

Philippine Long Distance Telephone Company



FY 2006 Financial and Operating Results

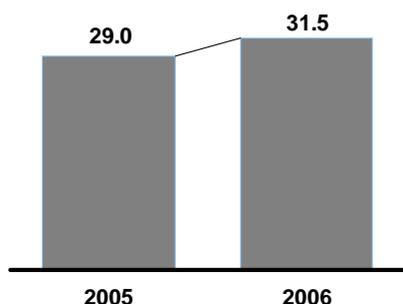
6 March 2007

The PLDT Group: FY06 Financial Highlights

	FY06	FY05		% Y-o-Y
Service Revenues	P125.1bn	P121.1bn	↑	3%
EBITDA	P79.6bn	P77.2bn	↑	3%
EBITDA Margin	64%	64%		
Core Net Income	P31.5bn	P29.0bn	↑	9%
Core EPS	P168.40	P160.50	↑	5%
Reported Net Income	P35.1bn	P34.1bn	↑	3%

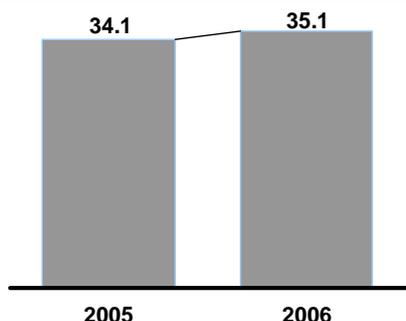
Sustaining improvements in profits

Core net income (billion pesos)



- Core net income up 9% to P31.5bn due to the combined impact of:
 - + Increase in revenues and EBITDA
 - + Lower interest on loans
 - Increase in normalized provision for income tax due to higher statutory tax rate
 - Appreciation of the peso which negatively impacted core profits by approximately P2bn

Reported net income (billion pesos)



- Reported net income up 3% to P35.1bn due to
 - + Reversal of previously made provisions for onerous contracts on ACeS of P3.5bn
 - Additional depreciation expense of P7.9bn (2005: P7.7bn)
 - Lower FX gains of P1.6bn (2005: P4.3bn)
 - Asset impairment charges of P1.4bn for Mabuhay and debt investments by ePLDT
 - Lower amount of deferred tax assets recognized in FY06 of P5.5bn (2005: P7.3bn)



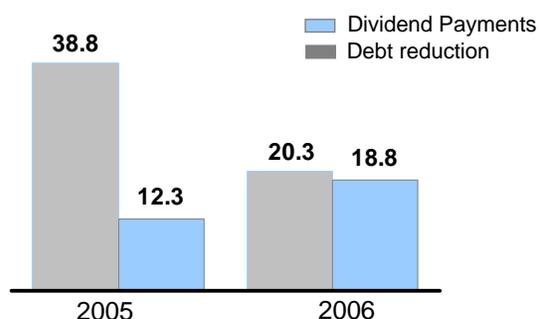
3

Balancing investments for growth and dividends

We have strengthened our financial position to allow us to take advantage of opportunities to invest in new growth areas while increasing returns to shareholders.

- Free cash flow remained strong at P33.7bn despite the increase in capex and working capital requirements
- PLDT Group reduced debts by US\$362mn in FY06 as total debt and net debt balance declined to US\$1.76bn and US\$1.2bn, respectively; net debt to EBITDA improved to 0.7 times
- In FY06, P20.3bn of our cash was utilized for debt reduction, P18.8bn for dividend payments and another P11.2bn was allotted for investments in SPi and other new businesses

Cash Utilization for Debt and Dividends (billion pesos)

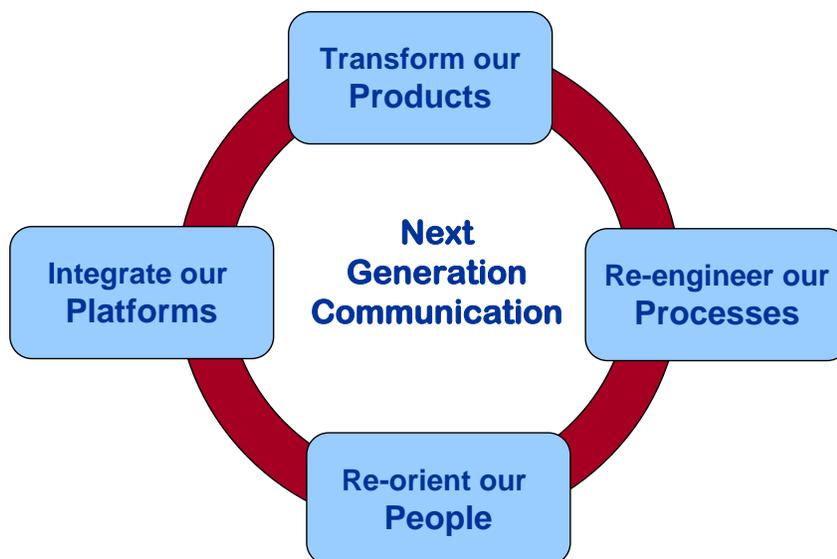


Declaration Date	6 th March 2007
Record Date	20 th March 2007
Payment Date	20 th April 2007
Final Dividend for 2006	P50.00 per share
Total Dividend per Share for 2006	P100.00 60% of core EPS



4

The PLDT Group: Transforming to Next Generation Communication



2006 2007 2008 2009 2010

Roll out of broadband and 3G

Integration of billing and other IT systems

Development of new wave products

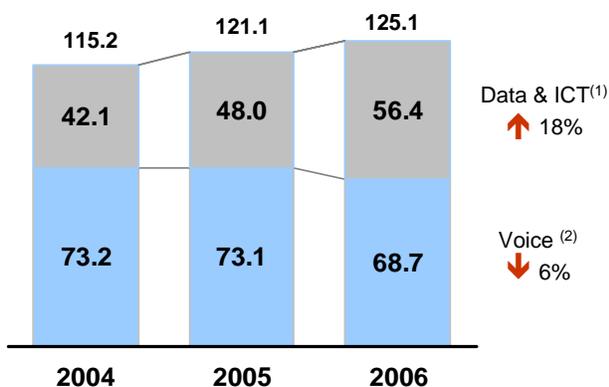


Deriving growth from data services

Our increased focus to develop our data business as well as diversify our revenue base is starting to bear fruit.

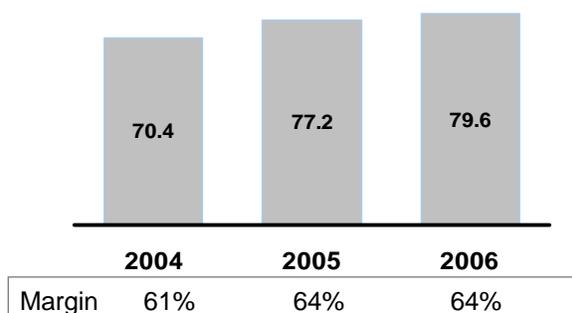
- Data, Broadband and ICT revenues were up 18% to P56.4bn, offsetting a 6% decline in the combined fixed line and cellular voice revenues
- Consolidated service revenues grew by 3% to P125.1bn, notwithstanding the 6.8% appreciation of the peso which negatively impacted 35% of consolidated revenues that are USD-linked
- EBITDA increased by 3% to P79.6bn in FY06 while EBITDA margin remained stable at 64%
- Service revenues grew by 6% q-o-q to P33.1bn while EBITDA improved by 4% to P20.2bn

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

PLDT Group EBITDA (billion pesos)

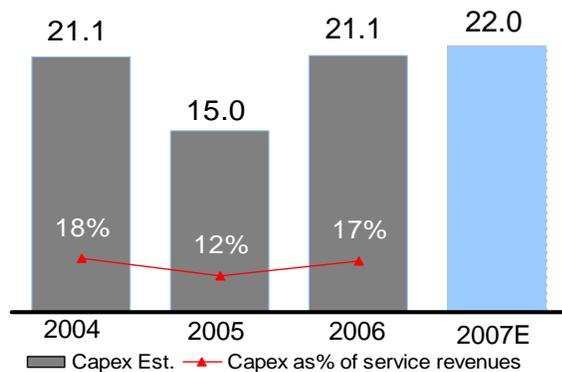


Enabling change

In 2006, we started to implement various programs to transform our networks to enable next generation communication.

- PLDT Group's total capex in FY06 increased to P21.1bn mainly driven by:
 - Initial roll out of 150,000 NGN lines and 3G
 - Build out of 2,500 wireless broadband capable base stations covering 500 cities and municipalities
 - Extension of DFON network
- In 2007, PLDT Group estimates total capex to reach P20-P22 bn to:
 - Install 600,000-700,000 NGN lines
 - Invest in international cable capacity to support the growth of broadband and data services
 - Boost IT and product development projects to improve efficiencies and increase capabilities
- Total capex spending remains below annual depreciation costs and represents 15-17% of service revenues

Consolidated Capital Expenditures (billion pesos)



PLDT Group Capital Expenditure Breakdown

	2006	2007E
NGN and broadband	28%	35%
Cellular network	25%	18%
Transmission/maintenance	22%	13%
CPE	9%	11%
IT-related	4%	14%
ePLDT	8%	9%
Others	3%	1%

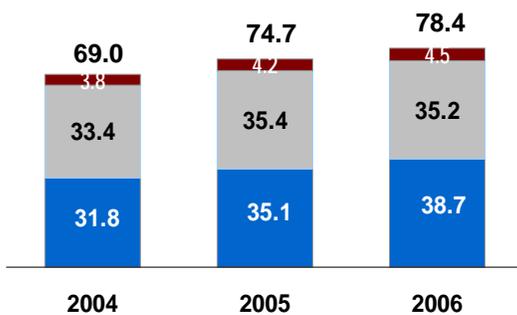


SMART: Upholding Market Leadership

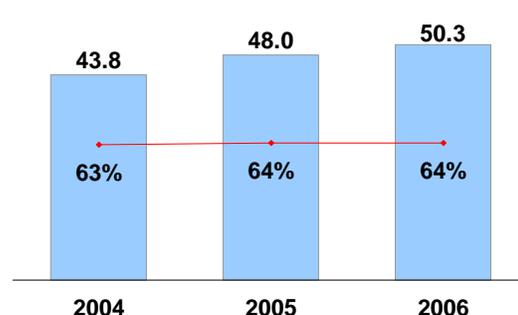
Smart is actively pursuing various programs for multi-segments to push the base business while developing new services to expand the utility of the cell phone.

- Smart and TNT added about 1.2mn cellular subscribers in 4Q06 resulting in a total combined subscriber base of about 24.2mn as of YE06
- Service revenues grew 5% y-o-y to P78.4bn driven by a 10% increase in cellular data and wireless broadband revenues and a steady contribution from voice services
- Prepaid SACs remained under control at P113 as blended prepaid net ARPU declined to P263 in FY06
- EBITDA increased by 5% to P50.3bn in FY06 with EBITDA margin remaining at 64%
- Service revenues in 4Q06 were up 5% q-o-q to P20.4bn and were also 3% higher compared with 4Q05 driven by the increase in subscribers

Wireless Service Revenues (billion pesos)



EBITDA* (billion pesos) and EBITDA Margin



Subscribers (in millions)

2004 19.2 2005 20.4 2006 24.2

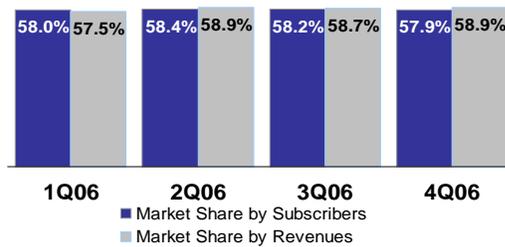


Pushing back barriers

Activations

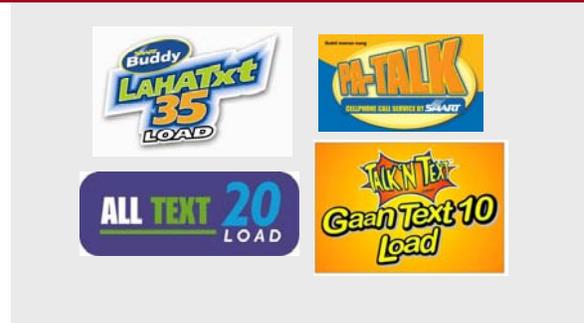
- Smart and TNT subscribers reached a record 25 million in February 2007
- Organic growth to come mainly from the lower income market
- Subscriber acquisition costs to remain under control

Smart & TNT Market Share



Usage

- Minimize multi-SIM usage by providing superior packages and promotions
- Refocus on voice with multi-segment approach similar to SMS



Moving beyond traditional services

M-commerce



- Smart Remit
 - Smart Services Hub to serve the Middle East in partnership with MTC Vodafone and a leading regional bank
 - Pilot project with MasterCard International as part of GSMA’s Global Mobile Money Transfer Project
- Smart Money
 - Smart Money as payment medium for tollways, retail outlets and other low-value, high volume transactions
 - 10,000 Smart Money PayPass cards already in the pipeline; terminals being deployed in a leading retail chain
 - In addition to BDO, Smart recently signed up RCBC and DBP as issuing banks for Smart Money

Entertainment



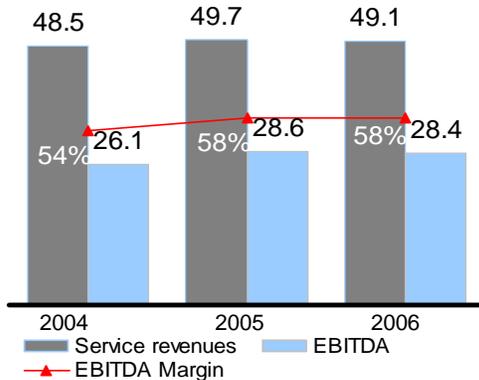
- Mobile TV
 - Broadcast trials by NBC to begin this March
 - Service is being broadcast using the mobile TV platform called Digital Video Broadcasting-Handheld (DVBH)

PLDT Fixed Line: Managing Change

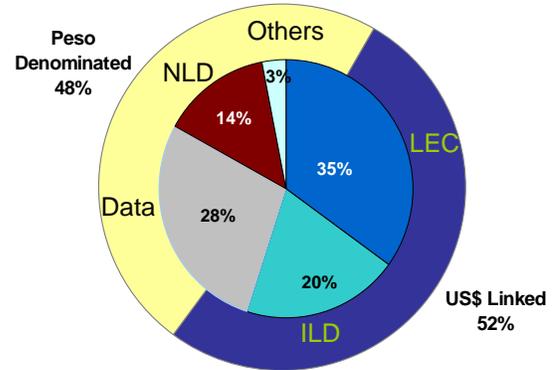
PLDT Group is managing the transition from traditional voice to data services by expanding our DSL coverage and offering bundled services.

- Fixed Line revenues decreased 1% y-o-y to P49bn due to the combined impact of:
 - increase in corporate data service and DSL service revenues
 - decrease in LEC revenues as a result of the reduction in basic monthly fees due to the 6.8% appreciation of the average US dollar - peso exchange rate
 - decline in ILD revenues due to lower inbound volumes and the stronger peso
- Fixed Line revenues would have improved y-o-y by 2% had FX rates remained stable
- EBITDA declined slightly to P28.4bn in FY06 due to lower revenues while EBITDA margin was stable at 58%

Fixed Line Service Revenues* and EBITDA (billion pesos)



Fixed Line Revenue Mix (FY06)

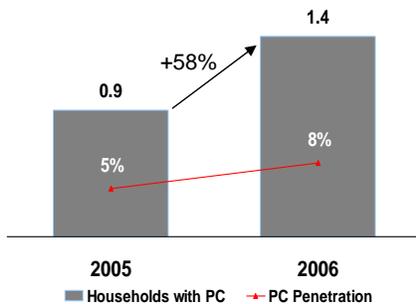


* Fixed Line service revenues including intra-segment revenues of P7.9bn in FY06 and P5.3bn in FY05, which are eliminated upon consolidation.



Broadband: Expanding rapidly

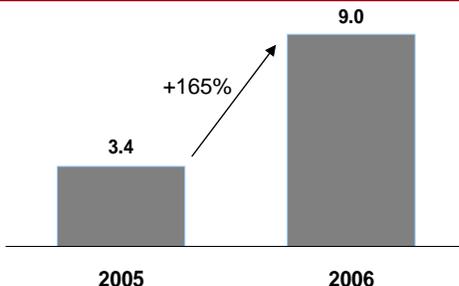
Households with PCs (in millions)



Source: AC Nielsen 2005 & 2006 Omnibus Study

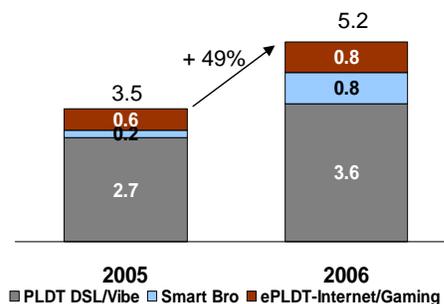
- Market potential for broadband is expanding rapidly
 - PC penetration grew by 58% y-o-y to about 1.4mn, or 8% of total households
 - Internet users surged to 9mn from 3.4mn, half of whom access the internet through internet cafes
 - Current broadband market in the country more than doubled to about 340,000 subscribers while narrowband internet usage is increasing in the lower income households
- PLDT DSL and Smart Bro had a combined 265,000 subscribers as of YE06, adding 140,000 subscribers during the year
- PLDT Group's total DSL, wireless broadband and internet service revenues grew by 49% to P5.2bn

Internet Users (in millions)



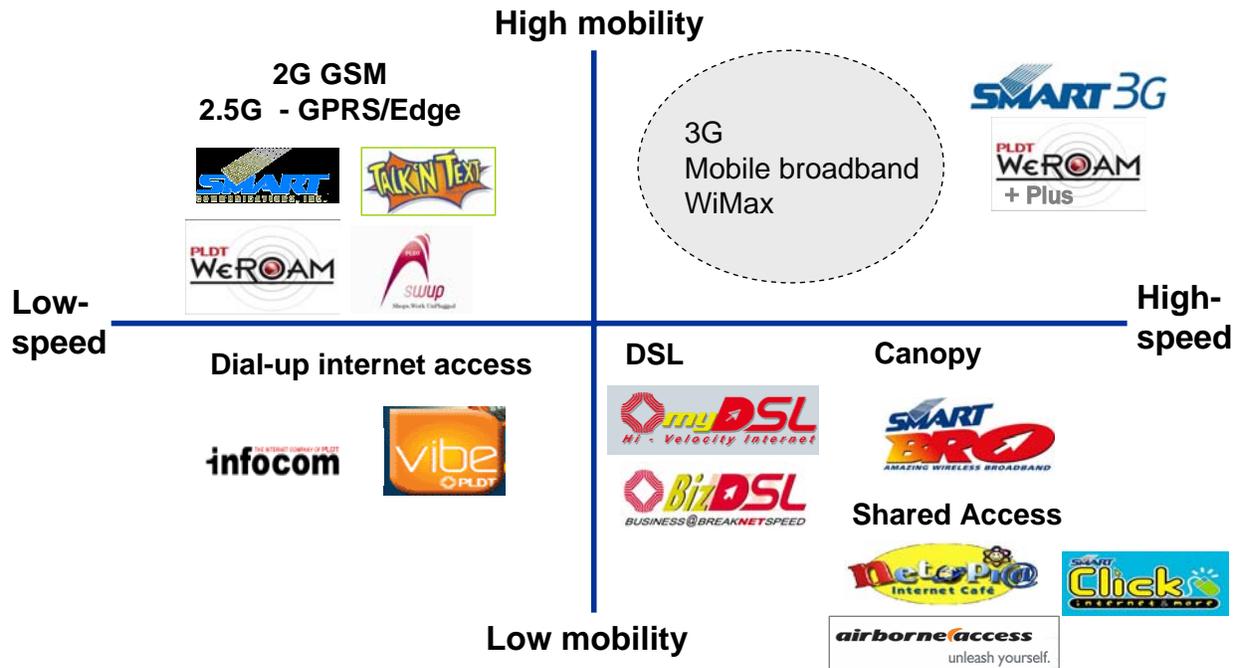
Source: AC Nielsen 2005 & 2006 Net Scan Study

PLDT Group Broadband and Internet Revenues (billion pesos)



PLDT Group: Providing the widest range of broadband services

The combined fixed and wireless capabilities of PLDT Group allow us to cost-effectively provide the widest array of services to various segments in the market.

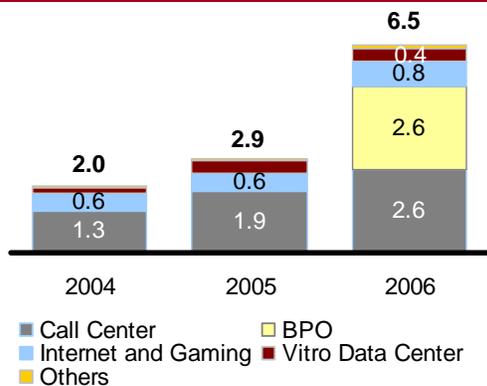


ePLDT: Redefining focus

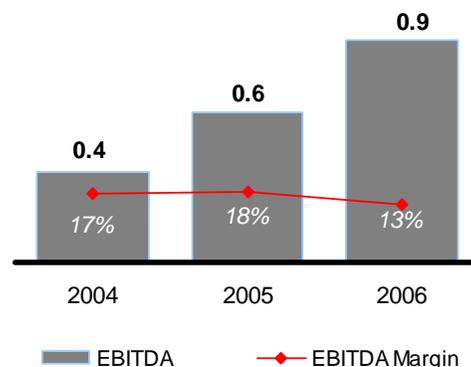
ePLDT's participation in key growth sectors allows the PLDT Group to diversify its revenue base and tap into markets outside the domestic economy.

- ePLDT's service revenues grew by 122% to P6.5bn on account of a 35% increase in call center revenues and the consolidation of SPI
 - Assuming full year consolidation of SPI, ePLDT's service revenues would have grown by 29% to P9.5bn
- ePLDT's consolidated EBITDA margins stood at 13% for FY06 with opportunities to improve going forward as certain operations of SPI are integrated and capacity utilization increase

ePLDT Service Revenues
(billion pesos)



ePLDT EBITDA (billion pesos) and EBITDA margin

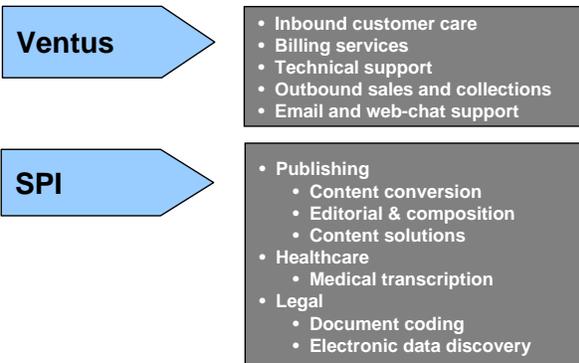


ePLDT: Expanding its outsourcing businesses

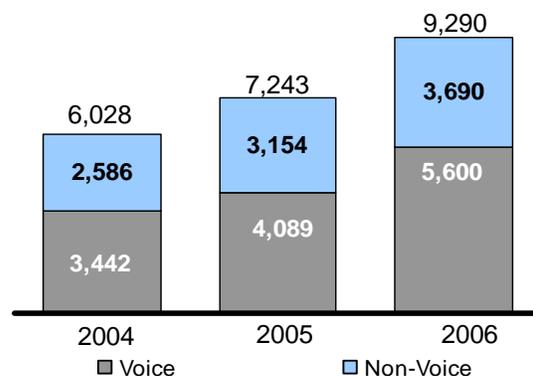
Ventus and SPI are capitalizing on the growing global outsourcing market and are starting to deliver higher value voice and non-voice services to new and existing clients.

- Ventus and SPI had a combined revenue base in FY06 of P7.5bn
- Ventus has 8 facilities in the Philippines while SPI has facilities in the Philippines, US, India and Vietnam
- Ventus and SPI combined had almost 9,300 seats and 11,900 employees

Ventus & SPI: Service Verticals



Ventus & SPI: Seat Capacity



PLDT Group: 2007 Outlook

- PLDT Group's financial results in 2007 will be impacted by a number of factors, including movements in the US dollar/Peso exchange rates
 - Restating PLDT Group's financial results at an exchange rate of P48:US\$1 would result in a 2006 core profit base of approximately P30bn
 - As depreciation and provision for income taxes normalize in 2007, it is expected that the gap between PLDT Group's reported and core net income will significantly narrow
- Capital expenditures are expected to reach P20-22bn
- PLDT Group targets to increase the regular dividend payout to 70% of core earnings while retaining sufficient flexibility to utilize excess cash for investments or provide additional returns to shareholders

2007 Forecast	
Core net income	P32-33 billion
Capital expenditures	P20-22 billion
Regular dividend payout	70% of core EPS

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

Analyzing the impact of FX

- PLDT Group's core net income is negatively impacted by the 6.8% appreciation of the peso from an average of P55.086 in 2005 to P51.329 in 2006

	Impact for FY06	Estimated impact for every P1 appreciation of the peso versus US dollar
Service revenues	<P3.0> bn	<P0.9>bn
Cash operating expense	P0.4bn	P0.2bn
EBITDA	< P2.6>bn	<P0.7>bn
Financing cost (excl. FX translation gains/losses)	P0.6bn	P0.15bn
Core net income, post-tax	< P2.0>bn	<P0.55>bn
Translation FX gains/losses	P2.6bn	P0.58bn
Reported net income, post-tax	P0.6bn	P0.03bn



Understanding the ACeS transaction

- In September 2006, ACeS and Inmarsat, a leading global mobile satellite operator, entered into a collaboration agreement to enable a global service roll out of Inmarsat's broadband global access network, with:
 - Inmarsat as satellite and network operator as well as wholesale product and service developer
 - ACeS as wholesale and retail distributor
- The collaboration agreement with Inmarsat paved the way to amend various agreements of ACeS, including:
 - Restructuring of ACeS' loans with creditors
 - Purchasing the equity and debt interest of Lockheed Martin and Martin Marietta Overseas Corporation by PLDT and PSN
 - Amending the Airtime Purchase Agreement (“ATPA”) between ACeS and the National Service Providers (“NSPs”) – PLDT, PSN and Jasmine
- Under International Accounting Standards (“IAS”), PLDT had made provisions in the earlier years for onerous contracts relating to the ATPA which obligated PLDT to purchase from ACeS a minimum of US\$5mn worth of airtime per year as well as supplemental airtime purchase payments not to exceed US\$15mn per year in the event that ACeS aggregate billed revenue is less than US\$45mn
- On February 2007, the ATPA was amended to lower the requirement from PLDT, as an NSP, to purchase US\$500,000 of airtime each year from 2007 to 2010 and US\$3 million per year from 2011 to 2015, which are within the current usage ACeS Philippines
- The amended terms of the ATPA is no longer deemed an onerous contract which allowed PLDT to partially reverse previously made provisions amounting to P3.5 billion, net of associated costs, in YE06

