



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF THE TREASURY**  
INTRAMUROS, MANILA 1002

*Funding the Republic*

**NOTICE OF OFFERING**

To : All Government Securities Eligible Dealers

Date : 16 April 2010

Subject : **“Multicurrency RTBs”**  
**3-year and 5-year Fixed Rate Multicurrency Retail Treasury Bonds**  
**In US Dollar and Euro Denominations due 2013 and 2015**

Please be advised that the Department of Finance (“DOF”) of the Republic of the Philippines (the “Republic”), through the Bureau of Treasury (“BTr”), will issue **Multicurrency Retail Treasury Bonds** in the form of 3-Year and 5-Year Fixed Rate Multicurrency Retail Treasury Bonds in US Dollar and Euro denominations (the “**Bonds**”) with a target aggregate principal amount equivalent to US\$500,000,000.00.

You are invited to participate as a Dealer in respect of such issue, subject to the provisions of this Notice of Offering, the Program Mechanics for the Issuance of Multicurrency Retail Treasury Bonds dated 16 April 2010 (the “Program Mechanics”), the Principal Commercial Terms attached as **Schedule 1** (collectively, the “Applicable Terms”). The Program Mechanics, a copy of which is available for inspection at the BTr, shall be deemed to be incorporated by reference in, and to form part of, this Notice of Offering. The contemplated issue will be governed by the Applicable Terms. Please be advised that your submission of the Accession Letter and Bid/Proposal Notice signifying your agreement to participate in the issue as a Dealer shall constitute an agreement on your part to be bound by the Applicable Terms in relation to such issue.

Below is the timetable of activities relative to captioned issue.

Auction Date	:	21 April 2010
Public Offer Period	:	21-27 April 2010
Issue Date	:	29 April 2010

The Republic, through BTr, reserves the right to revise the timetable and other mechanics of the issue before the Auction Date. You will be notified through electronic financial information providers, such as Thomson Reuters, Bloomberg, PDEX, or any of their successors, at the option of the BTr, of any change in the timetable of activities or other details of the Bonds before the Auction Date.

Further, a copy of this Notice of Offering and its annexes may be accessed through the BTr website.

Interested GSEDs must submit their bids electronically through their respective Reuters terminals on or before 1:00 p.m. of the Auction Date.

Terms not defined herein have the meanings set forth in the Program Mechanics.

*Multicurrency RTB  
3-Year and 5-Year Fixed Rate Multicurrency Retail Treasury Bonds  
in US Dollar and Euro Denominations due 2013 and 2015 (the "Bonds")*

**Principal Commercial Terms**

- Issuer : REPUBLIC OF THE PHILIPPINES
- Selling Agents : Dealers who made a successful bid for the US Dollar or Euro Tranches or both with an awarded aggregate principal amount equivalent to at least US\$5,000,000.00. For purposes of determining the US Dollar equivalent of the Euro Tranche, the prevailing US Dollar–Euro exchange rate shall be used as determined at 11 AM on Auction Date using the Tokyo Fixing "Reuters TKY FX."
- Dealers who wish to participate in the Auction must submit a duly accomplished Accession Letter substantially in the form of **Annex A**.
- Issue Currency and Amount : Target amount of the issue is equivalent to US\$ 500,000,000.00, broken down into the approximate amounts as follows:
- (i) US Dollar Tranche – US\$400,000,000.00  
(ii) Euro Tranche - €75,000,000.00
- The Issuer reserves the right to increase the overall size of the Issue.
- Nature and Amount of Bid : Each Bid shall be unconditional. The minimum Bid for each Tranche shall be:
- | US\$ Tranche     | Euro Tranche  |
|------------------|---------------|
| US\$1,000,000.00 | €1,000,000.00 |
- and increments of:
- | US\$ Tranche     | Euro Tranche  |
|------------------|---------------|
| US\$1,000,000.00 | €1,000,000.00 |
- Auction Date : 21 April 2010
- Offer Period : 21-27 April 2010. Acceptance of subscriptions shall be on a "first-come-first-serve" basis. When subscription has reached a level deemed sufficient by the Issuer, the Issuer, through the BTr-SOD, shall announce the termination and closure of the offer period through electronic financial information providers chosen by BTr, such as Thomson Reuters, Bloomberg, or any of their successors. The Issuer reserves the right to announce at any time, the remaining volume available for sale on a particular day during the Offer Period.

Issue Date	:	29 April 2010
ISIN/Series Code	:	US\$ 3-Year : USDB0313D010 US\$ 5-Year : USDB0515D010 € 3-Year : EURB0313D018 € 5-Year : EURB0515D018
Form and Denomination	:	<p>The Bonds shall be issued in scripless form and will be sold during the public offer period in the following minimum denominations and integral multiples thereof for each Tranche:</p> <p>(i) US Dollar Tranche – US\$100.00          (ii) Euro Tranche - €100.00</p>
Maturity Date	:	29 April 2013 for the 3-Year Bonds and 29 April 2015 for the 5-Year Bonds, or if the Issue Date does not occur on 29 April 2010, the Maturity Date shall be the date that is 3 and 5 years, respectively, following the Issue Date.
Issue Price	:	At par (or 100%)
Redemption Price	:	At par (or 100%)
Interest Rate	:	<p>The final interest rate for each Tranche shall be determined through Dutch auction to be participated in by Government Securities Eligible Dealers (“GSEDs”).</p> <p>At about 11 a.m. on Auction Date, the Issuer through BTr will issue a pricing guidance which will indicate the maximum bid yield for each tenor for both Tranches.</p>
Interest Payment Date	:	Interest on the Bonds, to be calculated on a 30/360-day basis, will be paid quarterly in arrears on the last day of each 3-month Interest Period. The Bonds will cease to bear interest on the Maturity Date. If the Interest Payment Date is not a Business Day, interest will be paid on the next succeeding Business Day, without adjustment in the amount of interest to be paid.
Selling and Transfer Restriction	:	<p>The selling and transfer restrictions shall be as provided in the Program Mechanics, this Notice of Offering and applicable regulations of the BTr.</p> <p>Pursuant to the Authority of the Secretary of Finance under RA 245, as amended, the issuance of the Bonds to the Selling Agents, and the initial transfer of the Bonds from the Selling Agents to the investors within Thirty (30) Business Days from Issue Date, is considered within the coverage of the Primary Market and, accordingly, not covered by the rules on fees of any relevant Exchange.</p>

Registry and Transaction Fees : Bondholders will be required to open and maintain a sub-registry securities account for monitoring ownership and settlement of transactions on the Bonds. A Bondholder shall be charged a one-time account opening fee of P100.00; an annual account maintenance fee equivalent to 0.0025% of the face value of the Bonds; tax tracking fees for every transfer of the Bonds recorded in the name of the investor; and miscellaneous fees for non-trade transfers, generation and delivery of written statements and notices.

All fees associated with the opening and maintenance of sub-registry securities account shall be for the account of the holder of the Bonds.

The foregoing notwithstanding, Target Investors whose investment in the Bonds qualify as retail shall be exempt from the account opening fee and account maintenance fee:

Eligible Subscribers : Eligible Subscribers shall include:

- (i) Target Investors, *i.e.*, (a) Overseas Filipino Workers; (b) Migrant Filipinos who have maintained or re-acquired Philippine citizenship; (c) legitimate spouse of either a or b; (d) children of either a or b; (e) parents of either a or b; and (f) Allottees of a;
- (ii) Filipino individuals who are not Target Investors;
- (iii) Foreign Currency Depositary Units;
- (iv) Corporates;
- (v) Tax-exempt institutions;
- (vi) Trusts; and
- (vii) Government-Owned or Controlled Corporations (GOCCs) and Local Government Units (LGUs).

For this purpose, an Overseas Filipino Worker is an individual citizen of the Philippines who is working or deriving income from abroad by reason of employment, or who has worked or derived income abroad by reason of employment within the period that is one (1) year preceding the date of subscription or purchase of the Bonds. Migrant Filipinos, on the other hand, shall constitute non-resident Filipinos who have retained or reacquired Philippine citizenship under Republic Act No. 9225.

GOCCs and LGUs may only purchase the Bonds directly from the Issuer through over-the-counter facility of BTr.

An Application to Purchase shall be duly executed for subscription to the Bonds substantially in the form of **Annex B** hereof.

Retail Investors : The term “Retail Investor” shall refer to: (i) a Target Investor, (ii) a Filipino individual who is not a Target Investor, and (iii) Trusts.

To qualify as retail, the aggregate amount of each Target Investor’s investment on the Bonds shall not exceed the aggregate value in US Dollars of US\$100,000.00.

Retail Sales Obligations : Each Selling Agent shall be required to sell to Retail Investors (as defined above), at least 20% in aggregate US Dollar value of its subscription in both US Dollar and Euro Tranches of the Bonds (as allocated to it by the Issuer) at any time within a period commencing on the Issue Date up to and including the date that is Thirty (30) Business Days from the Issue Date.

Selling Agency Fees : Dealers acting as Selling Agents shall be paid a selling agency fee in accordance with the Notice of Offering. No Dealer or Selling Agent shall cede, pay, share, or compensate third-party investors or purchasers any selling agency fees in exchange for the purchase of the Bonds. Any selling agency fee due to Selling Agents shall be deducted from the proceeds of their Bonds sales in accordance with the BTr’s “Settlement Procedures for the Multicurrency RTB Public Offering”, attached as **Annex C**.

Taxation : The interest income earned by the investors on the Bonds shall be subject to the prevailing withholding tax, subject to the operation of the tax incentive described below.

Documentary stamp tax (DST) on original issue of the Bonds shall be for the account of the Issuer.

The Issuer shall assume and pay for the final withholding tax on the interest income earned from the Bonds by Target Investors, provided the following eligibility requirements among others are complied with to the satisfaction of the Issuer at the time of subscription to or purchase of the Bonds:

- (a) For an OFW
  - i. He must be a Filipino citizen registered with the POEA or OWWA as an OFW with a valid Overseas Employment Certificate number;
  - ii. He has a valid and existing overseas employment contract at the time of subscription or purchase of the Bonds, or if the contract has already expired, the same should have expired not more than one (1) year from the subscription or purchase date;

- (b) For a Migrant Filipino -
- i. He is a non-resident Filipino who retained or reacquired Filipino citizenship;
  - ii. He submits his Philippine passport showing that he is a resident of another country or his Bureau of Immigration ID showing he reacquired Filipino citizenship;
  - iii. He submits a copy of his income tax return duly filed in the country where he now takes residence;
- (c) For the legitimate spouse, children, parents of OFW and Migrant Filipino and Allottees of OFWs -
- i. He must show compliance of his OFW or Migrant Filipino spouse, child, parent or the OFW who made the allotment with the requirements under 12.3 (a) above;
  - ii. He must submit acceptable proof or relationship with the OFW or Migrant Filipino (*e.g.*, marriage contract, birth certificate, Philippine passport or Immigration certification, appointment as Allottee) at the time of subscription or purchase of the Bonds;

In addition to the foregoing, each Target Investor shall submit a duly accomplished Application to Purchase setting forth the information required therein.

The Issuer shall be deemed to have been granted the authority to verify the truthfulness and accuracy of the information and documents supplied by a Target Investor. If at any time it turns out that the Target Investor did not satisfy the requirements set forth herein, the Target Investor shall not be entitled to avail of the tax incentive.

Status	:	The Bonds shall constitute direct, unconditional, unsubordinated, and general obligations of the Issuer 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 BTr in order to accumulate the amounts necessary to pay the principal of the Bonds on the Maturity Date.
Eligibility	:	The Bonds shall qualify in the same manner as all other treasury notes and bonds in respect of (i) insurance reserves under the rules and regulations of the Insurance Commission (“IC”), subject to confirmation by the IC, (ii) performance and judicial bonds and (iii) permitted foreign currency cover for FCDU liabilities.

Settlement Procedures

:

Settlement shall follow the procedure prescribed in the Settlement Procedures for the Multicurrency RTB Public Offering shown as **Annex D** hereof.

**CHRISTINE L. SANCHEZ, CESO IV**  
Officer-in-Charge

**FORM of ACCESSION LETTER****[COMPANY LETTERHEAD]****BY HAND AND BY FACSIMILE**

Fax No. [● ]

[●] April 2010

Bureau of the Treasury  
Palacio del Gobernador  
Intramuros, ManilaFor the attention of: Roberto B. Tan  
Treasurer of the Philippines

Gentlemen:

**Multicurrency RTB  
3-year and 5-year Fixed Rate Multicurrency Retail Treasury Bonds  
in US Dollar and Euro Denominations due 2013 and 2015**

We hereby confirm our agreement to participate as one of the Selling Agents in the issue of the Multicurrency RTB (the "Issue") subject of the Notice of Offering dated April 2010 issued by the Department of Finance, through the Bureau of the Treasury (the "Notice of Offering") and further confirm that we have submitted a Bid/Proposal Notice electronically in response to the Notice of Offering. We acknowledge that the Issue shall be governed by and subject to the Applicable Terms (as defined in the Notice of Offering) and hereby expressly accept and agree to be bound by the Applicable Terms.

*Very truly yours,*  
[COMPANY]

*Authorized Signatory:*

*Date:*

**FORM OF THE APPLICATION TO PURCHASE**

[to follow]

**SELLING AGENCY FEE SCHEDULE FOR THE multicurrency rTB**  
*3-year and 5-year Fixed Rate Multicurrency Retail Treasury Bonds*  
*in US Dollar and Euro Denominations due 2013 and 2015 (the "Bonds")*

The following rules shall apply in determining eligibility for, and the calculation of, selling agency fees due to Selling Agents in respect of their sales of the Bonds:

A. *Determination of Eligibility as Selling Agent*

*A GSED who is awarded Bonds on the US Dollar Tranche of a least US\$ 5 Million shall be deemed a Selling Agent.*

*A GSED who is awarded Bonds on the US Dollar Tranche of less than US\$ 5 Million but is also awarded Bonds on the Euro Tranche may qualify as a Selling Agent if the total US Dollar equivalent of the awards in both Tranches is equivalent to at least US\$ 5 Million.*

For purposes of determining the US Dollar equivalent of the award in Euro Tranche, the principal amount of the Euro Tranche Bonds shall be converted to US Dollar using the prevailing US Dollar–Euro exchange rate determined at 11 AM on Auction Date using the Tokyo Fixing "Reuters TKY FX."

B. *Applicable Rate and Amount of Selling Agency Fees*

1. *For Selling Agents who are awarded Bonds in the US Dollar Tranche only or in combination with a Euro Tranche shall be entitled to a selling agency fee at the rate of **10 basis points** on the Bonds in excess of US\$ 5 Million.*

*The Selling Agency Fee shall be deducted from the proceeds of the US Dollar Tranche.*

2. *For Selling Agents who are awarded Bonds in the Euro Tranche only shall be entitled to a selling agency fee at the rate of **10 basis points** on the amount of Bonds in excess of US\$ 5 Million.*

*For this purpose, the total principal amount sold of the Euro Tranche Bonds shall be converted to US Dollar using the prevailing US Dollar–Euro exchange rate determined at 11 AM on Auction Date using the Tokyo Fixing "Reuters TKY FX." The corresponding Selling Agency Fee shall be deducted from the proceeds of the Euro Tranche.*

*The Selling Agency Fee shall be deducted from the proceeds of the Euro Tranche.*

C. *Sample Computation*

1. *Aggregate amount of 3-year and 5-year Bonds purchased by the Selling Agent at the auction and sold by it during the public offer:*

(i) *US Dollar Tranche – US\$ 7 Million*

*(ii) Euro Tranche – € 3 Million*

*The amount of selling agency fee due to the Selling Agent amounts to US\$ 5,900.00 calculated as follows:*

<i>US Dollar Tranche</i>	<i>US\$ 7.0 Million</i>
<i>Euro Tranche</i>	
<i>€ 3 Million x (Applicable Exchange Rate of say € 1 = US\$ 1.30)</i>	<i>3.9 Million</i> -----
<i>Sub-Total:</i>	<i>10.9 Million</i>
<i>Less:</i>	<i>5.0 Million</i>
<i>Total:</i>	<i>5.9 Million</i>
<i>Selling Agency Fee (10 bps of Total)</i>	<i>US\$ 5,900.00</i>

*The Applicable Exchange Rate for this purpose shall be the prevailing US Dollar–Euro exchange rate determined at 11 AM on Auction Date using the Tokyo Fixing “Reuters TKY FX.” The corresponding Selling Agency Fee shall be deducted from the proceeds of the US Dollar Tranche.*

2. *Aggregate amount of 3-year and 5-year Bonds purchased by the Selling Agent at the auction and sold by it during the public offer:*

*Euro Tranche – € 5 Million*

*The amount of selling agency fee due to the Selling Agent amounts to US\$ 1,500.00 calculated as follows:*

<i>Euro Tranche</i>	
<i>€ 5 Million x (Applicable Exchange Rate of say € 1 = US\$ 1.30)</i>	<i>6.5 Million</i> -----
<i>Less:</i>	<i>5.0 Million</i>
<i>Total:</i>	<i>1.5 Million</i>
<i>Selling Agency Fee (10 bps of Total)</i>	<i>US\$ 1,500.00</i>

*The Applicable Exchange Rate for this purpose shall be the prevailing US Dollar–Euro exchange rate determined at 11 AM on Auction Date using the Tokyo Fixing “Reuters TKY FX.” The corresponding Selling Agency Fee shall be deducted from the proceeds of the Euro Tranche.*

*The equivalent of the Selling Agency Fee shall be deducted from the proceeds of the Euro Tranche.*

**SETTLEMENT PROCEDURES FOR THE MULTICURRENCY RTB PUBLIC OFFERING***3-year and 5-year Fixed Rate Multicurrency Retail Treasury Bonds  
in US Dollar and Euro Denominations due 2013 and 2015 (the "Bonds")*

Below are the activities to be undertaken by the Selling Agents and Dealers after the Bonds' Offer Period:

A. On 26 and 27 April 2010

It shall be the obligation of each Selling Agent including any Dealer with successful bids at the Auction but did not qualify as a Selling Agent, to ensure that payments for the Bonds sold or awarded (net of Selling Agency Fee) shall be received in BTr's designated accounts with Land Bank of the Philippines via PDDTS for the US Dollar Tranche and via SWIFT for the Euro tranche not later than 12 p.m. on Issue Date. For this purpose, a Selling Agent shall input and authorize the necessary wire transfer remittance instructions in a timely manner for the Euro Tranche.

For Selling Agents and Dealers who will be remitting the proceeds of the Euro Tranche through a correspondent Bank other than Standard Chartered Bank, they shall input and authorize a SWIFT MT 103 transaction in favor of Land Bank of the Philippines' correspondent bank (Standard Chartered Bank) for the account of BTr not later than 12 noon of 26 April 2010 value date of 28 April 2010.

For Selling Agents and Dealers who will be remitting the proceeds of the Euro Tranche through Standard Chartered Bank as correspondent bank, they input and authorize a SWIFT MT 103 transaction in favor of Land Bank of the Philippines' correspondent bank (Standard Chartered Bank) for the account of BTr not later than 12 noon of 27 April 2010 value date of 28 April 2010.

In this regard, each Selling Agent and Dealer shall submit an undertaking to remit the cost of its Bonds subscriptions, net of Selling Agency Fee, in favor of the BTr for the settlement of the sales proceeds due. The format of the undertaking shall be substantially in the form of **Annex D-1**.

B. On 28 April 2010

Each Selling Agent shall, not later than 1:00 p.m. on the Business Day immediately prior to the Issue Date, submit to the BTr-SOD a summary sales report substantially in the form of **Annex D-2** duly signed by two (2) authorized signatories reflecting the total sales computed as the sum of the auction and public offering sales proceeds minus the selling agency fee.

## C. On 29 April 2010

- a. Upon receipt of the funds *via* wire transfer, the Land Bank of the Philippines shall (i) remit the funds to the demand deposit account of the Treasurer of the Philippines not later than 1 p.m. of Issue Date, and (ii) send a credit advice/collections report to the BTr not later than 1 p.m. of Issue Date.
- b. Upon receipt of the credit advice from the Land Bank of the Philippines, the BTr shall send the necessary instructions and copy of the credit advice/collections report not later than 3 p.m. of Issue Date to allow the crediting of the respective Bond Registry accounts of the Bondholders as of Issue Date.

## D. On 7 May 2010

- a. Each Selling Agent shall, not later than 5:00 p.m. on the day which is five (5) Business Days after the Issue Date, submit the following reports to BTr-SOD:
  - (i) a duly certified Bondholder List as of Issue Date indicating among others the individual names and the corresponding Bond Registry security account number of the Bondholders, if any; and/or a list of Bondholders whose holdings are in custody of an accredited third party custodian. These lists shall be submitted in printed form and in electronic form (in compact disc or such other format as may be required by BTr) and shall be substantially in the form of **Annex D-3**;
  - (ii) a consolidated summary report of sales amount as of Issue Date, substantially in the form of **Annex D-4**.

## E. On 21 June 2010

- a. In the event that any Selling Agent fails to comply with its Retail Sales Obligation as of Issue Date, such Selling Agent shall, in addition, and in order to establish compliance with its Retail Sales Obligation, submit to the BTr-SOD, not later than five (5) Business Days after the Retail On-selling Period, a duly certified copy of their Bondholder List as of the date that is not later than the last day of the Retail On-selling Period. This list shall be submitted in printed form and in electronic form (in compact disc or such other format as may be required by BTr) and shall be substantially in the form of **Annex D-5**.

be complied with by the respective Target Retail Investors to the satisfaction of the Issuer at the time of subscription to or purchase of the Bonds to be eligible to avail of the tax assumption provision in Section 12.2 above:

- (a) For an OFW
  - i. He must be a Filipino citizen registered with the POEA or OWWA as an OFW with a valid Overseas Employment Certificate number;
  - ii. He has a valid and existing overseas employment contract at the time of subscription or purchase of the Bonds, or if the contract has already expired, the same should have expired not more than one (1) year from the subscription or purchase date;
  
- (b) For a Migrant Filipino
  - i. He is a non-resident Filipino who retained or reacquired Filipino citizenship;
  - ii. He submits his Philippine passport showing that he is a resident of another country or his Bureau of Immigration ID showing re-acquired Filipino citizenship;
  - iii. He submits a copy of his income tax return duly filed in the country where he now takes residence;
  
- (c) For the legitimate spouse, children, parents and Allottees of OFWs and Migrant Filipinos
  - i. He must show compliance of his OFW or Migrant Filipino spouse, parent, child or the seafarer who made the allotment with the requirements under 12.3 (a) or (b) above, as applicable;
  - ii. He must submit acceptable proof of relationship with the OFW or Migrant Filipino (*i.e.*, marriage contract, birth certificate, appointment as Allottee) at the time of subscription or purchase of the Bonds;

In addition to the foregoing, each Target Retail Investor shall submit a duly accomplished Application to Purchase setting forth the information required therein. The aggregate amount of each Target Retail Investor's Bond holdings shall not exceed the aggregate value in US Dollar of US\$100,000.00.

The Issuer shall be deemed to have been granted by the Bondholder or Investor the authority to verify the truthfulness and accuracy of the information and documents supplied by the Target Retail Investor. If at any time it turns out that the Target Retail Investor did not satisfy the requirements set forth above, the Target Retail Investor shall not be entitled to avail of the tax assumption benefit under Section 12.2.

