolidated service revenues as at 1H10 grew by 35% to P124.4bn driven by a 14% increase in energy sales, an increase in customer count, higher average purchased power and transmission pass-through costs, and distribution rate adjustments
- Costs and expenses for 1H10 increased by 34% year-on-year to P120.3bn resulting from the higher cost of purchased power
- EBITDA of P11.2bn as at the end of June 2010 is 34% higher compared to the same period last year
- Core and reported income for the first half of 2010 registered at P5.8bn and P4.9bn, respectively, representing an 82% and 51% growth year-on-year
- On 26 July 2010 and following Meralco's dividend policy, the Board declared an interim dividend of P2.50/share representing 50% of 1H10 core earnings
- Other financial highlights:
  - Meralco's system loss hit an all-time low of 7.93%, below the 8.5% system loss cap
- Related developments:
  - Impact of recent typhoon Basyang:
    - ✓ Multiple transmission grid tripping caused black-out in Meralco's franchise area: 100% restored by Meralco within 48 hours
    - ✓ Impact estimated at approx. P113mn in distribution revenue losses and P31mn in restoration cost



# PLDT Group: Re-affirming guidance for 2010

- **Service revenues** are expected to grow by 2% to **P148bn** from P145.6bn in 2009:
  - Strong growth in fixed/wireless broadband, corporate and SME business for the fixed line, and improvements in the BPO business
  - Cellular growth challenged by 80% market penetration and multiple-SIM phenomenon, increasing subscriber preference for unlimited offers and bucket plans, competition from social networking/broadband
  - Minimal boost from elections, the impact of the peso appreciation, as well as the lower revenues from our satellite business due to the disposal of our Mabuhay satellite transponders
- **EBITDA** to increase by 1% to **P87bn** from P86.2bn in 2009 with margin at 59% similar to last year as a result of:
  - Greater contribution from broadband where margin is relatively lower than our traditional high-margin services (i. e., cellular data, ILD)
  - Higher subsidies to further seed and grow the broadband business
  - Close management of costs to supplement revenue growth
- We expect **core net income** for 2010 to be **slightly higher than P41.1bn** in 2009 resulting from the increase in revenues, the contribution from our investment in Meralco, and lower income tax provision, which were partly offset by higher financing charges
- **Capex** for 2010 is guided at **P28.6bn**, P500mn higher than P28.1bn in 2009 as part of our continuing investment in the network to support take-up of broadband, higher voice usage, on top of maintenance capex
- On **capital management**, regular dividend payout ratio remains at **70%** of core EPS together with our “**look back**” approach with respect to any supplementary special dividends

*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

# 1H 2010: Consolidated Financial Highlights

<i>(in million pesos)</i>	1H 2010 (Unaudited)				1H 2009 (Unaudited)	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
<b>Service Revenues</b>	47,876	25,237	5,262	72,156	72,871	-1%
<b>Cash operating expenses</b>	16,665	11,805	4,447	26,460	26,482	-
<b>EBITDA<sup>(1)</sup></b>	29,704	12,668	756	43,257	44,080	-2%
<b>EBITDA Margin</b>	62%	50%	14%	60%	60%	
<b>Depreciation and amortization</b>	6,781	5,896	377	13,054	13,133	-1%
<b>Financing costs, net</b>	(1,344)	(2,029)	(88)	(3,451)	(3,117)	11%
<b>Income before income tax</b>	22,817	6,274	286	29,377	27,271	8%
<b>Provision for (benefit from) income tax</b>	6,051	1,724	(19)	7,756	7,000	11%
<b>Core net income<sup>(2)</sup></b>	17,133	3,753	344	21,230	20,838	2%
<b>Reported net income</b>	16,822	4,544	313	21,679	19,720	10%

(1) EBITDA calculation provided in slide 24

(2) Consolidated net income before certain adjusting items and excluding gains/losses on foreign exchange/derivatives (after tax)

Foreign Exchange Rates:

	30-Jun-10	30-Jun-09	31-Dec-09
Php per US\$	46.42	48.16	46.43

# Revenues

<i>(in million pesos)</i>	1H 2010 (Unaudited)				1H 2009 (Unaudited)	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
<b>Service Revenues</b>						
<b>Wireless</b>						
Cellular	44,076			44,076	44,610	-1%
Broadband	3,203			3,203	2,518	27%
Satellite and other services	597			597	948	-37%
<b>Fixed line</b>						
Local exchange		7,764		7,764	7,845	-1%
International long distance		2,690		2,690	3,196	-16%
National long distance		2,351		2,351	3,186	-26%
Data and other network		11,578		11,578	10,468	11%
Miscellaneous		854		854	722	18%
<b>ICT</b>						
Knowledge processing solutions			2,502	2,502	2,519	-1%
Customer interaction solutions			1,526	1,526	1,683	-9%
Internet and online gaming			520	520	543	-4%
Vitro™ data center and others			714	714	468	53%
Inter-segment transactions				(6,219)	(5,835)	7%
	47,876	25,237	5,262	72,156	72,871	-1%
<b>Non-Service Revenues</b>	745	180	235	1,160	1,267	-8%
Inter-segment transactions	-	-	-	(109)	(60)	82%
	745	180	235	1,051	1,207	-13%
<b>Total Revenues</b>	<u>48,621</u>	<u>25,417</u>	<u>5,497</u>	<u>73,207</u>	<u>74,078</u>	<u>-1%</u>

# Expenses

<i>(in million pesos)</i>	1H 2010 (Unaudited)				1H 2009 (Unaudited)	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
<b>Operating expenses</b>						
Compensation and employee benefits	3,210	5,020	3,024	11,247	11,543	-3%
Repairs and maintenance	2,450	2,152	366	4,512	4,247	6%
Selling and promotions	1,940	679	50	2,667	2,839	-6%
Professional and other contracted services	1,467	1,490	254	2,302	2,094	10%
Rent	5,439	1,306	349	2,173	2,050	6%
Taxes and licenses	901	351	51	1,303	1,373	-5%
Communication, training and travel	462	265	222	847	905	-6%
Insurance and security services	344	219	37	553	643	-14%
Other operating expenses	452	323	94	856	788	9%
<b>Cash operating expenses</b>	<b>16,665</b>	<b>11,804</b>	<b>4,447</b>	<b>26,460</b>	<b>26,482</b>	<b>-</b>
Depreciation and amortization	6,781	5,896	377	13,054	13,133	-1%
Asset impairment	346	836	38	1,220	953	28%
Amortization on intangible assets	47	-	131	178	187	-5%
<b>Non-cash operating expenses</b>	<b>7,174</b>	<b>6,732</b>	<b>546</b>	<b>14,452</b>	<b>14,273</b>	<b>1%</b>
<b>Cost of sales</b>	<b>1,919</b>	<b>186</b>	<b>284</b>	<b>2,389</b>	<b>2,563</b>	<b>-7%</b>
<b>Total Expenses</b>	<b><u>25,757</u></b>	<b><u>18,723</u></b>	<b><u>5,277</u></b>	<b><u>43,301</u></b>	<b><u>43,318</u></b>	<b><u>-</u></b>

# Other Income (Expenses)

<i>(in million pesos)</i>	1H 2010 (Unaudited)				1H 2009 (Unaudited)	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Gains (losses) on derivative financial instruments, net	(1)	1,189	1	1,189	(1,306)	191%
Interest income	354	252	16	612	900	-32%
Equity share in net earnings (losses) of associates and joint ventures	784	-	97	881	(65)	1455%
Foreign exchange gains (losses), net	(105)	51	(5)	(59)	(292)	-80%
Hedge costs	-	(255)	-	(255)	(325)	-22%
Others	266	372	45	554	716	-23%
<b>Total</b>	<b>1,297</b>	<b>1,610</b>	<b>154</b>	<b>2,922</b>	<b>(372)</b>	<b>885%</b>
Financing costs, net						
Interest on loans and other related items	(1,003)	(2,140)	(9)	(3,142)	(2,907)	8%
Accretion on financial liabilities	(451)	(37)	(79)	(567)	(484)	17%
Financing charges	(17)	(31)	-	(48)	(100)	-52%
Capitalized interest	127	179	-	306	374	-18%
<b>Total</b>	<b>(1,344)</b>	<b>(2,029)</b>	<b>(88)</b>	<b>(3,451)</b>	<b>(3,117)</b>	<b>11%</b>
<b>Total other income (expenses)</b>	<b>(46)</b>	<b>(420)</b>	<b>66</b>	<b>(529)</b>	<b>(3,489)</b>	<b>-85%</b>

# EBITDA

<i>(in million pesos)</i>	1H 2010 (Unaudited)				1H 2009 (Unaudited)	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Income before tax	22,817	6,274	286	29,377	27,271	8%
Add (deduct):						
Depreciation and amortization	6,781	5,896	377	13,054	13,133	-1%
Financing costs, net	1,344	2,029	88	3,451	3,117	11%
Asset impairment	13	78	28	119	-	100%
Amortization of intangible assets	47	-	131	178	187	-5%
Equity share in net losses (earnings) of associates and joint ventures	(784)	-	(97)	(881)	65	-1455%
Losses (gains) on derivative financial instruments, net	1	(1,189)	(1)	(1,189)	1,306	-191%
Foreign exchange losses (gains), net	105	(51)	5	59	292	-80%
Interest income	(354)	(252)	(16)	(612)	(900)	-32%
Hedge costs	-	255	-	255	325	-22%
Other income	(266)	(372)	(45)	(554)	(716)	-23%
<b>EBITDA</b>	<b>29,704</b>	<b>12,668</b>	<b>756</b>	<b>43,257</b>	<b>44,080</b>	<b>-2%</b>
<b>EBITDA Margin</b>	<b>62%</b>	<b>50%</b>	<b>14%</b>	<b>60%</b>	<b>60%</b>	



# Core Net Income

<i>(in million pesos)</i>	1H 2010 (Unaudited)				1H 2009 (Unaudited)	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Reported net income	16,822	4,544	313	21,679	19,720	10%
Add (deduct):						
Foreign exchange losses (gains), net	105	(51)	5	59	292	-80%
Losses (gains) on derivatives financial instruments, net	1	(1,189)	(1)	(1,189)	1,306	-191%
Asset impairment	9	78	28	115	-	100%
Adjustment in equity share in Meralco	227	-	-	227	-	100%
Tax effect	(32)	371	(1)	339	(480)	171%
	<u>17,133</u>	<u>3,753</u>	<u>344</u>	<u>21,230</u>	<u>20,838</u>	<u>2%</u>

# Cash Flows

<i>(in million pesos)</i>	1H 2010				1H 2009	% Change
	(Unaudited)				(Unaudited)	
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Net cash from operations	22,439	8,858	561	31,848	34,348	-7%
Add(Deduct):						
Capital expenditures	(5,000)	(4,479)	(221)	(9,700)	(10,666)	-9%
Other investing activities	86	186	11	135	824	-84%
Interest, net	(539)	(1,738)	3	(2,264)	(1,667)	36%
Dividends from Smart	-	17,000	-	-	-	-
Preferred share dividends	-	(61)	-	(61)	(63)	-3%
Others	(109)	(452)	1	(560)	895	-163%
Free cash flow	16,877	19,314	355	19,398	23,671	-18%
Common share dividends	(17,069)	(26,220)	-	(26,269)	(24,689)	6%
Common share buyback	-	-	-	-	(1,389)	100%
Investments	-	(1)	(6)	(7)	(1,172)	-99%
Redemption of preferred shares	(6)	-	-	(6)	(297)	-98%
Debt repayments, net	(573)	(5,132)	(106)	(5,683)	7,157	-179%
Change in cash	(771)	(12,039)	243	(12,567)	3,281	-483%
Cash balance, beginning <sup>(1)</sup>	21,602	19,306	1,235	42,143	40,354	4%
Cash balance, end <sup>(1)</sup>	20,831	7,267	1,478	29,576	43,635	-32%

(1) Includes short-term investments

# Balance Sheet

<i>(in million pesos)</i>	Consolidated	
	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
<b>Total Assets</b>	<b>264,316</b>	<b>280,148</b>
<b>Nominal Value of Total Debt</b>	<b>96,890</b>	<b>102,587</b>
<i>in US\$</i>	<b>\$2,087</b>	<b>\$2,210</b>
<b>Less: Unamortized Debt Discount</b>	<b>3,534</b>	<b>3,858</b>
<b>Total Debt</b>	<b>93,356</b>	<b>98,729</b>
<b>Cash and short-term investments <sup>(1)</sup></b>	<b>29,576</b>	<b>42,143</b>
<b>Net Debt <sup>(3)</sup></b>	<b>67,314</b>	<b>60,444</b>
<b>Equity</b>	<b>94,401</b>	<b>99,125</b>
<b>Total Debt<sup>(2)</sup>/Equity</b>	<b>1.03x</b>	<b>1.03x</b>
<b>Net Debt<sup>(3)</sup>/Equity</b>	<b>0.71x</b>	<b>0.61x</b>
<b>Total Debt<sup>(2)</sup>/EBITDA</b>	<b>1.13x</b>	<b>1.19x</b>
<b>Net Debt <sup>(3)</sup>/EBITDA</b>	<b>0.79x</b>	<b>0.70x</b>

*(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

	1H 2010 (Unaudited)		1H 2009 (Unaudited)	
	Basic	Diluted	Basic	Diluted
Net Income attributable to equity holders of PLDT	21,679	21,679	19,720	19,720
Dividends on preferred shares	(228)	(25)	(227)	(25)
<b>Net Income applicable to common shares</b>	<b>21,451</b>	<b>21,654</b>	<b>19,493</b>	<b>19,695</b>
Outstanding common shares, beginning	186,797	186,797	187,484	187,484
Average incremental number of shares under ESOP during the period	-	-	-	18
Effect of issuance of common shares during the period	-	-	10	10
Effect of purchase of treasury stock during the period	-	-	(462)	(462)
Common shares equivalent of convertible preferred shares deemed dilutive:				
Preferred Stock Series A to EE	-	1,870	-	1,954
Preferred Stock Series VI	-	-	-	4
<b>Weighted average number of shares, end</b>	<b>186,797</b>	<b>188,667</b>	<b>187,032</b>	<b>189,008</b>
<b>EPS (based on reported net income)</b>	<b>114.83</b>	<b>114.77</b>	<b>104.22</b>	<b>104.20</b>
Core Net Income	21,230	21,230	20,838	20,838
Adjustments for preferred shares deemed dilutive	(228)	(25)	(227)	(25)
<b>Net Income applicable to common shares</b>	<b>21,002</b>	<b>21,205</b>	<b>20,611</b>	<b>20,813</b>
<b>Weighted average number of shares, end</b>	<b>186,797</b>	<b>188,667</b>	<b>187,032</b>	<b>189,008</b>
<b>EPS (based on core net income)</b>	<b>112.43</b>	<b>112.39</b>	<b>110.20</b>	<b>110.12</b>

# Interest-bearing Liabilities

<i>(in millions)</i>	June 30, 2010 (Unaudited)			December 31, 2009 (Audited)	Change
	Carrying Value	Unamortized Debt Discount	Face Value	Face Value	
<b>Debt</b>					
<b>PLDT</b>	<b>\$1,090</b>	<b>\$5</b>	<b>\$1,095</b>	<b>\$1,205</b>	<b>-\$110</b>
<b>Smart</b>	<b>\$914</b>	<b>\$71</b>	<b>\$985</b>	<b>\$996</b>	<b>-\$11</b>
2014 Debt	\$216	\$64	\$280	\$280	-
Others	\$698	\$7	\$705	\$716	-\$11
<b>Others</b>	<b>\$7</b>	<b>-</b>	<b>\$7</b>	<b>\$9</b>	<b>-\$2</b>
<b>Total Debt*</b>	<b>\$2,011</b>	<b>\$76</b>	<b>\$2,087</b>	<b>\$2,210</b>	<b>-\$123</b>
<b>Obligations under finance lease</b>	<b>\$0.33</b>	<b>\$0.04</b>	<b>\$0.37</b>	<b>\$1.39</b>	<b>(\$1.02)</b>

\*Includes notes payable amounting to P186 million or US\$4 million

# Consolidated Quarterly Financial Highlights

<i>(in million pesos)</i>	2010 (Unaudited)		2009 (Unaudited)	% Change 2Q10 vs. 2Q09
	1Q	2Q	2Q	
<b>Service Revenues</b>	<b>36,005</b>	<b>36,151</b>	<b>36,509</b>	<b>-1%</b>
<b>Non-service Revenues</b>	<b>508</b>	<b>543</b>	<b>642</b>	<b>-15%</b>
<b>Less: Cost of sales</b>	<b>1,170</b>	<b>1,219</b>	<b>1,381</b>	<b>-12%</b>
<b>Operating Expenses</b>				
<b>Cash operating expenses</b>	<b>13,612</b>	<b>12,848</b>	<b>13,049</b>	<b>-2%</b>
<b>Non-cash operating expenses</b>	<b>7,014</b>	<b>7,438</b>	<b>7,012</b>	<b>6%</b>
	<b>20,626</b>	<b>20,286</b>	<b>20,061</b>	<b>1%</b>
<b>Operating Income</b>	<b>14,717</b>	<b>15,189</b>	<b>15,709</b>	<b>-3%</b>
<b>EBITDA</b>	<b>21,183</b>	<b>22,074</b>	<b>22,228</b>	<b>-1%</b>
<b>EBITDA Margin</b>	<b>59%</b>	<b>61%</b>	<b>61%</b>	
<b>Interest Income</b>	<b>366</b>	<b>246</b>	<b>367</b>	<b>-33%</b>
<b>Equity share in net earnings (losses) of associates and joint ventures</b>	<b>369</b>	<b>512</b>	<b>(20)</b>	<b>-2660%</b>
<b>Financing costs</b>	<b>(1,874)</b>	<b>(1,577)</b>	<b>(1,533)</b>	<b>3%</b>
<b>FX and derivatives (gains)/losses</b>	<b>1,220</b>	<b>(346)</b>	<b>(825)</b>	<b>-58%</b>
<b>Others</b>	<b>242</b>	<b>312</b>	<b>285</b>	<b>9%</b>
<b>Income before income tax</b>	<b>15,040</b>	<b>14,337</b>	<b>13,984</b>	<b>3%</b>
<b>Provision for income tax</b>	<b>3,667</b>	<b>4,089</b>	<b>3,545</b>	<b>15%</b>
<b>Net income, as reported</b>	<b>11,420</b>	<b>10,259</b>	<b>10,140</b>	<b>1%</b>
<b>Core net income</b>	<b>10,484</b>	<b>10,746</b>	<b>10,618</b>	<b>1%</b>