17th August 1999

PLDT REPORTS 1999 FIRST HALF PROFITS OF PESOS 2.6 BILLION AND PESOS 1.6 BILLION AFTER SUBSIDIARIES

Philippine Long Distance Telephone Company ("PLDT" or the "Company") (NYSE: PHI) today announced that net income before equity losses of its subsidiaries for the first half of 1999 amounted to P2.6 billion. This represents a decline of 56% from the net income realized in the same period last year due to lower revenues and higher operating costs. Expenses this year rose mainly on the back of higher non-cash costs, specifically depreciation and amortization and provision for doubtful accounts. PLDT also took a charge against obsolete equipment in the amount of approximately P500 million during the first half of this year.

On a consolidated basis, net income fell 64% to P1.6 billion, incorporating slightly more than P1 billion in losses of subsidiaries, including a loss of P781 million from Pilipino Telephone Corporation ("Piltel"), the Company's 50.1%-owned cellular operator which reported last week a loss of P1.6 billion in the first half of 1999. ACeS Philippines Cellular Corporation, which aims to provide a satellite-based regional mobile telecommunications system, contributed a loss of P127 million, and Mabuhay Satellite Corporation, which owns and operates the country's only satellite service, reflected a loss of P120 million.

Despite lower consolidated earnings, the Company generated strong cash flows from its business activities. Net cash from operations rose 62% to P9.8 billion, helped by a 34% reduction in capital expenditures to P7.87 billion for the period. Net cash and cash equivalents increased by P4.5 billion to P9.8 billion as at June 30, 1999.

Consolidated operating revenues declined by 3% to P22.8 billion, including the accounts of Piltel. Piltel's revenues of P1.85 billion for the first half accounted for 8% of consolidated operating revenues.

Fixed line service revenues, which accounted for 34% of operating revenues, decreased by 10% to P7.65 billion, due principally to the reduction in the number of lines billed this year and downward foreign currency adjustments during the period. The average peso-dollar exchange rate during the first half of 1999 was P38.390 to US$1.00, compared with P40.292 to US$1.00 during the first half of 1998. On a gross basis, PLDT added 212,596 subscribers to its fixed line network for the first half of 1999 compared with 262,083 gross additions to subscribers for all of 1998. On a net basis, PLDT had 72,682 new subscribers in the first half of 1999, compared with a net reduction of 106,062 lines in last year's second half.

International long distance service revenues, which accounted for 36% of operating revenues, fell 21% to P8.2 billion. The decline reflected the peso's appreciation vis-¨¤-vis the U.S. dollar, continued significant decline in international accounting rates, and lower outbound call volumes.

National long distance service revenues, which accounted for 23% of operating revenues, rose 18% to P5.2 billion due to increased national long distance traffic and higher contributions from carriers interconnected with PLDT's network.

Cellular service revenues of P1.3 billion generated by Piltel accounted for 6% of operating revenues. As Piltel was not consolidated until July 30, 1998, it did not contribute revenues in the year earlier period.

The largest component of operating expenses was depreciation and amortization, which increased 60% to P6.3 billion. Nearly two-thirds of this increase is attributable to the consolidation of Piltel's accounts. The balance is attributable to an increase in depreciable assets. Maintenance costs rose 41% to P1.7 billion due partly to higher repairs and maintenance related to network expansion, while provision for doubtful accounts rose 131% to P1.18 billion from P513 million because of higher levels of estimated uncollectible accounts.

Consolidated operating results for the six months ended June 30, 1999, as compared with the six months ended June 30, 1998

OTHER INFORMATION

Update on Strategic Business Initiatives

The Company had previously announced a number of strategic business initiatives intended to meet the challenges of competition and enhance long-term growth with the aim of positioning the Company as the preferred full-service telecommunications provider in the Philippines. The Company reports the following updates with respect to these strategic business initiatives:

Acquisition of Smart Communications, Inc. ("SMART")

On June 4, 1999, the Company agreed in principle to acquire the entire outstanding capital stock of SMART by issuing new common shares to SMART's existing stockholders. Nippon Telegraph and Telephone Corporation ("NTT") and certain affiliates of First Pacific Company Limited ("First Pacific") currently have an aggregate, direct and indirect economic interest in SMART of approximately 93.5%. The balance of SMART's shares are held predominantly by individual Filipino investors. The Company, NTT and First Pacific have signed a non-binding Memorandum of Understanding, which is subject to definitive documentation and formal approval by the respective boards of the Company, NTT and First Pacific and its affiliates, and is subject to certain shareholder, creditor and regulatory approvals and other conditions precedent.

The First Pacific Group currently has a 27.4% voting interest in PLDT and a combined 17.5% attributable effective economic interest in the issued common shares of the Company.

SMART's shareholders will receive 35.1 million new PLDT common shares, representing approximately 22.5% of PLDT's outstanding common capital stock as enlarged by the issue of shares. PLDT's common shares will be exchanged taking into consideration an issue price of P1,080 per share, a premium of P25 to the market price of P1,055 per share as quoted on the Philippine Stock Exchange at the close of trading on June 4, 1999. This values SMART at P37.9 billion.

The Company, NTT, and First Pacific are in the process of finalizing the definitive agreements of the acquisition transaction.

Strategic Partner Initiative

Also on June 4, 1999, the Company announced that it had agreed in principle to establish a long-term strategic alliance with NTT, one of the world's largest telecommunications service providers. Simultaneously with the closing of the SMART acquisition, NTT will subscribe for a further 12.2 million new PLDT common shares at an issue price of P1,202 per share, a premium of P147 to the closing market price as of June 4, 1999 of P1,055 per share, for a total cash consideration of P14.7 billion. This will take NTT's total shareholding in PLDT up to 15% of PLDT 's outstanding common capital stock.

The Company and NTT are currently finalizing the detailed terms and conditions of their strategic alliance, including the terms and conditions of NTT's subscription for additional shares of the Company.

Immediately following these transactions, the First Pacific Group and NTT will have voting interest in PLDT of approximately 31% and 15%, respectively, and an attributable effective economic interest in the issued common shares of the Company of approximately 23% and 15%, respectively.

The Company's debt to equity ratio is expected to improve significantly after the successful completion of these transactions.

Update on Piltel Restructuring

Discussions are ongoing among Piltel, its bank creditors, bondholders, and Marubeni Corporation ("Marubeni") to restructure Piltel's debt obligations. The proposal to the banks and bondholders includes the exchange of up to 50% of the outstanding debt of Piltel for convertible preferred stock of PLDT and the rescheduling of principal payments of the balance to be due within 6 to 15 years. In addition, PLDT has agreed to the banks' proposal to issue a letter of support, the terms of which are under discussion, and a Memorandum of Understanding is currently being finalized. The discussions with Marubeni, however, have not yet reached the stage of a firm proposal.

As of June 30, 1999, interest payments due to the banks and bondholders are current; however, Piltel has not made principal repayments pending completion of its debt restructuring program. No interest has been accrued nor any interest been paid to Marubeni as of June 30, 1999 as negotiations are still ongoing.

Consolidated operating results for the six months ended June 30, 1999, as compared with the six months ended June 30, 1998, were as follows:

In Million Pesos, Except Per Share Amounts	Six Months Ended June 30, 1999* PLDT (Unconsolidated)	**1999 With Piltel (Consolidated)**	**1998 With Piltel (Equity Method)**
Operating revenues	20,735.9	**22,789.0**	**23,463.7**
Operating expenses	13,793.8	**16,709.9**	**11,939.7**
Net operating income	6,942.1	**6,079.1**	**11,524.0**
Other expenses, net	3,163.7	**4,173.4**	**4,448.3**
Income before income tax and minority interest in net loss of consolidated subsidiaries	3,778.4	**1,905.7**	**7,075.7**
Net income	2,609.2	**1,608.3**	**4,420.1**
Net cash provided by operating activities	9,847.5	**9,815.0**	**6,054.5**
Earnings per common share (basic and diluted)	17.19	**8.93**	**31.99**

**Pro forma presentation to reflect operating results of PLDT on a stand-alone basis..*