NEWS RELEASE

FIRST PACIFIC

FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

GROUP CORPORATE COMMUNICATIONS

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PLDT'S FIRST HALF 2010 CONSOLIDATED NET INCOME UP 10% TO P21.7 BILLION
CORE NET INCOME UP 2% TO P21.2 BILLION
EBITDA AT P43.3 BILLION;
CELLULAR SUBSCRIBER BASE REACHES 45.3 MILLION, UP 18%
TOTAL BROADBAND SUBSCRIBERS NEARS 2 MILLION, UP 21%
CORE EPS AT P112.39, INTERIM REGULAR DIVIDEND OF P78 PER SHARE DECLARED

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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PLDT

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PLDTpressrelease

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CORE EPS AT ₱112.39, INTERIM REGULAR DIVIDEND OF ₱78 PER SHARE DECLARED

- **Consolidated net income of ₱21.7 billion for 1H2010, 10% higher than the ₱19.7 billion net income reported in 1H2009**
- **Consolidated core net income for 1H2010 at ₱21.2 billion, an increase of 2% from the ₱20.8 billion recorded in 1H2009**
- **Consolidated service revenues declined 1% year-on-year to ₱72.2 billion. Wireless service revenues stable at ₱47.9 billion; fixed line service revenues down 1% to ₱25.2 billion; and ePLDT service revenues improve 1% to ₱5.3 billion**
- **Consolidated EBITDA slightly lower at ₱43.3 billion; consolidated EBITDA margin at 60% of service revenues, similar to the margin last year**
- **Cellular subscriber base reaches 45.3 million; net subscriber additions of 4 million for the first half, 22% higher year-on-year**
- **Total broadband subscribers at 1.96 million, with wireless alone over 1.32 million; aggregate revenue contribution from broadband and internet services of ₱8.0 billion for 1H2010, 21% higher than last year**
- **Core EPS at ₱112.39; interim regular dividend of ₱78 per share declared**

MANILA, Philippines, 3rd August 2010 — Philippine Long Distance Telephone Company ("PLDT") (PSE: TEL) (NYSE: PHI) today announced its unaudited financial and operating results for the first six (6) months of 2010 with consolidated Reported Net Income increasing by 10% to ₱21.7 billion, from the ₱19.7 billion recorded in the same period last year. Core Net Income for the first half of 2010, net of exceptional items, rose 2% to ₱21.2 billion, from ₱20.8 billion in the same period in 2009. This year's results reflect higher recurring net income and a net gain from foreign exchange revaluation of our financial assets and liabilities and derivatives compared to a net loss last year.

Consolidated service revenues decreased by 1% to ₱72.2 billion, as voice revenues grew 3% and broadband/internet and corporate data revenues rose 21%. These revenue improvements were partially offset, however, by a 5% decline in data and ICT revenues, largely as a result of the 13% decline in cellular data/SMS revenues. Approximately 28% of consolidated service revenues remain directly or indirectly linked to the US Dollar. Had the peso remained stable, service revenues for the first half of 2010 would have stayed at last year's levels.

Consolidated EBITDA was lower at ₱43.3 billion while EBITDA margin was at 60%, similar to the margin for the same period last year and slightly up over the full year 2009 margin of 59%.

Consolidated free cash flow remained strong at ₱19.4 billion for the period while consolidated capital expenditures stood at ₱9.7 billion for the first six months of 2010, as the Group continues to work on network modernization and re-architecure. Capex for 2010 is estimated at ₱28.6 billion.

The Group's consolidated debt balance as at the end of the first half 2010 stood at US Dollars 2.1 billion with net debt at approximately US Dollars 1.5 billion. Net debt to EBITDA increased to 0.8x. The Company's debt maturities continue to be well spread out, with almost 60% due in and after 2013. The percentage of US Dollar-denominated debt to the Group's total debt portfolio was at 49%, slightly up from 48% at the end of 2009. Taking into account our peso borrowings, our hedges and our U. S. Dollar cash holdings, only 23% of total debt remains unhedged. The Group's cash and short-term securities are invested primarily in bank placements and Government securities.

Earlier today, the Company's Board of Directors declared an interim dividend of ₱78 per share, fulfilling the Company's commitment to pay out a minimum ratio of 70% of consolidated core earnings. The cash dividend will be payable to holders of PLDT common stock as of 19th August 2010, with payment due on 21st September 2010.

"Consistent with our dividend policy and enabled by our robust cash flow, we are pleased to declare an interim dividend of ₱78 per share," stated Manuel V. Pangilinan, PLDT Chairman.

Wireless: Surging ahead in Broadband

Wireless service revenues were stable at ₱47.9 billion for the first half of 2010, compared with the same period last year. Excluding the impact of our satellite operations where revenues declined due to the disposal of our satellite transponders, wireless service revenues would have been flat year-on-year at ₱47.3 billion. Cellular subsidiary Smart Communications, Inc. ("Smart") continues to lead the industry in terms of share of both industry-wide revenues and subscribers.

Wireless EBITDA was marginally lower at ₱29.7 billion in the first six months of 2010 with EBITDA margin at 62%, similar to that for the full year 2009.

The PLDT Group's total cellular subscriber base for the first six (6) months of 2010 grew to 45.3 million subscribers, an 18% growth year-on-year. Smart added 4.0 million subscribers for the period, compared with 3.3 million in 2009. Smart Buddy recorded net additions of almost 2.0 million subscribers to end the half-year with 26.2 million subscribers while *Talk 'N Text* added approximately 958,000 subscribers to end the half with 18.0 million subscribers. *Red Mobile*, the brand owned by Smart subsidiary, CURE, had about 1.1 million subscribers at the end of June 2010. *Red Mobile* was relaunched in March 2010 and positioned to meet market demand for unlimited services, particularly for "second SIM" holders. In order to support the traffic requirements for unlimited voice and text without degrading the service quality of other subscribers, Smart built a secondary network that caters to unlimited voice service offerings. The *Red Mobile* subscriber base is expected to grow even further. Beginning July 2010, *Red Mobile* subscribers can make unlimited calls to all other subscribers in the Smart network.

Cellular voice revenues improved by 15% to ₱21.8 billion and now contribute 50% of total cellular service revenues from 43% for the same period last year. On the other hand, cellular data/text revenues fell 14% to ₱20.9 billion, despite a 27% increase in text volumes, as they remain under pressure from the proliferation of lower yield offerings, multiple-SIM ownership and regulator-mandated load validity extensions.

On the broadband front, *SmartBro*, Smart's wireless broadband service offered through its wholly-owned subsidiary Smart Broadband, Inc. ("SBI") continued to expand as its wireless broadband subscriber base grew to 1.3 million at the end of June 2010, close to 870,000 of whom were on *SmartBro's* prepaid service. Wireless broadband revenues continued to grow strongly, up 26% to ₱3.4 billion, compared with the ₱2.7 billion recorded in the first half of 2009. Wireless broadband revenues now comprise 7% of wireless service revenues.

"Wireless broadband continues to be a strong engine for growth and viability. Meanwhile, we have been re-architecting to be a truly smart pipe, ready for the next big wave when mobile broadband devices, applications, multimedia platforms, and the cloud environment fuse together explosively down at the mass-market level," stated **Orlando B. Vea, Chief Wireless Adviser of Smart**.

"We continue to grapple with the changing dynamics in the industry – the popularity of unlimited service offerings, the resurgence of voice and the growing assortment of alternative means of communication. We are looking to meet these challenges from all angles – whether it be through reconfiguring our networks, retooling our products and even re-assessing our business models," added **Napoleon L. Nazareno, President and CEO of PLDT and Smart.**

Smart continues to invest in its cellular and multi-platform broadband networks while upgrading its existing transmission, core and access facilities. Smart's 3G and HSPA networks now cover 50% and 44% of the country's population, respectively.

PLDT Fixed Line: Holding Steady

Fixed line service revenues declined slightly by 1% to ₱25.2 billion in the first half of 2010 from ₱25.4 billion in the same period in 2009 as the 11% increase in data revenues, both from corporate data and residential DSL services, was offset by declines in other segments of the business. Despite an increase in the number of postpaid billed lines, revenues from our local exchange, or LEC, services were lower as a result of LEC voice revenues being re-allocated to bundled voice and data services. National long distance revenues continued to decrease with the reduction in call volumes, while international long distance revenues weakened further due to the decrease In the average settlement rate for inbound calls, as well as the impact of the peso appreciation vis-à-vis the US Dollar. Data service revenues contributed 46% of the fixed line's service revenues compared with 41% 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.

PLDT DSL continued its strong performance as broadband subscribers grew close to 50,000 to 609,000 at the end of June 2010 from 560,000 at the end of 2009. PLDT DSL generated ₱4.1 billion in revenues in 2010, up 22% from the ₱3.3 billion in the same period in 2009.

Fixed line EBITDA margin was at 50% in the first half of 2010, slightly higher than the full year 2009 margin of 49%, but lower compared with 52% in the same period last year. The decline was the result of higher cash operating expenses, mainly relating to professional and other contracted services, and maintenance expenses.

"Our goal for the fixed line business is to sustain its resilient performance by building on the continued strength of our corporate data and broadband revenues while managing the downward trend of our national and international toll businesses," declared **Nazareno**.

ePLDT: Positioning for Growth

ePLDT, the Group's information and communications technology arm, reported service revenues of ₱5.3 billion in the first half of 2010, an increase of 1% from ₱5.2 billion in the same period in 2009. ePLDT's EBITDA increased by 48% to ₱756 million in the first half of 2010 compared with ₱511 million in the same period in 2009, mainly due to a 1% increase in service revenues and a 4% decrease in cash operating expenses, largely due to lower headcount and compensation. EBITDA margin at 14% was higher than the 10% recorded in the same period in 2009 and the 12% margin for the year 2009. ePLDT's revenues account for 7% of PLDT's consolidated revenues.

Earlier this year, ePLDT reorganized its businesses to create better focus and maximize scale. ePLDT Ventus, which handles customer interaction services (more commonly known as "call center") and SPi Technologies, Inc., the knowledge processing arm (also known as business process outsourcing or "BPO") have combined their operations and will be known as SPi Global Solutions, Inc. while Vitro Data Center and internet and online gaming operations will remain housed under ePLDT.

"With the re-organization of ePLDT into separate entities as previously announced, we expect their separate and stand-alone senior management teams to focus on their core areas for growth. SPi Global Holdings have set their sights on creating end-to-end BPO solutions for clients through consolidation, thus, accelerating growth across all three verticals: call center, healthcare and content solutions," stated **Nazareno.**

Meralco: Improving Prospects

Our first half financial results reflect the equity accounting of our share in the earnings of Manila Electric Company ("Meralco") through PLDT Communications and Energy Ventures, Inc ("PCEV"), formerly Pilipino Telephone Corporation. PCEV's income is derived mainly from its direct equity share in the net income of Meralco and its holdings in Beacon Electric Asset Holdings, Inc. ("Beacon Electric"). PCEV owns 50% of Beacon Electric, a special purpose company jointly owned by PCEV and Metro Pacific Investments Corporation ("MPIC") whose sole purpose is to hold shares in Meralco, which presently amount to 392.5 million shares, equivalent to 34.8% of Meralco's outstanding common shares. PCEV'S direct holdings in Meralco consist of 68.8 million Meralco common shares (approximately 6% interest) retained by PCEV after the transfer of its 154.2 million shares to Beacon Electric in March 2010. PCEV acquired its original 20% investment in Meralco in July 2009.

Meralco's consolidated Reported Net Income for the first half of 2010 increased to ₱4.8 billion, 51% higher than the ₱3.2 billion realized for the same period in 2009. Consolidated Core Net Income, which excludes one-time, exceptional charges, stood at ₱5.8 billion, which was 82% better than the Consolidated Core Net Income in 2009 of ₱3.2 billion. The improvements reflect the significantly higher volume of energy sold with the surge in demand from all customer classes, led by the industrial sector. Also contributing to this improvement was the higher average distribution rate for the period. The rate adjustment in May 2009 was Meralco's first rate adjustment since 2003.

Meralco's consolidated revenues, in which electricity sales account for approximately 98% of the total, increased by 35% to ₱127.5 billion. Approximately 40% of the total increase in consolidated electricity revenues is accounted for by the 14% growth in kilowatt-hours sold while 46% is due to higher average purchased power and transmission pass-through costs. The first half of 2010 also saw improved average distribution rates.

Total cost and expenses amounted to ₱120.3 billion in the first six months of 2010, 34% higher compared with ₱89.7 billion for the same period in 2009. Cost of purchased power accounted for 87% of total cost and expenses in 2010, compared with 85% in 2009.

In its meeting held last 26th July 2010, Meralco's board of directors declared an interim cash dividend of ₱2.50 per common share to all shareholders of record as of 23rd August 2010, payable on 16th September 2010. The interim dividend represents approximately 50% of Meralco's core earnings per share for the period.

Conclusion

"With first half results being encouraging, core profit guidance for 2010 is in excess of ₱41.0 billion and capital investments should remain at ₱28.6 billion. While we believe that there is still room for growth in the broadband space, we do recognize that our core markets are maturing. We are, therefore, looking to move beyond the verticality of the traditional telco business model as we lay the groundwork for a more "horizontal" perspective via our strategic platform and infrastructure investments,,**" concluded Manuel V. Pangilinan, PLDT Chairman.**

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	PLDT Consolidated					
	Six months ended June 30			Three months ended June 30		
	2010	2009	% Change	2010	2009	% Change
	(Unaudited)			(Unaudited)		
Service revenues	72,156	72,871	-1%	36,150	36,509	-1%
Total revenues	73,207	74,078	-1%	36,693	37,150	-1%
Expenses	43,301	43,318	-	21,505	21,441	-
Income before income tax	29,377	27,271	8%	14,336	13,984	3%
Provision for income tax	7,756	7,000	11%	4,089	3,545	15%
Net income - As Reported	21,679	19,720	10%	10,258	10,140	1%
EPS, Basic [a]	114.84	104.22	10%	54.31	53.67	1%
EPS, Diluted [a]	114.77	104.20	10%	54.26	53.66	1%
Core net income[b]	21,230	20,838	2%	10,745	10,617	1%
EPS, Basic [c]	112.43	110.20	2%	56.91	56.22	1%
EPS, Diluted [c]	112.39	110.12	2%	56.84	56.15	1%

[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.

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About PLDT

PLDT is the leading telecommunications provider in the Philippines. Through its three principal business groups – fixed line, wireless, and information and communications technology – PLDT offers a wide range of telecommunications services across the Philippines' most extensive fiber optic backbone and fixed line, cellular and satellite network.

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.

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