



REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG INGATANG-YAMAN
(BUREAU OF THE TREASURY)
INTRAMUROS, MAYNILA

Funding the Republic

Memorandum

To : All Government Securities Eligible Dealers

Date : July 13, 2006

Subject : Notice of Offering for National Development Company's (NDC) 5 year Agri-Agra Bonds.

Please be advised that the National Development Company will auction on July 19, 2006 a P2.0B worth of Agri-Agra Bonds, 3rd Tranche Series A. Below are the terms and conditions of the issue:

Issuer : National Development Company (NDC)

Issue Amount : Up to Php: Two Billion (P2,000,000,000.00)

Auction Date : July 19, 2006

Issue/Settlement Date : July 20, 2006

Maturity Date : Five (5) years from issue date

Issue Mangers : Development Bank of the Philippines and Land Bank of the Philippines

Use of Proceeds : To fund government pump-priming projects

Issue Price : At par (100%)

Redemption : Bullet payment upon maturity

Mode of Offer : Dutch Auction

Form : Scripless, through the Registry of Scripless Securities (RoSS)

Coupon Rate : Fixed rate equivalent to the bid rate awarded during the Dutch Auction using the Bureau of the Treasury's Automated Debt Auction Processing System ("ADAPS")

Coupon Payment : Shall be payable semi-annually in arrears based on a 30-day month and 360-day year

Security : Full and unconditional guarantee by the National Government

Taxation : Interest income on the Bonds shall be tax-exempt

Eligibilities : Pursuant to Executive Order No. 83 and its Implementing Rules and Regulations and per BSP Circular No. 196, Series of 1999, the Bonds shall be eligible as:

- Liquidity reserve for deposits, deposit substitutes, common trust funds and other fiduciary accounts
- Liquidity floor for government deposits

- Security for the faithful performance of trust duties
- Alternative compliance to PD 717 (Agri-Agra Law)

Other Features : Negotiable and transferable

Please be guided accordingly.

(Sgd) OMAR T. CRUZ
Treasurer of the Philippines