NEWS RELEASE

FIRST PACIFIC
FIRST PACIFIC COMPANY LIMITED
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GROUP CORPORATE COMMUNICATIONS

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PLDT 9M08 CONSOLIDATED CORE NET INCOME UP 5% TO ₱27.8 BILLION
EBITDA UP 6% TO ₱65.6 BILLION
FREE CASH FLOW STRONGER AT ₱39.0 BILLION, UP 8%
REPORTED NET INCOME AT ₱26.2 BILLION, DOWN 2% DUE TO FOREX REVALUATION
CELLULAR SUBSCRIBER BASE REACHES 34.2 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

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- Core net income at ₱27.8 billion, an increase of 5% from the ₱26.4 billion recorded in the same period last year
- Consolidated net income of ₱26.2 billion, 2% lower than ₱26.6 billion net income last year due to forex revaluation
- Consolidated EBITDA rises by 6% to ₱65.6 billion; consolidated EBITDA margin stable at 62% of service revenues
- Consolidated Free Cash Flow improves by 8% to ₱39.0 billion for the period
- Consolidated service revenues up 5% year-on-year to ₱105.6 billion. Wireless service revenues increase 7% to ₱68.8 billion; Fixed line revenues up 2% to ₱36.7 billion; and ePLDT service revenues grew 2% to ₱7.6 billion
- Cellular subscriber base surpasses 34.2 million as of end-September 2008
- Total broadband subscribers now exceed 876,000 with total revenue contribution from broadband and Internet services of ₱7.9 billion, 48% higher than last year's
- Piltel Board approves share buyback of up to 58 million common shares

MANILA, Philippines, 4th November 2008 — Philippine Long Distance Telephone Company ("PLDT") (PSE: TEL) (NYSE: PHI) today announced unaudited financial results for the first nine months of 2008 with core net income, net of exceptional items, rising to ₱27.8 billion in the first nine months of 2008, 5% higher than the core net income of ₱26.4 billion in the same period in 2007. Consolidated net profit of ₱26.2 billion, reported for this period, decreased 2% from the ₱26.6 billion net profit reported last year. This year's reported results were adversely impacted by 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 ₱105.6 billion, despite the 6% appreciation of the peso which reduced in peso terms the dollar-linked revenues of the Group. Dollar-linked revenues account for as much as 28% of consolidated revenues. Consolidated EBITDA improved by 6% to ₱65.6 billion while EBITDA margin was stable at 62%.

Consolidated free cash flow was more robust at ₱39.0 billion in the first nine months of 2008. Consolidated capital expenditures were at ₱16.8 billion for the first nine months, with capital expenditures for the year expected to be approximately ₱27.0 billion, a reduction from the earlier guidance of ₱28.5 billion.

The Group's consolidated gross debt balance as of 30th September 2008 stood at US$1.5 billion with net debt at approximately US$900 million. Net debt to EBITDA and net debt to free cash flow ratios stood at 0.5 times and 0.9 times, respectively. The Group's EBITDA/Free Cash Flows are significantly more than adequate to service debts moving forward. The Company's debt maturities are well spread out with the bulk of debt repayments (approximately 62% of total gross debt) due in and after 2012. 89% of consolidated debt is US$-denominated with 43% of total debt hedged. The Group's cash and short-term investments are invested primarily in bank placements as well as government and selected Philippine corporate debt.

Wireless: Continued Strength

Consolidated wireless service revenues rose to ₱68.8 billion for the first nine months of 2008, 7% higher than the ₱64.1 billion realized in the same period 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 6% to ₱44.4 billion in this year from ₱41.9 billion last year. EBITDA margin remained at 65%.

The PLDT Group's total cellular subscriber base for the first nine months of 2008 continued to grow strongly as Smart recorded net additions of approximately 547,000 subscribers and Talk 'N Text added about 3.6 million subscribers to end the period with 20.9 million and 13.3 million subscribers, respectively, or a total of 34.2 million subscribers. Net additions for the third quarter of 935,000 were lower than those of previous quarters, most likely due to the traditional seasonal weakness of the third quarter as well as the effects of higher inflation.

"While the third quarter is seasonally a slow one for us, we are beginning to see the effect of inflation on activations and usage. Nonetheless, our core businesses continue to grow, demonstrating the underlying strength of our business and the wisdom of our strategy," stated **Napoleon L. Nazareno, President and CEO of PLDT and Smart**.

Smart Bro, Smart's wireless broadband service – provided through its wholly-owned subsidiary Smart Broadband, Inc - showed no signs of slowing down as its wireless broadband subscriber base grew 57% for the nine months to reach 473,000 at end-September 2008, adding about 65,000 new subscribers for the third quarter alone. Wireless broadband revenues grew 94% to about ₱3.1 billion in the first nine months of 2008, a significant improvement over the ₱1.6 billion for the same period in 2007. SmartBro's prepaid Plug-It service, which was introduced in late March 2008, already has over 76,000 subscribers as of end-September, 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.

"The continued success of Plug-It's prepaid version validates our belief that Filipinos are internet savvy and we will be there to serve this expected demand for internet access with services suited to the market's needs", added **Orlando B. Vea, Chief Wireless Adviser of Smart.**

PLDT Fixed Line: Transformation Underway

Fixed Line service revenues increased 2% to ₱36.7 billion in the first nine months of 2008 from ₱35.8 billion last year as improvements in data revenues, both from corporate data and residential DSL services, were offset by declines in other segments of the business. Revenues in Local Exchange and National Long Distance were each down 2% while International Long Distance revenues continued to decline as our dollar-linked sales were adversely impacted by the 6% appreciation of the average US dollar/peso exchange rate in 2008, as well as reductions 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 124,000 to 388,000 at the end of the first nine months of 2008 from 264,000 at the end of 2007. PLDT DSL generated ₱3.9 billion in revenues for the first nine months of 2008, up 41% from ₱2.8 billion in the same period in 2007.

Fixed Line EBITDA in the first nine months of 2008 improved to ₱20.5 billion due to higher revenues and a modest increase in cash operating expenses. As a result, EBITDA margin increased to 56% from 54% last year.

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 surpassed 132,000.

"We continue to be encouraged by the growth in our Fixed Line business and remain committed to the improvement of our customer service, knowing that customer loyalty is essential in a tough economic environment such as the one we face today. We have therefore hastened our transformation efforts with a view to achieving this goal," declared **Nazareno**.

ePLDT: Managing Challenges

ePLDT, the Group's information and communications technology arm, reported service revenues of ₱7.6 billion for the first nine months of 2008, a 2% increase from the ₱7.4 billion recorded in the same period last year. ePLDT's revenues and performance for the period reflected the unfavorable effects of the strong appreciation of the peso, as approximately 77% 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 ₱671 million in the first nine months of 2008 compared with ₱821 million in the same period last year. EBITDA margin declined correspondingly to 9% 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 grew 6% to ₱2.5 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 close to 6,500 and an employee base of close to 7,000.

SPi Technologies (SPi), ePLDT's knowledge processing arm (also known as business process outsourcing or "BPO"), generated revenues of ₱3.9 billion in the first nine months of 2008. Revenues in the publishing and medical billing verticals were broadly in line with expectations while the medical transcription and legal businesses continue to underperform.

Data center revenues from Vitro Data Center improved 35% to ₱518 million in the first nine months of 2008 compared with ₱384 million in the same period in 2007.

"We continue to manage the challenges faced by some of our verticals. We have a number of new contracts in our pipeline which should support an improvement in our margins in the coming quarters," said **Ray C. Espinosa, ePLDT President and CEO.**

PLDT at 80 – Changing Lives

"When we announced our first half results last August, we anticipated stronger head winds in the second half with inflation accelerating and taking it toll on consumer wallets and on cash expenses. At that point, whilst the beginnings of the financial turmoil were slowly being felt, we were shocked, just as the rest of the world was, at the severity, scope and depth of the financial crisis and the speed by which it enveloped not only capital markets but also sovereigns such as Iceland.

The Philippines seem to have been slightly insulated from this meltdown so far, perhaps because we have learned our lessons from the Asian crisis in 1997, but also because the exogenous or foreign elements in our national balance sheet are not that substantial. But as Polly has cited, we saw third quarter demand softening slightly, as expected, and cash operating expenses continuing to rise. Management is therefore exercising prudence by managing costs even more tightly this second semester. We have reduced our capital expenditure forecast for 2008 by ₱1.5 billion, having chosen to postpone some of our investments in wireless broadband and in our broader cellular infrastructure. Our capital expenditures have always been designed to be scalable such that we can accelerate spend when rising demand dictates it or reduce in times when caution is called for - such as now. We will reassess our capital expenditure program in early 2009 once we have a better grasp of the overall market situation.

Despite all the destructive forces around us, our performance in the first nine months has been consistent and solid. Accordingly, we affirm our core profit guidance of ₱37 billion for the year 2008. Our cash flows remain particularly strong and therefore we will adhere to our dividend policy payout ratio of 70% of core earnings," concluded **Manuel V. Pangilinan, Chairman of PLDT.**

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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.

	PLDT Consolidated					
	Nine months ended September 30			Three months ended September 30		
	2008	2007	% Change	2008	2007	% Change
	(Unaudited)			(Unaudited)		
Service revenues	**105,585**	**100,648**	**5%**	**35,238**	**33,508**	**5%**
Total revenues and other income	**113,035**	**106,420**	**6%**	**35,419**	**35,870**	**-1%**
Expenses	**71,681**	**66,262**	**8%**	**24,135**	**21,821**	**11%**
Income before income tax	**41,354**	**40,158**	**3%**	**11,285**	**14,049**	**-20%**
Provision for income tax	**14,612**	**13,090**	**12%**	**4,175**	**4,333**	**-4%**
Net income - As Reported	**26,179**	**26,622**	**-2%**	**6,909**	**9,543**	**-28%**
EPS, Basic [a]	**137.15**	**139.32**	**-2%**	**34.86**	**48.78**	**-29%**
EPS, Diluted [a]	**137.14**	**138.89**	**-1%**	**34.86**	**48.70**	**-28%**
Core net income[b]	**27,790**	**26,356**	**5%**	**9,083**	**9,124**	**-**
EPS, Basic [c]	**145.71**	**137.91**	**6%**	**47.79**	**47.75**	**-**
EPS, Diluted [c]	**145.69**	**137.48**	**6%**	**47.78**	**47.62**	**-**

[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*

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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.

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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