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PLDT REPORTS NET INCOME OF P1,108 MILLION IN 2000
FOURTH QUARTER PROFIT GREW BY 131 PER CENT

The attached press release was distributed today by PLDT, in which First Pacific has a 24.6 per cent economic interest, and a 31.7 per cent voting interest.

PLDT is the leading supplier of domestic and international telecommunications services in the Philippines. Based in Manila and listed on the Philippine Stock Exchange and the New York Stock Exchange, PLDT is actively pursuing a convergence strategy and has three principal business groups - fixed line, wireless and internet/multi media – providing a comprehensive menu of products and services across the most extensive broadband and integrated networks in the country.

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PLDT *News*

PLDT Reports Net Income of P1,108 million in 2000.
Fourth Quarter Profit Grew by 131 Per Cent.

MANILA, Philippines, March 1, 2001…The Philippine Long Distance Telephone Company ("PLDT") announced today that a strong performance by its subsidiary Smart Communications Inc. ("Smart") in the second half of 2000 had helped to lift the group's net income for the year to P1.1 billion.

Smart, which reported a net loss of P1.9 billion in the first half of 2000, swiftly recovered and recorded a net income of P1.5 billion in the second half of the year. Together with fellow PLDT subsidiary Pilipino Telephone Corporation ("Piltel"), Smart had built a customer base of 2.7 million GSM subscribers by 31st December 2000, making PLDT's Wireless Group the largest GSM service provider in the country today.

Smart and Piltel completed the year with more than 3.5 million cellular subscribers, reconfirming the PLDT Group's status as both the largest and fastest growing mobile operator in the Philippines. Smart and Piltel signed up more than 2.5 million new GSM subscribers during 2000, a net gain of about 209,000 customers a month or the equivalent of approximately 6,870 for every day of the year.

"PLDT's consolidated net income for the year eased when compared to 1999 but the annual figure disguises the scale of the turnaround achieved in the second half," said Mr. Manuel V. Pangilinan, President and CEO.

"PLDT's net income of P600 million in the fourth quarter of 2000 was not only the best result achieved in any quarter, it was also an increase of 131 per cent on the P260 million recorded in the final quarter of 1999.

"Our bold strategy of foregoing earnings growth in the first half of the year in return for winning a significant share of the rapidly growing GSM cellular market is now being rewarded. As a consequence, PLDT has entered 2001 with a broader range of revenue sources and is well positioned to take advantage of the recovery of the national economy after a year of turmoil."

Operational Results for the Year to December 31, 2000.

- The acquisition of the entire issued share capital of Smart by PLDT and the formation, simultaneously, of a strategic alliance with NTT Communications were completed on schedule in March 2000. The acquisition of Smart and the alliance with NTT Communications have both been of great benefit to the group.

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- Smart and Piltel enjoyed phenomenal increases in subscriber numbers during the year but ensured their GSM network rollout remained comfortably ahead of customer demand. Smart added 752 base stations to its nationwide cellular network, bringing the total to 1,311 in operation at year-end.

- Smart inaugurated 15 new mobile switching centers during 2000, increasing its total to 17, and consequently raising its GSM network capacity to 3.9 million subscribers at year-end. Smart also activated 13 new short messaging service centers, thereby boosting its text handling capability to 92 million messages a day by the end of 2000.

- Piltel's debt restructuring program made significant progress during the course of 2000 with the signing of a Master Restructuring Agreement with the creditor banks in June being followed by agreements with trade creditors and Marubeni Corporation. An exchange offer to Piltel's convertible bondholders was made late in the year and has been accepted by 96 per cent of the bondholders. It is hoped the restructuring process can be completed during the second quarter of 2001.

- PLDT's international long distance call volumes grew by 116.9 per cent to 2,113.8 million billed minutes in 2000 from 974.6 million billed minutes in 1999. Inbound call volumes surged by 133.9 per cent to 1,977.6 million billed minutes, while outbound call volumes increased by 5.6 per cent to 136.2 million billed minutes.

- The strong growth in inbound call traffic was largely driven by PLDT's adoption of the benchmark international accounting rate of US$0.38 per minute on 1st January 2000, a year earlier than the date set by the U.S. Federal Communications Commission.

- PLDT enjoyed considerable success in its efforts to identify and reduce the number of international simple resale ("ISR") operations that were used to illegally bypass the local access charge system in the Philippines.

- Notwithstanding strong volume growth, international long distance service revenues fell in 2000 by 15.9 per cent, to P13.1 billion from P15.5 billion in 1999, reflecting the lower pricing on both inbound and outbound call traffic.

- The group's fixed line service revenues grew by 17.1 per cent or P2.8 billion to P19.1 billion in 2000 – a recovery after a fall in 1999.

- At the end of 2000, PLDT and its subsidiaries had a total of 1,999,922 subscribers. For PLDT, on a stand-alone basis, the subscribers increased to 1,915,985 – a net increase of 118,526 subscribers in 2000.

- A range of new services and products during the year, including the *Teletipid* pre-paid fixed line service launched in August 2000, were supported by aggressive marketing and sales promotion activities. This approach will continue, as demonstrated by the launch in February 2001 of *TxT135*, the first nationwide landline-to-mobile texting service.

- A major reorganization of PLDT's fixed line business operations was initiated with the formation of five new business units, each responsible for the development of their own geographic market or specific customer segment. The aim of each new unit is to improve customer service levels, increase revenues and build a platform for new businesses, products and services to evolve.

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- The ratio of fixed lines per employee increased to 144 at 31st December 2000 from 134 a year earlier

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- National long distance call volumes increased by 14.8 per cent to 3,255.3 million billed minutes in 2000 while revenues increased by P310.6 million, or three per cent, to P10.6 billion.

- Revenues from data and other network services increased by 42.3 per cent, to P3.3 billion in 2000 from P2.3 billion in 1999.

- Recognizing the ongoing growth potential of the data and Internet-based services sector, PLDT has commenced the “broadbanding” of its legacy copperwire network with the introduction of ADSL technology in key commercial and residential districts of Metro Manila.

- ePLDT was formally incorporated in August 2000 as the principal corporate vehicle for PLDT’s Internet, e-commerce and multi-media initiatives and ventures including Home Cable, and PLDT’s Internet service provider, Infocom.

- ePLDT established VITRO™ , an Internet Data Center that is providing co-location services, hosting, business continuity services, security solutions and applications services with secure and reliable high bandwidth internet access for its customers.

- Subsequent to the year-end, Mediaquest Holdings, Inc. (“Mediaquest”) - a company wholly owned by PLDT’s Beneficial Trust Fund – signed a Memorandum of Understanding concerning the proposed acquisition of a controlling interest in GMA Networks, Inc. (“GMA”), the owner of the second largest TV station and over 40 radio stations in the Philippines. A consortium of strategic and financial investors led by ePLDT will support Mediaquest’s acquisition of the controlling interest in GMA.

- ePLDT’s participation in the consortium marks another significant step in the development of its multi-media business interests and the convergence strategy of the PLDT group. The proposed transaction would lead to a marriage of GMA’s leading position in traditional content creation with the PLDT Group’s dominance in distribution. The transaction also fits within PLDT Group’s strategy to develop new sources of revenue.

- PLDT subsidiary Mabuhay Philippines Satellite Corporation, the operator of the Agila II communications satellite, posted a net income of P90.6 million in 2000, its first profitable year since commencing commercial operations in January 1998.

- PLDT Group’s range of service delivery platforms was expanded in November 2000 with the commercial launch of Smart ACeS Satellite GSM system – a cost-efficient solution to the important strategic and social needs of the Philippines. Smart ACeS’ satellite technology is bringing advanced communications facilities to even the remotest areas of the country without the need for expensive ground-based infrastructure.

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Financial Results for the Year to December 31, 2000.

For PLDT itself, before consolidating the results of its subsidiaries, revenues during the year increased to P44.3 billion, an increase of 6.1 per cent over the P41.7 billion recorded in 1999.

Earnings before interest, tax, depreciation and amortization (EBITDA) rose by 13.2 per cent to P26.8 billion from P23.7 billion in 1999. EBITDA margin in 2000 stood at a healthy 60.6 per cent. Net income for the year was unchanged at P4.9 billion.

On a consolidated basis, revenues rose by 12.9 per cent from P55.7 billion in 1999 to P62.9 billion in 2000. This increase was mainly driven by the robust growth in the Group's cellular business. The Company's two cellular subsidiaries, Smart and Piltel, contributed P14.3 billion and P3.1 billion, respectively, to consolidated operating revenues.

EBITDA increased by seven per cent from P31.1 billion in 1999 to P33.2 billion in 2000 with the consolidated EBITDA margin standing at 52.9 per cent. Consolidated net income fell by 64.2 per cent from P3.1 billion to P1.1 billion, largely as a result of the significantly higher selling and promotional expenses incurred by Smart and Piltel during the first half of the year.

Revenue Profile for the Year to December 31, 2000.

On a consolidated basis, revenues during 2000 grew by 12.9 per cent to P62.9 billion. With the exception of International Long Distance, all business lines enjoyed an increase in revenues: Cellular Service rose by 49.7 per cent; Data and Other Network Services, 42.3 per cent; Fixed Line, 17.1 per cent; and National Long Distance, three per cent. Despite a substantial increase in the volume of traffic, International Long Distance revenues fell 15.9 per cent due to lower accounting rates for inbound calls and reduced tariffs for outbound calls.

The effect of these changes has been further progress in PLDT Group's stated objective of diversifying its revenue mix. Fixed line or local services are still the single largest revenue source at 30.4 per cent but, significantly, revenues from cellular services (25.2 per cent) have now overtaken international revenues (20.8 per cent) in second place.

National Long Distance (16.8 per cent) and the fast-growing Data and Other Network Services (5.2 per cent) together with Miscellaneous (1.6 per cent) make up the remainder.

Consolidated Operating Revenues Pesos in Millions	**2000**	**1999**
Fixed Line	19,101.9	16,313.3
Cellular Service	15,835.5	10,578.6
International Long Distance	13,065.3	15,534.9
National Long Distance	10,602.7	10,292.1
Data and Other Network Services	3,260.3	2,291.2
Miscellaneous	1,037.4	681.7
Total	**62,903.1**	**55,691.8**

Expense Profile for the Year to December 31, 2000

On a stand-alone basis, PLDT's operating expenses in 2000 totaled P29.9 billion, an increase of 7.8 per cent over the P27.7 billion in 1999, principally as a result of increasing depreciation outweighing savings made in other areas.

Consolidated operating expenses in 2000 increased by 19.0 per cent or P8.1 billion to P50.9 billion from P42.7 billion in 1999. Contributing largely to this increase were the significantly higher selling and promotional expenses incurred by Smart and Piltel while growing their respective mobile market shares. Together, the two subsidiaries spent P6.8 billion in their successful customer acquisition campaigns.

Liquidity and Capital Resources

Operating activities continued to generate substantial cash flows in 2000. Net cash provided by operating activities (including Smart and Piltel) amounted to P22.9 billion. Financing activities during the year also provided net cash of P4.1 billion. The major source of external financing during the year was the net proceeds of P13.9 billion from PLDT's issue of common shares to NTT Communications in March.

At the end of the year, net cash and cash equivalents increased by P384.1 million to P9.7 billion.

Consolidated capital expenditures in 2000, including capitalized interest of P2.6 billion, increased from P22.1 billion in 1999 to P27.1 billion in 2000. On a stand-alone basis, PLDT's capital expenditures of P11.5 billion included investments in international submarine cable projects and the Group's new Internet Data Center.

Much of the investment was devoted to the creation of additional facilities to support new products and services in line with PLDT's thrust to focus on the development and implementation of systems and infrastructures to address the rapidly growing data and Internet markets.

Smart's capital expenditures of P14.6 billion were almost entirely devoted to the expansion and upgrading of its nationwide GSM network to meet the increasing demand for its wireless services.

At the end of 2000, total assets on a consolidated basis reached P328.5 billion – an increase of P48.1 billion or 17.2 per cent. Consolidated long-term debt, net of current portion, and stockholders' equity were P179.1 billion and P86.5 billion, respectively, as of 31st December 2000.

Comment on the Results by PLDT President & CEO, Manuel V. Pangilinan.

"The last year was one in which the strategic foundations for future growth and profitability were put in place. It was certainly one of the most eventful in the long history of PLDT with consequences that will affect the shape and direction of the Group for many years to come.

"The formation of a strategic alliance with NTT Communications and the acquisition of Smart, together with the consolidation later in the year of our Internet and multi-media interests in a new company, ePLDT, has already had a major impact on both our organization and our revenue base.

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"Our push to become a marketing rather than engineering-led group, as demonstrated by the boldness of Smart's move to build GSM market share at the expense of short-term profit, has also shown that determination to succeed is not in short supply.

"The Group has made it clear, however, that it will not allow the attainment of market leadership to stifle innovation and improvement. The constant drive to develop and launch new products and services such as Teletipid, TxT135, Smart Money, Smart Zed and Talk 'N Text will continue.

"Today, for instance, sees the launch of pre-commercial testing of our new Visa Cashcards in various retail outlets around Metro Manila – an exercise that we hope will lead to a full public launch later in the year.

"Our efforts are now winning us wider recognition – a leading financial magazine has just named PLDT as Asia's best managed fixed line telecommunications company while Smart won the prize for the most innovative new offering at the recent GSM World Congress – but technological and competitive pressures persist and we will not relax.

"I can assure all of PLDT's stakeholders that the company rose to all the many challenges it faced during 2000 and it has emerged stronger and better equipped to face the future."

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Consolidated Operating Results for the Year ended December 31, 2000.
(In Million Pesos)

	PLDT		PLDT Consolidated	
	2000	**1999**	**2000**	**1999**
Revenues	44,270	41,723	62,903	55,692
Expenses	29,871	27,697	50,860	42,755
Operating income	14,399	14,026	12,043	12,937
Other expenses - net	7,415	7,062	11,247	9,693
Income before tax	6,984	6,964	796	3,244
Provision for tax	2,068	2,024	1,822	2,015
Income (Loss) before minority interests	4,916	4,940	(1,026)	1,229
Minority interests	-	-	2,134	1,865
Net income	4,916	4,940	1,108	3,094
EBITDA	26,847	23,724	33,255	31,076

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