



CIRCULAR FOR BROKERS No. 2046-2002

P h i l i p p i n e S t o c k E x c h a n g e , I n c .

<input checked="" type="checkbox"/> Disclosures	<input type="checkbox"/> Stockholders' Meeting	Others: _____
<input type="checkbox"/> Dividend Notice	<input type="checkbox"/> SEC / Gov't. Issuance	_____
<input type="checkbox"/> Stock Rights Notice	<input type="checkbox"/> Transfer Agent's Notice	_____

Posted August 6, 2002

Date : **August 6, 2002**

Subject : **PHILIPPINE NATIONAL BANK**

This has reference to a news article entitled "PNB sale in 5 years set" published in the August 3, 2002 issue of the Manila Times. The article reported that "THE government and the Lucio Tan group yesterday signed a memorandum of agreement for the joint sale of their stakes in Philippine National Bank (PNB) within five years. In the process, both shareholders also turned over their respective shares to JP Morgan Chase & Co. which bested 10 other banks in the bid to become the escrow agent to facilitate future sale. x x x Under the scheme, a total of 67 percent of the bank's approximately 500-million shares will be delivered to JP Morgan Chase for safekeeping until such a time that both parties agree to dispose of their holdings to a third party strategic investor. x x x"

Philippine National Bank ("PNB"), in a letter to the Exchange dated August 5, 2002, stated that:

"x x x

We hereby confirm the above news report as follows:

On August 1, 2002, the National Government and the Lucio Tan Group signed the Joint Sale and Escrow Agreements formalizing their agreement to jointly sell and facilitate such sale of a majority stake of the Philippine National Bank to a strategic third party investor. Also on the said date, JP Morgan Chase and Co. was appointed as the escrow agent to hold the shares in, and warrants of, the Philippine National Bank of both the government and the Lucio Tan Group which will be subject of the joint sale within a period of five years from date of the execution of the Memorandum of Agreement (MOA).

Page 1 of 2

Finance / Admin / Membership Tel. No. 634-5112	Compliance & Surveillance Grp. Tel. No. 634-6903	Listings & Disclosure Grp. Tel. No. 636-0122	COO / Automated Trading Grp. Tel. No. 633-1311	Business Dev't Group Tel. No. 634-5089	CEO / Legal Tel. No. 637-8805



CIRCULAR FOR BROKERS No. 2046-2002

P h i l i p p i n e S t o c k E x c h a n g e , I n c .

<input checked="" type="checkbox"/> Disclosures	<input type="checkbox"/> Stockholders' Meeting	Others: _____
<input type="checkbox"/> Dividend Notice	<input type="checkbox"/> SEC / Gov't. Issuance	_____
<input type="checkbox"/> Stock Rights Notice	<input type="checkbox"/> Transfer Agent's Notice	_____

On May 3, 2002, the National Government and the Lucio Tan Group of companies (LTG) signed the Memorandum of Agreement on PNB's rehabilitation.

Under the Joint Sale Agreement, the Government and the Tan Group which now have a 44.98% ownership stake each in PNB after the approval and implementation of the quasi-reorganization and debt-to-equity conversion, agree to sell at least 67% of the ownership of PNB.

The joint sale will be subject to the Tan Group's right of first offer and right to match. In the event that the Tan Group accepts the Government-formulated floor price for the Government's shares and exercises its right of first offer, the Tan Group shall be allowed to match the highest offer made by a third party for the Government's shares at a required public bidding, or in case of a failed public bidding, at the highest negotiated offer.

The Escrow Agreement provides for the custody by the escrow agent, JP Morgan Chase, of the escrowed shares, warrants and documents to facilitate the eventual joint sale.

In addition, please be informed that JP Morgan Chase and Co. bested nine (9), not ten (10) other banks in its bid to become the escrow agent to facilitate the future sale."

For your information.

(Original Signed)
JOSE G. CERVANTES
Senior Vice President

Page 2 of 2

Finance / Admin / Membership	Compliance & Surveillance Grp.	Listings & Disclosure Grp.	COO / Automated Trading Grp.	Business Dev't Group	CEO / Legal
Tel. No. 634-5112	Tel. No. 634-6903	Tel. No. 636-0122	Tel. No. 633-1311	Tel. No. 634-5089	Tel. No. 637-8805