



FIRST PACIFIC FINANCE LIMITED

(Incorporated with limited liability under the laws of the Cayman Islands)

**U.S.\$199,000,000 Zero Coupon Guaranteed Exchangeable Notes due 2010 (the "Notes")
Guaranteed by First Pacific Company Limited
Exchangeable into Common Stock of par value PHP 5.00 each of
Philippine Long Distance Telephone Company ("PLDT")**

First Pacific Finance Limited (the "Company") refers to Clause 6.1.3 of the Trust Deed and Clause 7.5 of the Agency Agreement in respect of the above Notes and the announcement made on 9 August 2006. The Company hereby provides notification of the actual adjustment to the Exchange Property, the details of which are set out below.

A Capital Distribution, as defined under Clause 5 of the terms and conditions of the Notes, has been made in the amount of US\$1,469,043.67 as a result of PLDT paying dividends on 21 September 2006 in respect of the Exchange Property for the financial year 2006 in excess of the amount specified in Clause 5. As stipulated in Clause 6(g) of the terms and conditions of the Notes, the Capital Distribution should be included in the Exchange Property. In accordance with Clause 6(j), the Capital Distribution has been applied to purchase 32,434 PLDT shares, from the Philippine Stock Exchange Inc, and such shares shall be added to the Exchange Property.

With effect from 22 September 2006, the Exchange Property comprises 6,675,576 PLDT shares. On the exercise of the Exchange Rights, Noteholders will be entitled to receive 348.5940 PLDT shares for each US\$10,000 principal amount of Notes (subject to further adjustments pursuant to the terms and conditions of the Notes).

A calculation of the Capital Distribution and the application of such cash to the purchase of PLDT shares is attached as an Appendix.

The PLDT shares added to the Exchange Property shall be delivered to the Custodian as soon as practicable.

Issued by
First Pacific Finance Limited
22 September 2006

Calculation of Capital Distribution

Dividends received in respect of financial year 2006 on the Exchange Property:	<u>USD</u>
PHP50 per share received on 21 Sep 2006 at exchange rate PHP50.14:US\$1.00	6,624,593.14
Less: amount above which dividends are deemed to be Capital Distributions for the financial year 2006, per Clause 5 of the terms and conditions (US\$255.6818 x 19,150 Notes of US\$10,000 each)	(4,896,306.47)
Gross Capital Distribution for the financial year 2006	<u>1,728,286.67</u>
Net Capital Distribution after 15% dividend withholding tax (actual cash Capital Distribution received)	<u>1,469,043.67</u> =====

Purchase of PLDT shares

	21 September 2006	22 September 2006
	32,000 shares at average price of PHP2,260.41; FX conversion at PHP50.04:US\$1	434 shares at average price of PHP2,225.6452; FX conversion at PHP50.175:US\$1
Consideration	72,333,120.00	965,930.02
Commission	180,832.80	4,354.61
VAT	21,699.94	289.78
SCCP Fee	7,233.31	96.60
Total PHP consideration	<u>PHP72,542,886.05</u>	<u>PHP970,671.01</u>
FX conversion	US\$1,449,697.96	US\$19,345.71
Total Purchase Consideration for 32,434 shares		US\$1,469,043.67

Exchange Property**Number of PLDT Shares**

Prior to Capital Distribution on 21 September 2006	6,643,142
PLDT shares purchased from above Capital Distribution	<u>32,434</u>
Revised Exchange Property as of 22 September 2006	<u>6,675,576</u> =====
PLDT shares per US\$10,000 principal amount of Notes	<u>348.5940</u> =====