

FIRST PACIFIC COMPANY LIMITED
PRESS RELEASE

Tuesday, 7 December 2004

PLDT ACCELERATES DEBT REDUCTION PROGRAM, EXPECTS TO REDUCE DEBTS BY US\$450 MILLION IN 2004

The attached press release was distributed today in Manila by Philippine Long Distance Telephone Company (PLDT), in which First Pacific has a 24.2 per cent economic interest, and a 31.3 per cent voting interest.

PLDT is the leading telecommunications service provider in the Philippines. It is based in Manila, and has common shares listed on the Philippine Stock Exchange and ADRs listed on the New York Stock Exchange and on the Pacific Exchange located in San Francisco, California. Through its three principal business groups – Wireless; Fixed Line; and Information and Communications Technology – PLDT offers a wide range of telecommunications services across the Philippines' most extensive fiber optic backbone, cellular, fixed line and satellite networks.

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PLDT ACCELERATES DEBT REDUCTION PROGRAM, EXPECTS TO REDUCE DEBTS BY US\$450 MILLION IN 2004

MANILA, Philippines, December 7, 2004 — Philippine Long Distance Telephone Company (“PLDT”) (PSE: TEL) (NYSE: PHI) announced today that it has issued a notice to prepay on December 20, 2004 approximately US\$106 million remaining balance under its US\$145 million Multicurrency Term Loan Facility (“the facility”). PLDT elected to prepay the facility two years ahead of its final maturity in order to accelerate the deleveraging of the fixed line business and to realize interest savings. As a result of the early repayment of this facility, PLDT expects to increase its total debt reduction for the year from the last announced target debt reduction of US\$350 million to US\$450 million.

The facility, which was signed in September 2002 as part of PLDT’s liability management program, was drawn down in June and December 2003 to refinance part of the principal amounts outstanding under two existing term loans. The facility consisted of Japanese yen and US dollar tranches, payable in six equal semi-annual installments beginning June 2004 with final maturity on December 2006. Interest on the yen tranche and US-dollar tranche was six-month Yen-Libor plus 385 bps and six-month USD-Libor plus 365 bps, respectively. PLDT will be prepaying the balance of JPY7.276 billion and US\$35.5 million under the yen tranche and US-dollar tranche, respectively.

“We consider our efforts to accelerate our debt reduction program to be a prudent move that would not only generate interest savings but also improve our balance sheet profile and mitigate our risk exposures,” explained **Napoleon L. Nazareno, President and CEO of PLDT and Smart**. “By the end of the year, PLDT’s fixed line debt balance would be about US\$2 billion, on track to achieve our target to reduce our debt balance to below US\$1.5 billion by the end of 2006,” added Nazareno.

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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.

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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 depository shares are listed on the New York Stock Exchange (NYSE:PHI) and the Pacific Exchange. PLDT has one of the largest market capitalizations among Philippine listed companies.

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