



**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 13 August 2007. 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\$535,475.24 as a result of PLDT paying a special dividend for the financial year 2006 and an interim dividend for the financial year 2007 in respect of the Exchange Property on 24 September 2007 in excess of the amounts 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 with respect to the Notes currently outstanding. In accordance with Clause 6(j), the Capital Distribution has been applied to purchase 8,612 PLDT shares, from the Philippine Stock Exchange Inc, and such shares shall be added to the Exchange Property.

After the above purchase, the Exchange Property now comprises 477,214 PLDT shares. On the exercise of the Exchange Rights, Noteholders will be entitled to receive 360.9788 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.

As of the date of this Notice the amount of Notes outstanding is US\$13,220,000.

Issued by  
First Pacific Finance Limited  
25 September 2007

**Calculation of Capital Distribution****Financial Year 2006**

USD

Dividends received in respect of financial year 2006 on the Exchange Property underlying the currently outstanding 1,322 Notes of US\$10,000 each:

PHP40 per share received on 24 Sep 2007 (exchange rate PHP45.25:US\$1) in respect of the Exchange Property existing on that dividend record date	414,233.81	
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Net dividends after 15% dividend withholding tax	352,098.74	
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Additional net Capital Distribution in respect of the financial year 2006 (Note)	352,098.74	(A)
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Note: Full cash amount received in respect of the 2006 special dividend is considered an additional Capital Distribution as prior dividends for the financial year 2006 had already triggered a requirement to make Capital Distributions for that year.

**Financial Year 2007**

USD

Dividends received in respect of financial year 2007 on the Exchange Property underlying the currently outstanding 1,322 Notes of US\$10,000 each:

PHP60 per share received on 24 Sep 2007 (exchange rate PHP45.25:US\$1) in respect of the Exchange Property existing on that dividend record date	621,350.72	
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Less: amount above which dividends are deemed to be Capital Distributions for the financial year 2007, per Clause 5 of the terms and conditions

(US\$306.8182 x 1,322 Notes of US\$10,000 each)	(405,613.66)	
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Gross Capital Distribution for the financial year 2007	215,737.06	
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Net Capital Distribution after 15% dividend withholding tax (actual cash Capital Distribution received) in respect of the financial year 2007	183,376.50	(B)
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Total net Capital Distribution	535,475.24	(A)+(B)
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**Purchase of PLDT shares**

	25 Sep 07
	8,612 shares at average price of PHP2,802.1203
Consideration	PHP24,131,860.02
Commission	61,968.08
VAT	7,239.56
SCCP Fee	2,413.19
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Total PHP consideration	PHP24,203,480.85
	FX conversion at PHP45.20:US\$1
Total Purchase Consideration for 8,612 shares	<b>US\$535,475.24</b>

**Exchange Property****Number of PLDT Shares**

Exchange Property prior to current Capital Distribution	468,602
PLDT shares purchased from Capital Distribution	8,612
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Revised Exchange Property	477,214
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PLDT shares per US\$10,000 principal amount of Notes	360.9788
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