



September 9, 2009

The Philippine Stock Exchange  
4<sup>th</sup> Floor PSE Centre  
Exchange Road, Ortigas Center  
Pasig City

Attention: Ms. Janet A. Encarnacion  
Head, Disclosure Department

Ladies and Gentlemen:

In compliance with Section 17.1(b) and Section 17.3 of the Securities Regulation Code, we submit herewith a copy of SEC Form 17-C with a copy of a press release issued by Fitch Ratings (Fitch) attached thereto entitled "Fitch Revises Outlook on PLDT's Local Currency Rating to Stable".

This shall also serve as our disclosure letter for the purpose of complying with the PSE Revised Disclosure Rules.

Respectfully yours,

FLORENTINO D. MABASA, JR.  
Assistant Corporate Secretary

FDM:amq  
Encs.



September 9, 2009

SECURITIES & EXCHANGE COMMISSION  
Money Market Operations Department  
SEC Building, EDSA  
Mandaluyong City

Attention : Director Justina F. Callangan  
Corporations Finance Department

Gentlemen:

Re : Philippine Long Distance Telephone Company  
SEC Registration No. PW-55

In accordance with Section 17.1 (b) of the Securities Regulation Code, we submit herewith three (3) copies of SEC Form 17-C with a copy of a press release issued by Fitch Ratings (Fitch) attached thereto entitled "Fitch Revises Outlook on PLDT's Local Currency Rating to Stable".

Respectfully yours,

FLORENTINO D. MABASA, JR.  
Assistant Corporate Secretary

FDM:amq  
Encs.



**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.1**

1. September 9, 2009  
(Date of earliest event reported)
2. SEC Identification Number PW-55
3. BIR Tax Identification No. 000-488-793
4. PHILIPPINE LONG DISTANCE TELEPHONE COMPANY  
Exact name of registrant as specified in its charter
5. PHILIPPINES  
Province, country or other jurisdiction  
of Incorporation
6. \_\_\_\_\_ (SEC Use Only)  
Industry Classification Code
7. 9<sup>th</sup> Floor MGO Building  
Legaspi corner dela Rosa Streets, Makati City  
Address of principal office
- 1200  
Postal Code
8. (632) 816-8553  
*Registrant's telephone number, including area code*
9. Not Applicable  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC  

Title of Each Class	Number of Shares of Common Stock Licensed and Amount of Debt Outstanding
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11. Item 9 – Other Events

Attached hereto is a press release issued by Fitch Ratings (Fitch) entitled “Fitch Revises Outlook on PLDT’s Local Currency Rating to Stable”.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized.

PHILIPPINE LONG DISTANCE  
TELEPHONE COMPANY



FLORENTINO D. MABASA, JR.  
Assistant Corporate Secretary

Date: September 9, 2009

## **FITCH REVISES OUTLOOK ON PLDT'S LOCAL CURRENCY RATING TO STABLE**

Fitch Ratings-Singapore/Sydney-08 September 2009: Fitch Ratings has today affirmed Philippine Long Distance Telephone Company's (PLDT) Long-term local currency (LC) IDR at 'BBB' and revised the rating Outlook to Stable from Negative. At the same time, Fitch has affirmed PLDT's Long-term foreign currency Issuer Default Rating (IDR) and the rating of its outstanding global bonds and senior notes at 'BB+'. The agency also affirmed the company's National Long-term rating at 'AAA(phil)'. The rating Outlook is Stable.

The Outlook revision on PLDT's LC IDR reflects diminished risk related to potential financial support for associate company Manila Electric Company (Meralco), at least over the near-term. Under the aegis of new major shareholders, PLDT and San Miguel Corporation (SMC), Meralco's operating prospects appear to have improved somewhat. Notably, the company has been able to raise distribution charges under performance-based regulation in Q209.

PLDT's ratings reflect its position as the Philippines' incumbent operator, with diversified and integrated telecommunications operations, as well as growing operations in call centres and business process outsourcing. The company holds a leading share of fixed-line subscribers (around 60%) and a dominant share (approximately 67%) of the nascent broadband market. Fitch expects fixed-line services to remain a core contributor to earnings and cash flow over the medium term, with strong demand for fixed-data, offsetting substitution pressures on traditional voice services.

PLDT's cellular business is the main driver of its consolidated profile, accounting for 61% of revenue and 69% of EBITDA in H109. Although the Philippines cellular market is now quite mature in terms of the addressable populace, subscription growth remained strong in H109. Total subscribers increased to 38.5 million as at H109 from 35.2m at FY08, implying an annualised growth of 19% and a market share of 52%. However, Fitch notes that PLDT's medium-term growth prospects are modest since penetration of subscriber identification modules are now at a high of approximately 82%.

The ratings also take into account rising industry risks, with potential for increased competition from new entrant, SMC, over the medium-term, as well as heightened regulatory risks in light of recent directives on prepaid-cellular load extension and on the change in the unit of billing for cellular services. .

At H109, PLDT's net adjusted leverage (defined as total adjusted debt net of cash by Operating EBITDAR) stood at 0.5x and FFO by Gross Interest Expense stood at 14.0x. "The rating factors in a slight weakening in credit protection measures for FY09, which mainly reflects PLDT's acquisition of an additional 20% stake in Meralco," said Priya Gupta, Director in Fitch's Asia-Pacific telecommunications, media and technology group. "While this increase in leverage can be accommodated at PLDT's current local currency rating of 'BBB', there is virtually no headroom for further debt-funded acquisitions of material size," she added. The ratings are likely to come under downward pressure if the agency expects PLDT's net adjusted leverage to exceed 1.0x on a sustainable basis or its post-dividend FCF to turn negative.

PLDT's local currency rating of 'BBB'/Stable (which exceeds the sovereign local currency rating by two notches) ignores foreign currency transfer and convertibility risk, and is more reflective of its stand-alone credit profile. In terms of its foreign currency IDR, PLDT remains constrained by the Philippines' country ceiling, which is currently 'BB+'. The National rating of 'AAA(phil)' incorporates all the above factors and is indicative of PLDT's relative credit strength among all Philippine companies.

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