



The Republic of the Philippines

invites

**A. The Owners of Each Series of Eligible Bonds listed herein
(collectively, “Eligible Bonds”)**

(i) to submit offers to exchange Group A Eligible Bonds

for

**New Bonds due 2020 and/or
New Bonds due 2035**

Group B Eligible Bonds

for

New Bonds due 2035

and/or

(ii) to tender Eligible Bonds for cash

B. New Investors to subscribe to New Bonds due 2035

Transactions relating to the exchange of Eligible Bonds for New Bonds due 2020 (10-Year Benchmark Bonds) or 2035 (25-Year Benchmark Bonds), to the tender of Eligible Bonds for cash and to the subscription to 25-Year Benchmark Bonds as contemplated by this Offering Circular are referred to as the “Invitation”.

The aggregate outstanding principal balance of Eligible Bonds is approximately PhP1,922 Billion

THE INVITATION TO EXCHANGE ELIGIBLE BONDS FOR NEW BONDS (THE “EXCHANGE”), TO TENDER ELIGIBLE BONDS FOR CASH (THE “CASH TENDER”) AND TO SUBSCRIBE TO 25-YEAR BENCHMARK BONDS

WILL COMMENCE ON 1 DECEMBER 2010 AND WILL EXPIRE AT 4:00 P.M. (MANILA TIME) ON 10 DECEMBER 2010 (SUCH DATE, AS IT MAY BE EXTENDED, THE “EXPIRATION DATE”), UNLESS EXTENDED OR TERMINATED EARLIER BY THE REPUBLIC IN ITS SOLE DISCRETION.

The Joint Deal Managers
for the Invitation are



December 1, 2010

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LIST OF ELIGIBLE BONDS

“Group A Eligible Bonds” which are exchangeable for 10-Year Benchmark Bonds or 25-Year Benchmark Bonds or which may be tendered for cash pursuant to the Invitation:

ISIN	Issue Date	Maturity Date	Principal Amount (PhP in millions)	Coupon Rate	Coupon Frequency	Day Count Convention
PIBD0311A175	17-Jan-08	17-Jan-11	4,865.10	5.3750%	2	30/360
PIBD1011A278	18-Jan-01	18-Jan-11	3,081.61	17.5000%	2	30/360
PIBD0711A354	22-Jan-04	22-Jan-11	5,825.31	11.0000%	2	30/360
PIBD0511C622	3-Mar-06	3-Mar-11	101,774.72	8.5000%	2	30/360
PIBD0711D360	15-Apr-04	15-Apr-11	7,046.79	12.0000%	2	30/360
PIBD0511F638	22-Jun-06	22-Jun-11	1,431.98	10.6250%	2	30/360
PIBD0711G376	22-Jul-04	22-Jul-11	7,850.13	12.0000%	2	30/360
PIID0311G065	31-Jul-08	31-Jul-11	25,138.88	8.5000%	4	30/360
PIBD1011J288	11-Oct-01	11-Oct-11	2,892.65	16.5000%	2	30/360
PIBD0511J642	19-Oct-06	19-Oct-11	4,049.92	7.2500%	2	30/360
PIID0511L054	6-Dec-06	6-Dec-11	4,620.51	5.8750%	2	30/360
PIBD0411L191	13-Dec-07	13-Dec-11	4,059.05	5.8750%	2	30/360
PIBD0312A182	8-Jan-09	8-Jan-12	2,064.90	5.8750%	2	30/360
PIBD0512B658	21-Feb-07	21-Feb-12	94,037.73	5.7500%	2	30/360
PIBD1012D291	25-Apr-02	25-Apr-12	5,135.66	13.0000%	2	30/360
PIBD0712D395	28-Apr-05	28-Apr-12	12,481.83	11.500%	2	30/360
PIID0512H067	1-Aug-07	1-Aug-12	34,340.04	7.1250%	4	30/360
PIBD0712H408	18-Aug-05	18-Aug-12	13,901.62	11.3750%	2	30/360
PIID0312I070	24-Sep-09	24-Sep-12	34,845.90	5.2500%	4	30/360
PIBD1012J302	17-Oct-02	17-Oct-12	1,431.71	12.1250%	2	30/360
PIBD0712K413	17-Nov-05	17-Nov-12	2,980.31	10.5000%	2	30/360
PIBD0713A421	5-Jan-06	5-Jan-13	1,986.84	9.0000%	2	30/360
PIBD0313A199	7-Jan-10	7-Jan-13	103,244.30	5.2500%	2	30/360
PIBD0713C438	3-Mar-06	3-Mar-13	83,151.94	8.7500%	2	30/360
PIBD0513C664	13-Mar-08	13-Mar-13	10,535.06	6.6250%	2	30/360
PIBD1013C316	27-Mar-03	27-Mar-13	1,209.15	12.7500%	2	30/360
PIBD1013E320	15-May-03	15-May-13	3,501.29	11.7500%	2	30/360
PIBD0713F446	29-Jun-06	29-Jun-13	2,823.71	9.6250%	2	30/360
PIID0513G075	31-Jul-08	31-Jul-13	37,391.89	9.0000%	4	30/360
PIBD1013J337	9-Oct-03	9-Oct-13	2,432.39	11.0000%	2	30/360
PIBD0713K457	2-Nov-06	2-Nov-13	13,853.22	7.1250%	2	30/360
PIBD0514A673	27-Jan-09	27-Jan-14	151,710.72	6.2500%	2	30/360
PIBD1014C341	25-Mar-04	25-Mar-14	13,393.49	12.3750%	2	30/360
PIBD1014G356	15-Jul-04	15-Jul-14	4,992.84	12.7500%	2	30/360
PIID0514I080	24-Sep-09	24-Sep-14	50,185.79	6.2500%	4	30/360
PIBD0714J466	4-Oct-07	4-Oct-14	28,372.35	6.5000%	2	30/360
PIBD1015B367	24-Feb-05	24-Feb-15	13,176.38	12.3750%	2	30/360
PIBD0515E685	13-May-10	13-May-15	28,896.40	6.3750%	2	30/360
PIBD0715E477	22-May-08	22-May-15	44,474.59	8.3750%	2	30/360
PIID0515H097	19-Aug-10	19-Aug-15	31,730.00	5.8750%	4	30/360
PIBD1015H370	25-Aug-05	25-Aug-15	11,517.95	11.8750%	2	30/360
PIBD1015L384	15-Dec-05	15-Dec-15	2,323.24	10.1250%	2	30/360
PIBD1016A393	12-Jan-06	12-Jan-16	6,641.07	9.2500%	2	30/360
PIBD0716A488	27-Jan-09	27-Jan-16	192,424.63	7.0000%	2	30/360
PIBD1016C407	30-Mar-06	30-Mar-16	10,278.00	7.5000%	2	30/360
PIBD1016D416	27-Apr-06	27-Apr-16	2,915.05	7.0000%	2	30/360
PIBD1016I420	4-Sep-06	4-Sep-16	101,927.05	9.1250%	2	30/360
PIID0716I018	24-Sep-09	24-Sep-16	29,372.88	7.0000%	4	30/360
PIBD1016K436	16-Nov-06	16-Nov-16	6,000.00	6.2500%	2	30/360
PIBD0717C493	31-Mar-10	31-Mar-17	54,018.70	7.0000%	2	30/360
PIBD2017D011	24-Apr-97	24-Apr-17	9,825.00	14.3750%	2	30/360
PIID0717H026	19-Aug-10	19-Aug-17	34,008.00	6.6250%	4	30/360

PIBD1017H447	23-Aug-07	23-Aug-17	33,995.40	7.7500%	2	30/360
PIBD0717J502	28-Oct-10	28-Oct-17	8,609.80	5.3750%	2	30/360
PIBD1018A451	31-Jan-08	31-Jan-18	7,550.00	5.8750%	2	30/360
PIBD1018K478	20-Nov-08	20-Nov-18	14,135.20	8.8750%	2	30/360
PIBD1019B485	19-Feb-09	19-Feb-19	81,754.40	7.8750%	2	30/360
TOTAL			1,608,215.07			

“Group B Eligible Bonds” which are exchangeable for 25-Year Benchmark Bonds or which may be tendered for cash pursuant to the Invitation:

ISIN	Issue Date	Maturity Date	Principal Amount (PhP in millions)	Coupon Rate	Coupon Frequency	Day Count Convention
PIBD1020B508	18-Feb-10	18-Feb-20	35,001.90	7.7500%	2	30/360
PIID1020H015	19-Aug-10	19-Aug-20	31,762.00	7.2500%	4	30/360
PIBD1020I510	16-Sep-10	16-Sep-20	19,762.70	6.1250%	2	30/360
PIBD2022C021	14-Mar-02	14-Mar-22	7,116.10	15.0000%	2	30/360
PIBD2022J033	17-Oct-02	17-Oct-22	1,000.00	12.7500%	2	30/360
PIBD2023B048	20-Feb-03	20-Feb-23	7,305.40	13.0000%	2	30/360
PIBD2023E054	29-May-03	29-May-23	6,986.50	11.8750%	2	30/360
PIBD2023J068	23-Oct-03	23-Oct-23	3,671.80	11.3750%	2	30/360
PIBD2024F075	3-Jun-04	3-Jun-24	3,252.80	12.3750%	2	30/360
PIBD2024H086	5-Aug-04	5-Aug-24	3,224.80	12.8750%	2	30/360
PIBD2024K091	11-Nov-04	11-Nov-24	4,193.80	13.7500%	2	30/360
PIBD2025D103	14-Apr-05	14-Apr-25	4,577.40	12.1250%	2	30/360
PIBD2025J116	20-Oct-05	20-Oct-25	4,652.60	12.1250%	2	30/360
PIBD2525K015	29-Nov-00	29-Nov-25	8,202.10	18.2500%	2	30/360
PIBD2026A122	19-Jan-06	19-Jan-26	14,744.60	10.2500%	2	30/360
PIBD2026L139	7-Dec-06	7-Dec-26	4,322.00	8.0000%	2	30/360
PIBD2027I140	6-Sep-07	6-Sep-27	12,498.30	8.6250%	2	30/360
PIBD2028L151	4-Dec-08	4-Dec-28	18,941.30	9.5000%	2	30/360
PIBD2030E166	27-May-10	27-May-30	47,825.80	8.7500%	2	30/360
PIBD2530G029	28-Jul-05	28-Jul-30	7,057.50	12.5000%	2	30/360
PIBD2531A032	26-Jan-06	26-Jan-31	6,029.30	11.2500%	2	30/360
PIBD2531J042	5-Oct-06	5-Oct-31	8,000.00	9.3750%	2	30/360
PIBD2532K057	29-Nov-07	29-Nov-32	23,167.20	8.5000%	2	30/360
PIBD2534K062	5-Nov-09	5-Nov-34	30,842.10	9.2500%	2	30/360
TOTAL			314,138.00			

A “series” of Eligible Bonds refers to each issue of Eligible Bonds listed above. A “series” of Benchmark Bonds refers to each issue of Benchmark Bonds listed on the cover page of this Offering Circular.

For avoidance of doubt, ISINs, held by Tax Exempt Institutions (“TEIs”), that pay out 90% of the relevant coupon rate shall not be considered, nor be included, as Eligible Bonds.

NOTICE TO INVESTORS

When you make your investment decision, you should rely only on the information contained or incorporated by reference in this Offering Circular and on any further announcements or communication that may be expressly authorized by the Republic of the Philippines (the “Republic”). The Republic has not authorized anyone to provide you with information that is different. This Offering Circular may only be used where it is legal to offer and sell these securities. The information in this Offering Circular may only be accurate as of the date of this Offering Circular. None of the Republic or the Joint Deal Managers is under any obligation to update, modify or amend this Offering Circular or to otherwise notify you if the information set forth herein, changes or subsequently becomes inaccurate.

All references in this Offering Circular to the website of the Bureau of the Treasury (“BTr”), which can be accessed through the internet address www.treasury.gov.ph (the “BTr Website”), are for your informational reference only. Information on the BTr Website is not incorporated by reference in this document.

The Republic is furnishing this Offering Circular to you solely for use in the context of the Republic’s invitation to exchange Eligible Bonds for Benchmark Bonds, to tender Eligible Bonds for cash and/or to subscribe to 25-Year Benchmark Bonds. After having made all reasonable queries, the Republic confirms that:

- the information contained in this Offering Circular is true and correct in all material respects and is not misleading as of the date of this Offering Circular;
- it holds the opinions and intentions expressed in this Offering Circular; and
- to the best of its knowledge and belief, it has not omitted other facts, the omission of which makes this Offering Circular as a whole misleading as of the date of this Offering Circular.

None of the Joint Deal Managers, the Information Agent or any of their respective affiliates has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Joint Deal Manager, the Information Agent or any of their respective affiliates as to the accuracy or completeness of the information contained in or incorporated by reference into this Offering Circular or any other information provided by the Republic in connection with the Invitation under this Offering Circular. None of the Joint Deal Managers, the Information Agent or any of their respective affiliates accepts any liability in relation to the information contained in or incorporated by reference into this Offering Circular or any other information provided by the Republic in connection with the Invitation.

The Benchmark Bonds that the Republic issues to holders of Eligible Bonds and, in the case of 25-Year Benchmark Bonds, to persons who may or may not be holders of Eligible Bonds (persons subscribing to 25-Year Benchmark Bonds without having tendered Eligible Bonds for cash are referred to herein as “New Investors”) will be issued pursuant to Republic Act No. 245, as amended (“RA 245”), which provides that in order to meet public expenditures authorized by law or to provide for the purchase, redemption, or refunding of any obligations, either direct or guaranteed, of the Philippines, the Secretary of Finance, with the approval of the President of the Philippines, after consultation with the Monetary Board, is authorized to borrow from time to time on the credit of the Republic such sum or sums as in his judgment may be necessary, and to issue therefore evidences of indebtedness of the Philippines.

In offering to exchange or tender Eligible Bonds and to subscribe to 25-Year Benchmark Bonds pursuant to the Invitation (your “Offer”), you must follow the procedures described in this Offering Circular. The Republic retains the right to determine in its sole discretion whether an offer was made in accordance with such procedures.

The Republic will not be required to exchange Eligible Bonds for any Benchmark Bonds, pay for Eligible Bonds tendered for cash or accept subscriptions to 25-Year Benchmark Bonds if for any reason the Republic determines, in its sole discretion, that it is impracticable or inadvisable to proceed with the exchange and/or tender of such Eligible Bonds and/or the issuance of Benchmark Bonds.

CERTAIN LEGAL RESTRICTIONS

The distribution of this Offering Circular is limited to the Philippines. This Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place outside the Philippines or where offers or solicitations are not permitted by law.

SUMMARY OF THE INVITATION

This summary highlights information contained elsewhere in this Offering Circular. It does not contain all the information that you should consider before offering Eligible Bonds in exchange for Benchmark Bonds, tendering Eligible Bonds for cash or subscribing to 25-Year Benchmark Bonds. You should read this entire Offering Circular.

General

The Republic is inviting holders of Eligible Bonds to submit offers to exchange Eligible Bonds for Benchmark Bonds on the terms and subject to the conditions described in this Offering Circular. Offers to exchange Eligible Bonds for 10-Year Benchmark Bonds and 25-Year Benchmark Bonds pursuant to the Invitation are referred to as “10-Year Bond Exchange Offers” and “25-Year Bond Exchange Offers,” respectively. 10-Year Bond Exchange Offers and 25-Year Bond Exchange Offers are collectively referred to as “Exchange Offers.”

The Republic is likewise inviting holders of Eligible Bonds on the terms and subject to the conditions described in this Offering Circular, to submit offers to tender Eligible Bonds for cash. Offers to tender Eligible Bonds for cash pursuant to the Invitation are referred to as “Cash Tenders.”

The Republic is also inviting New Investors to submit offers to subscribe to 25-Year Benchmark Bonds. Offers by New Investors to subscribe to 25-Year Benchmark Bonds pursuant to the Invitation are referred to as “Subscription Offers.”

Exchange Offers, Cash Tenders and Subscription Offers are collectively referred to herein as “Offers.”

Purpose of the Invitation

The purpose of the Invitation is to create a new series of Benchmark Bonds, which will be larger in size than outstanding series of Eligible Bonds. Benchmark Bonds are intended to be more liquid and are, therefore, intended to trade more efficiently in the secondary market. By creating Benchmark Bonds, the Republic aims to improve markets for investors and lower its borrowing costs over time. The Invitation is part of the Domestic Debt Consolidation Program of the Republic to manage its liabilities.

Use of Proceeds

The proceeds (net of costs and expenses) that the Republic will receive from the issuance of 25-Year Benchmark Bonds to New Investors pursuant to Subscription Offers accepted by it will be used to settle the Cash Tenders that the Republic has accepted.

Minimum Issue Size

The Republic intends that the size of the Benchmark Bonds will be at least PhP 30 billion for the 10-Year, and PhP 30 billion for the 25-Year, series of Benchmark Bonds. The minimum issue size represents the Republic’s intention at the time of the issue, and would not preclude “taps” to increase the issue size nor preclude future exchange offers, tender offers, open market repurchases or other transactions entered into prior to the maturity of the Benchmark Bonds to reduce the amount outstanding in order to manage the Republic’s liabilities.

The Republic reserves the right, in its sole discretion, not to issue any Benchmark Bonds, or to reduce the minimum issue size pursuant to the Invitation.

Commencement and Expiration of the Invitation

The Invitation commences on Thursday, 2 December 2010, and will expire at 4:00 P.M. (Manila time) on Friday, 10 December 2010 (such date, as it may be extended, the “Expiration Date”), unless the Republic, in its sole discretion, extends the Invitation or terminates it earlier.

Benchmark Bonds to be Received Pursuant to Exchange Offers

If you hold Eligible Bonds and validly offer to exchange them pursuant to the Invitation and the Republic accepts your offer, you will receive, in exchange for each PhP1.00 principal amount of each series of Eligible Bonds offered, 10-Year or 25-Year Benchmark Bonds having a principal amount denominated in PhP (rounded upward or downward to the nearest multiple of PhP1.00) equal to:

$$\frac{\text{Eligible Bond Repurchase Price}}{10\text{-Year Benchmark Bond Issue Price or } 25\text{-Year Benchmark Bond Issue Price}}$$

where:

- the Eligible Bond Repurchase Price for each series of Eligible Bonds, which will be determined by the Republic, shall be inclusive of accrued interest on the relevant Eligible Bonds. Such accrued interest shall be net of withholding tax; and
- the 10-Year Benchmark Bond Issue Price and the 25-Year Benchmark Bond Issue Price, as the case may be, will be as announced by the Republic.

You may submit principal amount of Eligible Bonds in multiples of PhP0.01. The Republic will issue Benchmark Bonds only in multiples of PhP1.00.

Cash to be Received Pursuant to Cash Tenders

If you hold Eligible Bonds and validly make a Cash Tender pursuant to the Invitation and the Republic accepts your offer, you will receive, in exchange for each PhP1.00 principal amount of each series of Eligible Bonds offered, a payment in cash equal to the Eligible Bond Repurchase Price for such series.

Selections and Announcements

The Republic will select in its sole discretion and announce via press release to the news services or through any electronic information service provider the following:

- the 10-Year Bond Minimum Coupon;
- the 25-Year Bond Minimum Coupon,
- the Eligible Bond Repurchase Price
- the 10-Year Benchmark Bond Issue Price
- the 25-Year Benchmark Bond Issue Price

at approximately 9:00 A.M. (Manila time) on Thursday, 2 December 2010 (the “Announcement Date”).

Information about the 10-Year Bond Minimum Coupon, 25-Year Bond Minimum Coupon, Eligible Bond Repurchase Price, 10-Year Benchmark Bond Issue Price and 25-Year Benchmark Bond Issue Price will also be available on the BTr Website.

Benchmark Bonds to be Received

Group A Eligible Bonds may be exchanged for 10-Year Benchmark Bonds or 25-Year Benchmark Bonds and Group B Eligible Bonds may be exchanged for 25-Year Benchmark Bonds in accordance with the procedures set out in this Offering Circular. If you are offering to exchange Group A Eligible Bonds, your offer must indicate if you wish to exchange into 10-Year Benchmark Bonds or 25-Year Benchmark Bonds.

Submission of Offers

While the Invitation is open, all Offers must be made in accordance with the procedure set out in the “Terms of the Invitation—10. Invitation Procedures—

10.3 Procedures for Submitting Offers” and summarized under the section on “Offer Procedures” of this Summary.

The Transaction Website (as defined herein) shall be activated so as to receive Offers from 9:00 A.M., Manila time, on 2 December 2010 up to 4:00.P.M., Manila time, on 10 December 2010 (the “Submission Period”).

For further information, see “Terms of the Invitation—10. Invitation Procedures—10.2 Required Details for Exchange Offers, Cash Tenders and Subscription Offers.”

If you do not make an Exchange Offer or a Cash Tender or if the Republic does not accept your Offer, for any reason, you will continue to own your Eligible Bonds and the Republic will continue to pay interest and principal according to their existing schedule.

Offer Procedures

Only a Government Securities Eligible Dealer (“GSED”) may submit Offers directly to the Republic through the BTr with the exception of certain government entities which will be contacted directly by the Republic through the BTr.

If you wish to make an Offer, you must have taken the following steps on or before the Expiration Date:

- if you are not a GSED and you wish to make a Subscription Offer, or you own Eligible Bonds but you are not a GSED and you wish to make an Offer, you must submit your Offer, or arrange to have the same submitted, to a GSED so that the GSED may in turn submit your Offer to the Republic through the BTr;
- if you own beneficial interests in Eligible Bonds which are held in custody by a non-GSED, you must instruct the non-GSED custodian to transmit your Offer to a GSED and arrange for such GSED to submit an Offer on your behalf;
- if you are a holder of Eligible Bonds registered on the OTC Registry of the BTr and wishes to make an Offer in respect of your Eligible Bonds registered on the OTC Registry, then you must also transmit your Offer to a GSED, provided that you have an existing account on the Registry of Scripless Securities (“RoSS”) system and have first caused your Eligible Bonds to be registered in such RoSS securities account;
- if you are a government-owned or controlled corporation, you must submit your Offer to a GSED that is a government financial institution; and
- the GSED must submit to the Republic through the Transaction Website a duly completed Offer.

A description of the procedures for submitting an Offer can be found under “Terms of the Invitation—10. Invitation Procedures—10.3 Procedures for Submitting Offers.”

All questions regarding the validity, form and eligibility of any Offer will be determined by the Republic in its sole discretion, which determination will be final and binding. See “Terms of the Invitation—10. Invitation Procedures—10.9 Irregularities.”

Withdrawals

The right to withdraw or revise an Offer will expire at 4:00 P.M. (Manila time), on the Expiration Date. Please note that the relevant GSED may establish an earlier deadline for withdrawals in order to meet its deadline.

An Offer will become irrevocable at 4:00 P.M. (Manila time), on the Expiration Date. However, any Offer may be withdrawn or revised prior to 4:00 P.M. (Manila time), on the Transaction Website.

Acceptance of Offers; Selection of Coupon Rates; Announcement of Results

The Republic reserves the right in its sole discretion not to accept any Offer. If the Republic decides to accept any Offer submitted pursuant to the Invitation, it will, on Tuesday, 14 December 2010, select in its sole discretion the following:

A. In relation to Exchange Offers:

- the Coupon Rate for each of the Benchmark Bonds;
- the aggregate principal amount of Eligible Bonds of each series accepted in exchange for Benchmark Bonds; and
- the aggregate principal amount of Benchmark Bonds issued in exchange for each series of Eligible Bonds accepted for exchange.

B. In relation to Cash Tenders:

- the aggregate principal amount of Eligible Bonds of each series accepted for payment in cash.

C. In relation to Subscription Offers:

- the Coupon Rate for the 25-Year Benchmark Bonds; and
- the aggregate principal amount of 25-Year Benchmark Bonds issued to New Investors.

Acceptance of your Offer will be made available to you (if you are a GSED or a holder of Eligible Bonds that submitted an Offer) on the Transaction Website or to the GSED which submitted your Offer on your behalf (if you are not a GSED) indicating the Offers that were accepted, the amount of accrued interest on the accepted Eligible Bonds for exchange or tender, the amount of Benchmark Bonds to be delivered in exchange for the accepted Eligible Bonds, the amount of cash to be delivered for the accepted Cash Tenders and the amount of Benchmark Bonds to be delivered for the accepted Subscription Offers. Once the results of the Invitation have been made available through the Transaction Website, the Republic's acceptance will be irrevocable. Offers, as so accepted, will constitute binding obligations of the submitting holders of Eligible Bonds or New Investors, as the case may be, and the Republic to settle the exchange in the manner described in "Terms of the Invitation—11. Settlement." The Republic will also issue a press release to the news services or electronic information service providers announcing the general results of the Invitation.

Full Discretion of the Republic

Acceptance of Offers is subject to the sole discretion of the Republic. Accordingly, your Offer may be accepted in full, in part or rejected. See "Terms of the Invitation—10. Invitation Procedures—10.6 Acceptance of Exchange Offers".

Allocation in Respect of Cash Tenders

The total amount of cash available to accept Cash Tenders will depend on the

proceeds the Republic receives from the issuance of 25-Year Benchmark Bonds to New Investors. Accordingly, Cash Tenders may, in the Republic's sole discretion, be accepted in full, in part or rejected. There is no obligation on the part of the Republic to effect a pro rata distribution to all Cash Tenders of any amounts received by the Republic from the issuance of 25-Year Benchmark Bonds to New Investors. See "Terms of the Invitation—10. Invitation Procedures—10.7 Acceptance of Cash Tenders".

Settlement

Settlement of the Offers will occur on Thursday, 16 December 2010 (the "Settlement Date").

On the Settlement Date, Benchmark Bonds (and/or cash, as the case may be) will be delivered against good delivery of Eligible Bonds and/or subscription payments. See "Terms of the Invitation—11. Settlement."

Taxation

The interest income derived from Benchmark Bonds by holders other than non-resident alien not engaged in trade or business in the Philippines and non-resident foreign corporations shall be subject to the 20% final tax to be withheld at the time the coupon payments are made.

The documentary stamp tax on the original issue of Benchmark Bonds shall be for the account of the Republic.

Since the Benchmark Bonds have a maturity of more than five years, any gain derived from the sale, exchange or retirement thereof is not subject to income tax.

Gains realized from an exchange or retirement, as a result of an accepted Exchange Offer or Cash Tender, of Eligible Bonds which has an original maturity of more than five (5) years shall not be included in gross income and shall be exempt from income tax.

Jurisdiction

The Republic is making the Invitation only in the Philippines.

SUMMARY TIME SCHEDULE AND PROCEDURES FOR THE INVITATION

The following summarizes the anticipated time schedule for the Invitation assuming among other things, that the Expiration Date or time is not extended, at the sole discretion of the Republic. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Circular. All references are to Manila times.

Wednesday, 1 December 2010	<i>Commencement</i> Announcement and commencement of the Invitation.
Wednesday, 1 December 2010 through Friday, 10 December 2010	<i>Distribution of Invitation Materials</i> Distribution of this Offering Circular, which will also be available on the BTr Website. Issuance of GSED Transaction IDs and passwords to GSEDs for use of the Transaction Website. Registration by GSEDs to use the Transaction Website.
At or around 9:00 A.M. Thursday, 2 December 2010	<i>Selection and Announcement of the 10-Year Bond Minimum Coupon, the 25-Year Bond Minimum Coupon, the Eligible Bond Repurchase Price, the 10-Year Benchmark Bond Issue Price and the 25-Year Benchmark Bond Issue Price</i> The Republic selects, in its sole discretion, and announces via press release to the news services or electronic information service providers, the 10-Year Bond Minimum Coupon, the 25-Year Bond Minimum Coupon, the Eligible Bond Repurchase Price, the 10-Year Benchmark Bond Issue Price and the 25-Year Benchmark Bond Issue Price. Such information will also be available on the BTr Website.
At or around 9:00 A.M. Thursday, 2 December 2010	<i>Commencement of Submission Period</i> The Submission Period commences and the Exchange Offer may be submitted through the Transaction Website.
4:00 P.M., Friday, 10 December 2010	<i>Expiration of Invitation</i> The Invitation expires, unless the Republic, in its sole discretion, extends it or terminates it earlier. After expiration, you may no longer submit, modify or withdraw your Offer.
10:00 A.M., Tuesday, 14 December 2010	<i>Pricing and Announcement of the Results of the Invitation</i> The Republic determines in its sole discretion whether to accept any Offers and, if so, the Republic selects the Coupon Rate for each of the Benchmark Bonds. The Republic announces: <ul style="list-style-type: none">• the Coupon Rate for each of the Benchmark Bonds;• the aggregate principal amount of Eligible Bonds of each series accepted in exchange for Benchmark Bonds;• the aggregate principal amount of Eligible Bonds of each series accepted for payment in cash;

- the aggregate principal amount of 10-Year Benchmark Bonds to be issued in exchange for each series of Eligible Bonds accepted for exchange; and

- the aggregate principal amount of 25-Year Benchmark Bonds to be issued in exchange of each series of Eligible Bonds accepted for exchange and to be issued to New Investors.

11:00 A.M., Thursday, 16 December 2010

Settlement of the Accepted Subscription Offers

Delivery of Benchmark Bonds against receipt by the Settlement Bank of payments of accepted Subscription Offers.

At or Around 4:00 P.M., Thursday, 16
December 2010

Settlement of the Accepted Exchange Offers and Cash Tenders

Delivery of Benchmark Bonds against good delivery of Eligible Bonds, in the case of accepted Exchange Offers. Delivery of cash against good delivery of Eligible Bonds in the case of accepted Cash Tenders.

TERMS OF THE INVITATION

For reference, a summary of the following terms of the Invitation may be found in the Summary section above. In addition, definitions of capitalized terms used herein are set out in the Glossary.

1 General

On the terms and subject to the conditions described in this Offering Circular, the Republic is inviting:

- holders of Eligible Bonds to submit one or more Exchange Offers or offers to exchange Eligible Bonds for Benchmark Bonds;
- holders of Eligible Bonds to submit Cash Tenders; and
- New Investors to submit Subscription Offers.

The terms of each of the Benchmark Bonds are described in “Appendix A—Principal Commercial Terms of Benchmark Bonds to be Issued Pursuant to the Exchange.”

2 Purpose of the Invitation

The purpose of the Invitation is to create a larger issue of bonds, referred to as Benchmark Bonds. Benchmark Bonds are intended to be more liquid and, therefore, intended to trade in the secondary market more efficiently. By creating Benchmark Bonds, the Republic aims to improve markets for investors and lower its borrowing costs over time. The Invitation is part of the Domestic Debt Consolidation Program of the Republic to manage its liabilities. The Republic will not receive any cash proceeds from the Exchange.

3 Use of Proceeds

The net proceeds that the Republic will receive from the issuance of 25-Year Benchmark Bonds to New Investors pursuant to Subscription Offers accepted by it will be used to settle the Cash Tenders that the Republic has accepted.

4 Minimum Benchmark Bonds Issue Size

The Republic intends to issue Benchmark Bonds of at least PhP 30 billion aggregate principal amount for the 10-Year Benchmark Bonds and PhP 30 billion aggregate principal amount for the 25-Year Benchmark Bonds. The Republic reserves the right, however, in its sole discretion, not to issue any Benchmark Bonds pursuant to the Invitation, or to reduce the minimum issue size.

5 Allocation in Respect of Cash Tenders

The total amount of cash available to accept Cash Tenders will depend on the proceeds the Republic receives from the issuance of 25-Year Benchmark Bonds to New Investors. Cash Tenders may, in the Republic’s sole discretion, be accepted in full, in part or rejected. There is no obligation on the part of the Republic to effect a pro rata distribution to all Cash Tenders of any amounts received by the Republic from the issuance of 25-Year Benchmark Bonds to New Investors.

6 Commencement and Expiration of the Invitation; Termination and Amendment

The Invitation commences on Thursday, 2 December 2010. The Invitation will expire at 4:00 P.M. (Manila time), on Friday, 10 December 2010 (the “Expiration Date”), unless the Republic in its sole discretion extends or terminates the Invitation earlier.

At any time before the Republic delivers confirmations accepting any Offer and announces the results thereof the Republic may, in its sole discretion:

- terminate the Invitation, including with respect to Exchange Offers, Cash Tenders and Subscription Offers submitted prior to the Expiration Date;
- extend the Invitation beyond the originally scheduled Expiration Date; or
- amend the terms of the Invitation from time to time in any fashion.

In the event of such termination or amendments, the Republic will disseminate a notice to that effect through any electronic information service provider or by a press release.

7 New Benchmark Bonds to be Received Pursuant to the Exchange Offers

Only Eligible Bonds can be exchanged for Benchmark Bonds pursuant to the Invitation. Moreover, while Group A Eligible Bonds may be exchanged for 10-Year Benchmark Bonds or 25-Year Benchmark Bonds, Group B Eligible Bonds may only be exchanged for 25-Year Benchmark Bonds.

If you offer to exchange Eligible Bonds for Benchmark Bonds pursuant to the Invitation and the Republic accepts your Exchange Offer, you will receive, in exchange for each PhP1.00 principal amount of each series of Eligible Bonds tendered, Benchmark Bonds having a principal amount denominated in PhP equal to:

$$\frac{\text{Eligible Bond Repurchase Price}}{10\text{-Year Benchmark Bond Issue Price or } 25\text{-Year Benchmark Bond Issue Price}}$$

where:

- the Eligible Bond Repurchase Price for each series of Eligible Bonds will be determined by the Republic and shall be inclusive of accrued interest on the relevant Eligible Bonds. Such accrued interest shall be net of withholding tax; and
- the relevant Benchmark Bond Issue Price will be determined by the Republic as described below.

References in this Offering Circular to “principal amount of Eligible Bonds” shall mean the face amount thereof. You may submit principal amount of Eligible Bonds in multiples of PhP0.01.

Because the Republic will issue Benchmark Bonds only in multiples of PhP1.00, the aggregate principal amount of the Benchmark Bonds that will be issued to any exchanging bondholder pursuant to all of its accepted Exchange Offers, if not a multiple of PhP1.00, will be rounded upward or downward to the nearest multiple of PhP1.00 following the arithmetic method. You will receive such aggregate principal amount of Benchmark Bonds rounded upward or downward, as the case may be. For the avoidance of doubt, where the aggregate principal amount of Benchmark Bonds to be issued to an exchanging bondholder pursuant to an accepted Exchange Offer exceeds a multiple of PhP1.00 by PhP0.50 or more, rounding shall be made upward. Otherwise, rounding shall be made downward.

Based on the assumptions described in Appendix B, we have included in Appendix B, the hypothetical Eligible Bond Repurchase Price, Benchmark Bond Issue Price, Coupon Rate and resulting hypothetical principal amount of Benchmark Bonds that might be received in exchange for each PhP 1.00 principal amount of a particular Eligible Bond in the Invitation. These amounts are for illustrative purposes only. Actual amounts will likely differ from these hypothetical figures, and that difference may be material.

For the avoidance of doubt, withholding tax will not be applicable for determining the Eligible Bond Repurchase Price for the Eligible Bonds, or the Benchmark Bond Issue Price, in order to calculate the Benchmark Bonds to be received in exchange for Eligible Bonds tendered by TEIs. Appendix C shows Hypothetical Exchange Pricing Examples for TEI’s only.

8 Selection and Announcement of the 10-Year Bond Minimum Coupon, the 25-Year Bond Minimum Coupon, the Eligible Bond Repurchase Price, the 10-Year Benchmark Bond Issue Price and the 25-Year Benchmark Bond Issue Price

The Republic will select, in its sole discretion, and announce via press release to the news services or through any electronic information service provider the following:

- the 10-Year Bond Minimum Coupon
- the 25-Year Bond Minimum Coupon
- the Eligible Bond Repurchase Price
- the 10-Year Benchmark Bond Issue Price, and
- the 25-Year Benchmark Bond Issue Price

on Thursday, 2 December 2010 (the “Announcement Date”) at approximately 9:00 A.M. (Manila time).

The 10-Year Bond Minimum Coupon and the 25-Year Minimum Coupon shall be expressed as an increment of 1/8 of 1%. The 10-Year Benchmark Bond Issue Price and the 25-Year Benchmark Bond Issue Price shall be stated in three (3) decimal places. Information about the 10-Year Bond Minimum Coupon, the 25-Year Minimum Coupon, the 10-Year Benchmark Bond Issue Price and the 25-Year Benchmark Bond Issue Price will also be available at the BTr Website.

9 Methodology Generally: No Recommendation

The methodology used to calculate the consideration to be received pursuant to accepted Offers represents one of several possible approaches and its formulation involves choices and judgments that are necessarily subjective. The Minimum Coupon selected by the Republic will not necessarily have any relationship to actual value. You should independently analyze the value of the Eligible Bonds and Benchmark Bonds and make an independent assessment of the terms of the Invitation. Neither the Republic nor the Joint Deal Managers has expressed any opinion as to whether the terms of the Invitation are fair. Neither the Republic nor the Joint Deal Managers make any recommendation that you Offer to exchange Eligible Bonds or refrain from offering to do so pursuant to the Invitation, and no one has been authorized by the Republic or the Joint Deal Managers to make any such recommendation.

10 Invitation Procedures

The Invitation involves a separate offer for each series of Eligible Bonds (an illustration of the auction process is set out in Appendix D). Your Exchange Offer should be made on a gross basis (i.e. before withholding tax). Each Exchange Offer and each Subscription Offer must indicate a coupon rate not lower than the 10-Year Bond Minimum Coupon and/or the 25-Year Bond Minimum Coupon announced by the Republic as the case may be. Any Exchange Offer or Subscription Offer that does not specify a coupon rate will be considered by the Republic as a bid made on the basis of the 10-Year Bond Minimum Coupon and the 25-Year Bond Minimum Coupon, as the case may be.

If the Republic does not accept your Exchange Offer or Cash Tender for any reason you will continue to own your Eligible Bonds and the Republic will continue to pay interest and principal on their existing schedule.

10.1 Benchmark Bonds to be Received

The Eligible Bonds may be exchanged for 10-Year Benchmark Bonds or 25-Year Benchmark Bonds in accordance with this Offering Circular. Your offer must indicate if you wish to exchange into 10-Year Benchmark Bonds or 25-Year Benchmark Bonds. In no event, however, are you allowed to offer to exchange in the aggregate, such number of Eligible Bonds in excess of the total number of Eligible Bonds held by you.

10.2 Required Details for Exchange Offers, Cash Tenders and Subscription Offers

You may submit one or more Offers. Exchange Offers must specify:

- (a) the series and principal amount of Eligible Bonds that you are offering to exchange;
- (b) whether you are exchanging for a 10-Year Benchmark Bond or a 25-Year Benchmark Bond; and
- (c) a coupon rate not lower than the Minimum Coupon announced by the Republic.

Cash Tenders must specify the series and principal amount of Eligible Bonds that you are offering to tender for cash.

In the case of Subscription Offers, your Offer must specify

- (a) the principal amount of 25-Year Benchmark Bonds that you are subscribing for; and
- (b) a coupon rate not lower than the Minimum Coupon announced by the Republic.

10.3 Procedures for Submitting Offers

(a) General

An Offer shall be deemed made only if done in accordance with the provisions below.

Only GSEDs may submit Offers directly to the Republic, through the Transaction Website.

In respect of Exchange Offers and Cash Tenders, only Eligible Bonds that are validly held in a securities account on the Registry of Scripless Securities (“RoSS”) or registered on the OTC Registry of the BTr may be submitted for exchange in any Exchange Offer or for payment in any Cash Tender. For Eligible Bonds registered on the OTC Registry of the BTr, please refer to special instructions in part (e) below.

(b) Exchange Offers/Cash Tenders/Subscription Offers of GSEDs

b.1 The Qualification Process

- The Republic’s objective is to conduct an exchange in which you submit informed Offers. Before you can submit an Offer, you will be required to contact any contact persons of the Joint Deal Managers identified on the inside back cover of this Offering Circular (each, a “Joint Deal Manager Contact Person”) to request a GSED Transaction ID and password and you must register to use the Transaction Website. However, no GSED Transaction ID and password will be assigned unless you are a GSED. Before you request for a GSED Transaction ID and password, you should read this Offering Circular.
- Once you obtain a GSED Transaction ID and password, you should visit <http://www.bondcom.com/rop2> (the Transaction Website) and follow the steps described on the website or in this section

You will need to register at the Transaction Website. To register at the Transaction Website, you will have to:

- Provide contact information, including your name, GSED, phone number, fax number, street address and email address.
- Acknowledge that you have received a copy of this Offering Circular.
- Consent to electronic delivery of communications related to the Invitation, including supplements and amendments to this Offering Circular.
- Accept the Privacy Policy and Terms of Use that are described on the website.
- Receive a confirmation email from the Information Agent and click on the link in the email to register and activate your GSED Transaction ID. You are not registered until you click on this link.

If you are interested in participating in the Invitation, you are encouraged to request for a GSED Transaction ID and password, and register to use the Transaction Website as soon as possible, in order to minimize the risk of system outages or other technical failures preventing you from timely submitting an offer.

b.2 The Submission Process

Announcements and Commencement of Submission Period

The Republic expects to announce the 10-Year Bond Minimum Coupon, the 25-Year Bond Minimum Coupon, the Eligible Bond Repurchase Price, the 10-Year Benchmark Bond Issue Price and the 25-Year Benchmark Bond Issue Price on the Announcement Date. The Republic will make this announcement on the BTr website, the Transaction Website and through press releases to the news service or through any electronic information service provider as the BTr deems appropriate. The Invitation will be open during the Submission Period, unless otherwise extended or cancelled earlier. You will not have the ability to place an offer on the Transaction Website until the Submission Period commences.

Submission of Offers

Once the Submission Period begins, all GSEDs that have qualified may submit Offers on the Transaction Website. In connection with submitting an Offer, you must provide the following information as applicable to the type of Offer you are submitting:

- In the case of Exchange Offers and Cash Tenders, the Eligible Bond’s ISIN (from drop down menu)
- RoSS account number for each Offer
- quantity for each Offer for Exchange or Cash Tender

- New Benchmark Bonds or cash amounts to exchange into
- coupon rate (in the case of Exchange Offers and Subscription Offers)

You should understand that all of your Offers could be accepted. This means that you may be allocated the Benchmark Bonds or cash, as the case may be, for any or all of your Offers.

You will have the ability to modify or withdraw any Offer prior to the Expiration Date but not on such date or any time thereafter. In order to modify any offer, you must re-submit your Offer through the Transaction Website.

If the Republic changes any of the terms of the Invitation in a way that is material to the Invitation after the commencement of the Submission Period, you may withdraw or modify any Offer that you have placed up until that time, and the Republic and the BTr may elect in their discretion to extend the closing time of the Submission Period.

The Republic encourages you to discuss any questions regarding your Offer with any of the Joint Deal Managers. If you have any technical questions or encounter difficulties using the Transaction Website, you may contact any of the Joint Deal Manager Contact Persons, at their numbers specified in this Offering Circular. However, none of the Republic, the BTr, and the Joint Deal Managers can assure you that you will be assisted successfully or that the Republic or the BTr will receive or accept your Offer or Offers, and none of them will accept any liability or responsibility for the handling of your Offers.

In the case of Exchange Offers and Cash Tenders, if your Offers have been accepted by the Republic, you are bound to exchange or tender all your Eligible Bonds for which you have offered, except to the extent that your allocation of the Benchmark Bonds has been reduced. In the case of Subscription Offers, if your Offer has been accepted by the Republic, you are bound to pay for your accepted Subscription Offers in full on or before 11:00 A.M. on 16 December 2010 to the Settlement Bank to such account as will be advised to you.

Specific Confirmations

Without prejudice to the other provisions of this Offering Circular and the Invitation, by submitting an Offer through the Transaction Website and pursuant to this Invitation, you are deemed to have made the following confirmations, agreements and acknowledgments:

- You have received a copy of this Offering Circular.
- You understand that your submission of an Offer pursuant to this Offering Circular constitutes your acceptance of the terms and conditions of this Offering Circular and the Invitation.
- You represent that the data included in the submitted Offer on the Transaction Website are accurate and agree further to be bound by the contents of such submitted Offer.
- You represent and warrant that you own, on the date of the submission of your Exchange Offer or Cash Tender, or confirm that the party on whose behalf you act owns, on the date of the relevant Letter of Instructions, the Eligible Bonds being offered and have the full power and authority to offer for exchange, or to tender, the Eligible Bonds being offered. You will, upon request, execute and deliver any additional documents deemed by the Republic to be necessary or desirable to complete such exchange.
- You acknowledge that the your Offer constitutes an irrevocable offer to exchange Eligible Bonds or subscribe to 25-Year Benchmark Bonds, as the case may be, specified in the submitted Offer on the Transaction Website for Benchmark Bonds or cash, subject to the conditions of the Invitation.
- You agree and acknowledge that all questions regarding the validity, form and eligibility, including time of receipt or revocation or revision, of any Offer will be determined by the Republic in its sole discretion, which determination will be final and binding.
- **You acknowledge and confirm that all the information contained in the submitted Offer on the Transaction Website are, and have been, freely and voluntarily disclosed and given by yourself (in respect of Eligible Bonds owned by you) and the respective owners of the Eligible Bonds, through Letters of Instructions, for evaluation and consideration by the Republic and the Joint Deal Managers in accordance with this Offering Circular and the Invitation. You further represent that you have the authority to tender the Eligible Bonds owned by you under the Invitation and that the Eligible Bonds subject of your Exchange Offer or Cash**

Tender that are owned by you are free from any voluntary and involuntary liens, encumbrances or garnishment.

- **You agree that from the date of your offer submission, except as otherwise allowed in this Offering Circular, the Eligible Bonds subject of your Exchange Offer or Cash Tender that are owned by you shall not be sold, transferred, conveyed, encumbered or otherwise disposed of by you, and the Republic shall not record or implement any such sale, transfer, conveyance, encumbrance or disposition, until Settlement Date. You acknowledge that in respect of Eligible Bonds subject of your Exchange Offer or Cash Tender that are not owned by you, you have received Letters of Instructions from the respective owners of such Eligible Bonds under which they confirmed that they have authority to tender the Eligible Bonds, and they have agreed that they will not sell, transfer, convey, encumber, or dispose such Eligible Bonds until the Settlement Date.**

(c) *Subscription Offers of New Investors and Exchange Offers/Cash Tenders of Non-GSED Owners of Eligible Bonds*

If you are not a GSED and wish to make a Subscription Offer, or you own Eligible Bonds but you are not a GSED and you wish to make an Exchange Offer or Cash Tender, you may not submit or otherwise make an Offer directly to the Republic. You must instruct a GSED, or otherwise arrange for a GSED, through an appropriate Letter of Instruction in the form attached to this Offering Circular as Schedule 1 (which form may also be downloaded from the BTr Website), to submit an Offer on your behalf, through the Transaction Website during the Submission Period.

An original copy of your Letter of Instruction must be kept by the GSED in its place of business for a period of at least 2 years and must be available for inspection by the BTr during business hours.

(d) *Exchange Offers/Cash Tenders of Non-GSED Owners of Eligible Bonds Held by Non-GSED Custodians*

If you own beneficial interests in Eligible Bonds which are held in custody by a non-GSED, you must instruct the non-GSED custodian to (i) transmit to a GSED your Letter of Instruction, and (ii) arrange for such GSED to submit an offer on your behalf through the Transaction Website during the Submission Period.

An original copy of your Letter of Instruction must be kept by the GSED in its place of business for a period of at least 2 years and must be available for inspection by the BTr during business hours.

(e) *Exchange Offers/Cash Tenders Involving Bonds registered on the OTC Registry of the BTr*

If you (i) are a holder of Eligible Bonds registered on the OTC Registry of the BTr and (ii) wish to make an Exchange Offer or Cash Tender in respect of your Eligible Bonds registered on the OTC Registry of the BTr pursuant to this Invitation, then you must also submit your Letter of Instruction to a GSED, provided that you have an existing securities account on the RoSS system and have first caused your Eligible Bonds to be registered in such RoSS securities account. If you are a government owned or controlled corporation or a local government unit, you must submit your Letter of Instruction to a GSED that is a government financial institution. If you do not have a securities account on the RoSS system, you must open one with the BTr and cause your Eligible Bonds to be registered in such RoSS securities account prior to submitting an Exchange Offer or Cash Tender through a GSED. You are solely responsible for ensuring that your Eligible Bonds registered on the OTC Registry of the BTr are transitioned to the RoSS system in a timely manner prior to submission of an Exchange Offer or Cash Tender. As there may be numerous bondholders who would like to transition their Eligible Bonds to the RoSS system, it is advisable to make this transfer well in advance of any deadlines. You may contact your GSED or the Scripless Securities Registration Division of the BTr directly at (632) 527-2785 or (632) 527-3076 if you have questions regarding this process.

(f) *Important Reminders*

In any case, you are responsible for arranging the timely delivery of your Offer.

The Republic will not be responsible for any communication relating to Offers by owners of Eligible Bonds and holders of beneficial interests in Eligible Bonds, to the relevant GSED or non-GSED custodians through which they hold the Eligible Bonds. Neither shall the Republic be responsible for any communication relating to Offers by New Investors to the relevant GSED.

If you hold Eligible Bonds through a broker, dealer, commercial bank, or financial institution, you should consult with that institution as to whether it will charge any service fees. If you are a non-GSED, you should be aware that GSEDs may impose earlier deadlines for the submission of Letters of Instruction.

In submitting an Exchange Offer or Cash Tender, you represent to the Republic that you own the Eligible Bonds that are the subject of your Exchange Offer or Cash Tender, that these are free from any voluntary and involuntary lien, encumbrance or garnishment, and that you have authority to tender the Eligible Bonds under the Invitation. You further represent that the information contained in your Exchange Offer or Cash Tender is freely and voluntarily disclosed and given for the evaluation and consideration by the Republic and its advisers in accordance with this Offering Circular and the Invitation.

10.4 Irrevocability; Withdrawal Rights

Offers will become irrevocable at 4:00 P.M. (Manila time), on the Expiration Date. From and after the Expiration Date or the date of your Letter of Instructions, as the case may be, the Eligible Bonds subject of your Exchange Offer or Cash Tender may not be sold, transferred, conveyed, encumbered or otherwise disposed of, and the Republic shall not record or implement any such sale, transfer, conveyance, encumbrance or disposition, until the Settlement Date. Provided, however, that in the event that any Eligible Bonds subject to the Exchange Offer or Cash Tender are not accepted for exchange by the Republic, and the holder of such Eligible Bonds has received, prior to the relevant Settlement Date, a confirmation of such rejection in accordance with the procedures set out in “10.6 Acceptance of Exchange Offers; Pro Rata Allocation”, such rejected Eligible Bonds may, beginning on the day immediately following receipt of said confirmation, be sold, transferred, conveyed, encumbered or otherwise disposed of.

Any Offer may be modified or withdrawn prior to 4:00 P.M. (Manila time) on the Expiration Date, but not on such date or any time thereafter, on the Transaction Website. If you have requested (directly or indirectly) that a GSED submit an Offer on your behalf and you would like to withdraw or revise your Offer, you should contact that GSED and request it to withdraw or revise your Offer prior to 4:00 P.M. (Manila time), on the Expiration Date. You should be aware, however, that the GSED may impose earlier deadlines for withdrawing or revising any offers in accordance with its procedures.

If the Republic terminates the Invitation without accepting any Offer, all Offers submitted shall automatically be deemed to be withdrawn. If the Republic accepts any Offer, any Offer not so accepted, to the extent pertaining to the Offer not accepted, shall automatically be deemed to be withdrawn.

10.5 Discretion on the Part of the Republic; Selection of Coupon Rates and Principal Amounts in Connection with the Invitation

The Republic reserves the right in its sole discretion not to accept any Offer. If the Republic determines to accept any Offer submitted pursuant to the Invitation, it will, on Tuesday, 14 December 2010 at 10:00 A.M., select in its sole discretion:

(a) In relation to Exchange Offers:

- the Coupon Rate for each of the Benchmark Bonds;
- the aggregate principal amount of Eligible Bonds of each series accepted in exchange for Benchmark Bonds;
- the aggregate principal amount of Benchmark Bonds issued in exchange for each series of Eligible Bonds accepted for exchange.

(b) In relation to Cash Tenders:

- the aggregate principal amount of Eligible Bonds of each series accepted for payment in cash.

(c) In relation to Subscription Offers

- the Coupon Rate for the 25-Year Benchmark Bonds; and
- the aggregate principal amount of 25-Year Benchmark Bonds issued to New Investors.

10.6 Acceptance of Exchange Offers

Once the Republic selects the applicable Coupon Rates and accepts your Exchange Offer you will be entitled to the benefit of the applicable Coupon Rate, even if you specified a coupon rate lower than the applicable Coupon Rate.

Acceptance of your Exchange Offer will be made available to you (if you are a GSED or a holder of Eligible Bonds that submitted an Exchange Offer) or to the GSED who submitted your Exchange Offer in your behalf (if you are not a

GSED) on the Transaction Website indicating the Exchange Offers that were accepted (as well as those that were rejected), the amount of accrued interest on the accepted Eligible Bonds for exchange, and the amount of Benchmark Bonds to be delivered in exchange for the accepted Eligible Bonds. Once the results of the Invitation have been made available on the Transaction Website, the Republic's acceptance will be irrevocable. Exchange Offers, as so accepted, will constitute binding obligations of the submitting holders of Eligible Bonds and the Republic to settle the exchange in the manner described in "—11. Settlement." The Republic will also announce by press release issued to the news services or through electronic information service providers, the general results of the exchange offer for information purposes.

If you are not a GSED, then you need to make arrangements, or cause the custodian of your Eligible Bonds to make arrangements, with the GSED who submitted your Exchange Offer on your behalf to communicate to you the results of the Invitation. The Republic shall not be liable for any failure to communicate or errors in any communication between the GSED and a holder of Eligible Bonds or between the custodian of and the owner of beneficial interests in the Eligible Bonds.

10.7 Acceptance of Cash Tenders

Once the Republic accepts your Cash Tender, you will be entitled to receive the Eligible Bond Repurchase Price corresponding to the Eligible Bonds that the Republic has accepted for payment in cash. The Republic will only accept Cash Tenders up to an amount in Pesos corresponding to the total proceeds that the Republic receives from New Investors pursuant to Subscription Offers accepted by the Republic. Cash Tenders may, in the Republic's sole discretion, be accepted in full, in part or rejected. There is no obligation on the part of the Republic to effect a pro rata distribution to all Cash Tenders of any amounts received by the Republic from the issuance of 25-Year Benchmark Bonds to New Investors.

Acceptance of your Cash Tender will be made available to you (if you are a GSED or a holder of Eligible Bonds that submitted a Cash Tender) or to the GSED who submitted your Cash Tender in your behalf (if you are not a GSED) on the Transaction Website indicating the Cash Tenders that were accepted (as well as those that were rejected), the amount of accrued interest on the accepted Eligible Bonds for payment, and the amount of cash to be paid in respect of the Eligible Bonds accepted for tender. Once the results of the Invitation have been made available on the Transaction Website, the Republic's acceptance will be irrevocable. Cash Tenders, as so accepted, will constitute binding obligations of the submitting holders of Eligible Bonds and the Republic to settle the exchange in the manner described in "—11. Settlement." The Republic will also announce by press release issued to the news services or through electronic information service providers, the general results of the Invitation for information purposes.

If you are not a GSED, then you need to make arrangements, or cause the custodian of your Eligible Bonds to make arrangements, with the GSED who submitted your Cash Tender on your behalf to communicate to you the results of the tender. The Republic shall not be liable for any failure to communicate or errors in any communication between the GSED and a holder of Eligible Bonds or between the custodian of and the owner of beneficial interests in the Eligible Bonds.

10.8 Acceptance of Subscription Offers

Once the Republic selects the applicable Coupon Rates and accepts your Subscription Offer, you will be entitled to the benefit of the applicable Coupon Rate, even if you specified a coupon rate lower than the applicable Coupon Rate.

Acceptance of your Subscription Offer will be made available to you (if you are a GSED) or to the GSED who submitted your Subscription Offer on your behalf (if you are not a GSED) on the Transaction Website indicating the Subscription Offers that were accepted (as well as those that were rejected) and the amount of Benchmark Bonds to be delivered in connection with the accepted Subscription Offers. Once the results of the Invitation have been made available on the Transaction Website, the Republic's acceptance will be irrevocable. Subscription Offers, as so accepted, will constitute binding obligations between you and the Republic to settle the exchange in the manner described in "—11. Settlement." The Republic will also announce by press release issued to the news services or through electronic information service providers, the general results of the exchange offer for information purposes.

If you are not a GSED, then you need to make arrangements with the GSED who submitted your Subscription Offer on your behalf to communicate to you the results of the Invitation. The Republic shall not be liable for any failure to communicate or errors in any communication between the GSED and a New Investor.

10.9 Irregularities

All questions regarding the validity, form and eligibility, including time of receipt or revocation or revision, of any Offer will be determined by the Republic in its sole discretion, which determination will be final and binding. The Republic reserves the absolute right to reject any and all Offers not in proper form or for which any corresponding agreement by the

Republic to exchange or repurchase may, in the opinion of the Republic's counsel, be unlawful. The Republic reserves the absolute right to waive any of the conditions of the Invitation or defects in any Offer. None of the Republic, the BTr and the Joint Deal Managers shall be under any duty to give notice to you, as the offering holder of Eligible Bonds, of any irregularities in the Offers, nor shall any of them incur any liability for the failure to give such notice.

11 Settlement

The Settlement Date for the Invitation will be on Thursday, 16 December 2010.

On the Settlement Date:

A. In Respect of Exchange Offers:

- If the Republic has accepted your Exchange Offer, you, as the identified securities account holder in the RoSS, or, if you are not a securities account holder in the RoSS, then the GSED that submitted your Exchange Offer on your behalf, will be deemed to have delivered or caused to have delivered to the Republic good and marketable title to your Eligible Bonds, free and clear of all liens, charges, claims, encumbrances, interests, rights of third parties and restrictions of any kind, and the Republic through the BTr will cancel your Eligible Bonds solely by debiting the RoSS securities account in your name or, if you do not have an account in the RoSS, the RoSS securities account in the name of the GSED acting on your behalf.
- In return you, as the identified RoSS securities account holder, or, if you are not a securities account holder in the RoSS, then the GSED, acting on your behalf, will receive the Benchmark Bonds to which you are entitled solely by credit to the RoSS securities account in which your corresponding cancelled Eligible Bonds were held.

B. In Respect of Cash Tenders and Subscription Offers:

- If the Republic has accepted your Cash Tender, you, as the identified securities account holder in the RoSS, or, if you are not a securities account holder in the RoSS, then the GSED that submitted your Cash Tender on your behalf, will be deemed to have delivered or caused to have delivered to the Republic through the BTr good and marketable title to your Eligible Bonds, free and clear of all liens, charges, claims, encumbrances, interests, rights of third parties and restrictions of any kind, and the Republic through the BTr will cancel your Eligible Bonds solely by debiting the RoSS securities account in your name or, if you do not have a securities account in the RoSS, the RoSS securities account in the name of the GSED acting on your behalf.

C. In Respect of Subscription Offers:

- As the identified RoSS securities account holder, or, if you are not a securities account holder in the RoSS, then the GSED that submitted your Subscription Offer on your behalf will receive, the 25-Year Benchmark Bonds to which you are entitled solely by credit to your RoSS securities account or to the RoSS securities account of the GSED that submitted your Subscription Offer on your behalf.

The cash settlement procedure for the Cash Tenders and Subscription Offers is as follows:

1. On 14 December 2010

The Republic through the BTr shall inform all participating GSEDs if their submitted Offers have been accepted via the Transaction Website which shall include the amount to be remitted in the case of Subscription Offers and the amount to be paid by BTr for the Cash Tender.

2. On Settlement Date

GSEDs paying for the 25-Year Benchmark Bonds shall remit their subscription monies to LBP, as the settlement bank, via Real Time Gross Settlement ("RTGS") on or before 11:00am. Once all the subscription payments for the 25-Year Benchmark Bonds are received by LBP, LBP shall in turn send payment before 4:00pm via RTGS to GSEDs with accepted Cash Tenders. Any remaining funds after the completion of the payment to GSEDs shall be credited to BTr account maintained with LBP.

The determination by the Republic of the consideration to be received by the bondholders and any other calculation or quotation made with respect to the Invitation shall be conclusive and binding on you, absent manifest error.

12 Market for the Eligible Bonds

The Republic through the BTr intends to cancel all Eligible Bonds acquired by it pursuant to the Invitation. Accordingly, the exchange of Eligible Bonds of any series pursuant to the Invitation will reduce the aggregate principal amount of Eligible Bonds of such series that otherwise might trade in the public market, which could adversely affect the liquidity and market value of the remaining Eligible Bonds of that series not offered or accepted pursuant to the Invitation. Eligible Bonds not exchanged pursuant to the Invitation will remain outstanding.

13 Reserve Eligibilities

The Bangko Sentral ng Pilipinas (“BSP”) and the Insurance Commission have confirmed that Eligible Bonds held as part of the required reserves of entities under their supervision may be exchanged for Benchmark Bonds pursuant to this Invitation and that the Benchmark Bonds are eligible securities for purposes of complying with specific reserve requirements. The levels of reserves of these entities will not be affected by an Exchange Offer of such Eligible Bonds made by an entity, unless and until such Eligible Bonds are accepted by the Republic and exchanged for Benchmark Bonds, in which case, the levels of reserves of that entity will be adjusted based on the fair value of the Benchmark Bonds as compared to the fair value of such Eligible Bonds.

14 Exemption from “Tainting” Provision

The Securities and Exchange Commission (“SEC”) has exempted from the “tainting” provision of the Philippine Accounting Standard No. 39 the exchange of Eligible Bonds for Benchmark Bonds categorized under the Held-To-Maturity (“HTM”) category, on a per entity basis subject to each entity’s submission to the SEC of a written confirmation to the attention of the Chairman that its holdings of Eligible Bonds under the HTM category are substantial and that it intends to exchange such Eligible Bonds for new Benchmark Bonds, subject to the condition that the entities which opt to exchange their Eligible Bonds and choose to retain the HTM category for Benchmark Bonds, will not recognize any gains or losses in their income statements and any unrealized gains or losses shall be amortized over the term of the Benchmark Bonds obtained from the Exchange. Please note that such exemption from the “tainting” provision of the Philippine Accounting Standard No. 39 does not extend to Eligible Bonds that are subject of Cash Tenders.

The BSP has likewise exempted from the “tainting” provisions of the BSP’s Circular No. 476 dated February 16, 2005, the exchange transactions contemplated in the Exchange Offer.

15 Other Matters

The Republic reserves the right following the completion or cancellation of the Invitation to offer to exchange or buy Eligible Bonds or sell new securities (including additional Benchmark Bonds), or to issue a new invitation to submit offers to exchange or sell Eligible Bonds or purchase new securities, in each case on terms that may be more or less favorable than those contemplated by the Invitation. The making of any such new offers and the making of any new invitation will depend on various factors, including interest rates prevailing at such time and the principal amount of Eligible Bonds retired pursuant to the Invitation.

16 Regulatory Approvals

The Benchmark Bonds will be issued pursuant to RA 245 and the transactions contemplated by the Invitation have been authorized and approved by the President of the Republic pursuant to the Special Authority dated November 25, 2010.

17 Taxation

The interest income derived from the Benchmark Bonds and paid to a holder who is an individual citizen, a non-resident alien engaged in trade or business within the Philippines, a domestic corporation or a resident foreign corporation, shall be subject to the 20% final tax to be withheld at the time the coupon payments are made. If the holder is a non-resident alien not engaged in trade or business in the Philippines, then such interest income shall be subject to a final at the rate of 25%. If the holder is a non-resident foreign corporation, then such interest income shall be subject to a final withholding tax at the rate of 35%.

The documentary stamp tax on the original issue of the Benchmark Bonds shall be for the account of the Republic.

Since the Benchmark Bonds have a maturity of more than five years, then any gain derived from the sale, exchange or retirement thereof is not subject to income tax.

Pursuant to the National Internal Revenue Code, any gains realized from an exchange or retirement, as a result of an accepted Exchange Offer or Cash Tender, of Eligible Bonds an original maturity of more than five (5) years shall not be included in gross income and shall be exempt from income tax.

You are advised to consult with your own tax advisors with respect to the tax consequences of your participation in the Invitation.

18 Miscellaneous

Any letters, data, notices, transmittals or such other information required to be communicated pursuant or in relation to this Offering Circular or the Invitation will be binding upon the sender and recipient if sent or otherwise communicated by facsimile or electronic mail, provided that the same is made in accordance with the terms of this Offering Circular and that the terms of this Offering Circular do not otherwise require any specific form of transmittal or communication.

GLOSSARY

Benchmark Bonds	collective reference to the 10-Year Benchmark Bonds and 25-Year Benchmark Bonds
BSP	Bangko Sentral ng Pilipinas
BTr	Bureau of the Treasury of the Philippines
BTr Website	the website of the BTr, which can be accessed through the Internet address <i>www.treasury.gov.ph</i>
Cash Tender	an offer to tender Eligible Bonds for cash pursuant to the Invitation
Coupon Rate	the interest rate on the Benchmark Bonds which will be selected and announced by the Republic on the Announcement Date
Eligible Bonds	bonds included in the series of bonds listed on pages 1-2 of this Offering Circular, including reissuances of such bonds, as eligible to participate in the Exchange
Eligible Bond Repurchase Price	the purchase price for each series of Eligible Bonds as determined by the Republic and which shall be inclusive of accrued interest on the relevant Eligible Bonds. Such accrued interest shall be net of withholding tax.
Exchange	the transactions involving an exchange of Eligible Bonds for Benchmark Bonds as contemplated by this Offering Circular
Exchange Offer	tender of Eligible Bonds for 10-Year Benchmark Bonds or 25-Year Benchmark Bonds pursuant to the Invitation
Expiration Date	10 December 2010, 4:00 P.M. (Manila time)
Group A Eligible Bonds	Eligible Bonds which are exchangeable for 10-Year Benchmark Bonds or 25-Year Benchmark Bonds or which may be tendered for cash pursuant to the Invitation
Group B Eligible Bonds	Eligible Bonds which are exchangeable for 25-Year Benchmark Bonds or which may be tendered for cash pursuant to the Invitation
GSED	Government Securities Eligible Dealer
GSED Transaction ID	an ID provided by the Information Agent through the Joint Deal Managers to access secured pages of the Transaction Website
HTM	Held-to-Maturity
Information Agent	Bondholder Communications Group
Invitation	the Republic's invitation to exchange Eligible Bonds for Benchmark Bonds, to tender Eligible Bonds for cash or to subscribe for 25-Year Benchmark Bonds as contemplated by this Offering Circular
Joint Deal Managers	BPI Capital Corporation, First Metro Investment Corporation, The Hongkong and Shanghai Banking Corporation Limited and Land Bank of the Philippines, each of which have been engaged by the Republic to implement the Exchange Offers, the Cash Tenders and the Subscription Offers
Letter of Instructions	the letter in the form attached as Schedule 1 to this Offering Circular

	containing the Exchange Offer by a holder of Eligible Bonds addressed to a GSED
Minimum Coupon Rate	the rate selected and announced by the Republic as the minimum interest rate for the Benchmark Bonds against which holders of Eligible Bonds and New Investors who submit Exchange Offers and/or Subscription Offers will bid
New Investor	persons subscribing to 25-Year Benchmark Bonds without having tendered Eligible Bonds for cash
Offer/s	the relevant Exchange Offer, Cash Tender or Subscription Offer, or the collective reference to Exchange Offers, Cash Tenders and Subscription Offers
Offering Circular	this document dated December 1, 2010
OTC Registry	the registry maintained by the BTr for over-the-counter transactions of government owned or controlled corporations, local government units and TEIs
RA 245	Republic Act No. 245, as amended
Republic	the Republic of the Philippines
RoSS	Registry of Scripless Securities, an electronic registry system owned and operated by the BTr
RTGS	Real Time Gross Settlement
SEC	Securities and Exchange Commission of the Philippines
Settlement Date	16 December 2010
Submission Period	the period commencing on or about 9:00 A.M., Manila time, on 2 December 2010 up to 4:00 P.M., Manila time, on 10 December 2010
Subscription Offer	an offer by a New Investor to subscribe to 25-Year Benchmark Bonds pursuant to the Invitation
Transaction Website	the website located at http://www.bondcom.com/rop2 where the Offers are to be submitted in accordance with the Invitation
10-Year Benchmark Bonds	New Bonds due on December 16, 2020
10-Year Benchmark Bond Issue Price	the issue price for the 10-Year Benchmark Bonds as selected and announced by the Republic
10-Year Bond Exchange Offer	an offer to exchange Eligible Bonds for 10-Year Benchmark Bonds
10-Year Bond Minimum Coupon	the Minimum Coupon Rate applicable to 10-Year Benchmark Bonds
25-Year Benchmark Bond	New Bonds due on December 16, 2035
25-Year Benchmark Bond Issue Price	the issue price for the 25-Year Benchmark Bonds as selected and announced by the Republic
25-Year Bond Exchange Offer	an offer to exchange Eligible Bonds for 25-Year Benchmark Bonds

25-Year Bond Minimum Coupon

the Minimum Coupon Rate applicable to 25-Year Benchmark Bonds

APPENDIX A

PRINCIPAL COMMERCIAL TERMS OF BENCHMARK BONDS TO BE ISSUED PURSUANT TO THE INVITATION

Issuer	REPUBLIC OF THE PHILIPPINES
Minimum Issue Amount	Target minimum size is an aggregate principal amount of: PhP 30 billion for 10-Year Benchmark Bonds; PhP 30 billion for 25-Year Benchmark Bonds;
Issue Date	December 16, 2010
Form	The Benchmark Bonds to be issued pursuant to the Invitation shall be in scripless form.
Maturity Date	For the 10-Year Benchmark Bonds, December 16, 2020 For the 25-Year Benchmark Bonds, December 16, 2035
Issue Price	To be determined by the Issuer.
Redemption Price	At par (or 100%) of face value.
Coupon Rate	To be determined by the Issuer.
Interest Payment	Interest on the Benchmark Bonds will be calculated on a 30/360-day basis, and will be paid semi-annually in arrears. The Benchmark Bonds will cease to bear interest on the Maturity Date. If an Interest Payment Date is not a Business Day, interest will be paid on the next succeeding Business Day, without adjustment to the amount of interest to be paid.
Taxation	<p>The interest income derived from the Benchmark Bonds shall be subject to the 20% final tax to be withheld at source at the time the coupon payments are made.</p> <p>The documentary stamp tax on the original issue of the Benchmark Bonds shall be for the account of the Republic. No other taxes shall be collected on an exchange of Eligible Bonds for Benchmark Bonds.</p>
Status	The Benchmark Bonds constitute direct, unconditional, unsubordinated, and general obligations of the Republic and shall at all times rank <i>pari passu</i> and without any preference among themselves.
Sinking Fund	The Issuer shall set up and maintain a sinking fund with the Bureau of the Treasury in order to accumulate the amounts necessary to pay the principal of the Benchmark Bonds on its Maturity Date.
Eligibilities	The Benchmark Bonds qualify in the same manner as all other Treasury Notes and Bonds in respect of: (i) the liquidity floor requirement for government funds and reserves for trust duties under <i>Bangko Sentral ng Pilipinas</i> rules and regulations; (ii) insurance reserves under the Insurance Commission rules and regulations, and (iii) performance and judicial bonds.

APPENDIX B

HYPOTHETICAL PRICING EXAMPLES

Eligible Bonds

Settlement Date		14-Dec-10	14-Dec-10	14-Dec-10
ISIN		PIBD0515E685	PIBD0717C493	PIBD2025J116
Coupon		6.3750%	7.0000%	12.1250%
Maturity		5/13/2015	3/31/2017	10/20/2025
Coupon Frequency		2	2	2
Days of Accrued Interest		31	74	54
Example Amount Submitted	PhP	1,000,000	1,000,000	1,000,000
Eligible Bond Yield		4.297%	5.120%	6.940%
Eligible Bond Gross Clean Price (%)		108.2695	109.9972	147.5633
Eligible Bond Accrued Interest (%)		0.5490	1.4389	1.8188
Eligible Bond Gross Dirty Price (%)		108.8184	111.4361	149.3820
Net Clean Price (%)		106.7514	108.2641	141.5691
Net Accrued Interest		0.4392	1.1511	1.4550
Net Dirty Price (%)		107.1906	109.4152	143.0241
Eligible Bond Repurchase Price (%)	A	107.1906	109.4152	143.0241

New 10-Year Benchmark Bonds

Assumed Maturity		14-Jun-21	14-Jun-21
Assumed Coupon		5.700%	5.700%
Assumed Yield		5.700%	5.700%
Coupon Frequency		2	2
New Issue Price (%)	B	100	100

New 25-Year Benchmark Bonds

Assumed Maturity		14-Dec-35	14-Dec-35	14-Dec-35
Assumed Coupon		7.000%	7.000%	7.000%
Assumed Yield		7.000%	7.000%	7.000%
Coupon Frequency		2	2	2
New Issue Price (%)	C	100	100	100

10 Year Exchange Ratio	A / B	1.071906	1.094152	NA
Principal Amount of New 10 Year Bonds	PhP	1,071,906.00	1,094,152.00	NA
25 Year Exchange Ratio	A / C	1.071906	1.094152	1.430241
Principal Amount of New 25 Year Bonds	PhP	1,071,906.00	1,094,152.00	1,430,241.00
Tender for Cash		1.071906	1.094152	1.430241
Total Cash Consideration	PhP	1,071,906.00	1,094,152.00	1,430,241.00

APPENDIX C

HYPOTHETICAL PRICING EXAMPLES FOR TEI'S

Eligible Bonds

Settlement Date		14-Dec-10	14-Dec-10	14-Dec-10
ISIN		PIBD0515E685	PIBD0717C493	PIBD2025J116
Coupon		6.3750%	7.0000%	12.1250%
Maturity		5/13/2015	3/31/2017	10/20/2025
Coupon Frequency		2	2	2
Days of Accrued Interest		31	74	54

Example Amount Submitted	PhP	1,000,000	1,000,000	1,000,000
Eligible Bond Yield		4.297%	5.120%	6.940%
Eligible Bond Gross Clean Price (%)		108.2695	109.9972	147.5633
Eligible Bond Accrued Interest (%)		0.5490	1.4389	1.8188
Eligible Bond Gross Dirty Price (%)		108.8184	111.4361	149.3820
Eligible Bond Repurchase Price (%)	A	108.8184	111.4361	149.3820

New 10-Year Benchmark Bonds

Assumed Maturity		14-Jun-21	14-Jun-21
Assumed Coupon		5.700%	5.700%
Assumed Yield		5.700%	5.700%
Coupon Frequency		2	2
New Issue Price (%)	B	100	100

New 25-Year Benchmark Bonds

Assumed Maturity		14-Dec-35	14-Dec-35	14-Dec-35
Assumed Coupon		7.000%	7.000%	7.000%
Assumed Yield		7.000%	7.000%	7.000%
Coupon Frequency		2	2	2
New Issue Price (%)	C	100	100	100

10 Year Exchange Ratio	A / B	1.088184	1.114361	NA
Principal Amount of New 10 Year Bonds	PhP	1,088,184.00	1,114,361.00	NA

25 Year Exchange Ratio	A / C	1.088184	1.114361	1.493820
Principal Amount of New 25 Year Bonds	PhP	1,088,184.00	1,114,361.00	1,493,820.00

Tender for Cash		1.088184	1.114361	1.493820
Total Cash Consideration	PhP	1,088,184.00	1,114,361.00	1,493,820.00

APPENDIX D

EXAMPLE OF AUCTION PROCESS

Assumptions:

Auction for New 10-Year Bonds

The investors in the examples below bid with Eligible Bonds that would result in PhP1 million in New 10 Year Bonds being issued. Investors are required to indicate the new issue coupon on the New 10 Year Bonds. Assumed minimum coupon is 4.45%.

Investor A places an unspecified bid.

Investor B places a bid at 4.50%.

Investor C places a bid at 4.65%.

The Republic sets the Clearing Yield for the New 10 Year Bond at 4.50%.

Auction Results:

Investor A's bid is **accepted** first because an unspecified bid is considered to be bid at the minimum coupon. Investor A receives PhP1 million of New 10 Year Bonds at 4.50% yield.

Investor B's bid is **accepted** because it was at the Clearing Yield set by the Republic. Investor B receives PhP1 million of New 10 Year Bonds at 4.50% yield.

Investor C's bid is **rejected** because it was above the Clearing Yield set by the Republic. Investor C keeps his old bonds.

Auction for 25-Year Bonds

The investors in the examples below bid with either cash or with Eligible Bonds that would result in PhP10 million in New 25 Year Bonds being issued. Investors bidding with cash or with Eligible Bonds are required to indicate the new issue coupon on the New 25 Year Bonds. Submissions with cash or with bonds are treated equally. Assumed minimum coupon is 6.85%.

Investor D places an unspecified bid.

Investor E places a bid at 6.9%.

Investor F places a bid at 7.2%.

The Republic sets the Clearing Yield for the New 25 Year Bond at 7.0%.

Auction Results:

Investor D's bid is **accepted** first because an unspecified bid is considered to be bid at the minimum coupon. Investor D receives PhP10 million of New 25 Year Bonds at 7.0% yield.

Investor E's bid is **accepted** because it was below the Clearing Yield set by the Republic. Investor E receives PhP10 million of New 25 Year Bonds at 7.0% yield.

Investor F's bid is **rejected** because it was above the Clearing Yield set by the Republic. Investor F keeps either their bonds or cash.

SCHEDULE 1

**FORM OF
LETTER OF INSTRUCTIONS**

LETTER OF INSTRUCTIONS RELATING TO
AN EXCHANGE OFFER FOR 10-YEAR/25-YEAR BENCHMARK BONDS, A CASH TENDER OF ELIGIBLE BONDS
OR A SUBSCRIPTION TO 25-YEAR BENCHMARK BONDS

Date _____

TO:

The undersigned, being the beneficial owner of Eligible Bonds described in Annex 1 hereto and/or a New Investor, hereby instructs you to include the offers set out in Annex 1.

The undersigned acknowledges that this instruction is given in connection with the invitation of the Republic of the Philippines, pursuant to the Offering Circular dated December 1, 2010 issued by the Republic (the "Offering Circular"), to submit offers to exchange Group A Eligible Bonds for New Bonds due 2020 and/or New Bonds due 2035 Group B Eligible Bonds for New Bonds due 2035 and/or to tender Eligible Bonds for cash and New Investors to subscribe to New Bonds due 2035.

The undersigned understands that its submission of this Letter of Instructions pursuant to the Offering Circular constitutes the undersigned's acceptance of the terms and conditions of the Offering Circular and the Invitation.

The undersigned acknowledges and confirms that all the information herein are freely and voluntarily disclosed and given by the undersigned for consolidation by you into an Offer to be submitted for the evaluation and consideration by the Republic and the Joint Deal Managers in accordance with the Offering Circular and the Invitation.

The undersigned further represents that he/it has authority to tender the Eligible Bonds under the Invitation and that the Eligible Bonds subject of this Letter of Instruction are free from any voluntary and involuntary liens, encumbrances or garnishment.

The undersigned agrees that from the date hereof, except as otherwise allowed in the Offering Circular, the Eligible Bonds subject of this Letter of Instructions shall not be sold, transferred, conveyed, encumbered or otherwise disposed of by the undersigned, and the Republic shall not record or implement any such sale, transfer, conveyance, encumbrance or disposition, until Settlement Date.¹

Defined terms used, but not defined, herein have the meanings set forth in the Offering Circular.

Name

By:

Name:

Title:

Address:

Tel. No.:

IMPORTANT INSTRUCTIONS TO THE ADDRESSEE IN THE CASE OF EXCHANGE OFFERS AND CASH TENDERS:

If you are a holder of an account at the Registry of Scripless Securities (RoSS) operated by the Bureau of the Treasury, you are required to indicate in Annex 1, the RoSS securities account to which the relevant Eligible Bonds relate.

¹ Only in cases of Exchange Offers and Cash Tenders

Annex 1

OFFERS TO BE SUBMITTED

EXCHANGE OFFER

Series of Eligible Bonds (indicate ISIN)	Principal Amount to be Exchanged	Exchange For (indicate whether 10- Rear or 25-Year Benchmark Bond)	Tradeable or Non Tradeable	Offer Yield (%)
				10-yr 3 decimal places; increments of 0.005 or Minimum Coupon
				25-yr 3 decimal places, increments of 0.005 or Minimum Coupon

CASH TENDERS

Series of Eligible Bonds (indicate ISIN)	Tender Quantity	Tradeable or Non Tradeable
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SUBSCRIPTION OFFERS

New 25 Year Bond Issue Quantity	Offer Yield (%)
	25-yr 3 decimal places, increments of 0.005 or Minimum Coupon

**ROSS SECURITIES
ACCOUNT**

²

Name of Holder:

² To be filled in by GSED if holder does not have a RoSS securities account

³ Signature of holder.

ISSUER

Republic of the Philippines

Bureau of the Treasury
Palacio del Gobernador
Intramuros, Manila
<http://www.treasury.gov.ph>

JOINT DEAL MANAGERS

BPI Capital Corporation

8/F BPI Building
Ayala Avenue corner Paseo de Roxas
Makati City

Contact: Jose Eduardo Quimpo II
Tel. No.: 845-5780
Email: jeaquimpo@bpi.com.ph

First Metro Investment Corporation

45th Floor, GT Tower International
6813 Ayala Avenue corner HV Dela Costa St.
Makati City

Contact: Jose Ramon Z. Canillas
Tel. No.: 858-7914; 858-7914
Email: sunday.canillas@firstmetro.com.ph

Contact: Bernice Joyce E. Nobleza,
Tel No: 878-7929
E-mail: Bernice.nobleza@firstmetro.com.ph

The Hongkong and Shanghai Banking Corporation Limited

6th Floor, HSBC Center
3058 5th Avenue
West Bonifacio, Global City
Taguig City

Contact: Kristine Nancy Ou
Tel. No.: 581-8387
Email: kristinekoh@hsbc.com.ph

Contact: Michael Chong
Tel. No.: 581-8386
Email: michaellchong@hsbc.com.ph

Land Bank of the Philippines

LANDBANK Plaza
1598 M.H. Del Pilar corner Dr. J. Quintos Streets
Malate, Manila

Contact: Asuncion Immaculada Patricia P. Bustos
Tel. No.: 405-7101
Email: ABUSTOS@mail.landbank.com

INFORMATION AGENT

Bondholder Communications Group

<http://www.bondcom.com/rop2>