

FIRST PACIFIC COMPANY LIMITED
PRESS RELEASE

Wednesday, 9 June 2004

SMART ELECTS TO PROCEED WITH PILTEL DEBT TRANSACTION

The attached press release was distributed by Smart Communications, Inc., a wholly-owned subsidiary of Philippine Long Distance Telephone Company (PLDT). First Pacific has a 24.3 per cent economic interest and a 31.4 per cent voting interest in PLDT.

PLDT is a telecommunications 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, internet and satellite networks.

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SMART ELECTS TO PROCEED WITH PILTEL DEBT TRANSACTION

Manila, Philippines, June 8, 2004 – Smart Communications, Inc (“Smart”), a wholly-owned subsidiary of Philippine Long Distance Telephone Company (“PLDT”) (PSE:TEL) (NYSE:PHI), announced today that the Board of Directors of PLDT has endorsed Smart’s decision to proceed with the Pilipino Telephone Corporation (“Piltel”) debt exchange transaction. As of today, Smart had received offers from Piltel creditors representing approximately 69% in aggregate of the outstanding restructured Piltel debt, to sell their Piltel debt to Smart.

Some Piltel creditors who opted not to participate in the transaction nonetheless have indicated that they will consent to certain amendments to the agreements governing Piltel’s restructured indebtedness, thus permitting Smart to achieve its overall commercial objectives in proceeding to close the transaction. Given this development, the PLDT Board has authorized Smart to proceed with the transaction despite not having met the 75% aggregate acceptance level set earlier.

Based on the offers received by Smart, the following is a breakdown of the options to be allocated to the participating Piltel creditors and their percentages of the total amount of Piltel’s outstanding restructured debt:

| <u>Option</u> | <u>Allocation</u> | |
|-------------------|--------------------------------------|-------------|
| | <u>Amount</u> <u>(in US\$ mm)</u> | <u>%</u> |
| 2014 Smart Debt * | 271.5 | 65.4 |
| 2007 Smart Debt | 6.9 | 1.7 |
| 2008 Smart Debt | 5.0 | 1.2 |
| Cash | 3.8 | 0.9 |
| Total | 287.0 | 69.2 |

* Included in Other Creditors are creditors representing 9.2% of Piltel’s outstanding restructured debt equivalent to US\$38.1 million who had chosen the RoP-guaranteed bond option and are going to be allocated their chosen alternative option. After intensive efforts to arrange an appropriate RoP-guaranteed facility, Smart has determined that it would not be possible to arrange this facility in time for the proposed closing of the transaction. Accordingly, Smart will be advising those creditors who chose the RoP-guaranteed bond option of its decision to provide them with their alternative selection, which in all cases, is the 2014 Smart debt.

Based on the allocation above, Smart will be issuing US\$278 million of new debt and paying US\$1.5 million of cash upfront. Smart plans to close this debt transaction in the month of July 2004. Closing is subject to, among other things, the trustees and agents of the various Piltel debt facilities confirming their ability to act in the manner contemplated by the invitation, including to enable implementation of the relevant waivers and amendments.

In anticipation of the successful closure of the debt exchange transaction and after having now received consents from its creditors, Smart intends to commence the process of acquiring PLDT’s equity interests in Piltel and expects to complete this part of the transaction later in the second half of 2004. Smart

reiterates that should it successfully acquire PLDT's equity interests in Piltel, it is not Smart's intention to enter into a legal statutory merger with Piltel, nor does it intend to use Piltel as a backdoor listing vehicle.

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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.

About PLDT

PLDT is the leading telecommunications provider in the Philippines. Through its three principal business groups – fixed line, wireless and information and 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) and the Pacific Exchange. PLDT has one of the largest market capitalizations among Philippine listed companies.

Further information can be obtained by visiting the web at www.pldt.com.ph.