

FIRST PACIFIC COMPANY LIMITED
PRESS RELEASE

Tuesday, 3 January 2006

**PLDT MANDATORILY CONVERTS OUTSTANDING SERIES III
CONVERTIBLE PREFERRED STOCK**

The attached press release was distributed in Manila by Philippine Long Distance Telephone Company (PLDT), in which First Pacific Group has a 24 per cent economic interest, and a 30 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 Archipelago Exchange. Through its three principal business groups, PLDT offers a wide range of telecommunications services: Wireless (principally through wholly-owned subsidiary company Smart Communications, Inc.); Fixed Line (principally through PLDT); and Information and Communications Technology (principally through wholly-owned subsidiary company ePLDT). PLDT has developed the Philippines' most extensive fiber optic backbone, cellular, fixed line and satellite networks.

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

**PLDT Mandatorily Converts Outstanding
Series III Convertible Preferred Stock**

Manila, Philippines, January 2, 2006 - Philippine Long Distance Telephone Company ("PLDT" or the "Company") announced that all of its outstanding Series III Convertible Preferred Stock (the "Series III Preferred Stock"), represented by Global Depository Shares ("GDSs") evidenced by Global Depository Receipts ("GDRs") (Cusip: 718252703), have been converted into shares of PLDT Common Stock (the "Common Stock") on December 19, 2005 (the "Mandatory Conversion Date"). As a result of the mandatory conversion of the Series III Preferred Stock, PLDT issued a total of approximately 7.9 million shares of Common Stock increasing the total number of PLDT common shares outstanding to 180.7 million. PLDT's market capitalization as of the end of 2005 stood at Pesos 331.6 billion.

The Series III Preferred Stock holders were given the option, to elect to receive: (a) American Depository Shares ("ADSs") representing the shares of Common Stock, or (b) the shares of Common Stock, or (c) the net cash proceeds of the sale of shares of Common Stock over the Philippine Stock Exchange. Series III Preferred Stock holders who did not make an election by December 14, 2005 were deemed to have elected to receive ADSs. The distribution of the new ADSs and Common Stock took place on December 28, 2005.

Dividends were accrued on the outstanding shares of the Series III Preferred Stock up to (and including) the Mandatory Conversion Date and will be paid on January 3, 2006 to GDR holders of record as at December 14, 2005.

JPMorgan Chase Bank, N.A., as Depository, will be terminating the GDR facility effective January 23, 2006.

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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.

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