

# Philippine Long Distance Telephone Company

## First Quarter 2005 Financial and Operating Results

May 5, 2005



# 1Q05: Consolidated Financial Highlights

- Consolidated net income increases by 65% to P9.4 billion while core earnings before FX/derivative gains reach P7 billion
- Consolidated service revenues grow by 4% to P29.4 billion mainly due to the 11% growth in Smart's cellular service revenues to P17.4 billion
- EBITDA reaches P18.5 billion and margins improve to 63%
- Consolidated Free Cash Flow surges to P11.3 billion in 1Q05 from P9.7 billion in 1Q04
- PLDT – Fixed Line reduces debts by US\$155 million in 1Q05
- PLDT Group raises target dividend payout ratio to 30% of FY05 EPS, inclusive of the 2005 initial P21 dividend per share declared today

Declaration Date	Record Date	Dividend per share	Payment Date
5 May 2005	3 June 2005	P21.00	14 July 2005



# Cellular: Financial Highlights

<i>(in million pesos)</i>	1Q05	1Q04 <i>(As Restated)</i>	% Change
Service Revenues	17,406	15,679	11%
Non-service Revenues	755	2,615	-71%
Less: Cost of Sales	<u>1,959</u>	<u>3,804</u>	<u>-49%</u>
	1,204	1,189	1%
Other cash operating expenses	<u>5,150</u>	<u>3,752</u>	<u>37%</u>
Total Cash operating expenses	6,354	4,941	29%
Non-cash operating expenses	<u>2,260</u>	<u>3,024</u>	<u>-25%</u>
	7,410	6,777	9%
<b>Operating Income</b>	<b>8,793</b>	<b>7,713</b>	<b>14%</b>
<b>EBITDA<sup>(1)</sup></b>	<b>11,080</b>	<b>10,334</b>	<b>7%</b>
<b>EBITDA Margin</b>	<b>64%</b>	<b>66%</b>	
Other income	20	50	-61%
Other expenses			
Interest on loans and related items	408	396	3%
FX and derivatives (gains)/loss	(1,503)	687	-319%
Others	<u>470</u>	<u>479</u>	<u>-2%</u>
	(625)	1,562	-140%
Income before tax	9,438	6,201	52%
Provision for income tax	2,662	1,512	76%
<b>Net Income</b>	<b>6,772</b>	<b>4,686</b>	<b>45%</b>
<b>Net Income before FX &amp; derivatives<sup>(2)</sup></b>	<b>5,750</b>	<b>5,153</b>	<b>12%</b>
Capex	1,753	3,468	-49%
Free Cash Flow <sup>(3)</sup>	8,993	4,714	91%
Total Debt (US\$ millions)	779	765	
Net Debt/EBITDA <sup>(4)</sup>	0.60x	0.94x	

(1) EBITDA calculation provided in appendix

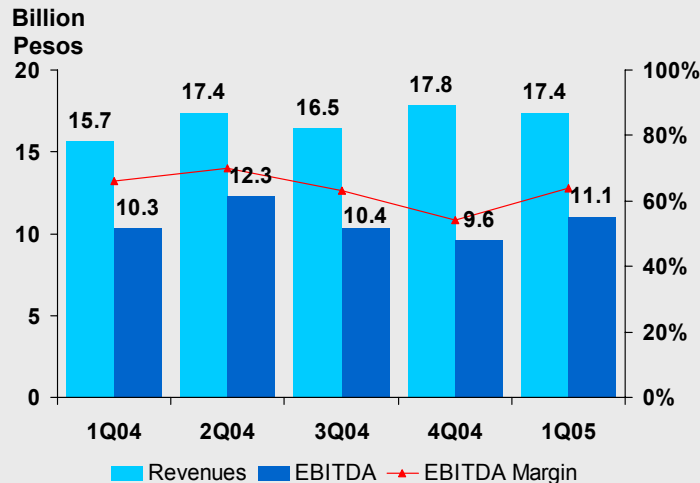
(2) Net income before certain adjusting items incurred in 2004 and excluding gains/losses on foreign exchange/derivatives (after tax)

(3) Cash flow from operations, including changes in working capital less tax payments, capex, investments, interest paid, preferred dividends paid

# Smart: Focusing on Service Revenues

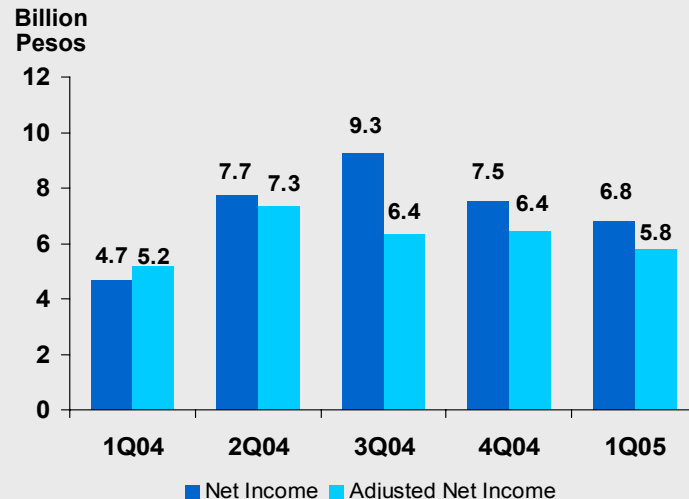
- Service revenues grew by 11% Y-o-Y to P17.4 billion (1Q04: P15.7 billion)
- EBITDA increased to P11.1 billion (1Q04: P10.3 billion) and EBITDA margin stood at 64% (1Q04: 66%)
- Pre-tax net income surged 52% Y-o-Y to P9.4 billion (1Q04: P6.2 billion) while net income increased by 45% to P6.8 billion (1Q04: P4.7 billion) as Smart's provision for income tax grew by 76% to P2.7 billion (1Q04: P1.5 billion)
- Net income before FX gains increased by 12% to P5.8 billion (1Q04: P5.2 billion)

## Service Revenues and EBITDA\*



\* EBITDA calculation provided in appendix

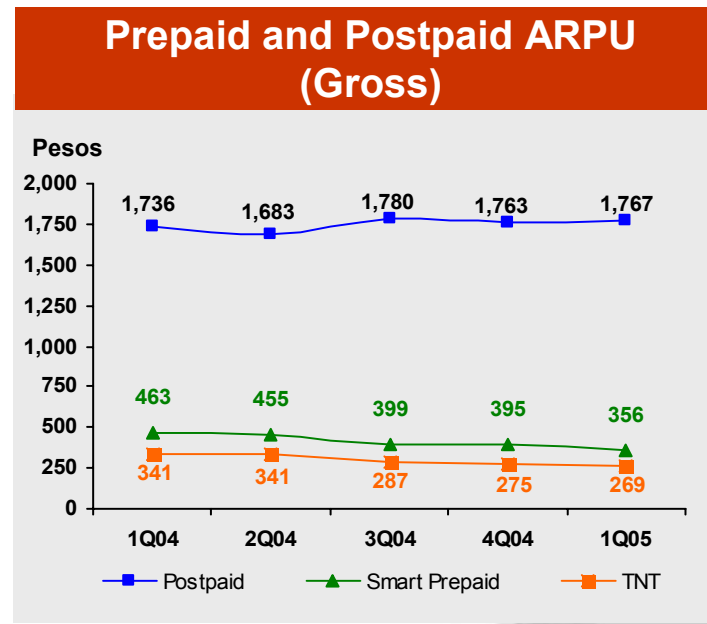
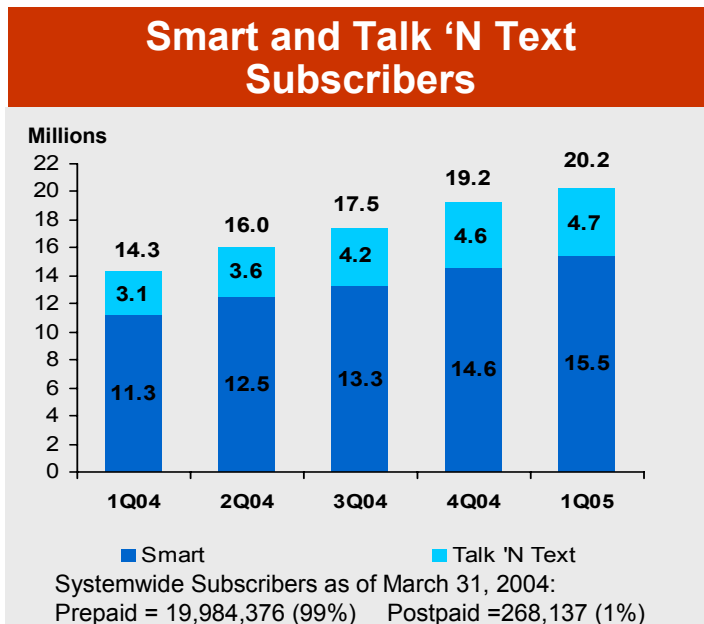
## Net Income\*



\* 2004 net income restated to reflect the adoption of IAS. Adjusted net income excludes the impact of gains/losses on FX and derivatives (after tax)

# Smart: Leading the Market

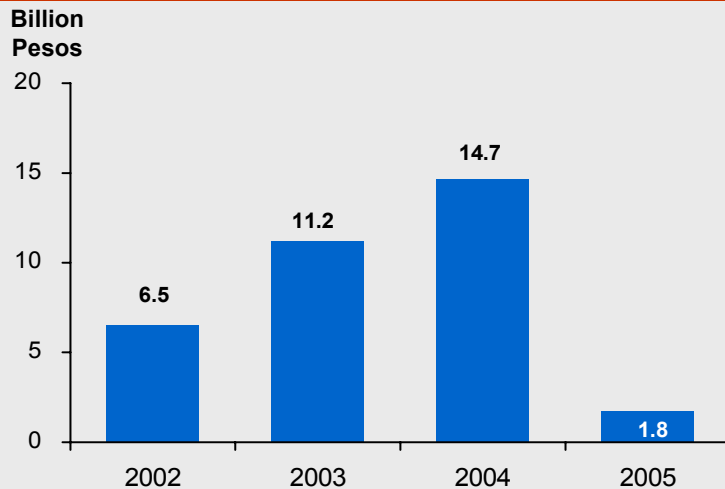
- Cellular subscribers at 20.2 million as of end-1Q05 (Smart 15.5 million, Talk 'N Text 4.7 million), representing an estimated combined market share of 58%
- Activations for Smart and Talk 'N Text reached 1.04 million in 1Q05
- As SIM-swapping activities wind down, net additions are likely to decelerate as transient subscribers churn off the network; this should not impact underlying revenues/usage and should result in corresponding cost savings
- *Smart 258 Unlimited Call/Text* promo allowed Smart to test a new market segment. *Smart 258 Unlimited Text* is enhancing our revenues with little incremental cost



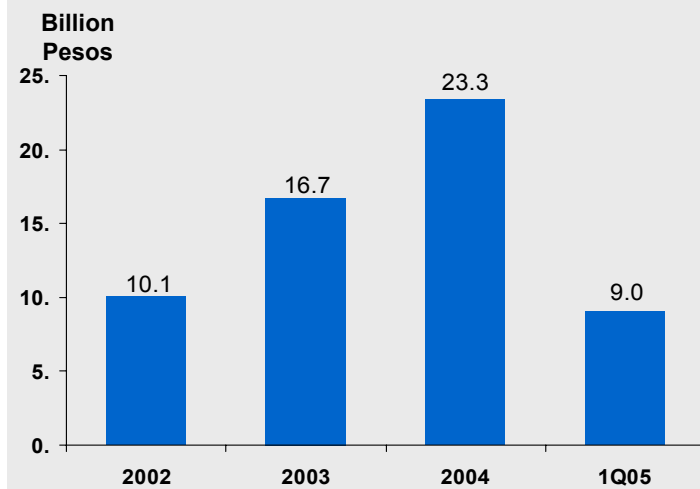
# Smart: Maximizing Returns

- Capex spending for 1Q05 was P1.8 billion (1Q04: P3.5 billion) and is tracking below the P10 billion capex guidance for the year
- Smart's network currently consists of 36 switching centers and over 5,400 base stations, covering 97% of the population
- Free cash flow improved significantly to P9 billion (1Q04: P4.6 billion) with lower capex in 1Q05
- Smart to distribute dividends of P20 billion to PLDT in 2005, of which P6 billion was paid in 1Q05 and another P8 billion to be paid in June

## Smart - Capital Expenditures



## Smart - Free Cash Flow\*



\* Cash flow available for principal repayments and dividends

# Fixed Line: Financial Highlights

<i>(in million pesos)</i>	1Q05	1Q04 <i>(As Restated)</i>	% Change
<b>Service Revenues</b>	<b>11,805</b>	<b>12,085</b>	<b>-2%</b>
<b>Operating Expenses</b>	<b>7,982</b>	<b>7,720</b>	<b>3%</b>
<b>Cash operating expenses</b>	<b>4,328</b>	<b>4,425</b>	<b>-2%</b>
<b>Non-cash operating expenses</b>	<b>3,654</b>	<b>3,295</b>	<b>11%</b>
<b>Operating Income</b>	<b>3,823</b>	<b>4,365</b>	<b>-12%</b>
<b>EBITDA<sup>(1)</sup></b>	<b>6,824</b>	<b>6,841</b>	<b>-</b>
<b>EBITDA Margin</b>	<b>58%</b>	<b>57%</b>	
<b>Other income</b>	<b>53</b>	<b>21</b>	<b>150%</b>
<b>Other expenses</b>			
<b>Interest on loans and related items</b>	<b>2,470</b>	<b>2,785</b>	<b>-11%</b>
<b>FX and derivatives (gain)/loss</b>	<b>(1,985)</b>	<b>(154)</b>	<b>1187%</b>
<b>Others</b>	<b>144</b>	<b>202</b>	<b>-29%</b>
	<b>629</b>	<b>2,833</b>	<b>-78%</b>
<b>Net Income</b>	<b>2,370</b>	<b>1,029</b>	<b>130%</b>
<b>Net Income before FX &amp; derivatives<sup>(2)</sup></b>	<b>1,020</b>	<b>1,010</b>	<b>1%</b>
<b>Capex</b>	<b>2,351</b>	<b>800</b>	<b>194%</b>
<b>Free Cash Flow<sup>(3)</sup></b>	<b>8,027</b>	<b>4,992</b>	<b>61%</b>
<b>Debt Reduction (in US\$ millions)</b>	<b>\$ 155</b>	<b>\$ 40</b>	<b>287%</b>
<b>Net Debt/EBITDA</b>	<b>3.33x</b>	<b>5.56x</b>	

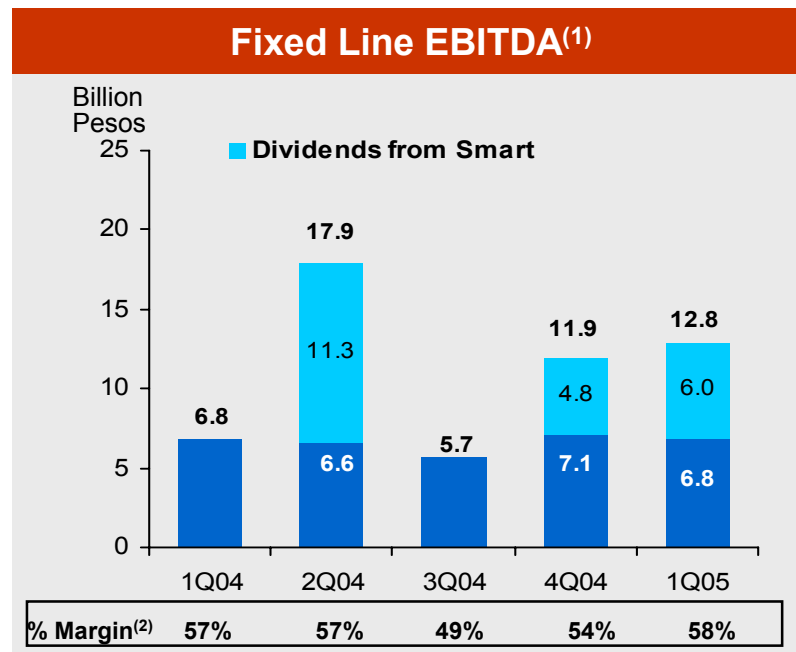
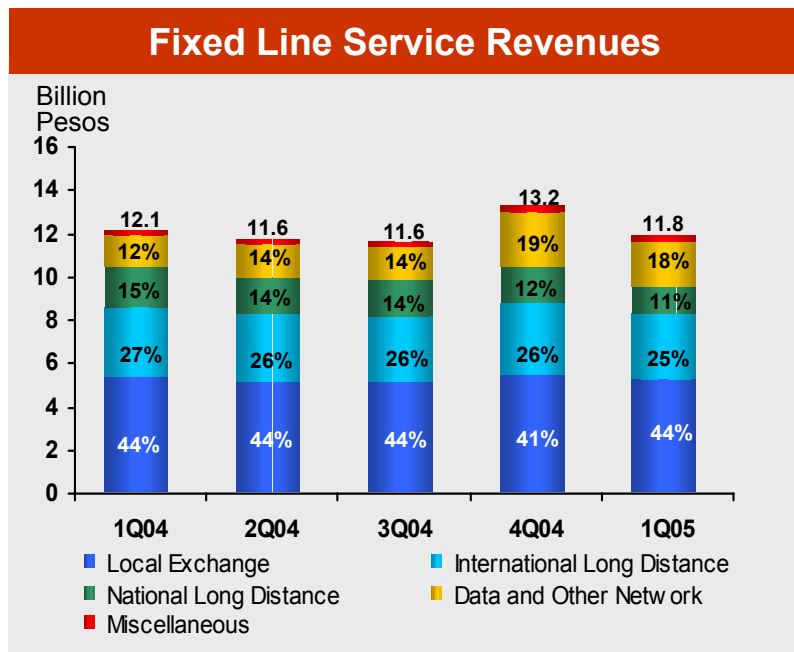
(1) EBITDA calculation provided in appendix

(2) Net income before certain adjusting items incurred in 2004 and excluding gains/losses on foreign exchange/derivatives (after tax)

(3) Cash flow from operations, including changes in working capital and dividends from Smart less tax payments, capex, investments, interest paid, preferred dividends paid

# Fixed Line: Staying the Course

- Fixed Line revenues decreased by 2% to P11.8 billion (1Q04: P12.1 billion) reflecting the combined effect of the appreciation of the peso which dampened local exchange and ILD revenues, lower NLD revenues, partially offset by a 42% increase in data revenues
- EBITDA maintained at P6.8 billion (1Q04: P6.8 billion) as the decline in revenues was offset by a 2% decline in cash operating expenses; EBITDA margin improved to 58% (1Q04: 57%)
- DSL subscribers increased by about 23,000 in the first three months to 72,700 as of 1Q05 from 49,500 as of YE04 (1Q04: 28,172)



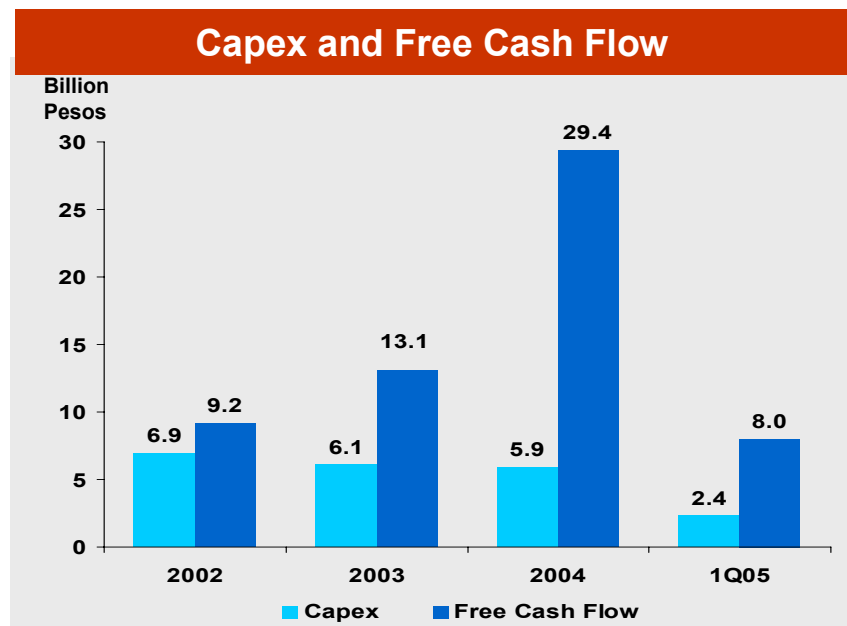
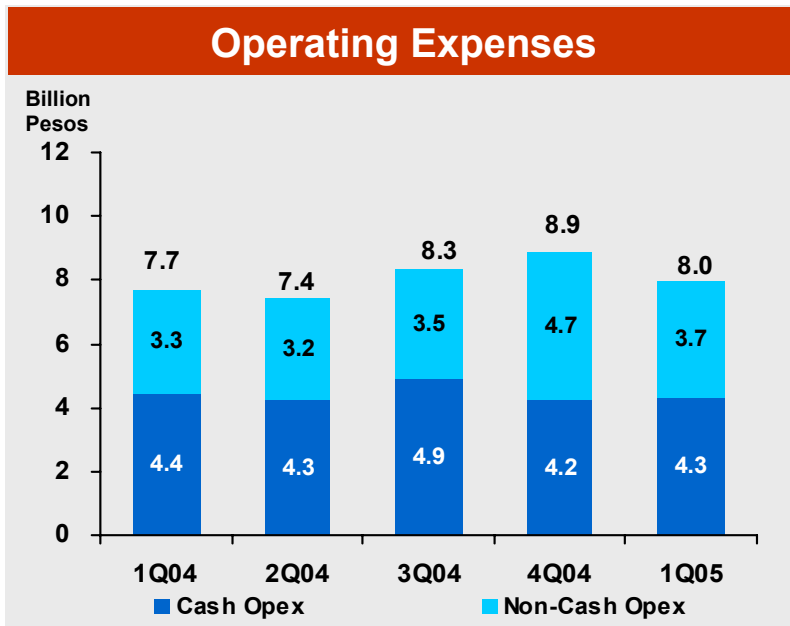
(1) EBITDA calculation provided in Appendix

(2) EBITDA margin excluding dividends from Smart



# Fixed Line: Focusing on Costs and Cashflows

- Cash operating expenses declined by 2% to P4.3 billion (1Q04: P4.4 billion) as focus on cash containment initiatives continued
- PLDT incurred capex of P2.4 billion in 1Q05 in line with 2005 capex plans for the IP-network upgrade. Capex is expected to reach P7.5 billion this year
- Dividends received from Smart allowed free cash flow to grow to P8 billion (1Q04: P5 billion) despite the increase in capex

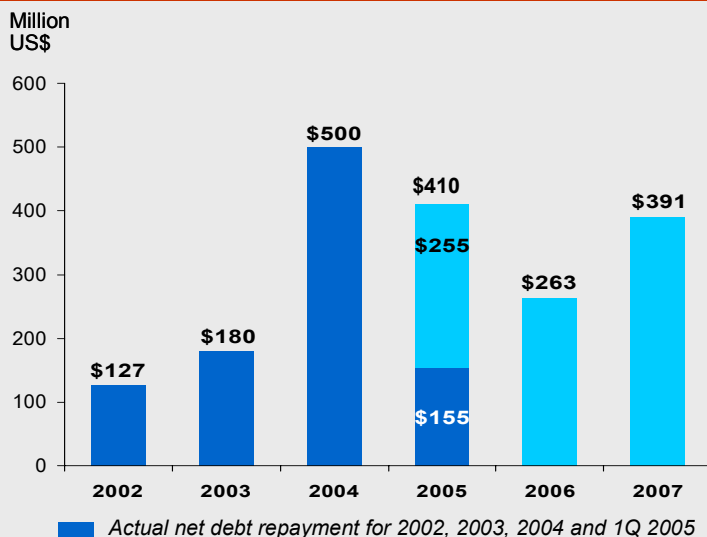


\* Cash flow from operations less tax payments, capex, investments, interest paid, preferred dividends paid, plus dividends received

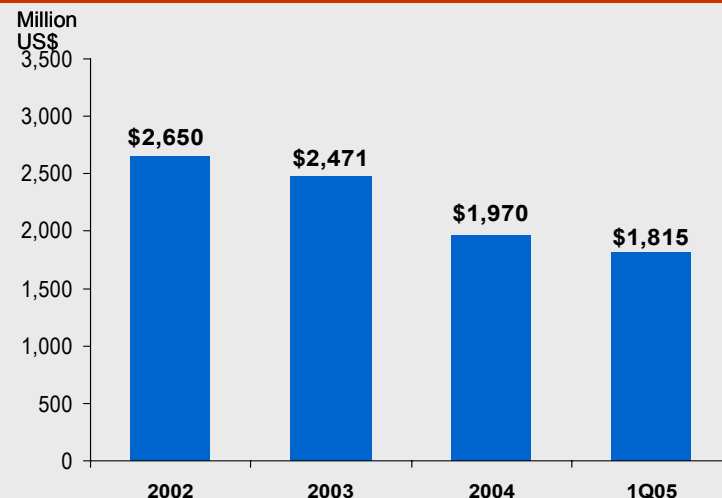
# Fixed Line: Stepping Up Debt Reduction

- PLDT reduced debts by US\$155 million in 1Q05, resulting in stand-alone debt balance to decline to US\$1.8 billion
- Accelerating debt reduction allows PLDT's interest expense and other financing costs to decline as well as reduce foreign exchange and interest risk exposures going forward
- Financing costs decreased by 77% to P629 million (1Q04: P2.7 billion) due to FX and derivative gains resulting from the appreciation of the peso and lower interest expense
- Appreciation of the peso has a positive impact on PLDT as FX gains and interest savings more than offset downward adjustments in US dollar linked revenues
- PLDT had in place hedges and US\$ cash balances covering 62% of its total debt

## PLDT Debt Maturity Profile



## PLDT Debt Balance



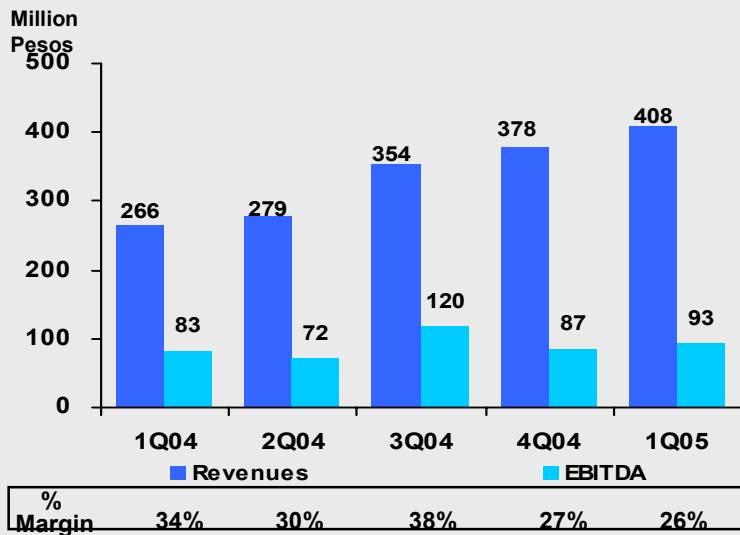
\* Excludes put option on Series V, VI and VII CPS falling due in June 2008 (US\$249 million) and June 2009 (US\$142 million)



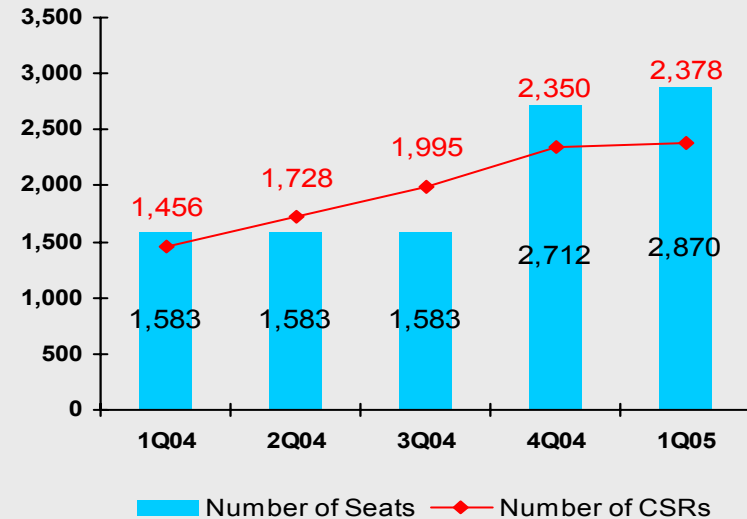
# ePLDT Call Centers: Growing Market Presence

- Consolidated call center revenues grew by 53% to P408 million (1Q04: P266 million) as a result of continued growth in transaction volumes and increase in capacity utilization
- ePLDT's combined call center businesses reached 2,870 seats as of 1Q05 (1Q04: 1,583 seats). Ongoing expansion will increase seating capacity to 3,700 seats by 3Q05
- ePLDT Ventus, ePLDT's third call center located in Iloilo, already commenced commercial operations in April 2005 with 400 seats
- ePLDT's call center businesses employ over 2,900 people, of which 2,400 are CSRs

## Call Center Revenues and EBITDA



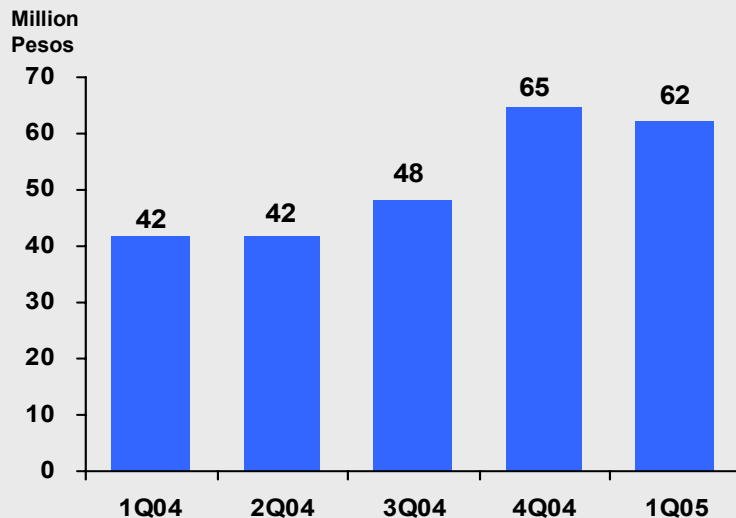
## Call Center Number of Seats and CSRs



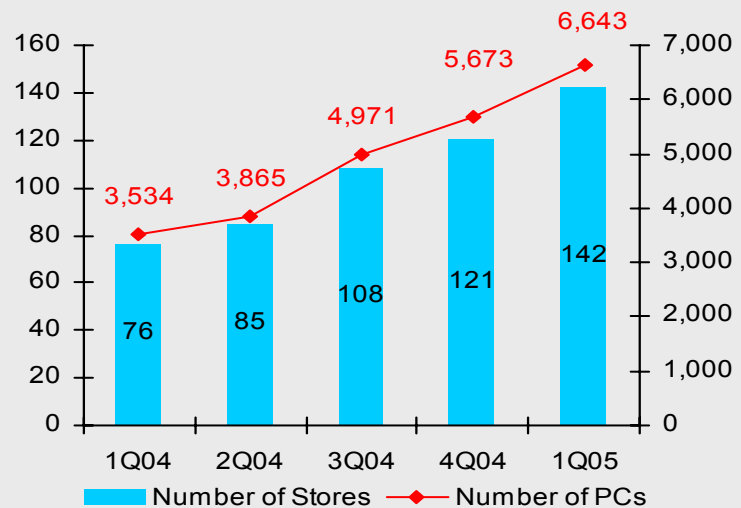
# Netopia: Offering Internet Access to the Mass Market

- Netopia is the largest internet café chain with over 140 branches in key cities in the country and about 6,600 PC terminals as of end-1Q05
- Netopia provides shared computer and broadband internet access to over 2.1 million distinct users per month
- Netopia continues to expand and expects to have 230 branches by the end of the year
- Netopia is also developing lifestyle gaming centers which are geared to capture technology savvy individuals

## Netopia - Service Revenues



## Netopia - Number of Stores and PCs



# 1Q05: Consolidated Financial Highlights

<i>(in million pesos)</i>	1Q 2005			1Q 2004	
	Wireless	Fixed Line	Consolidated	Consolidated <i>(As Restated)</i>	% Change
No. of Subscribers					
Cellular (Smart and TNT)	20,252,513	-	20,252,513	14,356,186	41%
Fixed Line	-	2,149,489	2,149,489	2,197,879	-2%
Service Revenues	17,948	11,805	29,361	28,107	4%
Non-service Revenues	759	-	815	2,631	-69%
Less: Cost of sales	2,004	-	2,004	3,869	-48%
Operating Expenses					
Cash operating expenses	5,241	4,328	9,099	8,062	13%
Non-cash operating expenses	2,406	3,654	6,155	6,673	-8%
	7,647	7,982	15,254	14,735	4%
Operating Income	9,057	3,823	12,918	12,134	6%
EBITDA <sup>(1)</sup>	11,516	6,824	18,474	17,471	6%
EBITDA Margin	64%	58%	63%	62%	
Other Income	19	53	75	85	-12%
Other Expenses:					
Interest on loans and related items	456	2,470	2,934	3,248	-10%
FX and derivatives (gain)/loss	(1,499)	(1,985)	(3,477)	550	-732%
Others	469	144	610	705	-13%
	(574)	629	67	4,503	-99%
Provision for income tax	2,667	876	3,543	2,036	74%
<b>Net income, as reported</b>	<b>6,952</b>	<b>2,370</b>	<b>9,361</b>	<b>5,686</b>	<b>65%</b>
<b>Net income before FX and derivatives<sup>(2)</sup></b>	<b>5,933</b>	<b>1,020</b>	<b>6,997</b>	<b>6,145</b>	<b>14%</b>
Earnings per Share, Basic			52.78	31.30	69%
Earnings per Share, Diluted			47.57	31.30	52%

(1) EBITDA calculation provided in appendix

(2) Net income before certain adjusting items incurred in 2004 and excluding gains/losses on foreign exchange/derivatives (after tax)

# 1Q05: Consolidated Financial Highlights

(in million pesos)	1Q 2005			1Q 2004	% Change
	Wireless	Fixed Line	Consolidated	Consolidated (As Restated)	
Cash flow from Operations	10,018	4,933	15,250	18,103	-16%
Capex	1,755	2,351	4,263	4,316	-1%
Free Cash Flow <sup>(3)</sup>	9,365	8,027	11,337	9,714	17%
Debt Reduction (in US\$ millions)	\$ 9	\$155	\$ 165	\$ 75	120%
Outstanding Debt Balance	\$ 846 <sup>(4)</sup>	\$ 1,815	\$ 2,665	\$ 3,280	-19%
Net Debt (in US\$ millions)	\$ 493	\$ 1,595	\$ 2,082	\$ 2,791	-25%
Cash and short-term investments	19,325	12,080	31,924	27,486	16%
Total Assets	93,967	208,237	261,403	261,934	0%
Total Debt	37,249	98,527	136,014	176,830	-23%
Net Debt	17,924	86,447	104,090	149,344	-30%
Stockholders' Equity			54,383	26,835	103%
Net Debt to EBITDA (LTM)	0.60	3.33	1.60	2.72	
Net Debt to Free Cash Flow	1.18	2.30	3.36	6.16	

(3) Cash flow from operations, including changes in working capital less tax payments, capex, investments, interest paid, preferred dividends paid; Fixed Line free cash flow includes dividends received from Smart in 1Q05 of P6 billion

(4) Wireless debt balance consists of Smart's debt of US\$651 million, Piltel's third party debts of US\$128 million and Mabuhay's debt of US\$67 million

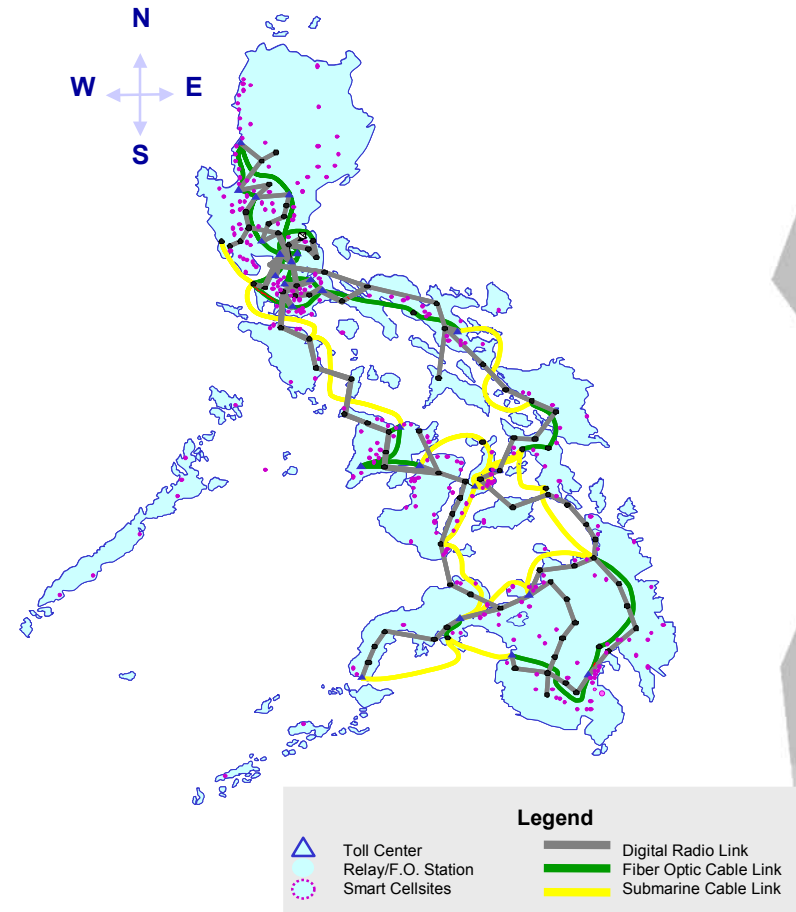
(5) Php:USD rate as at the end of: 1Q05 – P54.747; YE04 – P56.341; and 1Q04 - P56.216

# PLDT Group: Financial Targets and Outlook for 2005

- Utilize free cashflows to continue deleveraging as well as increase dividends to common shareholders
  - **Target debt reduction in 2005:**  
US\$500 million
  - **Target leverage ratio:**  
Consolidated debt-to-EBITDA ratio of below 1.5x by 2006
  - **Target common dividend payout:**  
30% of 2005 Basic EPS, inclusive of P21 per share initial dividend declared on May 5, 2005
- Meet our net profit target for the year
- Lay the foundation for future growth in revenues, in profits, and in new products and services.

# PLDT Group: Ahead of the Curve

- PLDT Group is taking the lead in redefining the telecommunications environment by harnessing the strengths of our individual businesses to achieve the benefits of an integrated network and a convergent business model.
- PLDT Group is uniquely positioned to introduce new generation products and services:
  - ✓ Market leader with over 22 million subscribers across its fixed line, cellular and ICT businesses. Plus Netopia has over 2 million unique users per month.
  - ✓ Most extensive DFON network with significant capacity to haul voice and data traffic nationwide
  - ✓ Largest cellular network consisting of over 5,400 base stations and 36 switching centers covering 97% of the population
  - ✓ Broad and extensive distribution network encompassing over 700,000 retail agents
  - ✓ Robust prepaid billing platform capable of handling millions of transactions per day across its fixed, cellular, and ICT business.





# PLDT Group: Ahead of the Curve

## The Way Forward:

- Optimize 2G/2.5G/EDGE network and complete geographic coverage
- Implement next generation DSL in preparation for higher broadband data speeds
- Prepare for a 3G program
- Pre-launch wireless broadband service
- Pursues opportunities to drive PC and internet penetration and open up possibilities in new areas such as content and gaming
- Upgrade to a common IP-based core network and phase in Next Generation Network (NGN) access network

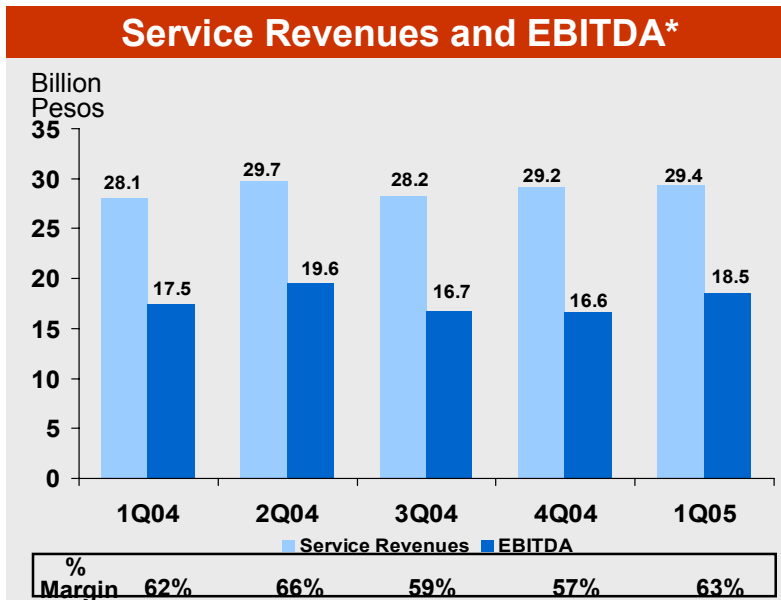
*This presentation may contain some statements which constitute “forward-looking statements” that are subject to a number of risks and uncertainties that could affect PLDT’s business and results of operations. Although PLDT believes that expectations reflected in any forward-looking statements are reasonable, it can give no guarantee of future performance, action or events.*

# Appendix

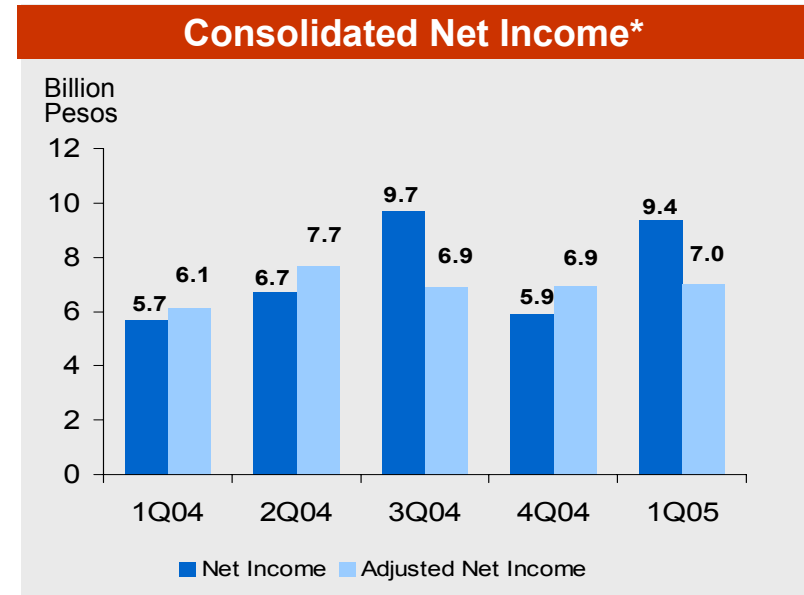


# PLDT Group: Pulling in One Direction

- Consolidated service revenues up by 4% Y-o-Y to P29.4 billion (1Q04: P28.1 billion) and EBITDA increased by 6% to P18.5 billion (1Q04: P17.5 billion) largely driven by the performance of our cellular business
- EBITDA margin improved to 63% in 1Q05 from 62% in 1Q04
- Reported net income in 1Q05 increased by 65% Y-o-Y to P9.4 billion (1Q04: P5.7 billion)
- Net income excluding the net impact of gains/losses on FX and derivatives (1Q05: P2.3 billion), reached P7 billion (1Q04: P6.1 billion)



\* EBITDA calculation provided in Appendix

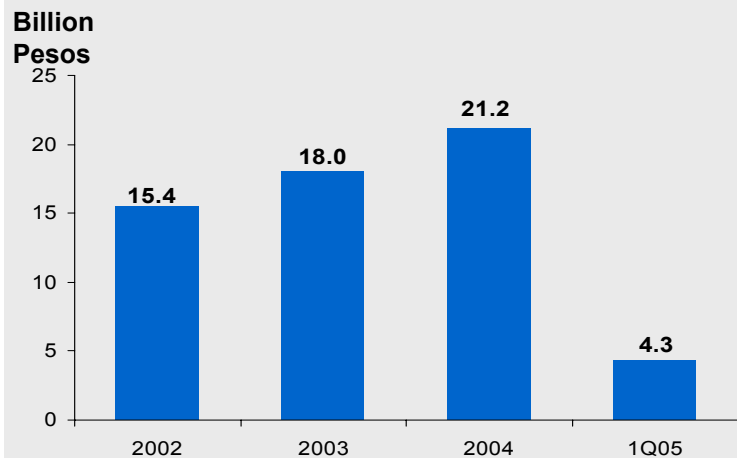


\* As restated to reflect the adoption of IAS  
Adjusted net income excludes the impact of gains/losses on FX and derivatives (after tax)

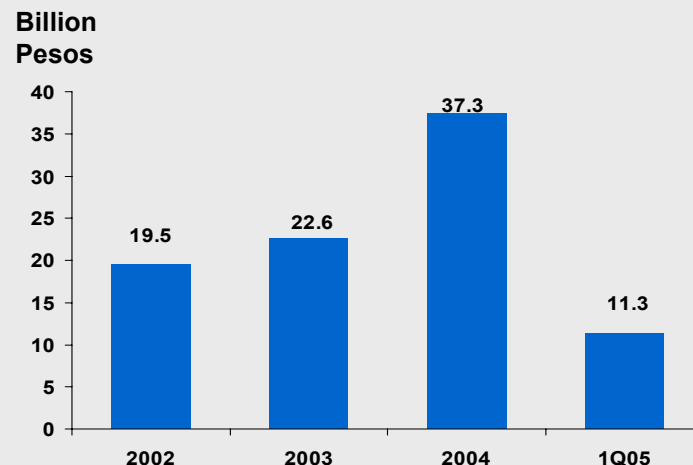
# PLDT Group: Maximizing Cash Flows

- Consolidated capex spending in 1Q05 stood at P4.3 billion mainly driven by the IP-network upgrade being undertaken by fixed line. Consolidated capex estimated at P18 billion in 2005
- Consolidated free cash flow in 1Q05 reached a high of P11.3 billion (1Q04: P9.7 billion) driven by strong cash flow contributions from Smart and the steady cash flows of fixed line
- Free cash flow has been utilized to reduce consolidated debt by US\$165 million in 1Q05 (1Q04: US\$75 million)
- Free cash flow expected to remain strong and will allow PLDT to further reduce debts and increase common dividend pay-out in succeeding years

## Consolidated Capital Expenditures



## Consolidated Free Cash Flow



# Revenues

<i>(in million pesos)</i>	1Q 2005				1Q 2004	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated <i>(As Restated)</i>	
<b>Service Revenues</b>						
<b>Wireless services</b>						
Cellular	17,406			17,406	15,679	11%
Others	542			542	436	24%
<b>Fixed line services</b>						
Local exchange		5,155		5,155	5,295	-3%
International long distance		3,010		3,010	3,263	-8%
National long distance		1,297		1,297	1,835	-29%
Data and other network		2,058		2,058	1,447	42%
Miscellaneous		285		285	245	16%
<b>ICT</b>			652	652	435	50%
Inter-segment transaction				(1,044)	(528)	98%
<b>Total Service Revenues</b>	<b>17,948</b>	<b>11,805</b>	<b>652</b>	<b>29,361</b>	<b>28,107</b>	<b>4%</b>
<b>Non-Service Revenues</b>	<b>759</b>		<b>66</b>	<b>825</b>	<b>2,651</b>	<b>-69%</b>
Inter-segment transaction				(10)	(20)	-50%
	<b>759</b>	<b>-</b>	<b>66</b>	<b>815</b>	<b>2,631</b>	<b>-69%</b>
<b>Other Income</b>	<b>19</b>	<b>53</b>	<b>33</b>	<b>105</b>	<b>128</b>	<b>-18%</b>
Inter-segment transaction				(30)	(43)	-30%
	<b>19</b>	<b>53</b>	<b>33</b>	<b>75</b>	<b>85</b>	<b>(0)</b>
<b>Total Revenues and Other Income</b>	<b><u>18,726</u></b>	<b><u>11,858</u></b>	<b><u>751</u></b>	<b><u>30,251</u></b>	<b><u>30,823</u></b>	<b><u>-2%</u></b>

# Expenses

<i>(in million pesos)</i>	1Q 2005			1Q 2004	% Change
	Wireless	Fixed Line	Consolidated	Consolidated <i>(As Restated)</i>	
Operating expenses					
Compensation	844	1,934	3,086	2,984	3%
Maintenance	782	810	1,544	1,312	18%
Selling and promotions	1,035	354	1,452	1,125	29%
Rent	967	391	630	549	15%
Taxes and licenses	376	188	574	387	48%
Professional and other service fees	300	229	414	440	-6%
Insurance and security	246	163	411	398	3%
Other operating expenses	692	259	988	867	14%
Cash operating expenses	5,241	4,328	9,099	8,062	13%
Depreciation	2,460	3,001	5,556	5,337	4%
Provisions	(54)	653	599	1,336	-55%
Non-Cash operating expenses	2,407	3,654	6,155	6,673	-8%
Total operating expenses	7,648	7,982	15,254	14,735	4%
Cost of sales	2,004	-	2,004	3,869	-48%
Other expenses					
Financing cost	(575)	629	67	4,418	-98%
Asset impairment	-	-	-	85	-100%
Other expenses	(575)	629	67	4,503	-99%
Total Expenses	<u>9,077</u>	<u>8,611</u>	<u>17,325</u>	<u>23,107</u>	<u>-25%</u>

# EBITDA Calculation

<i>(in million pesos)</i>	1Q 2005			1Q 2004	% Change
	Wireless	Fixed Line	Consolidated	Consolidated <i>(As Restated)</i>	
Income before tax	9,649	3,247	12,926	7,716	68%
Add back:					
Financing costs	(575)	629	67	4,418	-98%
Other income	(19)	(53)	(75)	(85)	-12%
Depreciation	2,460	3,001	5,556	5,337	4%
Asset impairment	-	-	-	85	-100%
<b>EBITDA</b>	<b>11,515</b>	<b>6,824</b>	<b>18,474</b>	<b>17,471</b>	<b>6%</b>



# Financing Costs

<i>(in million pesos)</i>	1Q 2005			1Q 2004	% Change
	Wireless	Fixed Line	Consolidated	Consolidated <i>(As Restated)</i>	
Interest on Loans and related items	456	2,470	2,935	3,248	-10%
Accretion on financial liabilities	628	89	717	712	1%
Hedge cost	-	241	241	203	19%
Dividends on CPS	67	-	67	58	16%
Financing charges	47	(19)	28	85	-67%
Capitalized foreign exchange losses	22	-	22	(73)	-130%
Capitalized interest	(3)	(94)	(97)	(152)	-36%
Loss (gain) on derivative transactions, net	128	(360)	(232)	(1,863)	-88%
Interest income	(293)	(73)	(369)	(213)	73%
Foreign exchange losses (gains)	(1,627)	(1,625)	(3,245)	2,413	-234%
<b>Total</b>	<b>(575)</b>	<b>629</b>	<b>67</b>	<b>4,418</b>	<b>-98%</b>

# Statement of Cash Flow

	1Q 2005			1Q 2004	% Change
	Wireless	Fixed Line	Consolidated	Consolidated <i>(As Restated)</i>	
<i>(in million pesos)</i>					
Net cash from operations	10,018	4,933	15,250	18,103	-16%
Less: Capital expenditures	(1,755)	(2,351)	(4,263)	(4,316)	-1%
Investments	1,485	1	1,425	(1,260)	-213%
Interest, net	(60)	(2,140)	(2,215)	(2,334)	-5%
Dividends from Smart	-	6,000	-	-	-
Preferred share dividends	-	(320)	(320)	(334)	-4%
Others	(323)	1,904	1,460	(145)	-
Free cash flow	9,365	8,027	11,337	9,714	17%
Common share dividends	(6,000)	-	-	-	-
Principal repayments, net	(609)	(8,297)	(8,881)	(4,491)	98%
Change in cash	2,756	(271)	2,456	5,223	-53%
Cash balance, beginning	14,422	12,350	27,321	19,372	41%
Cash balance, end	17,177	12,080	29,777	24,595	21%

# Balance Sheet

	Consolidated	
	March 31 2005	December 31 2004
<i>(in million pesos)</i>		
<b>Total Assets</b>	<b><u>261,403</u></b>	<b><u>265,472</u></b>
<b>Nominal Value of Total Debt</b>	<b>145,973</b>	<b>159,528</b>
<i>in US\$*</i>	<b>\$2,665</b>	<b>\$2,829</b>
<b>Less: Unamortized Debt Discount</b>	<b><u>9,959</u></b>	<b><u>10,440</u></b>
<b>Total Debt</b>	<b><u>136,014</u></b>	<b><u>149,088</u></b>
<b>Cash and short-term investments</b>	<b>31,924</b>	<b>31,194</b>
<b>Net Debt</b>	<b><u>104,090</u></b>	<b><u>117,894</u></b>
<b>Equity</b>	<b><u>54,383</u></b>	<b><u>48,515</u></b>
<b>Total Debt/Equity</b>	<b><u>2.50x</u></b>	<b><u>3.07x</u></b>
<b>Net Debt/Equity</b>	<b><u>1.91x</u></b>	<b><u>2.43x</u></b>
<b>Net Debt <sup>(1)</sup>/EBITDA</b>	<b><u>1.60x</u></b>	<b><u>1.82x</u></b>

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

# Interest-Bearing Liabilities

(in millions)	as of March 31, 2005			December 31, 2004 Face Value	Change
	Carrying Value	Unamortized Debt Discount	Face Value		
<b>Debt</b>					
<b>PLDT</b>	\$1,815	-	\$1,815	\$1,970	(\$155)
<b>Smart</b>	\$525	\$126	\$651	\$654	(\$3)
2014 Debt	\$154	\$126	\$280	280	\$0
Others	\$371	-	\$371	374	(\$3)
<b>Pitell</b>	\$93	\$34	\$127	\$127	\$0
<b>Others</b>	\$71	-	\$71	\$78	(\$7)
<b>Total Debt</b>	<b>\$2,504</b>	<b>\$160</b>	<b>\$2,664</b>	<b>\$2,829</b>	<b>(\$165)</b>

## Preferred Stocks Subject to Mandatory Redemption

Series V, VI & VII	\$257	\$100	\$357	\$391	(\$34)
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