NEWS RELEASE

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

GROUP CORPORATE COMMUNICATIONS

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PLDT 2008 CONSOLIDATED CORE NET INCOME UP 8% TO ₱38.1 BILLION
REPORTED NET INCOME DOWN 4% TO ₱34.6 BILLION DUE TO EXCEPTIONAL CHARGES
EBITDA UP 6% TO ₱87.6 BILLION; FREE CASH FLOW AT ₱47.6 BILLION
TOTAL DIVIDEND OF ₱200 PER SHARE WITH DECLARATION OF FINAL AND SPECIAL DIVIDENDS – 100% EARNINGS PAYOUT
CELLULAR SUBSCRIBER BASE REACHES 35.2 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 26.4 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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Further information on PLDT can be obtained by visiting the web at www.pldt.com.ph.

PRESS RELEASE

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- Core net income at ₱38.1 billion, an increase of 8% from the ₱35.2 billion recorded in 2007
- Consolidated net income of ₱34.6 billion for 2008, 4% lower than ₱36.0 billion net income in 2007 due to exceptional charges to income
- Consolidated service revenues grew by 5% year-on-year to ₱142.9 billion. Wireless service revenues increase 8% to ₱93.6 billion; Fixed line service revenues up 1% to ₱49.3 billion; and ePLDT service revenues improve 4% to ₱10.4 billion
- Consolidated EBITDA rises 6% to ₱87.6 billion; consolidated EBITDA margin stable at 61% of service revenues
- Consolidated Free Cash Flow improves to ₱47.9 billion for the year
- Final dividend of ₱70 per share declared; in addition, special dividend of ₱60 per share declared bringing total dividend payout for 2008 to ₱200 per share representing 100% of core earnings per share
- Cellular subscriber base surpasses 35.2 million; Talk 'N Text now the second largest cellular brand in the country after Smart Buddy
- Total broadband subscribers shy of 1 million mark with total revenue contribution from broadband and internet services of ₱11 billion, 45% higher than last year

MANILA, Philippines, 3rd March 2009 — Philippine Long Distance Telephone Company ("PLDT") (PSE: TEL) (NYSE: PHI) today announced audited financial results for 2008 with core net income, net of exceptional items, rising to ₱38.1 billion, 8% over the core net income of ₱35.2 billion in 2007. Consolidated net profit of ₱34.6 billion decreased 4% from the ₱36.0 billion net profit reported last year. This year's results were impacted by asset impairment charges arising largely from earlier investments in its information and communications technology business as well as losses from the foreign exchange revaluation of our financial assets and liabilities, partially offset by net gains on derivative transactions. Consolidated service revenues increased by 5% to ₱142.9 billion, fueled mainly by the 12% growth in data and ePLDT revenues. Consolidated EBITDA improved by 6% to ₱87.6 billion while EBITDA margin was stable at 61%.

Consolidated free cash flow remained strong at ₱47.9 billion in 2008. Consolidated capital expenditures stood at ₱25.2 billion for the year, slightly below the ₱27.0 billion guidance provided earlier in the year. The ₱1.8 billion difference is due mainly to certain rescheduled maintenance programs in the Fixed line business and will be carried over into 2009.

The Group's consolidated debt balance as of 31st December 2008 stood at US$1.6 billion with net debt at approximately US$800 million. Net debt to EBITDA and net debt to free cash flow ratios stood at 0.4 times and 0.8 times, respectively. The Company's debt maturities are well spread out, with the bulk of debt repayments due in and after 2013. About 78% of consolidated debt are US$-denominated with 33% of total debt hedged. 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 a final dividend of ₱70 per share, fulfilling the Company's commitment to pay out a minimum ratio of 70% of core earnings. In addition, the Board approved a special dividend of ₱60 per share. Added to the previously paid interim dividend of ₱70 per share paid in March 2008, total dividends for the year will amount to ₱200 per share, representing a payout of 100% of 2008 core earnings, similar to 2007's payout ratio. Total dividend payments for 2008 will total ₱37.5 billion.

"We are immensely pleased to have been able to fulfill our regular dividend commitment but more than this, to be able to declare a special dividend as well. The final dividend of ₱70 per share and the special dividend of ₱60 per share bring total dividends for 2008 to ₱200 per share, inclusive of the interim dividend of ₱70 per share paid earlier. This 100% dividend payout of Core EPS for the second year in a row is made possible by our continued record earnings and robust cashflows," stated **Manuel V. Pangilinan**, **PLDT Chairman**.

Wireless: Continued Strength

Consolidated wireless service revenues rose to ₱93.6 billion for 2008, 8% higher than the ₱86.5 billion realized last year. Cellular subsidiaries, Smart Communications, Inc. ("Smart") and Pilipino Telephone Corporation ("Piltel") have consistently maintained their respective solid performances.

Consolidated wireless EBITDA improved by 10% to ₱60.6 billion this year from ₱55.3 billion last year. EBITDA margin increased slightly to 65%.

The PLDT Group's total cellular subscriber base for 2008 grew to 35.2 million subscribers. Smart's prepaid and postpaid brands recorded net additions of approximately 560,000 subscribers to end 2008 with 20.9 million subscribers. On the other hand, Talk 'N Text added an industry-leading 4.6 million subscribers to end the year with 14.3 million subscribers, making Talk 'N Text the second leading cellular brand in the country, second only to Smart's Buddy brand. Together, Smart and Piltel maintained their leading market share in terms of both revenues and subscribers.

Despite having achieved 99% network coverage geographically several years back, network investments still made up the bulk of wireless capital expenditures which totaled ₱16.7 billion in 2008. 2G network capacity is continually being expanded while the rollout of the 3G and HSPA networks has been accelerated as demand shows no sign of deceleration.

"Our core businesses continue to grow despite the global recession but we have no intention of sitting on our laurels. We are fully aware of the extent of the situation and will keep a watchful eye on issues that may affect us," 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. - showed no signs of abating as its wireless broadband subscriber base grew 81% to reach 547,000 at the end of 2008. Postpaid broadband subscribers grew 40% to

423,000 while the prepaid service, which was launched only at the end of March 2008, already totaled 124,000. Wireless broadband revenues grew at a similar 81% pace to ₱4.3 billion, a significant improvement over the ₱2.4 billion recorded in 2007. SmartBro expects to carry this momentum through into 2009 with the launch of its HSPA service at the end of the first quarter.

“Via wireless broadband, Smart is once again doing what it does best, this time playing a leading global role in bringing the internet within the reach of ordinary people. With the imminent launch of our 850 MHz HSPA network, the first in the region, our subscribers will soon have a faster, easier and richer broadband experience on their cellular phone, PC, or any mobile internet device anywhere, anytime, at affordable rates,” added **Orlando B. Vea, Chief Wireless Adviser of Smart.**

PLDT Fixed Line: Transformation Underway

Fixed Line service revenues increased 1% to ₱49.3 billion in 2008 from ₱48.6 billion last year as gains in data revenues, both from corporate data and residential DSL services, were attenuated by declines in other segments of the business. Revenues in local exchange and national long distance were down 2% while ILD revenues continued to weaken as our dollar-linked revenues were adversely impacted by the 4% average appreciation of the U. S. dollar/peso exchange rate in 2008 as well as lower termination rates and call volumes. Fixed Line revenues would have improved another 1% year-on-year if foreign exchange rates had remained stable.

Fixed Line subscribers grew 3% to 1.8 million on the back of new initiatives on both the corporate, SME and retail fronts. Subscribers to PLDT Landline Plus (“PLP”), a fixed-wireless telephone service that uses a combined fixed/wireless platform in the delivery of fixed line voice and data services, now number close to 126,000. Programs to reduce churn, such as ask-PLDT, were also introduced. PLDT Business Solutions continued to provide bundled packages to its corporate customers addressing their hardware, software and telecommunications requirements. Our SME unit has made inroads in capturing a significant share in a growing segment of the market estimated at over 600,000 active enterprises.

Retail DSL continued its strong performance as broadband subscribers grew by over 168,000 to 432,000 at the end of 2008 from 264,000 at the end of 2007. PLDT DSL generated ₱5.4 billion in revenues for 2008, up 38% from ₱3.9 billion in 2007, accounting for about 50% of the PLDT Group’s broadband and internet revenues for the year.

Fixed Line EBITDA in 2008 declined to ₱25.8 billion due to higher cash operating expenses associated with business expansion. As a result, EBITDA margin decreased to 52% for the year.

"Our focus on the Fixed Line business remains centered on customer service and we are implementing this on all fronts – from upgrading our network components, reorganizing our teams and improving our front line performance," declared **Nazareno**.

ePLDT: Managing Challenges

ePLDT, the Group’s information and communications technology arm, reported service revenues of ₱10.4 billion for 2008, a 4% increase from the ₱10.1 billion recorded last year. ePLDT’s revenues and performance reflected the adverse impact of the average appreciation of the peso, as approximately 78% of its service revenues are denominated in U. S. dollars.

While ePLDT's EBITDA fell to ₱1.0 billion in 2008 compared with ₱1.1 billion last year, its EBITDA for the fourth quarter showed signs of improvement as it grew 14% to ₱364 million compared with the same period in 2007. 2008 EBITDA margin declined correspondingly to 10% compared with 11% in 2007; however, EBITDA margin for the fourth quarter was up to 13% compared with 7% in the third quarter. ePLDT's revenues account for 7% of PLDT's consolidated revenues.

Consolidated customer interaction services (more commonly known as "call center") revenues grew 4% to ₱3.4 billion despite the appreciation of the peso. ePLDT Ventus, the umbrella brand for ePLDT's customer interaction business, now operates seven customer interaction service facilities with combined seats of close to 6,600 and an employee base of over 7,100.

SPi Technologies, Inc. ("SPi"), ePLDT's knowledge processing arm (also known as business process outsourcing or "BPO"), generated revenues of ₱5.3 billion in 2008. At the end of 2008, SPi chose to wind down the operations of its electronic data discovery business (EDD) in its legal vertical. EDD has been underperforming as a result of recent changes in business fundamentals and challenging market conditions. SPi will continue to provide other offerings to the legal industry such as legal coding, which will now be consolidated into the publishing vertical. Revenues 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.

"The decision to wind down our legal vertical was a difficult but necessary one. While our medical transcription vertical is also being rationalized, we are encouraged by the solid performances of our publishing and medical billing businesses. Our Vitro data center also continues to thrive and we expect to see continuing margin improvement in 2009," said **Ray C. Espinosa, ePLDT President and CEO.**

PLDT at 80 – Changing Lives

"With the world's economies and financial markets continuing their free fall, we in the Philippines have managed not only to stay afloat but, in PLDT's case, have even moved ahead. We do expect that it will be only a matter of time before the tide of global recession reaches our shores and exerts pressure on all businesses. Our core profit guidance for 2009 of ₱40 billion reflects this cautious impression of prospects. On the other hand, our guidance for capital expenditures is at ₱27 billion – reflecting our vision that precisely in this time of challenges, the opportunity to invest in our long-term future becomes more attractive. That said, our capital expenditures are, as always, scalable and can be accelerated or reduced as the market situation dictates. This level of investment should be regarded as our vote of confidence in the future - the future of both PLDT and the Philippines. We have placed our bets on this country before, and we will continue to invest in opportunities that will contribute to our nation's growth and our people's prosperity. That faith has, so far, been richly rewarded," concluded **Pangilinan.**

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	PLDT Consolidated					
	Year ended December 31			Three months ended December 31		
	2008	2007	% Change	2008	2007	% Change
Service revenues	142,873	135,478	5%	37,288	34,830	7%
Non-service revenues	2,709	2,480	9%	794	620	28%
Total revenues	145,582	137,958	6%	38,082	35,450	7%
Expenses	85,786	84,456	2%	24,785	25,001	-1%
Income before income tax	54,491	53,257	2%	13,135	13,099	-
Provision for income tax	19,193	17,279	11%	4,581	4,189	9%
Net income - As Reported	34,636	36,004	-4%	8,454	9,382	-10%
EPS, Basic [a]	181.65	188.42	-4%	42.52	47.92	-11%
EPS, Diluted [a]	181.64	187.53	-3%	42.52	47.56	-11%
Core net income[b]	38,079	35,151	8%	10,286	8,795	17%
EPS, Basic [c]	199.95	183.90	9%	52.26	44.81	17%
EPS, Diluted [c]	199.94	183.02	9%	52.26	44.46	18%

[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 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.

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