

# PROPOSED TRANSACTION WITH THE GOKONGWEI GROUP

On 5 June 2002, First Pacific announced its signing of a legally binding Memorandum of Agreement (MOA) with the Gokongwei Group for the establishment of joint venture arrangements in relation to First Pacific's existing interests in PLDT and BLC.

Since that announcement, First Pacific has focused upon addressing and discussing various transaction-related issues with the Gokongwei Group (due diligence), NTT (right of first refusal) and PLDT (due diligence access and director nomination and election) in order to resolve these issues and close the transaction. Currently, First Pacific has advanced documentation and commenced the transaction's pre-closing reorganization steps, while continuing to target a third quarter closing.

On 3 July 2002, PLDT initiated a U.S. lawsuit against First Pacific and certain related companies to compel disclosure of the MOA. The Legal Proceedings section contains further information relating to this lawsuit.