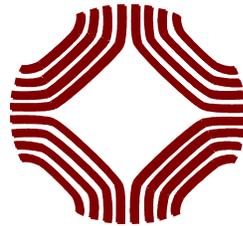


# Philippine Long Distance Telephone Company



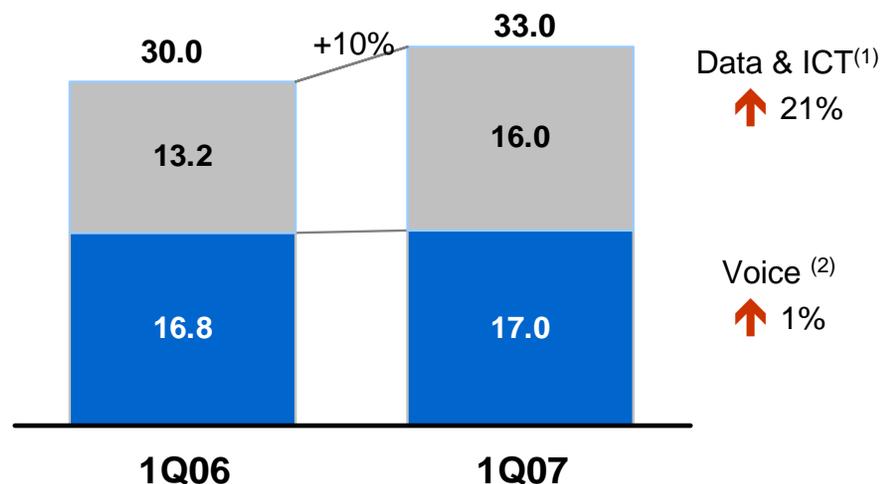
## First Quarter 2007 Financial and Operating Results

8 May 2007

# PLDT Group: Service Revenues

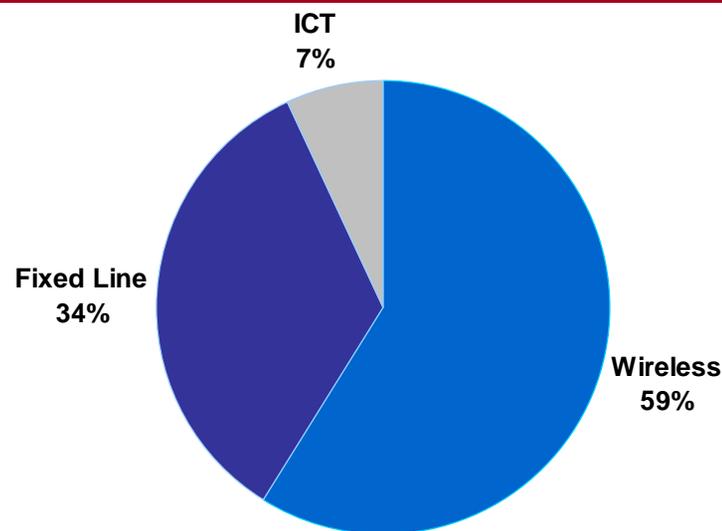
- Consolidated service revenues grew by P3bn or 10% to P33bn in 1Q07
  - + Wireless service revenues up by 10%
  - + ICT revenues increased by 198%
  - Fixed line revenues declined by 3%
- Revenues would have been up by 12% had the peso remained stable
- Data, Broadband and ICT revenues were up 21% to P16bn in 1Q07 in line with PLDT Group's objective to grow its data and ICT businesses
- Consolidated voice revenues were up 1% driven by an 8% increase in cellular voice revenues, offsetting a 9% decline in traditional fixed line voice revenues

Service Revenues (billion pesos)



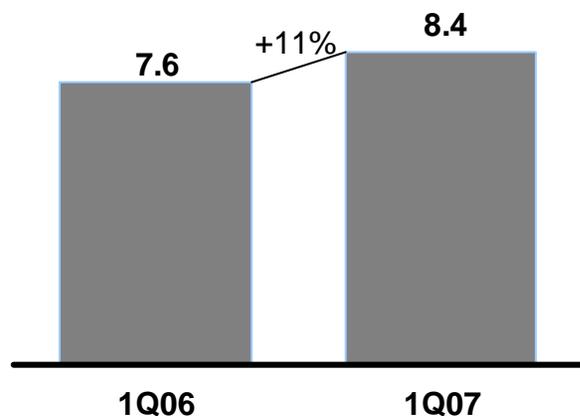
(1) Includes cellular, other wireless, fixed line data and ICT service revenues  
 (2) Includes cellular voice, LEC, ILD and NLD service revenues

Service Revenue Breakdown



# PLDT Group: Core and Reported net income

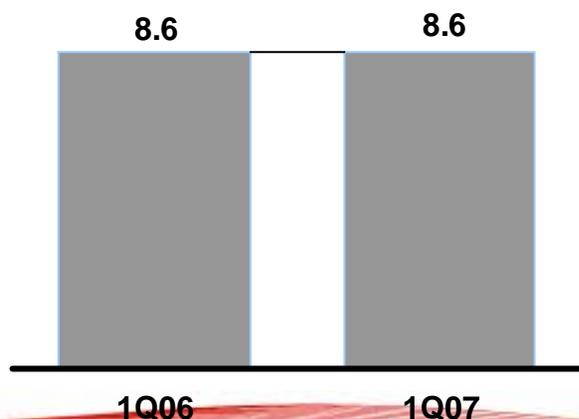
## Core net income (billion pesos)



- Core net income in 1Q07 up 11% to P8.4bn due to the combined impact of:
  - + Increase in revenues and EBITDA
  - + Lower interest on loans
  - Negative impact of 5% appreciation of the peso on core profits of approximately P280mn

- Reported net income in 1Q07 was stable at P8.6bn due to:
  - Increase of P2.1bn in provision for taxes, effective tax rate at 34% in 1Q07 from 22% in 1Q06
  - Lower FX gains of P278mn in 1Q07 from P1.6bn in 1Q06, or a net change of almost P1.3bn

## Reported net income (billion pesos)



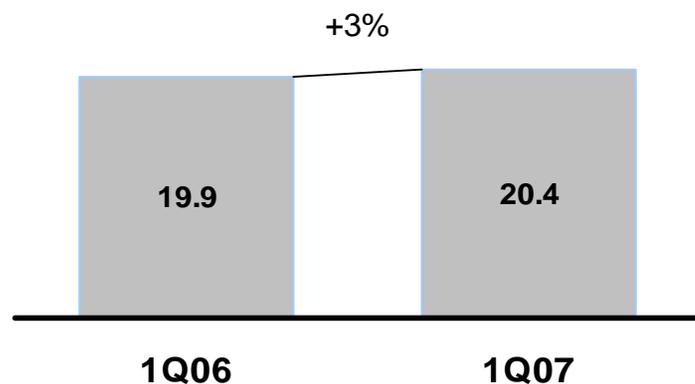
	1Q06	1Q07
FX rate, beg.	53.062	49.045
FX rate, end	51.158	48.217
change in FX rate	(1.904)	(0.828)
average FX rate for the period	51.165	48.567
<b>FX and derivative gains</b>	<b>1,556</b>	<b>278</b>

- + Non-recurrence in 1Q07 of additional depreciation charges of P1.9bn incurred in 1Q06

# PLDT Group: EBITDA and Free cash flow

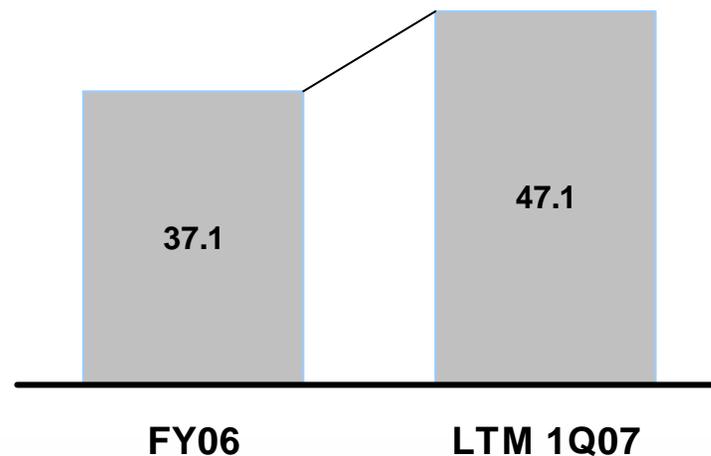
- EBITDA increased by 3% to P20.4bn in 1Q07 while EBITDA margin declined to 62% as a result of:
  - Steady wireless margins at 65%
  - Lower fixed line margins at 55%
  - Higher contribution from ICT with EBITDA margin of 17% reflecting the lower capital requirements of these businesses
- PLDT Group's capex in 1Q07 increased to P5.9 bn mainly driven by:
  - Continued roll out of NGN lines to 230,000 as of 1Q07
  - Increased cellular capacity and further roll out of wireless broadband
  - Investment in incremental international cable capacity
- PLDT Group free cash flow reached P17.5bn in 1Q07 notwithstanding higher capex spend
- PLDT paid common dividends amounting to P9.4bn in April 20, representing the final dividend payment for 2006 of P50 per share
- PLDT Group reduced debt by US\$85mn in 1Q07, with PLDT continuing to pay down higher cost USD debts and partly offset by the issuance by Smart of P5bn 5-year and 10-year notes with low interest rates of 5.625% and 6.5%, respectively
- PLDT Group's net debt balance currently at US\$1.1bn

PLDT Group EBITDA (billion pesos)



Margin	1Q06	1Q07
Margin	66%	62%

PLDT Group Free Cash Flow (billion pesos)



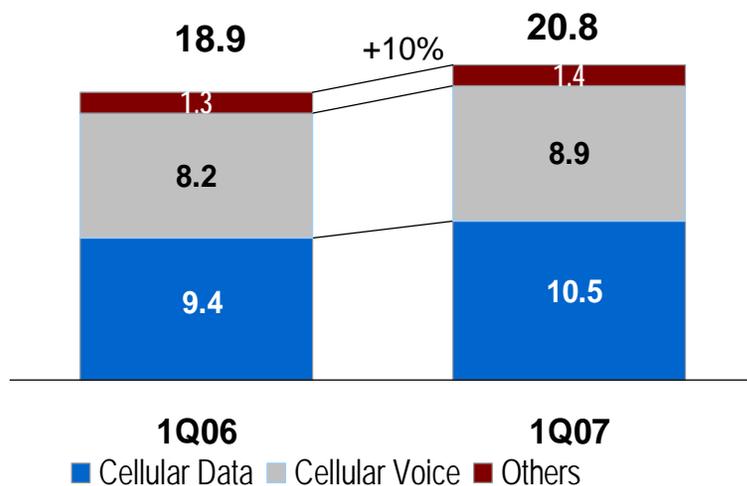
## The PLDT Group: 1Q07 Financial Summary

	1Q07	1Q06		% Y-o-Y
Service Revenues	P33.0bn	P30.0bn	↑	10%
EBITDA	P20.4bn	P19.9bn	↑	3%
EBITDA Margin	62%	66%	↓	
Core Net Income	P8.4bn	P7.6bn	↑	11%
Core EPS	P43.92	P41.13	↑	7%
Reported Net Income	P8.6bn	P8.6bn	↔	-

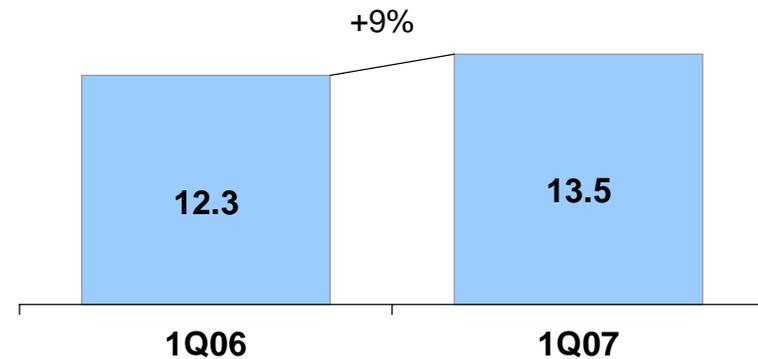
# SMART: Upholding Market Leadership

- **Service revenues grew 10% to P20.8bn in 1Q07 driven by:**
  - + 12% increase cellular data revenues
  - + 8% growth in voice revenues
  - + 245% rise in wireless broadband revenues
- **Wireless service revenues of P20.8bn in 1Q07 exceeded 4Q06 revenues of P20.4bn which are normally boosted by holiday-related spending**
- **EBITDA increased by 9% to P13.5bn in 1Q07 with EBITDA margin stable at 65%**

Wireless Service Revenues (billion pesos)



EBITDA\* (billion pesos) and EBITDA Margin



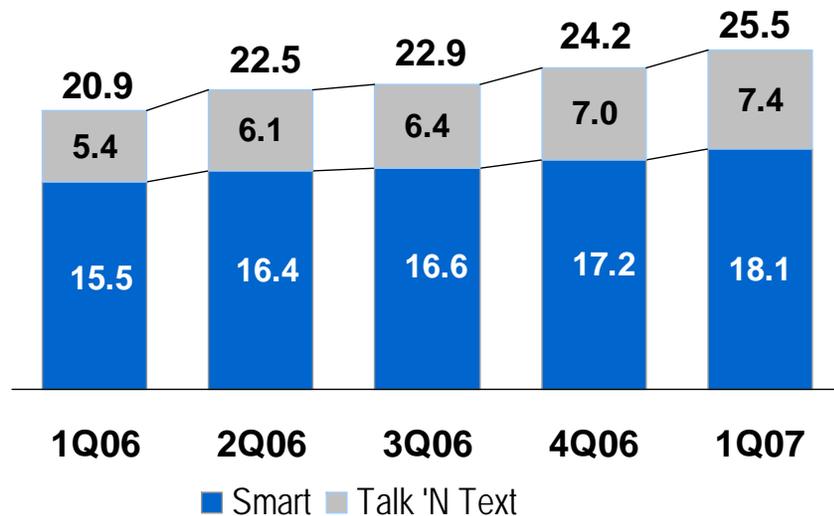
Subscribers (in millions)	1Q06	1Q07
	20.9	25.5

Margin	1Q06	1Q07
	65%	65%

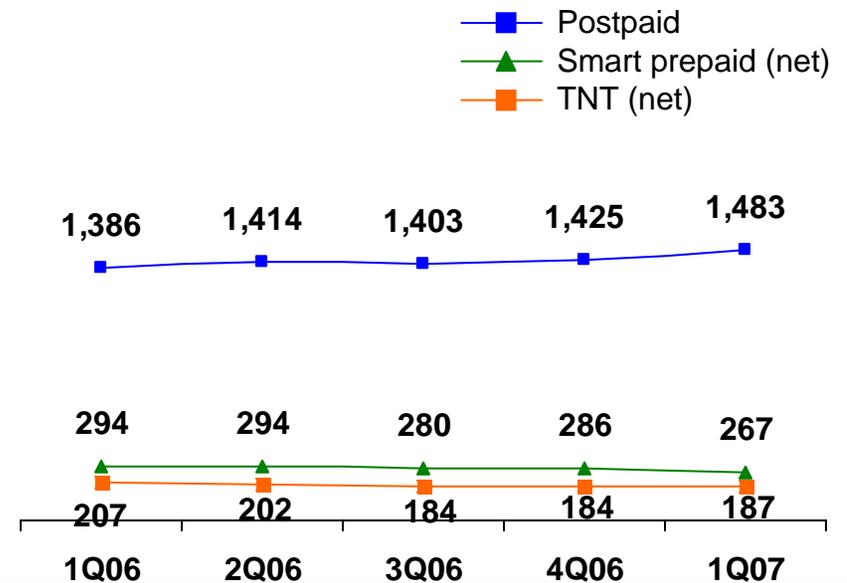
# SMART: Driving Organic Growth

- Smart and TNT added 1.3mn cellular subscribers in 1Q07 resulting in a total combined subscriber base of 25.5mn as of the end of the period
- Net additions continue to show strength as Smart and TNT added about 500,000 subs in April to end the month with over 26mn subscribers
- Smart achieved a 10% increase in revenues notwithstanding the decline in prepaid net ARPUs
  - Smart continues to lead in offering innovative text packages with the most variety for consumers
  - Increase in voice usage a result of numerous options that cater to subscribers' varying needs

Smart & Talk 'N Text Subscribers



Prepaid and Postpaid ARPU (Pesos)



# SMART : Seeding the Market for Future Services

**26**  
~~25,000,000~~ **STRONG. 26**  
~~25,000,000~~ **SMART**

*Holistic approach to encourage retention and widen usage*



*OFWs just the first of many communities to be served by Smart Wireless Consumer Solutions*



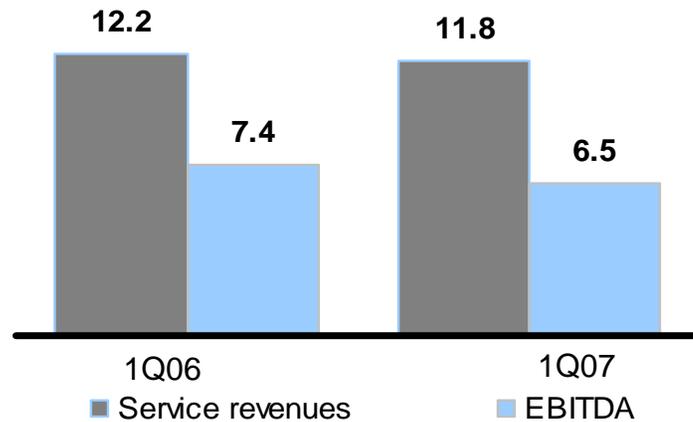
On April 29<sup>th</sup> 2007, *Smart Remit* successfully tested its text-based remittance service with selected OFWs in Bahrain. These OFWs were able to send remittances to their beneficiaries in the Philippines, check the balance of their local accounts and determine how much their remittance would amount to in Philippine pesos using their cell phones. A commercial launch is expected within the year.

PLDT Global's operations in Hong Kong, Singapore, US, UK and the Middle East also help address requirements of OFWs in these markets.

# PLDT Fixed Line: Managing Change

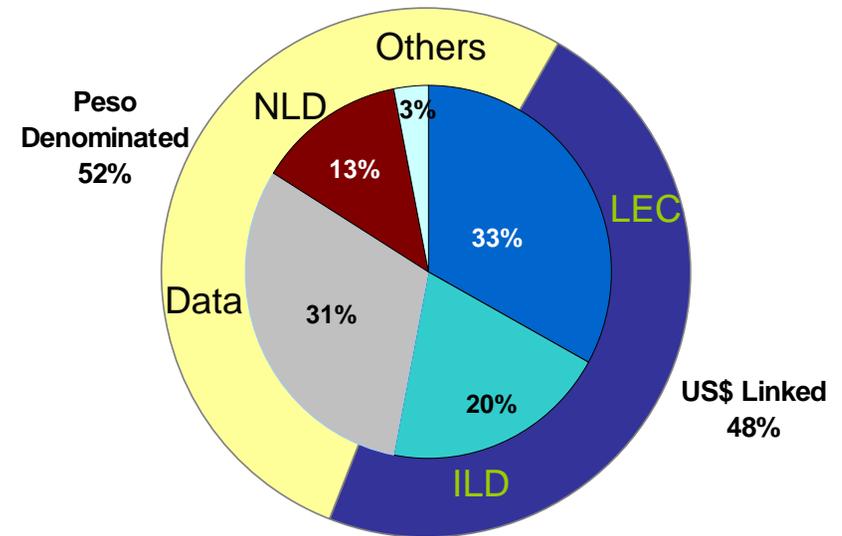
- **Fixed Line revenues decreased 3% to P11.8bn in 1Q07 due to the combined impact of:**
  - + increase in corporate data service and DSL service revenues
  - decrease in LEC revenues as a result of the reduction in basic monthly fees due to the 5% appreciation of the average US dollar - peso exchange rate
  - decline in ILD revenues due to lower inbound rates and the stronger peso
  - lower NLD revenues
- **Fixed Line revenues would have reported a lower decline of 1% had FX rates remained stable**
- **EBITDA declined to P6.5bn in 1Q07 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	1Q06	1Q07
Margin	61%	55%

**Fixed Line Revenue Mix (1Q07)**

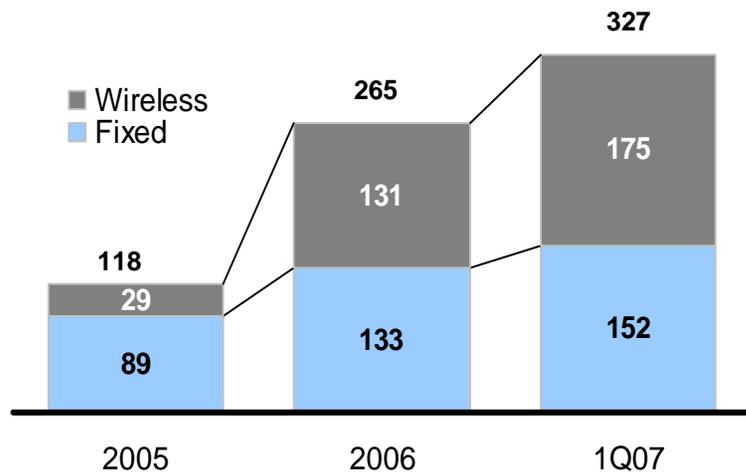


\* Fixed Line service revenues including intra-segment revenues, which are eliminated upon consolidation.

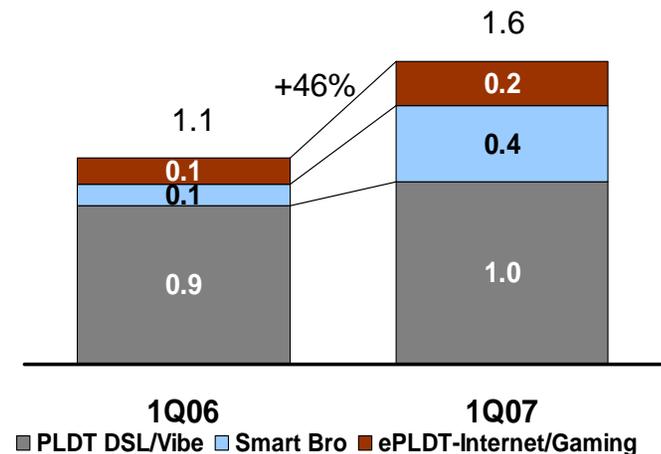
# Broadband: Expanding rapidly

- PLDT DSL, SmartBro and PLDT *WeRoam* had a combined 327,000 subscribers as of 1Q07, adding over 62,000 subscribers in 1Q07
- SmartBro added 42,000 broadband subscribers in 1Q07 and had close to 164,000 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 46% to P1.6bn in 1Q07
- PLDT Group is on target to double its broadband subscribers to over 530,000 in 2007

PLDT Group Broadband subscribers ('000)

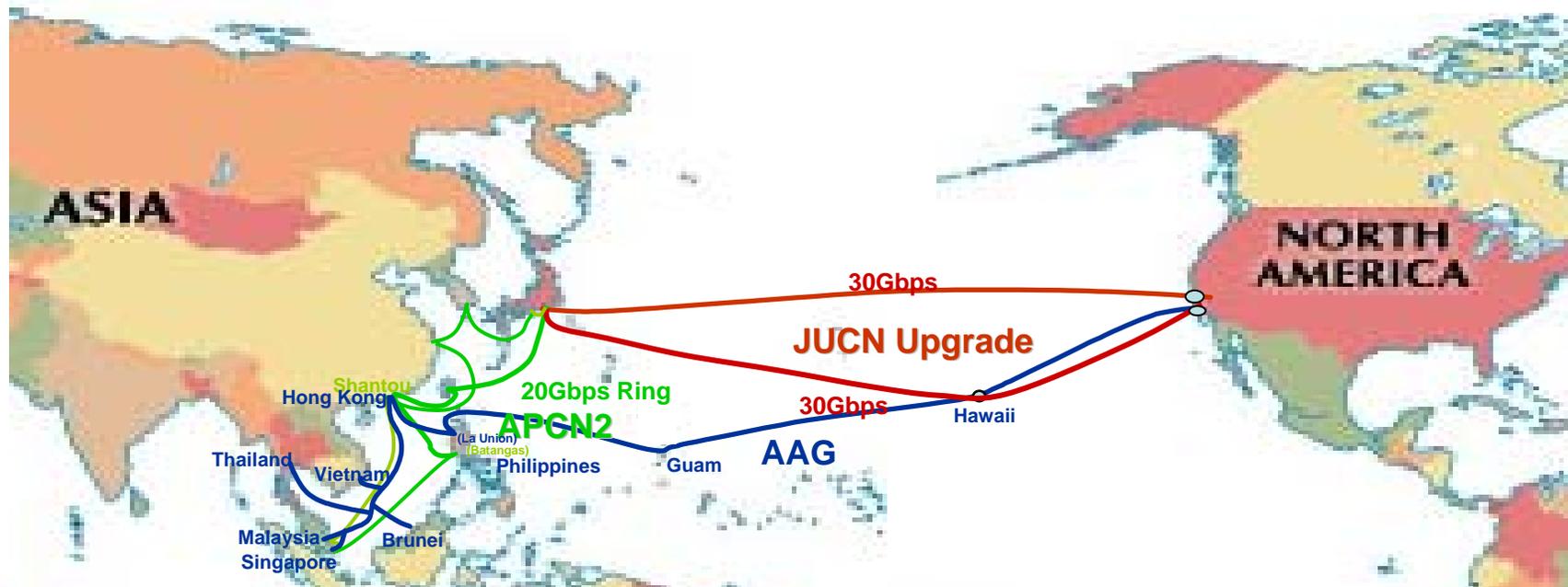


PLDT Group Broadband and Internet Revenues (billion pesos)



# Building capacity for next generation services

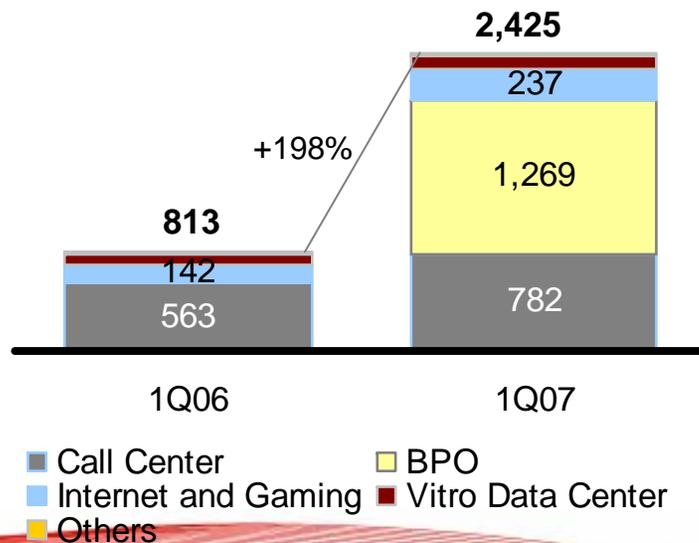
- PLDT is a lead investor in the build out of a 20,000km high-bandwidth optical fiber submarine system called Asia-America Gateway Cable System (AAG) from Southeast Asia direct the US for a total cost of US\$500mn, of which US\$50mn represents PLDT's share
- In addition, PLDT is also investing for the upgrade of APCN2 and for the build out of the Japan-US cable system which are expected to carry commercial traffic by June 2007 and 1Q08, respectively
- PLDT is investing a total of US\$100mn in international cable capacity as part of its capex estimates for 2007/08 in order to support PLDT Group's initiative to expand broadband and other next generation services to consumers and corporate clients
- These cable systems are expected to provide a combined additional 100 Gbps capacity by 2008, five times more than PLDT Group's existing international capacity



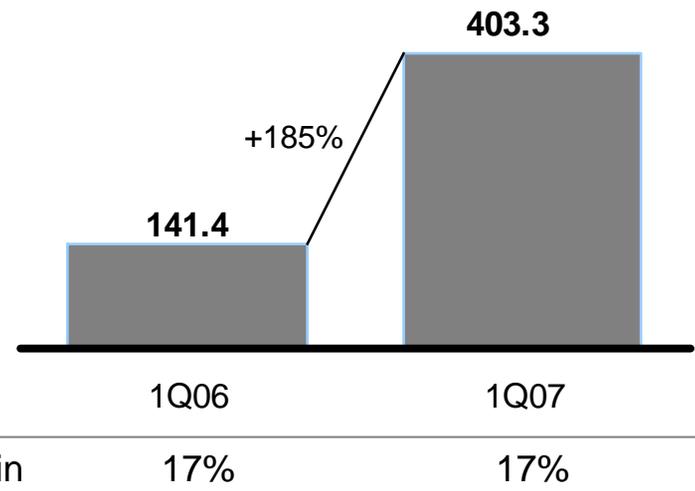
# ePLDT: Refining focus

- **ePLDT's service revenues grew by 198% to P2.4bn on account of a 39% increase in call center revenues and the consolidation of SPI, which contributed revenues of P1.3bn in 1Q07**
  - About 85% of ePLDT's revenues come from Ventus and SPI; ePLDT now contributes 7% of PLDT Group service revenues
- **ePLDT's consolidated EBITDA margins remained stable at 17% in 1Q07**
  - ePLDT's EBITDA margin improved versus FY06 margin of 13%
  - Margins expected to increase as SPI continues to integrate the activities of its recently acquired businesses primarily through offshoring of US positions
- **ePLDT reported a core net income of P160mn in 1Q07, up 193% y-o-y**

**ePLDT Service Revenues**  
(million pesos)



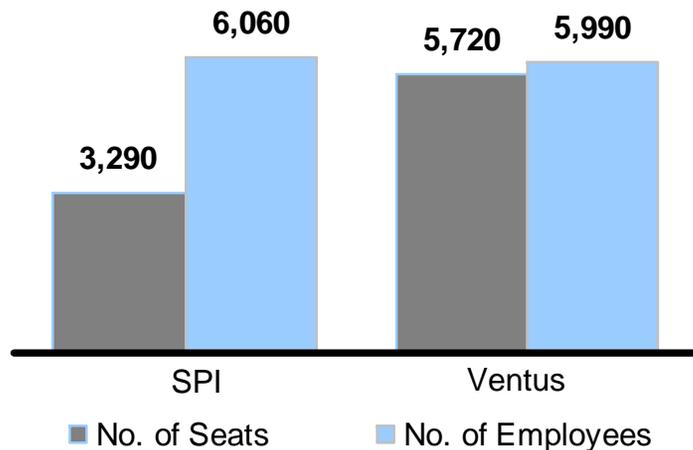
**ePLDT EBITDA (million pesos)**  
**and EBITDA margin**



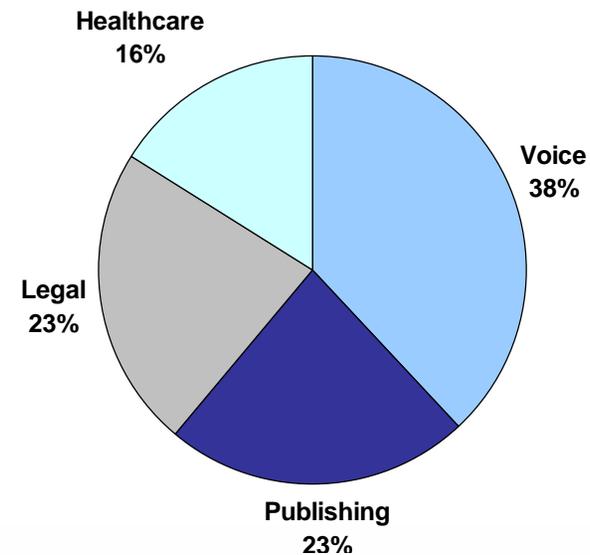
# ePLDT: Expanding its outsourcing businesses

- **Ventus' revenues grew by 39% to P782mn as it continued to expand and improve capacity utilization in its Libertad and Pasig facilities opened in 3Q/4Q06**
  - Ventus is diversifying its client base and recently added new US based clients from the pharmaceutical, electronics financial services and retail industry
- **SPI recently acquired Springfield, a medical billing/AR management service provider in the US, to extend its services in the US revenue cycle management sector**
  - Springfield has an annual revenue base of US\$30 million
- **Ventus and SPI combined had 9,010 seats and 12,050 employees as of the end of 1Q07**

**Ventus & SPI: Seat Capacity & Employees (1Q07)**



**Ventus & SPI: Revenue Mix by Service Vertical (1Q07)**



# 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
- 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

<b>2007 Forecast</b>	
<b>Core net income</b>	<b>P33 billion</b>
<b>Capital expenditures</b>	<b>P20-22 billion</b>
<b>Regular dividend payout</b>	<b>70% of core EPS</b>

*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

# 1Q07: Consolidated Financial Highlights

Profit and Loss <i>(in million pesos)</i>	1Q 2007				1Q 2006	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Service Revenues	20,811	11,828	2,425	33,012	29,977	10%
Operating expenses	7,973	5,303	2,091	13,280	10,913	22%
EBITDA <sup>(1)</sup>	13,456	6,539	403	20,422	19,875	3%
<i>EBITDA Margin</i>	65%	55%	17%	62%	66%	
Depreciation	2,925	2,289	234	5,448	7,667	-29%
Financing costs	(32)	1,838	(9)	1,797	1,000	80%
Provision for income tax	3,690	899	(9)	4,580	2,510	82%
Core net income <sup>(2)</sup>	6,483	1,752	160	8,396	7,566	11%
Reported net income	6,729	1,678	168	8,575	8,581	-

(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>	1Q 2007				1Q 2006	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
<b>Service Revenues</b>						
<b>Wireless</b>						
Cellular	19,923			19,923	18,205	9%
Others	888			888	739	20%
<b>Fixed line</b>						
Local exchange		3,905		3,905	4,352	-10%
International long distance		2,400		2,400	2,559	-6%
National long distance		1,593		1,593	1,810	-12%
Data and other network		3,563		3,563	3,066	16%
Miscellaneous		367		367	364	1%
<b>ICT</b>			2,425	2,425	813	198%
Inter-segment transaction				(2,052)	(1,931)	6%
<b>Total Service Revenues</b>	<b>20,811</b>	<b>11,828</b>	<b>2,425</b>	<b>33,012</b>	<b>29,977</b>	<b>10%</b>
<b>Non-Service Revenues</b>	<b>576</b>	<b>15</b>	<b>33</b>	<b>624</b>	<b>745</b>	<b>-16%</b>
Inter-segment transaction				(11)	(3)	280%
	<b>576</b>	<b>15</b>	<b>33</b>	<b>613</b>	<b>742</b>	<b>-17%</b>
<b>Other Income</b>	<b>63</b>	<b>164</b>	<b>8</b>	<b>235</b>	<b>158</b>	<b>49%</b>
Inter-segment transaction				(24)	(25)	-4%
	<b>63</b>	<b>164</b>	<b>8</b>	<b>211</b>	<b>133</b>	<b>59%</b>
<b>Total Revenues and Other Income</b>	<b>21,450</b>	<b>12,007</b>	<b>2,466</b>	<b>33,836</b>	<b>30,852</b>	<b>10%</b>

# Expenses

<i>(in million pesos)</i>	1Q 2007				1Q 2006	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
<b>Operating expenses</b>						
Compensation	1,216	2,382	1,184	4,781	3,644	31%
Selling and promotions	873	362	65	1,296	1,245	4%
Professional and other contracted services	565	430	320	1,279	584	119%
Rent	1,989	423	152	690	546	27%
Maintenance	897	928	127	1,846	1,654	12%
Communication, training and travel	239	130	102	425	362	17%
Taxes and licenses	354	235	19	608	551	10%
Insurance and security services	198	139	11	328	334	-2%
Other operating expenses	342	104	50	495	407	22%
<b>Cash operating expenses</b>	<b>6,673</b>	<b>5,133</b>	<b>2,030</b>	<b>11,749</b>	<b>9,327</b>	<b>26%</b>
Depreciation	2,925	2,289	234	5,448	7,667	-29%
Provisions	109	123	1	233	238	-2%
Asset impairment	-	-	2	2	-	
Amortization of intangible assets	42	-	34	76	69	10%
<b>Non-cash operating expenses</b>	<b>3,076</b>	<b>2,412</b>	<b>271</b>	<b>5,759</b>	<b>7,974</b>	<b>-28%</b>
<b>Total operating expenses</b>	<b>9,749</b>	<b>7,545</b>	<b>2,301</b>	<b>17,508</b>	<b>17,301</b>	<b>1%</b>
<b>Cost of sales</b>	<b>1,149</b>	<b>47</b>	<b>24</b>	<b>1,220</b>	<b>1,279</b>	<b>-5%</b>
<b>Financing costs</b>	<b>(32)</b>	<b>1,838</b>	<b>(9)</b>	<b>1,797</b>	<b>1,000</b>	<b>80%</b>
<b>Total Expenses</b>	<b>10,866</b>	<b>9,430</b>	<b>2,316</b>	<b>20,525</b>	<b>19,580</b>	<b>5%</b>

# EBITDA

<i>(in million pesos)</i>	1Q 2007				1Q 2006	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Income before tax	10,584	2,577	150	13,311	11,272	18%
Add (deduct):						
Depreciation	2,925	2,289	234	5,448	7,667	-29%
Financing costs	(32)	1,837	(8)	1,797	1,000	80%
Asset impairment	-	-	2	2	-	
Amortization of intangible assets	42	-	34	76	69	11%
Other income	(63)	(164)	(8)	(211)	(133)	59%
<b>EBITDA</b>	<b>13,456</b>	<b>6,539</b>	<b>403</b>	<b>20,422</b>	<b>19,875</b>	<b>3%</b>
<b>EBITDA Margin</b>	<b>65%</b>	<b>55%</b>	<b>17%</b>	<b>62%</b>	<b>66%</b>	

# Financing Costs

<i>(in million pesos)</i>	1Q 2007				1Q 2006	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Interest on loans and related items	400	1,451	7	1,858	2,127	-13%
Accretion on financial liabilities	223	45	1	269	614	-56%
Hedge cost	-	354	-	354	341	4%
Loss (gain) on derivative transactions, net	(13)	366	(42)	311	22	1300%
Dividends on CPS	5	-	-	5	49	-90%
Financing charges	34	1	-	35	36	-1%
Capitalized interest	(41)	(73)	-	(114)	(129)	-12%
Interest income	(275)	(55)	(3)	(333)	(482)	-31%
Foreign exchange losses (gains)	(365)	(251)	28	(588)	(1,578)	-63%
<b>Total</b>	<b>(32)</b>	<b>1,838</b>	<b>(9)</b>	<b>1,797</b>	<b>1,000</b>	<b>80%</b>

# Core Net Income

<i>(in million pesos)</i>	1Q 2007				1Q 2006	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Reported net income	6,729	1,678	168	8,575	8,581	-
Add (deduct):						
Foreign exchange and derivative losses (gains)	(378)	115	(14)	(278)	(1,556)	-82%
Additional depreciation	-	-	-	-	1,941	-100%
Asset impairment	-	-	2	2	-	
Smart/Piltel deferred tax assets	-	-	-	-	(1,265)	-100%
Tax effect	132	(40)	5	97	(135)	-172%
	<u>6,483</u>	<u>1,752</u>	<u>160</u>	<u>8,396</u>	<u>7,566</u>	<u>11%</u>

# Cash Flows

<i>(in million pesos)</i>	1Q 2007			1Q 2006	%
	Wireless	Fixed Line	Consolidated	Consolidated	Change
Net cash from operations	17,131	7,371	25,001	15,404	62%
Add(Deduct):					
Capital expenditures	(1,981)	(3,846)	(5,937)	(4,908)	21%
Other investing activities	35	(13)	21	2	836%
Interest, net	(184)	(1,027)	(1,214)	(1,009)	20%
Dividends from Smart	-	8,000	-	-	
Preferred share dividends	-	(62)	(62)	(222)	-72%
Others	(129)	(197)	(285)	(1,699)	-83%
Free cash flow	14,873	10,226	17,524	7,568	132%
Common share dividends	(8,000)	-	-	-	
Investments	-	-	-	(1,201)	-100%
Redemption of preferred shares	(14)	-	(14)	-	
Principal repayments, net	3,439	(7,657)	(4,233)	(1,231)	244%
Change in cash	10,298	2,569	13,276	5,136	159%
Cash balance, beginning <sup>(1)</sup>	18,936	5,355	25,197	32,810	-23%
Cash balance, end <sup>(1)</sup>	29,234.2	7,924	38,473	37,945	1%

(1) Includes short-term investments

# Balance Sheet

<i>(in million pesos)</i>	Consolidated	
	March 31 2007	December 31 2006
<b>Total Assets</b>	<b>251,597</b>	<b>241,892</b>
<b>Nominal Value of Total Debt</b>	<b>80,599</b>	<b>86,107</b>
<i>in US\$</i>	<b>\$1,671</b>	<b>\$1,756</b>
<b>Less: Unamortized Debt Discount</b>	<b>5,686</b>	<b>5,953</b>
<b>Total Debt</b>	<b>74,913</b>	<b>80,154</b>
<b>Cash and short-term investments</b>	<b>38,473</b>	<b>25,197</b>
<b>Net Debt</b>	<b>36,440</b>	<b>54,957</b>
<b>Equity</b>	<b>104,246</b>	<b>104,523</b>
<b>Total Debt<sup>(1)</sup>/Equity</b>	<b>0.77x</b>	<b>0.82x</b>
<b>Net Debt<sup>(2)</sup>/Equity</b>	<b>0.40x</b>	<b>0.58x</b>
<b>Total Debt<sup>(1)</sup>/EBITDA</b>	<b>1.00x</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

	1Q07		1Q06	
	Basic	Diluted	Basic	Diluted
Net Income	8,575	8,575	8,581	8,581
Dividends on preferred shares	(114)	(114)	(114)	(12)
Adjustments for preferred shares deemed dilutive				
Dividends on preferred stock subject to mandatory redemption charged to expense for the period	-	5	-	49
Accretion of preferred stock subject to mandatory redemption	-	37	-	294
Foreign exchange gain on preferred stock subject to mandatory redemption	-	(20)	-	(413)
<b>Net Income applicable to common shares</b>	<b>8,461</b>	<b>8,483</b>	<b>8,467</b>	<b>8,499</b>
Outstanding common shares, beginning	188,435	188,435	180,789	180,789
Effect of issuance of common shares during the period	127	127	381	381
Weighted average number of shares under ESOP during the period	-	60	-	100
Common shares equivalent of preferred shares deemed dilutive:				
Preferred stock series A to FF	-	-	-	2,531
Preferred stock series VI	-	783	-	3,943
Preferred stock series VII	-	-	-	3,842
<b>Weighted average number of shares, end</b>	<b>188,562</b>	<b>189,405</b>	<b>181,170</b>	<b>191,586</b>
<b>EPS (based on reported net income)</b>	<b>44.87</b>	<b>44.79</b>	<b>46.74</b>	<b>44.36</b>
Core Net Income	8,396	8,396	7,566	7,566
Adjustments for preferred shares deemed dilutive	(114)	(92)	(114)	(82)
<b>Net Income applicable to common shares</b>	<b>8,282</b>	<b>8,304</b>	<b>7,452</b>	<b>7,484</b>
<b>Weighted average number of shares, end</b>	<b>188,562</b>	<b>189,405</b>	<b>181,170</b>	<b>191,586</b>
<b>EPS (based on core net income)</b>	<b>43.92</b>	<b>43.84</b>	<b>41.13</b>	<b>39.06</b>

# Interest-bearing Liabilities

<i>(in millions)</i>	March 31, 2007			December 31, 2006	Change
	Carrying Value	Unamortized Debt Discount	Face Value	Face Value	
<b>Debt</b>					
PLDT	\$914	\$11	924	1,080	(\$156)
Smart	\$599	\$107	705	627	\$78
2014 Debt	\$173	\$107	280	280	-
Others	\$425	-	425	347	\$79
Piltel	\$0	\$0	-	1	(\$1)
Others	\$42	\$0	42	48	(\$6)
<b>Total Debt</b>	<b>\$1,554</b>	<b>\$117</b>	<b>1,671</b>	<b>1,756</b>	<b>(\$85)</b>
<b>Preferred Stocks Subject to Mandatory Redemption</b>					
Series V, VI & VII	\$26	\$4	\$30	\$33	(\$3)