



FIRST PACIFIC COMPANY LIMITED
(Incorporated in Bermuda with limited liability)

GROUP CORPORATE COMMUNICATIONS

24th Floor, Two Exchange Square, 8 Connaught Place, Hong Kong
Tel: (852) 2842 4388 Email: info@firstpacific.com Fax: (852) 2845 9243
<http://www.firstpacific.com>

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**PLDT FIRST HALF 2009 CONSOLIDATED CORE NET INCOME UP 11% TO P20.8 BILLION
REPORTED NET INCOME UP 2% TO P19.7 BILLION
EBITDA AT P44.1 BILLION; FREE CASH FLOW AT P31.6 BILLION
CELLULAR SUBSCRIBER BASE REACHES 38.5 MILLION, UP 16%
TOTAL BROADBAND SUBSCRIBERS AT 1.2 MILLION, UP 22%
INTERIM REGULAR DIVIDEND OF P77 PER SHARE DECLARED,
A 10% INCREASE**

The attached press release was distributed today in Manila by Philippine Long Distance Telephone Company (PLDT), in which First Pacific Group holds an economic interest of approximately 26.5 per cent.

PLDT is the leading telecommunications service provider in the Philippines. It has common shares listed on the Philippine Stock Exchange and ADRs listed on the New York Stock Exchange. It has one of the largest market capitalizations among Philippine listed companies. Through its three principal business groups, PLDT offers a wide range of telecommunications services: Wireless (principally through wholly-owned subsidiary company, Smart Communications, Inc.); Fixed Line (principally through PLDT); and Information and Communications Technology (principally through wholly-owned subsidiary company, ePLDT). PLDT has developed the Philippines' most extensive fiber optic backbone, cellular, fixed line and satellite networks.

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For further information, please contact:

PLDT

Anabelle L. Chua

Tel: (632) 816 8213

Fax: (632) 844 9099

Melissa V. Vergel de Dios

Tel: (632) 816 8024

Fax: (632) 810 7138

Ramon R. Isberto

Tel: (632) 511 3101

Fax: (632) 893 5174

Further information on PLDT can be obtained by visiting the web at www.pldt.com.



PRESS RELEASE

FIRST HALF 2009 CONSOLIDATED CORE NET INCOME UP 11% TO ₱20.8 BILLION
REPORTED NET INCOME UP 2% TO ₱19.7 BILLION
EBITDA AT ₱44.1 BILLION; FREE CASH FLOW AT ₱31.6 BILLION
CELLULAR SUBSCRIBER BASE REACHES 38.5 MILLION, UP 16%
TOTAL BROADBAND SUBSCRIBERS AT 1.2 MILLION, UP 22%
INTERIM REGULAR DIVIDEND OF ₱77 PER SHARE DECLARED, A 10% INCREASE

- Consolidated core net income for the first half of 2009 at ₱20.8 billion, an increase of 11% from the ₱18.7 billion recorded in the first half of 2008
- Consolidated net income of ₱19.7 billion for 2009, 2% higher than the ₱19.3 billion net income in 2008
- Consolidated service revenues grew 4% year-on-year to ₱72.9 billion. Wireless service revenues increase 5% to ₱48.1 billion; fixed line service revenues up 3% to ₱25.4 billion; and ePLDT service revenues improve 5% to ₱5.2 billion
- Consolidated EBITDA stable at ₱44.1 billion; consolidated EBITDA margin at 60% of service revenues
- Consolidated free cash flow improves to ₱31.6 billion for the first half of 2009
- Cellular subscriber base reaches 38.5 million; net subscriber additions of 3.3 million for first half 2009; growth year-on-year of 16%
- Total broadband subscribers at 1.2 million, with aggregate revenue contribution from broadband and internet services of ₱6.5 billion for the first half of 2009, 27% higher than last year
- Interim regular dividend of ₱77 per share declared, a 10% increase over the ₱70 interim dividend in the first half of 2008

MANILA, Philippines, 4th August 2009 — Philippine Long Distance Telephone Company (“PLDT”) (PSE: TEL) (NYSE: PHI) today announced its financial results for the first six months of 2009 with Core Net Income, net of exceptional items, rising 11% to ₱20.8 billion, from ₱18.7 billion for the same period in 2008. Consolidated Reported Net Profit of ₱19.7 billion also increased by 2% from the ₱19.3 billion in the same period last year. This half’s results reflected the higher recurring net income, the impact of net losses from the foreign exchange revaluation of our financial assets and liabilities and derivatives (compared to a net gain in the first half last year), and the lower statutory tax rate. Consolidated service revenues increased by 4% to ₱72.9 billion, fueled mainly by the 6% growth in data and broadband revenues. Consolidated EBITDA was stable at ₱44.1 billion while EBITDA margin was 60%.

Consolidated free cash flow remained strong at ₱31.6 billion in the first six months of 2009. Consolidated capital expenditures stood at ₱10.7 billion for the half. Capital expenditures for 2009 are estimated to reach ₱27.0 billion.

The Group’s consolidated debt balance as of 30th June 2009 was US\$1.8 billion with net debt at

approximately US\$900 million. Net debt to EBITDA stood at 0.5x. The Company's debt maturities continue to be well spread out, with the bulk of debt repayments due in and after 2013. US dollar-denominated debt now represents only 63% of the Group's debt portfolio, down from 79% at the end of 2008. Taking into account our peso borrowings, our hedges and our U. S. Dollar cash holdings, only 27% of total debt remains unhedged. For 2009, the planned gross borrowings for the group are estimated at P38 billion. At the end of the first semester, ₱33 billion had already been put in place, of which ₱19 billion has been drawn. The additional debt, mainly denominated in Pesos, will be used to fund capital expenditures and support various investments, including the 20% stake in Meralco. Net borrowing for the year is projected at ₱20 billion, resulting in a consolidated ratio of net debt to EBITDA at year end of about 0.9x. The Group's cash and short-term securities are invested primarily in bank placements and Government securities.

Consistent with the Company's stated dividend policy, the PLDT Board of Directors approved earlier today an interim dividend of ₱77 per share to common shareholders of record as of 20th August 2009. Dividend payment date is 22nd September 2009. To date, approximately 2.7 million shares have been bought back under the approved share buyback program and are being held as treasury shares.

"Notwithstanding a more challenging environment, we are pleased to be able to sustain our committed minimum dividend payout of approximately 70% of core earnings with the declaration of this interim dividend of ₱77 per share. This is 10% higher than the ₱70 per share interim dividend we declared last year," declared **Manuel V. Pangilinan, Chairman of PLDT**.

Wireless: Continuing to Climb

Wireless service revenues rose to ₱48.1 billion for the first half of 2009, 5% higher than the ₱45.8 billion recognized in the same period last year. Cellular subsidiaries, Smart Communications, Inc. ("Smart") and Pilipino Telephone Corporation ("Piltel") continue to lead the industry with their solid performances.

Wireless EBITDA improved by 2% to ₱30.2 billion in the first six months of this year from ₱29.7 billion in the same period last year. EBITDA margin decreased slightly to 63% due primarily to adjustments in compensation and employee benefits expenses relating to the long-term incentive plan as well as higher rent expenses for international leased circuits.

The PLDT Group's total cellular subscriber base for the first half of 2009 grew to 38.5 million subscribers, a 16% growth year-on-year. For the first six months of 2009, Smart and Piltel added 3.3 million subscribers, as compared with 3.2 million in the first half of 2008. Smart recorded net additions of over 970,000 subscribers to end the period with 21.9 million subscribers while *Talk 'N Text* added 2.3 million subscribers to end the half with 16.6 million subscribers. Together, Smart and Piltel maintained their leading market share in terms of both revenues and subscribers.

Cellular data revenues were up 2% to ₱24.2 billion, making up 54% of net cellular service revenues. Cellular voice revenues were likewise up, improving by 5% to ₱19.1 billion.

Smart continues to expand and improve its 2G network capacity while the rollout of the 3G and HSPA networks has been accelerated to meet expected demand.

In May 2009, Smart introduced Sandbox, its web platform which unites social networking, online media content downloading, as well as web services. Browsing on the portal is free of charge but downloading content is charged accordingly. Content is delivered straight to the subscriber's

mobile and the cost for any requested music, game, and video is automatically charged to the subscriber's prepaid load or added to the monthly service fee for postpaid subscribers. Sandbox was also made available on mobile in June 2009.

"Research proves that Filipinos are an interactive people who constantly engage in on-line activities such as networking, blogging, uploading video and music," added **Orlando B. Veja, Chief Wireless Adviser of Smart**. "With Sandbox, we are taking that experience one step further by enabling all these in one accessible online portal."

Also in June, *Smartalk*, Smart's unlimited voice offering, was made available to all Smart Buddy and Smart Gold subscribers nationwide. The new service enables Smart Buddy and Smart Gold subscribers to make unlimited calls to over the 38 million mobile phone users on the SMART network. SMART subscribers will be able to avail of the service, via registration, by purchasing loads for unlimited calls which come in two denominations: "*Smartalk 100*" which for ₱100 offers 5 days of unlimited calls and "*Smartalk 500*", offers 30 days of unlimited calls to any subscriber on the SMART network for only ₱500.

"We are very conscious of the need to adapt our service offerings to the needs of our subscribers and the economic conditions. Smartalk is one more example of Smart's ability to answer the call for "tipid sulit" – offering the best value at the lowest price," stated **Napoleon L. Nazareno, President and CEO of PLDT and Smart**.

SmartBro, Smart's wireless broadband service – through its wholly-owned subsidiary Smart Broadband, Inc. - continued to expand as its wireless broadband subscriber base grew 26% to reach 689,000 as at end-June 2009, 261,000 of which were on *SmartBro's* prepaid service. Wireless broadband revenues grew 30% to ₱2.6 billion, a significant improvement over the ₱2.0 billion recorded in the first half of 2008.

PLDT Fixed Line: Continued Resilience

Fixed line service revenues increased by 3% to ₱25.4 billion in the first six months of 2009 from ₱24.6 billion in the same period last year as significant gains in data revenues, both from corporate data and residential DSL services, were somewhat attenuated by declines in other segments of the business. National long distance revenues decreased while international long distance revenues continued to weaken due to the shifting of traffic to cellular and other means of communications. Local exchange revenues declined 2% due to the bundling of voice and data services. Data service revenues contributed 41% of the fixed line's service revenues as compared with only 36% in the same period last year.

The fixed line business continues to pursue initiatives aimed at tapping new markets and generating new and higher ARPUs. These were enabled by leveraging both the fixed and wireless networks and creating new products for different market segments.

Our expanded fixed line offers include: PLDT Landline Plus and Call All: fixed-wireless landline services that allow free landline calls within the same calling area. SMEs are offered bundles that include hardware and connectivity that address their voice and broadband needs. Among products available are: Watcher, Negosyo Boost and myDSL biz.

Retail DSL continued its strong performance as broadband subscribers grew by over 77,000 to 510,000 at the end of June 2009 from 433,000 at the end of 2008. PLDT DSL generated ₱3.3 billion in revenues in the first half of 2009, up 27% from ₱2.6 billion in the same period in 2008.

Fixed line EBITDA in 2008 declined to ₱13.3 billion due to higher cash operating expenses mainly compensation and employee benefits and rent expenses. Whilst EBITDA margin has decreased to 52% for the first half of 2009 as compared with 56% in the same period last year, this year's margin is in line with the full year EBITDA margin reported in 2008.

"Achieving growth in the fixed line business is a feat in itself and being able to sustain this growth is even more laudable. In a data world that requires delivery of more complex services, the fixed line business is retooling its people and transforming processes. Our modest success inspires us to stay on this path of transformation," declared **Nazareno**.

ePLDT: Managing Challenges

ePLDT, the Group's information and communications technology arm, reported service revenues of ₱5.2 billion in the first half of 2009, an increase of 5% from the same period last year. ePLDT's EBITDA increased to ₱511 million in the first six months of 2009 as compared with ₱493 million in the same period last year, mainly due to the favorable impact of the depreciation of the peso offset by higher cash operating expenses, specifically compensation and employee benefits expense relating to salary adjustments and provision for incentive plans and redundancy programs. EBITDA margin at 10% was flat relative to the same period last year but higher than the 8% recorded in the first three months of 2009. ePLDT's revenues account for 7% of PLDT's consolidated revenues.

Customer interaction services (more commonly known as "call center") revenues grew 2% to ₱1.7 billion. ePLDT Ventus, the umbrella brand for ePLDT's customer interaction business, now operates six customer interaction service facilities with combined seats of close to 6,500 and an employee base of over 6,300.

SPi Technologies, Inc. ("SPi"), ePLDT's knowledge processing arm (also known as business process outsourcing or "BPO"), generated revenues of ₱2.5 billion in the first half of 2009, approximately the same amount as the same period last year. At the end of 2008, SPi chose to wind down the operations of its underperforming Electronic Discovery Data ("EDD") business in its legal vertical. Revenues and EBITDA margins in the publishing and medical billing verticals continue to be broadly in line with expectations. In addition to the Philippines and the USA, SPi has operations in India and Vietnam.

"Global uncertainties in the last few months have led to longer time for decision-making. Nonetheless, businesses are back to focusing on creating value by looking at cost efficiencies, including outsourcing. Slowly but surely, we are making headway in our goal of lifting SPi's financial performance. We continue to focus on improving various operating metrics while looking out for new business opportunities. Vitro continues to be a bright spot as it sustains its significant revenue growth trend," said **Ray C. Espinosa, ePLDT President and CEO**.

Conclusion

"While our first half performance remained robust, we are slightly concerned about what the second semester may bring – the third quarter is traditionally the slowest one in the year and we worry that the adverse effects of the global economic crisis may have a lagged effect on our economy. We are seeing some signs that consumers generally may be wary about spending or committing to spend. Nonetheless, I remain confident that we are up to the challenge. We have

faced tough times before and come out a stronger and better company. On the back of our strong first half performance, we have adjusted our core profit guidance for the year from ₱40 billion to ₱41 billion,” concluded **Manuel V. Pangilinan, PLDT Chairman.**

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	PLDT Consolidated					
	Six months ended June 30			Three months ended June 30		
	2009	2008	% Change	2009	2008	% Change
	(Unaudited)			(Unaudited)		
Service revenues	72,871	70,349	4%	36,509	35,446	3%
Total revenues	74,078	71,604	3%	37,150	36,219	3%
Expenses	43,318	40,887	6%	21,441	20,757	3%
Income before income tax	28,317	30,069	-6%	15,030	13,902	8%
Provision for income tax	8,046	10,437	-23%	4,591	4,877	-6%
Net income - As Reported	19,720	19,270	2%	10,140	8,824	15%
EPS, Basic ^(a)	104.22	89.35	17%	53.00	45.55	16%
EPS, Diluted ^(a)	104.20	89.05	17%	53.00	45.55	16%
Core net income ^(b)	20,838	18,707	11%	10,617	9,364	13%
EPS, Basic ^(c)	110.20	97.92	13%	55.55	48.42	15%
EPS, Diluted ^(c)	110.12	97.91	12%	55.55	48.41	15%

^(a) EPS based on reported net income

^(b) Net income as adjusted for the net effect of gain/loss on FX and derivative transactions, additional depreciation charges and recognition of deferred tax assets

^(c) EPS based on core net income

This press release 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.

For further information, please contact:

Anabelle L. Chua
Tel No: 816-8213
Fax No: 844-9099

Melissa V. Vergel de Dios
Tel No: 816-8024
Fax No: 810-7138

Ramon R. Isberto
Tel No: 511-3101
Fax No: 893-5174

About PLDT

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PLDT is listed on the Philippine Stock Exchange (PSE:TEL) and its American Depositary Shares are listed on the New York Stock Exchange (NYSE:PHI). PLDT has one of the largest market capitalizations among Philippine listed companies.

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