



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 : January 31, 2008

Subject : National Food Authority's PhP 8B, 10-year Notes With One-Time Call Option on Call Option Date

Please be advised that the National Food Authority will auction on February 6, 2008, P8.0B worth of 10-year Notes with one-time call option on call option date with issue date on February 8, 2008. Below are the indicative terms of the issue:

<b>Facility</b>	Republic of the Philippines Guaranteed Note Due 2018 callable at par in 2013
<b>Issuer</b>	National Food Authority
<b>Guarantor</b>	Republic of the Philippines
<b>Security</b>	Direct and unconditional guarantee of the Republic of the Philippines on principal and interest
<b>Issue Amount</b>	PhP 8 Billion with greenshoe option up to PhP 2 Billion.
<b>Purpose</b>	The proceeds of the Notes will be used by the Issuer to finance procurement of grains, capital expenditures, general funding requirements and refinance its maturing debt obligations.
<b>Mode of Offering</b>	Dutch auction
<b>Issue Price</b>	100% of the face value of the Note
<b>Tenor</b>	10-year with one-time call option on call option date
<b>ISIN</b>	NFAB1018A016
<b>Interest Rate</b>	Interest rate shall be benchmarked against the 10-year PDST-F rate but final yield to be determined during the auction. Interest rate shall be fixed for the life of the Notes and payable semi-annually. In the event that the Notes are not redeemed prior to maturity on the call option date, the interest rate from the call option date until maturity date shall remain the same and shall not be adjusted.
<b>Call Option</b>	The Issuer may, on the call option date, upon at least a 45-day prior written notice to the Agent (which notice shall be irrevocable), redeem all and not less than all of the outstanding Notes prior to stated maturity by paying the Noteholders on record as of call option date the face value of the Notes plus accrued interest at the interest rate.
<b>Call Option Date</b>	First banking day after the fifth anniversary of the settlement date

<b>Maturity Date</b>	10 <sup>th</sup> anniversary of settlement date
<b>Day Count</b>	30/360
<b>Principal Repayment</b>	Full payment at maturity, if not called on the call option date
<b>Settlement Date</b>	February 8, 2008
<b>Form of Bond</b>	Scripless
<b>Taxation</b>	Interest income subject to 20% final tax
<b>Features</b>	Eligible for Agri-Agra compliance Qualifies as reserve investment and admitted assets of insurance companies Eligible as security for the faithful performance of trust duties when the remaining maturity of the Notes reaches three (3) years
<b>Sinking Fund</b>	Shall be established with BTr
<b>Registrar and Paying Agent</b>	Bureau of the Treasury.
<b>Joint Issue Managers</b>	AB Capital and Investment Corp., Deutsche Bank AG Manila Branch, Multinational Investment Bancorporation, Philippine Commercial Capital, Inc., SB Capital Investment Corp., United Coconut Planters Bank

Please be guided accordingly.

(Sgd) **ROBERTO B. TAN**  
Undersecretary and Officer-In-Charge