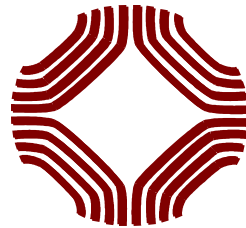




# Philippine Long Distance Telephone Company

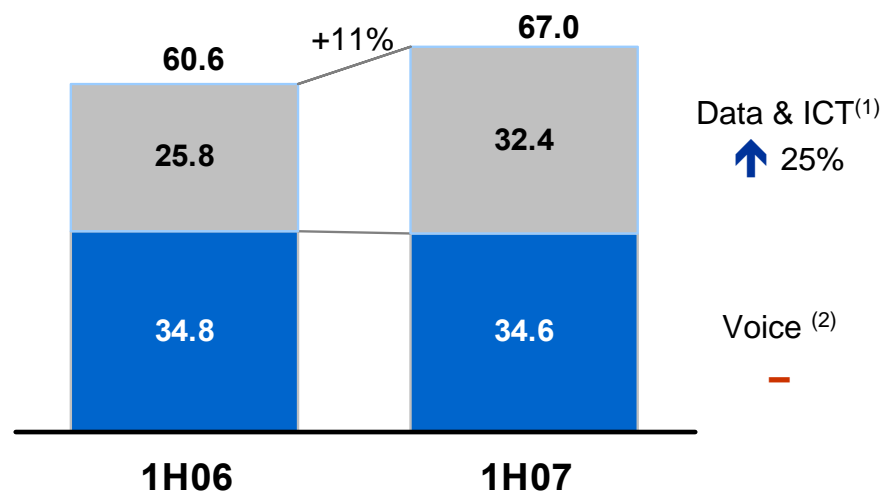


## First Half 2007 Financial and Operating Results

7 August 2007

# PLDT Group: Service Revenues and EBITDA

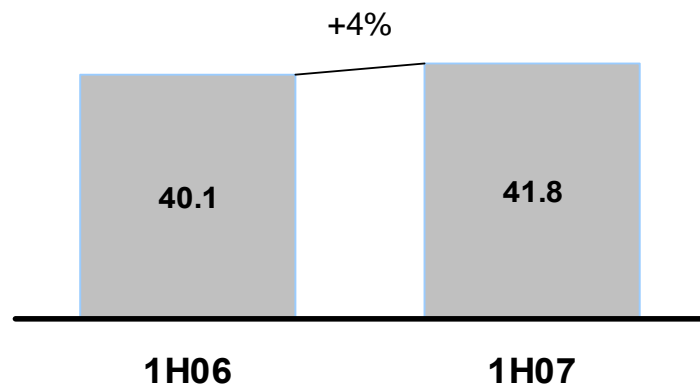
## Service Revenues (billion pesos)



(1) Includes cellular, other wireless, fixed line data and ICT service revenues

(2) Includes cellular voice, LEC, ILD and NLD service revenues

## EBITDA and EBITDA margin (billion pesos)

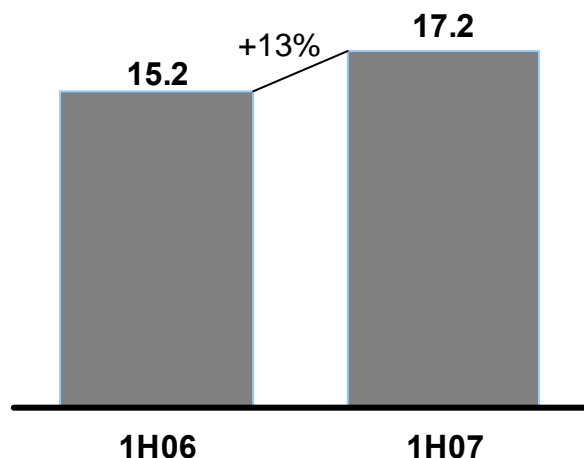


	1H06	1H07
Margin	66%	62%

- Consolidated service revenues grew by P6.4bn or 11% to P67bn in 1H07 as a result of:
  - + Wireless service revenues up by 11%
  - + ICT revenues increasing by 165%
  - Fixed line revenues declining by 2%
- Approximately 38% of consolidated service revenues are USD linked
  - Service revenues would have been higher by 4% excluding the impact of the 9% peso appreciation
- Data, Broadband and ICT revenues increased by 25% and now account for 48% of total service revenues
- Voice revenues were stable at P34.7bn in 1H07 driven by:
  - + 7% increase in cellular voice revenues
  - 9% decline in traditional fixed line voice revenues
- EBITDA increased by 4% to P41.8bn while margins declined to 62% due to:
  - Wireless margins at 66%
  - Lower fixed line margins at 55%
  - Lower ICT margins of 11%

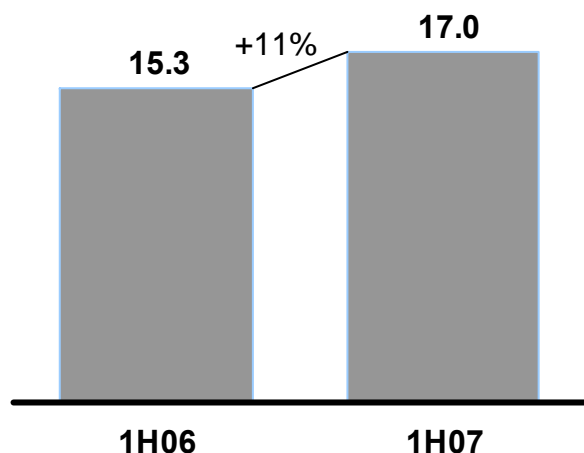
# PLDT Group: Core and Reported Net Income

## Core net income (billion pesos)



- Core net income in 1H07 up 13% to P17.2bn due to the combined impact of:
  - + Increase in revenues and EBITDA
  - + Lower interest on loans
  - Negative impact on core profit of about P1 bn due to the 9% appreciation of the peso
- Reported net income in 1H07 improved by 11% to P17.0bn due to:
  - + Higher FX gains of P811mn in 1H07 from a loss of P218mn in 1H06, or a net change of more than P1bn

## Reported net income (billion pesos)



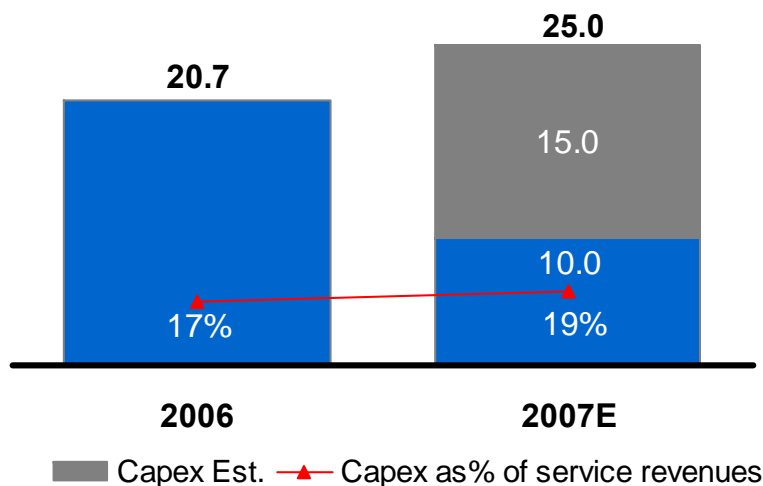
	1H06	1H07
FX rate, beg.	53.062	49.045
FX rate, end	53.220	46.246
Change in FX rate	0.158	(2.799)
average FX rate for the period	52.061	47.768
FX and derivative gains (losses)	(218)	811

- + Lower additional depreciation charges of P1bn in 1H07 compared with P3.9bn incurred in 1H06
- Increase of P5.7bn in provision for taxes, effective tax rate at 34% in 1H07 from 16% in 1H06

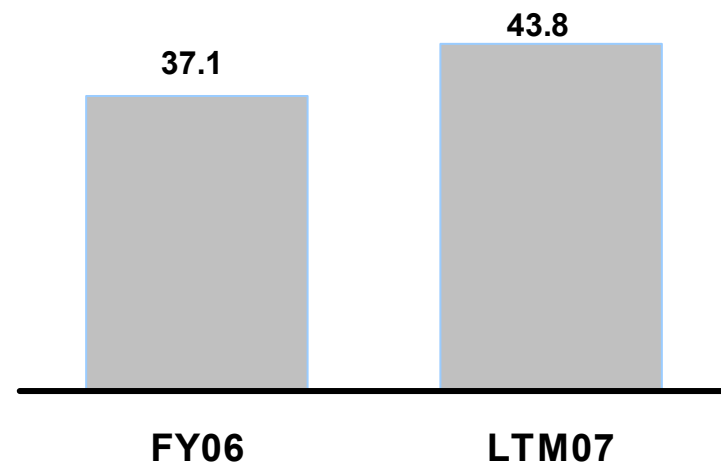
# PLDT Group: Capex and Free Cash Flow

- **PLDT Group's capex in 1H07 reached P10bn and is expected to increase to P25bn for FY07 as a result of:**
  - Better than expected cellular and wireless broadband take up requires additional capacity
  - Continued expansion of the wireless broadband network to support increasing demand for broadband
  - Roll out of NGN in new areas to expand fixed line coverage
- **Free cash flow surged to P24.4bn in 1H07 which allowed PLDT Group to sustain a healthy cash balance of approximately P30bn as of the end of June 2007**
- **PLDT Group's debt balance has been reduced to US\$1.6bn after paying down US\$169mn of debts in 1H07**

**Consolidated Capital Expenditures** (billion pesos)



**PLDT Group Free Cash Flow** (billion pesos)



# PLDT Group: Common Dividends

	1H 2007	FY 2006
<b>Core EPS</b>	<b>P89.75</b>	<b>P168.40</b>
<b>Regular Dividend Payout</b>	<b>70%</b>	<b>60%</b>
<b>Regular Dividends per Share</b>	<b>P60.00</b>	<b>P100.00</b>
<b>Special Dividend per Share</b>		<b>P40.00</b>

<b>Record Date</b>	<b>August 24, 2007</b>
<b>Payment Date</b>	<b>September 24, 2007</b>
<b>Total Interim Dividends to be Paid</b>	<b>≈P11.3bn</b>
<b>Total Special Dividends to be Paid</b>	<b>≈P7.5bn</b>

- On August 7, 2007, PLDT Group declared an interim dividend of P60 per share, representing 70% of 1H07 core EPS
- On the same date, PLDT Group also declared a special dividend of P40 per share, representing an additional 25% dividend payout of 2006 core earnings
  - The special dividend was declared as a result of the continued strong performance of PLDT Group and its healthy cash position
- PLDT Group expects to pay out a total of P18.8bn in dividends on September 24, 2007
- PLDT Group continues to seek investment opportunities in new growth areas while reaffirming its commitment to shareholders to maintain an efficient capital structure

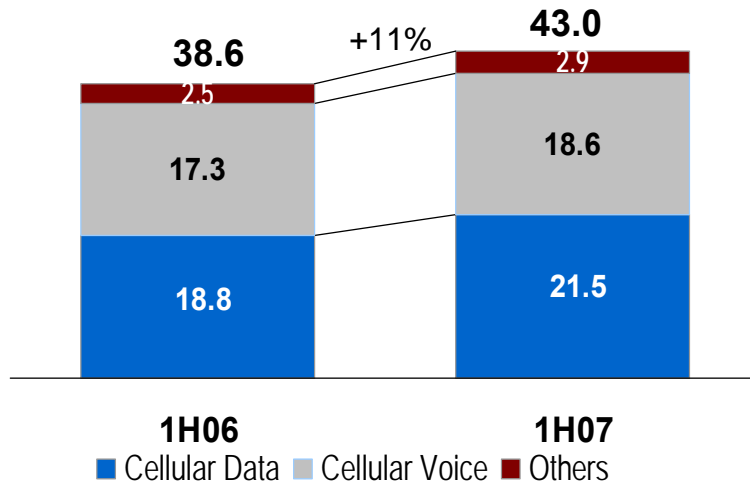
## The PLDT Group: 1H07 Financial Summary

	1H07	1H06		% Y-o-Y
Service Revenues	P67.0bn	P60.6bn	↑	11%
EBITDA	P41.8bn	P40.1bn	↑	4%
EBITDA Margin	62%	66%	↓	
Income Before Tax	P26.0	P18.6	↑	40%
Core Net Income	P17.2bn	P15.2bn	↑	13%
Core EPS	P89.75	P82.48	↑	9%
Reported Net Income	P17.0bn	P15.3bn	↑	11%

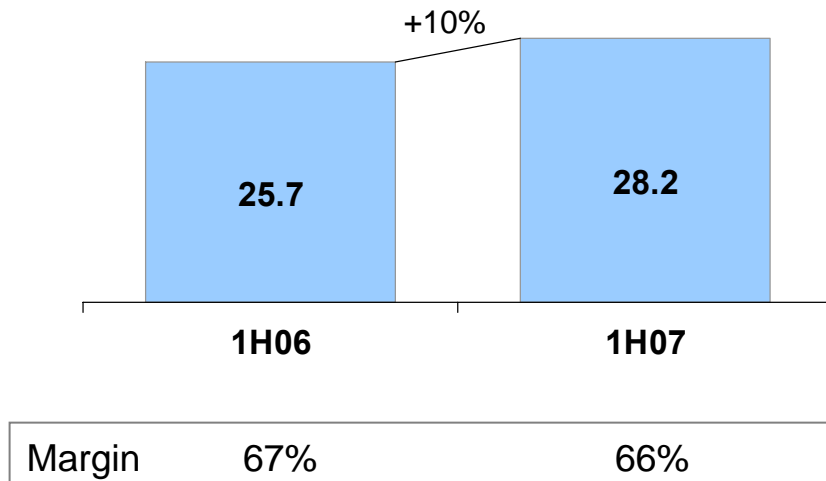
# SMART: Propelling Revenues Upward

- **Service revenues grew 11% to P43bn in 1H07 driven by:**
  - + 15% increase cellular data revenues
  - + 7% growth in voice revenues
  - + 211% rise in wireless broadband revenues
- **EBITDA improved by 10% to P28.2bn in 1H07; EBITDA margin sustained at 66%**
- **Cellular service revenues in 2Q07 increased by 6% q-o-q to P21.2bn boosted by election-related activities; EBITDA in 2Q07 was up 9% to P14.7bn compared with P13.5bn in 1Q07**

Wireless Service Revenues (billion pesos)



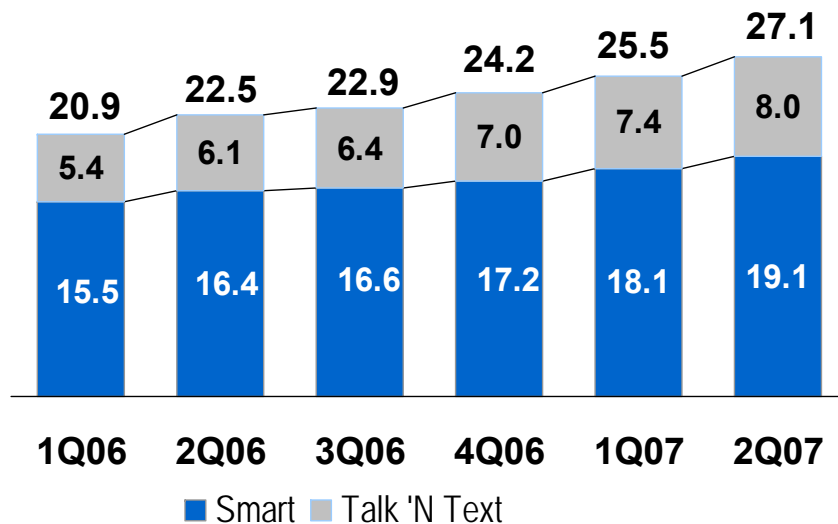
EBITDA\* (billion pesos) and EBITDA Margin



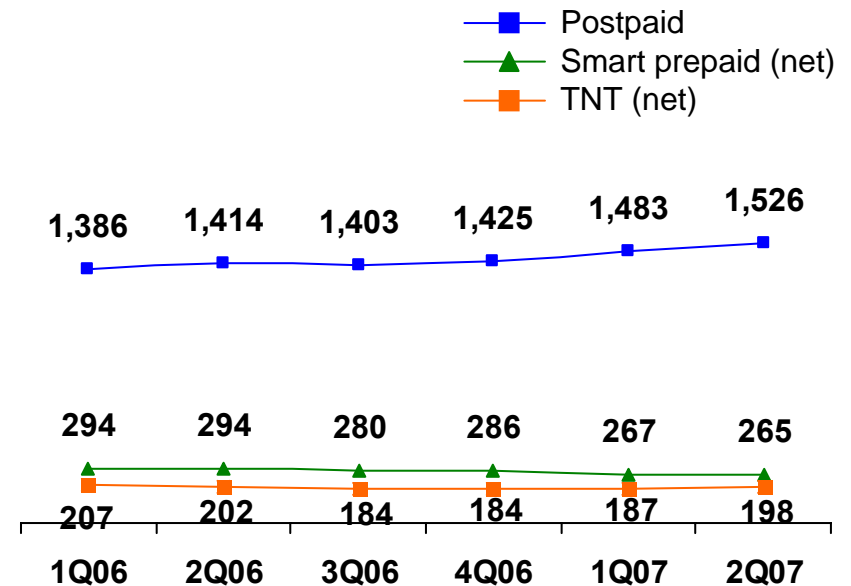
# SMART: Driving Organic Growth

- Smart and TNT added 2.9mn cellular subscribers in 1H07 resulting in a total combined subscriber base of 27.1mn as of the end of the period
- In 2Q07, net additions reached 1.6mn benefiting from:
  - More aggressive and focused acquisition program coupled with better value offerings
  - Increased economic activity in the Philippines
- Prepaid subscriber acquisition costs in 1H07 remained under control and represent less than 30% of blended prepaid ARPUs of P245

Smart & Talk 'N Text Subscribers



Prepaid and Postpaid ARPU (Pesos)





# Smart : Leading the Way Anew



- Commercial service launched on July 25, 2007
- 10 channels offering sports, news, entertainment, cartoons and documentaries
- Free trial period until August 31, 2007
- Monthly fee of P488 (on top of MSF for postpaid and additional load for prepaid)
- Mobile TV-enabled handset required (N92 and N77 currently available)
- *myTV* is being offered by 360media in partnership with Smart using the mobile TV platform Digital Video Broadcasting – Handheld or DVB-H
- Initial coverage areas include Mega Manila, Cebu, Davao, Tagaytay, Batangas and Baguio



# Smart : Serving a New Market

- Global merchant fleet - 46,000 vessels and growing by about 1000 ships a year
- Approximately 1.2 million seafarers
- The Philippines is the world's largest supplier of Seafarers accounting for 40%



- SMARTLink is a prepaid, satellite-based, fixed wireless telecommunications service
- Provides both incoming and outgoing voice services
- Inmarsat tie-up expands coverage beyond Asia to Middle East and Africa; ROW by 2008
- SMARTLink prepaid cards can be topped up both electronically and thru the web

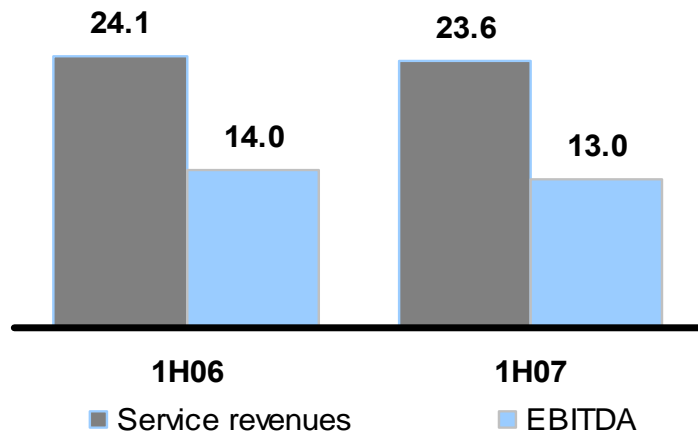


- World's first global maritime GSM Network
- *AltoBridge* patented GSM service supports full voice and text services and allows constant wireless connection without using continuous bandwidth
- Complementary service to SMARTLink
- Smart to acquire 30% of BOW for US\$15.9 million (thru SmartConnect Holdings Pte) with an option to purchase another 19%

# PLDT Fixed Line: Managing Change

- **Fixed Line revenues decreased 2% to P23.6bn in 1H07 due to the combined impact of:**
  - + increase in corporate data and DSL service revenues
  - decrease in LEC revenues as a result of the reduction in basic monthly fees due to the 7% appreciation of the average U.S. dollar - peso exchange rate
  - decline in ILD revenues due to lower inbound rates and the stronger peso
  - lower NLD revenues
- **Fixed Line revenues would have increased 2% year-on-year if the peso remained stable**
- **EBITDA declined to P13bn in 1H07 due to lower revenues and higher cash operating expenses; EBITDA margin decreased to 55% versus the FY06 average of 58%**

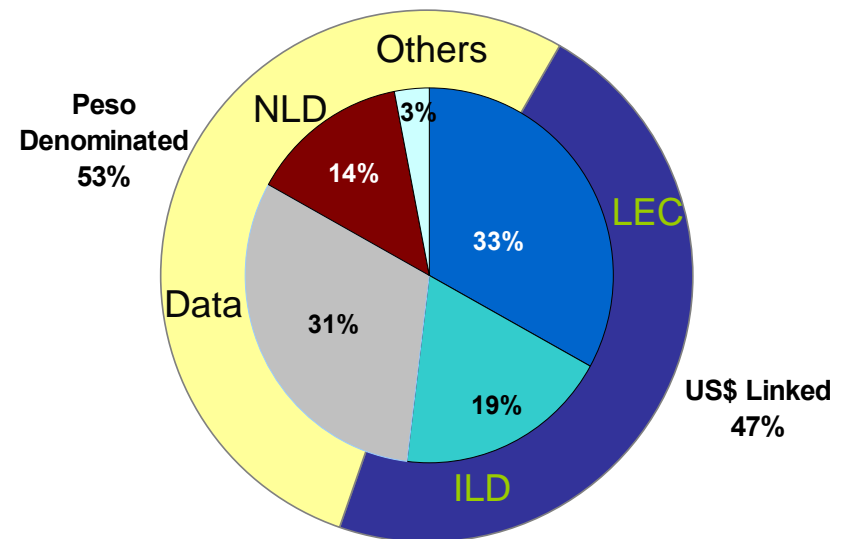
**Fixed Line Service Revenues\* and EBITDA**  
(billion pesos)



Margin	1H06	1H07
	58%	55%

\* Fixed Line service revenues including intra-segment revenues, which are eliminated upon consolidation.

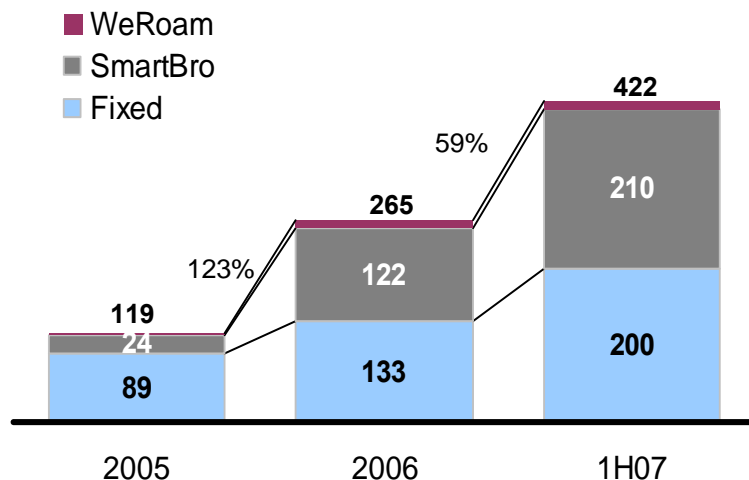
**Fixed Line Revenue Mix (1H07)**



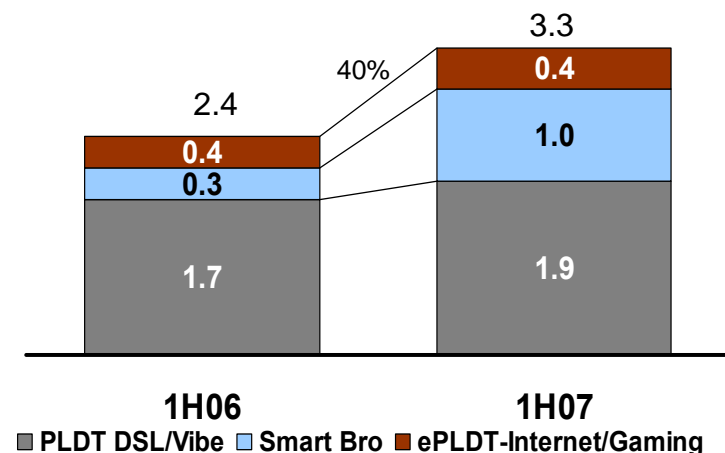
# Broadband: Establishing its Presence

- PLDT DSL, *SmartBro* and PLDT *WeRoam* had a combined 422,000 subscribers as of 1H07, adding about 158,000 subscribers in 1H07
- *SmartBro* added 88,000 broadband subscribers in 1H07 and had more than 210,000 subscribers as of the end of the period, *SmartBro* is the most widely available broadband service provider in the country today
- PLDT Group's total DSL, wireless broadband and internet service revenues grew by 40% to P3.3bn in 1H07
- PLDT Group is on target to double its broadband subscribers to over 530,000 in 2007

PLDT Group Broadband subscribers ('000)



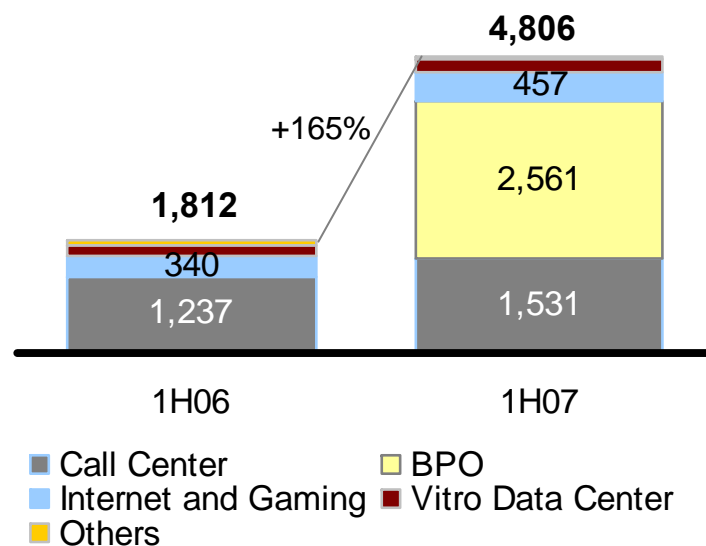
PLDT Group Broadband and Internet Revenues (billion pesos)



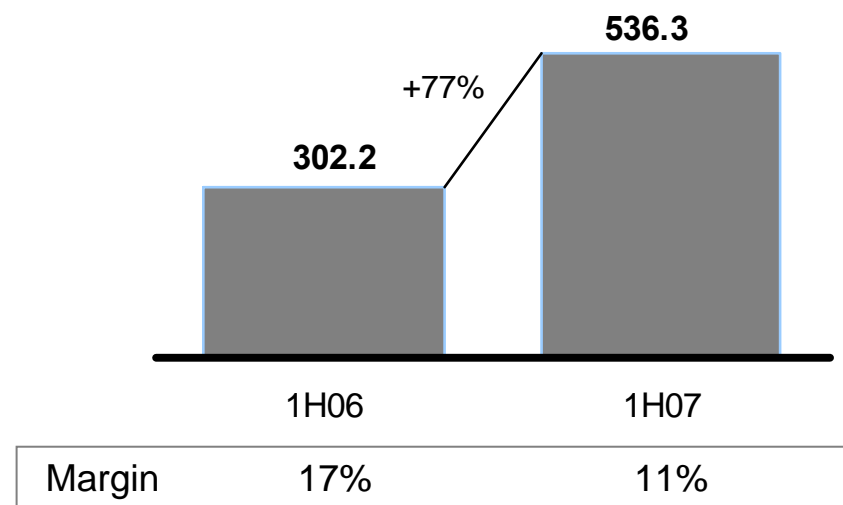
# ePLDT: Consolidating Resources

- ePLDT's service revenues grew by 165% to P4.8bn on account of:
  - + 24% increase in call center revenues
  - + Consolidation of SPI, which contributed revenues of P2.6bn in 1H07
- About 85% of ePLDT's revenues come from Ventus and SPI; ePLDT now contributes 7% of PLDT Group service revenues
- ePLDT would have reported an additional 21% growth in revenues y-o-y if the peso remained stable
- ePLDT's consolidated EBITDA margins declined to 11% in 1H07 due to:
  - Negative impact of the 9% peso appreciation on ePLDT's dollar denominated revenues
  - Higher compensation and benefits costs associated with the implementation by Ventus of new incentive schemes designed to increase retention
  - Longer lead times needed to offshore the medical transcription business from the US to the Philippines/India

**ePLDT Service Revenues**  
(million pesos)



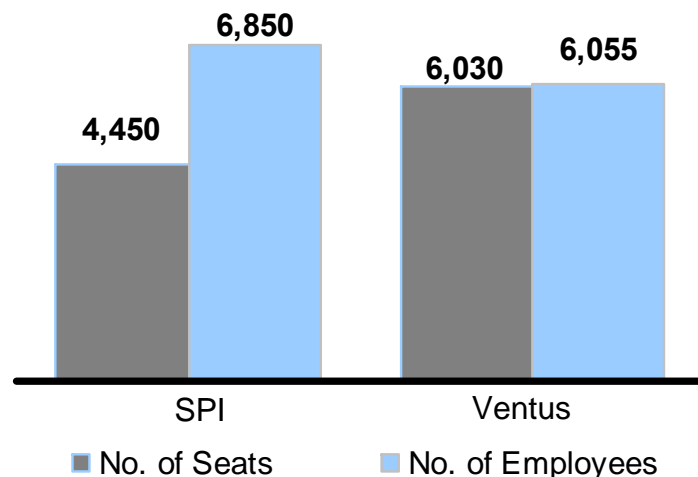
**ePLDT EBITDA (million pesos)**  
**and EBITDA margin**



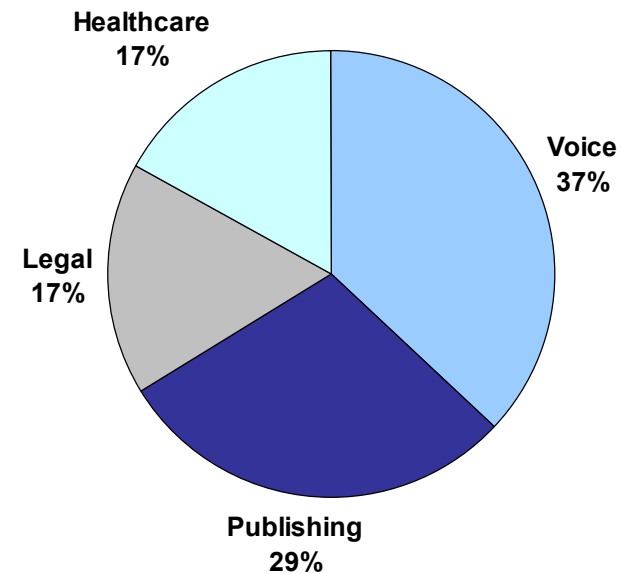
# ePLDT: Expanding its outsourcing businesses

- **Ventus' revenues grew by 24% to P1.5bn in 1H07 driven by an increase in billable minutes and improved capacity utilization, offset in part by the effects of the appreciation of the peso:**
  - Ventus' 2Q07 revenues were impacted by seasonality factors
- **SPI generated P2.6bn in revenues in 1H07 reflecting the combined impact of:**
  - Healthy and predictable growth in the Publishing unit
  - High-value but volatile revenue streams from the Legal unit reflecting project-based nature of contracts
  - Consolidation of Springfield which expanded the revenue base of the Healthcare unit
- **Ventus and SPI are being functionally integrated to achieve better efficiencies, including:**
  - Harmonized and cross-unit sales and marketing program
  - Attainment of synergy gains in certain common areas such as IT, HR, telecoms support and finance

**Ventus & SPI: Seat Capacity & Employees (1H07)**



**Ventus & SPI: Revenue Mix by Service Vertical (1H07)**



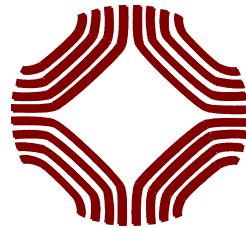
# PLDT Group: 2007 Outlook

- PLDT Group's financial results in 2007 will continue to be impacted by a number of factors, including movements in the US dollar/Peso exchange rates
- Capital expenditures are expected to increase to P25bn
- PLDT Group to provide a regular dividend payout of 70% of core earnings while retaining sufficient flexibility to utilize excess cash for investments or provide additional returns to shareholders

<b>2007 Forecast</b>	
<b>Core net income</b>	<b>P33-34 billion</b>
<b>Capital expenditures</b>	<b>P25 billion</b>
<b>Regular dividend payout</b>	<b>70% of core EPS</b>



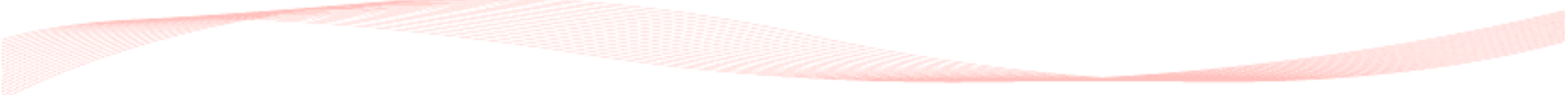
# Philippine Long Distance Telephone Company



## First Half 2007 Financial and Operating Results

7 August 2007





*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

# 1H07: Consolidated Financial Highlights

Profit and Loss <i>(in million pesos)</i>	1H 2007				1H 2006	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Service Revenues	42,964	23,590	4,806	67,022	60,640	11%
Operating expenses	16,024	10,637	4,549	26,748	22,198	20%
EBITDA <sup>(1)</sup>	28,167	13,042	536	41,792	40,052	4%
<i>EBITDA Margin</i>	66%	55%	11%	62%	66%	
Depreciation	5,893	6,508	475	12,876	15,485	-17%
Financing costs	(274)	3,459	(8)	3,177	6,135	-48%
Income before income tax	22,562	3,463	(35)	25,991	18,625	40%
Provision for income tax	7,412	1,341	(38)	8,715	2,986	192%
Core net income <sup>(2)</sup>	14,207	2,923	24	17,154	15,207	13%
Reported net income	14,857	2,120	25	17,002	15,306	11%

(1) EBITDA calculation provided in the appendix

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

# Revenues

<i>(in million pesos)</i>	1H 2007				1H 2006	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
<b>Service Revenues</b>						
<b>Wireless</b>						
Cellular	41,082			41,082	37,076	11%
Others	1,882			1,882	1,515	24%
<b>Fixed line</b>						
Local exchange		7,822		7,822	8,587	-9%
International long distance		4,562		4,562	5,051	-10%
National long distance		3,255		3,255	3,504	-7%
Data and other network		7,251		7,251	6,242	16%
Miscellaneous		700		700	669	5%
<b>ICT</b>						
Call Center			1,531	1,531	1,237	24%
BPO			2,561	2,561	-	
Internet and online gaming			457	457	340	34%
Vitro data center			207	207	175	18%
Others			50	50	60	-17%
Inter-segment transaction				(4,338)	(3,816)	14%
<b>Total Service Revenues</b>	<b>42,964</b>	<b>23,590</b>	<b>4,806</b>	<b>67,022</b>	<b>60,640</b>	<b>11%</b>
<b>Non-Service Revenues</b>	<b>1,142</b>	<b>89</b>	<b>162</b>	<b>1,393</b>	<b>1,477</b>	<b>-6%</b>
Inter-segment transaction				(77)	(13)	492%
	1,142	89	162	1,316	1,464	-10%
<b>Other Income</b>	<b>99</b>	<b>388</b>	<b>13</b>	<b>500</b>	<b>389</b>	<b>29%</b>
Inter-segment transaction				(47)	(51)	-8%
	99	388	13	453	338	34%
<b>Total Revenues and Other Income</b>	<b>44,205</b>	<b>24,067</b>	<b>4,982</b>	<b>68,791</b>	<b>62,442</b>	<b>10%</b>

# Expenses

<i>(in million pesos)</i>	1H 2007				1H 2006	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
<b>Operating expenses</b>						
Compensation	2,456	4,817	2,583	9,854	7,616	29%
Selling and promotions	1,795	578	130	2,499	2,460	2%
Professional and other contracted services	1,083	849	607	2,325	1,239	88%
Rent	4,091	794	329	1,410	1,146	23%
Maintenance	1,778	1,714	245	3,442	3,286	5%
Communication, training and travel	526	228	229	886	673	32%
Taxes and licenses	674	575	39	1,288	914	41%
Insurance and security services	380	223	24	586	659	-11%
Other operating expenses	549	248	100	892	685	30%
<b>Cash operating expenses</b>	<b>13,332</b>	<b>10,026</b>	<b>4,286</b>	<b>23,181</b>	<b>18,678</b>	<b>24%</b>
Depreciation	5,893	6,508	475	12,876	15,485	-17%
Provisions	198	529	3	730	770	-5%
Asset impairment	-	-	21	21	5	364%
Amortization of intangible assets	85	-	96	181	140	28%
<b>Non-cash operating expenses</b>	<b>6,176</b>	<b>7,037</b>	<b>595</b>	<b>13,808</b>	<b>16,400</b>	<b>-16%</b>
<b>Total operating expenses</b>	<b>19,508</b>	<b>17,063</b>	<b>4,881</b>	<b>36,990</b>	<b>35,078</b>	<b>5%</b>
<b>Cost of sales</b>	<b>2,409</b>	<b>82</b>	<b>143</b>	<b>2,634</b>	<b>2,604</b>	<b>1%</b>
<b>Financing costs</b>	<b>(274)</b>	<b>3,459</b>	<b>(8)</b>	<b>3,177</b>	<b>6,135</b>	<b>-48%</b>
<b>Total Expenses</b>	<b><u>21,642</u></b>	<b><u>20,604</u></b>	<b><u>5,016</u></b>	<b><u>42,801</u></b>	<b><u>43,817</u></b>	<b><u>-2%</u></b>

# EBITDA

<i>(in million pesos)</i>	1H 2007				1H 2006	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Income before tax	22,562	3,463	(35)	25,990	18,625	40%
Add (deduct):						
Depreciation	5,893	6,508	475	12,876	15,485	-17%
Financing costs	(274)	3,459	(8)	3,177	6,135	-48%
Asset impairment	-	-	21	21	5	
Amortization of intangible assets	85	-	96	181	140	29%
Other income	(99)	(388)	(13)	(453)	(338)	34%
<b>EBITDA</b>	<b>28,167</b>	<b>13,042</b>	<b>536</b>	<b>41,792</b>	<b>40,052</b>	<b>4%</b>
<b>EBITDA Margin</b>	<b>66%</b>	<b>55%</b>	<b>11%</b>	<b>62%</b>	<b>66%</b>	

# Financing Costs

<i>(in million pesos)</i>	1H 2007				1H 2006	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Interest on loans and related items	812	2,809	15	3,636	4,355	-17%
Accretion on financial liabilities	449	94	19	562	1,823	-69%
Hedge cost	-	645	-	645	746	-14%
Loss (gain) on derivative transactions, net	(7)	276	(85)	184	23	695%
Dividends on CPS	9	-	-	9	93	-90%
Financing charges	36	1	-	37	39	-5%
Capitalized interest	(82)	(173)	-	(255)	(302)	-16%
Interest income	(499)	(139)	(8)	(646)	(837)	-23%
Foreign exchange losses (gains)	(992)	(54)	52	(995)	195	-610%
<b>Total</b>	<b>(274)</b>	<b>3,459</b>	<b>(8)</b>	<b>3,177</b>	<b>6,135</b>	<b>-48%</b>

# Core Net Income

<i>(in million pesos)</i>	1H 2007				1H 2006	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Reported net income	14,857	2,120	25	17,002	15,306	11%
Add (deduct):						
Foreign exchange and derivative losses (gains)	(999)	222	(34)	(811)	218	-472%
Additional depreciation	-	1,013		1,013	3,881	-74%
Asset impairment	-	-	21	21	5	364%
Smart/Piltel deferred tax assets	-	-	-	-	(2,768)	100%
Tax effect	349	(432)	12	(71)	(1,435)	-95%
	<u>14,207</u>	<u>2,923</u>	<u>24</u>	<u>17,154</u>	<u>15,207</u>	<u>13%</u>



# Cash Flows

<i>(in million pesos)</i>	1H 2007			1H 2006	%
	Wireless	Fixed Line	Consolidated	Consolidated	Change
Net cash from operations	24,749	11,073	37,977	33,595	13%
Add(Deduct):					
Capital expenditures	(4,103)	(5,586)	(9,966)	(12,430)	-20%
Other investing activities	141	289	417	119	251%
Interest, net	(323)	(2,498)	(2,825)	(3,157)	-11%
Dividends from Smart	-	18,000	-	-	
Preferred share dividends	-	(73)	(73)	(235)	-69%
Others	(400)	(740)	(1,131)	(111)	919%
Free cash flow	20,065	20,464	24,399	17,780	37%
Common share dividends	(18,000)	(9,386)	(9,386)	(5,099)	84%
Investments	-	-	(1,686)	(1,974)	-15%
Redemption of preferred shares	(14)	-	(14)	-	
Principal repayments, net	1,682	(10,264)	(8,540)	(14,379)	-41%
Change in cash	3,732	814	4,774	(3,673)	-230%
Cash balance, beginning <sup>(1)</sup>	18,936	5,355	25,197	32,810	-23%
Cash balance, end <sup>(1)</sup>	22,669	6,168	29,971	29,137	3%

(1) Includes short-term investments

# Balance Sheet

<i>(in million pesos)</i>	Consolidated	
	June 30 2007	December 31 2006
<b>Total Assets</b>	<b>239,171</b>	<b>241,892</b>
<b>Nominal Value of Total Debt</b>	<b>73,402</b>	<b>86,107</b>
<i>in US\$</i>	<b>\$1,587</b>	<b>\$1,756</b>
<b>Less: Unamortized Debt Discount</b>	<b>5,280</b>	<b>5,953</b>
<b>Total Debt</b>	<b>68,122</b>	<b>80,154</b>
<b>Cash and short-term investments</b>	<b>29,971</b>	<b>25,197</b>
<b>Net Debt</b>	<b>38,152</b>	<b>54,957</b>
<b>Equity</b>	<b>112,714</b>	<b>104,523</b>
<b>Total Debt<sup>(1)</sup>/Equity</b>	<b>0.65x</b>	<b>0.82x</b>
<b>Net Debt<sup>(2)</sup>/Equity</b>	<b>0.39x</b>	<b>0.58x</b>
<b>Total Debt<sup>(1)</sup>/EBITDA</b>	<b>0.90x</b>	<b>1.08x</b>
<b>Net Debt<sup>(2)</sup>/EBITDA</b>	<b>0.53x</b>	<b>0.76x</b>

(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

	1H07		1H06	
	Basic	Diluted	Basic	Diluted
Net Income	17,002	17,002	15,306	15,306
Dividends on preferred shares	(227)	(227)	(228)	(228)
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)	-	-
<b>Net Income applicable to common shares</b>	<b>16,775</b>	<b>16,788</b>	<b>15,078</b>	<b>15,078</b>
Outstanding common shares, beginning	188,435	188,435	180,789	180,789
Effect of issuance of common shares during the period	161	161	823	823
Weighted average number of shares under ESOP during the period	-	50	-	40
Common shares equivalent of preferred shares deemed dilutive:				
Preferred stock series A to FF	-	-	-	-
Preferred stock series VI	-	743	-	-
Preferred stock series VII	-	-	-	-
<b>Weighted average number of shares, end</b>	<b>188,596</b>	<b>189,389</b>	<b>181,612</b>	<b>181,652</b>
<b>EPS (based on reported net income)</b>	<b>88.95</b>	<b>88.64</b>	<b>83.02</b>	<b>83.00</b>
Core Net Income	17,154	17,154	15,207	15,207
Adjustments for preferred shares deemed dilutive	(227)	(214)	(228)	(228)
<b>Net Income applicable to common shares</b>	<b>16,927</b>	<b>16,940</b>	<b>14,979</b>	<b>14,979</b>
<b>Weighted average number of shares, end</b>	<b>188,596</b>	<b>189,389</b>	<b>181,612</b>	<b>181,652</b>
<b>EPS (based on core net income)</b>	<b>89.75</b>	<b>89.45</b>	<b>82.48</b>	<b>82.46</b>

# Interest-bearing Liabilities

<i>(in millions)</i>	June 30, 2007			December 31, 2006	Change
	Carrying Value	Unamortized Debt Discount	Face Value	Face Value	
<b>Debt</b>					
<b>PLDT</b>	<b>\$860</b>	<b>\$10</b>	<b>870</b>	<b>1,080</b>	<b>(\$211)</b>
<b>Smart</b>	<b>\$676</b>	<b>-</b>	<b>676</b>	<b>627</b>	<b>\$49</b>
2014 Debt	\$280	-	280	280	-
Others	\$396	-	396	347	\$49
<b>Pitell</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(\$1)</b>
<b>Others</b>	<b>\$42</b>	<b>-</b>	<b>42</b>	<b>48</b>	<b>(\$6)</b>
<b>Total Debt</b>	<b>\$1,577</b>	<b>\$10</b>	<b>1,587</b>	<b>1,756</b>	<b>(\$169)</b>
<b>Preferred Stocks Subject to Mandatory Redemption</b>					
<b>Series V &amp; VI</b>	<b>\$25</b>	<b>\$3</b>	<b>\$28</b>	<b>\$33</b>	<b>(\$5)</b>

# Quarterly Consolidated Financial Highlights

<i>(in million pesos)</i>	2007		2006	% Change
	1Q	2Q	2Q	2Q07 vs. 2Q06
Service Revenues	33,012	34,010	30,662	8%
Non-service Revenues	613	703	722	12%
Less: Cost of sales	1,220	1,413	1,325	37%
Operating Expenses				
Cash operating expenses	11,749	11,432	9,352	22%
Non-cash operating expenses	<u>5,759</u>	<u>8,049</u>	<u>8,427</u>	<u>-4%</u>
	17,508	19,481	17,778	10%
Operating Income	14,897	13,818	12,281	13%
EBITDA	20,422	21,370	20,176	6%
<i>EBITDA Margin</i>	62%	62.8%	66%	
Other Income	211	242	206	17%
Other Expenses:				
Interest on loans and related items	1,858	1,779	2,228	-20%
FX and derivatives (gain)/loss	(278)	(533)	1,774	-130%
Others	<u>217</u>	<u>135</u>	<u>1,132</u>	<u>-88%</u>
	1,797	1,380	5,134	-73%
Income before income tax	13,311	12,680	7,352	72%
Provision for income tax	4,580	4,136	477	768%
<b>Net income, as reported</b>	<b>8,575</b>	<b>8,427</b>	<b>6,725</b>	<b>25%</b>
<b>Core net income <sup>(1)</sup></b>	<b>8,396</b>	<b>8,758</b>	<b>7,641</b>	<b>15%</b>