NEWS RELEASE

FIRST PACIFIC

FIRST PACIFIC COMPANY LIMITED
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GROUP CORPORATE COMMUNICATIONS

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PLDT 1H08 CONSOLIDATED NET INCOME UP 13% TO P19.3 BILLION
CORE NET INCOME RISES 9% TO P18.7 BILLION
EBITDA UP 4% TO P43.8 BILLION; FREE CASH FLOW UP 16% TO P28.2 BILLION
INTERIM DIVIDEND OF P70 PER SHARE
BUYBACK OF FURTHER 2 MILLION SHARES APPROVED
CELLULAR SUBSCRIBER BASE REACHES 33.2 MILLION

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 26.3 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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PRESS RELEASE

1H08 CONSOLIDATED NET INCOME UP 13% TO ₱19.3 BILLION
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- Consolidated net income of ₱19.3 billion for the first half of 2008, 13% higher than ₱17.1 billion net income in the first half of 2007
- Core net income at ₱18.7 billion, an increase of 9% from the ₱17.2 billion recorded in the same period last year
- Consolidated service revenues up 5% year-on-year to ₱70.3 billion. Wireless service revenues increase 7% to ₱45.8 billion; Fixed revenues up 4% to ₱24.6 billion; and ePLDT service revenues grow 3% to ₱5.0 billion
- Consolidated EBITDA rises by 4% to ₱43.8 billion; consolidated EBITDA margin stable at 62% of service revenues
- Consolidated Free Cash Flow improves by 16% to ₱28.2 billion for the period
- Cellular subscriber base surpasses 33.2 million as of end-June 2008
- Total broadband subscribers now exceed 750,000 with total revenue contribution from broadband and internet services of ₱4.9 billion, 48% higher than last year's
- Interim dividend of ₱70 per common share declared; Board approves share buyback for an additional 2 million common shares

MANILA, Philippines, 5th August 2008 — Philippine Long Distance Telephone Company ("PLDT") (PSE: TEL) (NYSE: PHI) today announced unaudited financial results for the first half of 2008 with consolidated net profit of ₱19.3 billion, an increase of 13% from the ₱17.1 billion net profit reported last year. This year's results benefited from net mark-to-market foreign exchange and derivative gains plus a one-time gain of approximately ₱700 million arising from the de-designation as non-hedges of certain derivatives related to the Company's 2009, 2012 and 2017 bonds which had previously been designated as hedges. Core net income, net of these exceptional items, rose to ₱18.7 billion in the first six months of 2008, 9% over the core net income of ₱17.2 billion in the same period in 2007. Consolidated service revenues increased by 5% to ₱70.3 billion, despite the 12% appreciation of the peso which negatively impacted the dollar-linked revenues of the group, which account for as much as 27% of consolidated revenues. Consolidated EBITDA improved by 4% to ₱43.8 billion while EBITDA margin was stable at 62%.

The Group's consolidated debt balance as of 30th June 2008 stood at US$1.6 billion with net debt at approximately US$900 million. Net debt to EBITDA and net debt to free cash flow ratios stood at 0.5 times and 0.8 times, respectively.

Consolidated free cash flow remained strong at ₱28.2 billion in the first half of 2008. Consolidated capital expenditures were at ₱8.7 billion, with spending expected to accelerate in the second half. The Company intends to continue building out capacity and coverage of its wireless and broadband networks aggressively. The capital expenditure guidance for the Group for the year 2008 is, in fact, being raised to approximately ₱28.5 billion from the earlier guidance of ₱25.4 billion. The increase is attributable primarily to the wireless business where higher than expected wireless and broadband subscriber growth and accelerated investments in wireless broadband capacity will require a higher level of capital expenditure during the year.

Consistent with the Company's stated dividend policy, the PLDT Board of Directors approved earlier today an interim dividend of ₱70 per share to common shareholders of record as of 22nd August 2008. Dividend payment date is 22nd September 2008. The Board also approved the extension of the share buyback program to cover an additional two million shares. As of 16th July 2008, approximately 1.74 million shares had already been bought back and held as treasury shares under the initial buyback program. These shares were purchased at average price of ₱2,532 per share, representing a total outlay of ₱4.4 billion.

"We are pleased that we are able to sustain our committed minimum dividend payout of approximately 70% of core earnings with the declaration of this interim dividend. In addition, the approved additional share buyback program allows us to take advantage of our under-valuation with our share price being adversely affected by the weak and volatile equities market. These capital management initiatives, along with our increased capex level, underscore the strength of our free cash flow. It is also worth noting that our wireless subsidiary Pilipino Telephone Corporation (Piltel) declared yesterday a historic first dividend payout to common shareholders equivalent to ₱ 0.43 per share. The absolute payout amount by Piltel of ₱5.1 billion is not insignificant and will flow through to PLDT's shareholders by way of Smart's 92.1% ownership of Piltel" declared **Manuel V. Pangilinan, Chairman of PLDT**.

Wireless: Continued Strength

Consolidated wireless service revenues rose to ₱45.8 billion for the first half of 2008, 7% higher than the ₱43 billion realized in the same period last year. Cellular subsidiaries, Smart Communications, Inc. (Smart) and Piltel have consistently maintained their respective solid performances.

Consolidated wireless EBITDA improved by 5% to ₱29.7 billion this year from ₱28.2 billion last year. EBITDA margin dipped marginally to 65% due to certain one-off expenses recorded in the first quarter of 2008.

The PLDT Group's total cellular subscriber base for the first half of 2008 continued to grow strongly as Smart recorded net additions of approximately 412,000 subscribers and Talk 'N Text added about 2.78 million subscribers to end the period with 20.7 million and 12.5 million subscribers, respectively, or a total of 33.2 million subscribers.

"Over the years, Smart and Piltel have built their strength on their ability to offer affordable and relevant products and services. We have seen to it that our various subscriber segments have had the widest array of choices by way of packages and offers to suit their specific requirements. Cognizant of the current economic environment and the markets they serve, Smart and Piltel continue to address their subscribers' needs through offerings such as All Text, Gaan Text and LahaTxt which allow subscribers to send SMS for as low as ₱0.15 per text. On the voice side, products such as All Calls 20, Low Hello and Gaan Talk offer rates that range from ₱1.00-2.00 per minute. And believe me, our customers understand value when they see it," stated **Napoleon L. Nazareno, President and CEO of PLDT and Smart**.

Smart Bro, Smart's wireless broadband service – through its wholly-owned subsidiary Smart Broadband, Inc. - showed no signs of slowing down as its wireless broadband subscriber base grew 35% for the first half of 2008 to reach 408,000 at end-June 2008, adding about 60,000 new subscribers for the second quarter alone. Wireless broadband revenues grew 109% to about ₱1.9 billion in the first half of 2008, a significant improvement over the ₱930 million in the same period in 2007. SmartBro's prepaid Plug-It service, which was introduced in late March 2008, already has over 32,000 subscribers as of end-June, as it made the Internet available to a broader segment of the population with affordable sachet pricing, nationwide coverage and easy loading. Plug-It offers instant internet access through a portable wireless modem and is available in all areas where Smart's network coverage is present.

"We are excited by the early success of Plug-It's prepaid version as it demonstrates that there is a strong demand for internet access beyond the traditional postpaid market", added **Orlando B. Vea, Chief Wireless Adviser of Smart.**

In July, Smart launched another groundbreaking service – Uzzap, the country's first flat rate, all-in-one, unlimited messaging service. Uzzap is an Internet Protocol (IP)-based, downloadable application which allows users to merge several messaging services such as SMS, instant messaging and e-mail into their mobile phones. Uzzap is currently on a free trial mode with a user base of over 45,000.

PLDT Fixed Line: Transformation Underway

Fixed Line service revenues increased 4% to ₱24.6 billion in the first six months of 2008 from ₱23.7 billion last year as improvements in data revenues, both from corporate data and residential DSL services, were augmented by stable revenues in local exchange and national long distance. ILD revenues continued to decline as our dollar-linked revenues were adversely impacted by the 12% appreciation of the average U. S. dollar/peso exchange rate in 2008 as well as declines in termination rates and call volumes. Fixed Line revenues would have improved another 2% year-on-year if foreign exchange rates had remained stable.

Retail DSL continued to grow as broadband subscribers grew by over 70,000 to 335,000 at the end of the first half 2008 from 264,000 at the end of 2007. PLDT DSL generated ₱2.5 billion in revenues for the first six months of 2008, up 44% from ₱1.8 billion in the same period in 2007, accounting for 51% of the PLDT Group's broadband and internet revenues for the period.

Fixed Line EBITDA in the first half of 2008 improved to ₱13.6 billion, in line with increased revenues. EBITDA margin declined slightly to 55%.

Representative of the convergent offerings which the Group will increasingly offer moving forward, PLDT Landline Plus ("PLP") is a fixed-wireless telephone service that uses a combined fixed/wireless platform in the delivery of fixed line voice and data services and is available in areas with limited or non-existent PLDT fixed facilities. A postpaid version has been in the market since March 2007 and a prepaid offering was introduced in March this year. Demand for the service has been strong given the service's value proposition. Subscribers to this service, net of churn, have reached 116,000 to date.

Our Corporate Business Group has been aggressive in offering various packages providing connectivity, business solutions and bundled products to corporate clients. This recognizes that the corporate market has needs which cannot be fully served by wireless applications. Our corporate segmentation strategy has identified various niche markets that we are focusing on: the banking and financial sector, the electronics and semi-conductor industry, and the outsourcing/BPO industry. Another growing and underserved segment of the market is composed of small-and-medium-sized enterprises (SMEs), estimated to be around 300,000 in number.

"While the fixed line business still faces many challenges, we are confident that we will surmount these in the course of our transformation efforts. The improvement of customer service remains our top priority and in following through on that goal, we have been investing more on our outside plant facilities, our international cable capacity, an additional landing station and our digital fiber optic network," declared **Nazareno**.

ePLDT: Managing Challenges

ePLDT, the Group's information and communications technology arm, reported service revenues of ₱5.0 billion for the first half of 2008, a 3% increase from the ₱4.8 billion recorded in the same period last year. ePLDT's revenues and performance for the period reflected the adverse impact of the strong appreciation of the peso, as approximately 75% of its service revenues are denominated in U.S. Dollars. As a result of this effect and combined with higher operating expenses, ePLDT's EBITDA fell to ₱481 million in the first half of 2008 compared with ₱545 million in the same period last year. EBITDA margin declined correspondingly to 10% compared with 11% in 2007. ePLDT's revenues account for 7% of PLDT's consolidated revenues.

Consolidated customer interaction services (more commonly known as "call center") revenues held steady at ₱1.6 billion despite the appreciation of the peso. ePLDT Ventus, the umbrella brand for ePLDT's customer interactive business, now operates seven customer interaction service facilities with combined seats of over 6,500 and an employee base of close to 7,100.

SPi Technologies (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 2008. In addition to the Philippines and the U. S. A., SPi has operations in India and Vietnam.

"We continue to face head on the challenges posed by our various businesses – the legal discovery business requires intensified sales efforts in order to maximize its fixed overhead while medical transcription is intent on improving productivity and margins. Resolving these issues has taken longer than anticipated but we will deal with them decisively. On the positive side, publishing and medical billing have continued their strong performance in the first half while the call center business has maintained its stable revenue stream," said **Ray C. Espinosa, ePLDT President and CEO.**

PLDT at 80 – Changing Lives

"Whilst our performance in the first half has been solid and sustained despite difficult economic circumstances, we anticipate stronger head wind in the second half as inflation accelerates and takes it toll on the consumer and on expenses. Already, we are seeing parts of our cash operating expenses rising and third quarter demand softening slightly – albeit the third quarter being a seasonally low period. It is therefore prudent that Management has taken steps to manage costs more tightly starting this second semester without sacrificing the investments necessary to grow the business. We have, in fact, raised our capital expenditure forecast by ₱3.1 billion, in order to accelerate our investments in wireless broadband and in our broader cellular infrastructure. Against this backdrop, we are maintaining our core profit guidance of ₱37.0 billion and plowing back ₱28.5 billion in capital investments.

We are fully aware of the tough economic situation of our subscribers and we are striving to alleviate this financial pressure by following through on our corporate philosophy of providing affordable products and services that suit their means and needs. Having put into place measures that are intended to mitigate these adverse developments, we remain cautious and vigilant, yet confident still, that we will achieve our targets for 2008," concluded **Pangilinan.**

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	PLDT Consolidated					
	Six months ended June 30			Three months ended June 30		
	2008	2007	% Change	2008	2007	% Change
	(Unaudited)			(Unaudited)		
Service revenues	**70,347**	**67,141**	**5%**	**35,414**	**34,069**	**4%**
Total revenues	**77,615**	**70,551**	**10%**	**39,716**	**35,733**	**11%**
Expenses	**47,546**	**44,442**	**7%**	**25,814**	**22,994**	**12%**
Income before income tax	**30,069**	**26,109**	**15%**	**13,902**	**12,739**	**9%**
Provision for income tax	**10,437**	**8,757**	**19%**	**4,877**	**4,157**	**17%**
Net income - As Reported	**19,270**	**17,079**	**13%**	**8,824**	**8,465**	**4%**
EPS, Basic [a]	**100.90**	**89.35**	**13%**	**45.92**	**43.68**	**5%**
EPS, Diluted [a]	**100.89**	**89.05**	**13%**	**45.91**	**43.57**	**5%**
Core net income[b]	**18,707**	**17,232**	**9%**	**9,364**	**8,797**	**6%**
EPS, Basic [c]	**97.92**	**90.16**	**9%**	**48.41**	**45.44**	**7%**
EPS, Diluted [c]	**97.91**	**89.86**	**9%**	**48.41**	**45.32**	**7%**

[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

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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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