

TERMS AND CONDITIONS OF THE

Multicurrency RTB

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

29 April 2010

US\$ 3-Year - USDB0313D010

US\$ 5-Year - USDB0515D010

€ 3-Year - EURB0313D018

€ 5-Year - EURB0515D018

*The issue of 3-year and 5-year Fixed Rate Multicurrency **Retail Treasury Bonds** in United States Dollar and European Union Euro denominations due 2013 and 2015 in an aggregate principal amount not to exceed One Billion Dollars (US\$1,000,000,000.00) (the "**Bonds**") was authorized by the President through the Special Authority issued by the President dated 1 March 2010, and pursuant to the authorization of the Secretary of Finance of the Republic of the Philippines (the "**Republic**") under Republic Act 245, as amended, in consultation with and with the prior approval of the Monetary Board of the Bangko Sentral ng Pilipinas (the "**Bangko Sentral**").*

1. DEFINITIONS

1.1 For the purposes of these Terms and Conditions:

"Aggregate Bondholder Votes" means the total number of votes held by all the Bondholders corresponding to all the Bonds for the time being outstanding, determined in accordance with Condition 15;

"Allottee" means any person named or designated by an OFW seafarer as the recipient of his remittance to the Philippines;

"Closed Period" means the period described in Condition 3(ii) during which no Bondholder may require any transfer of the Bonds to be recorded on the Bond Register;

"Convening Selling Agent" has the meaning set out in Condition 14.1;

"Default" means an Event of Default or an event which with notice or lapse of time or both would become an Event of Default;

"Event of Default" means an event specified as such in Condition 9.1;

"Extraordinary Resolution" means a resolution on any of the matters set out in Condition 14.7 hereof requiring the approval of Bondholders holding or representing at least 51% of the

Aggregate Bondholder Votes;

“Indemnifiable Tax” means any Tax other than : (a) the final withholding tax applicable on interest earned on the Retail Treasury Bonds prescribed under the National Internal Revenue Code, (b) gross receipts tax under Section 121 of the National Internal Revenue Code, and (c) Taxes on the overall income of any Dealer or Bondholder, whether or not subject to withholding; *Provided however*, that in relation to a Target Retail Investor who qualifies of for the tax assumption benefit described in Section 12, Indemnifiable Tax shall include the final withholding tax applicable on interest earned on the Bonds as prescribed under the National Internal Revenue Code;

“Interest Payment Date” means the date on which the interest due on the Bonds shall be paid to the Bondholders, which is on the last day of the 3-month interest period from Issue Date and on the last day of each 3-month interest period thereafter until Maturity Date.

“Interest Record Date” means three (3) Business Day preceding an Interest Payment Date;

“Issue Date” means 29 April 2010;

“Issue Price” means 100% of the face value of the Bonds;

“Maturity Date” means 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 three and five years, respectively, following the Issue Date;

“Migrant Filipinos” means non-resident Filipinos who have retained or reacquired Philippine citizenship under Republic Act No. 9225.

“Overseas Filipino Worker” means an individual citizen of the Philippines who is working or deriving income from abroad or who has worked or derived income from abroad within the period that is one (1) year preceding the date of subscription or purchase of the Bonds;

“Retail Investor” means (i) a Target Investor, (ii) a Filipino individual who is not a Target Investor, and (iii) Trusts.

“Retail On-Selling Period” means the a period commencing on the Issue Date up to and including the date that is Thirty (30) Business Days from the Issue Date, during which the Selling Agent shall be required to sell to Retail Investors in compliance with its Retail Sales Obligation;

“Retail Sales Obligation” means the requirement on all Selling Agents to on-sell to Retail Investors at least 20% of the aggregate value (in US Dollar) of its subscription for the US Dollar and Euro Tranches at any time before the lapse of the Retail On-selling Period;

“Selling Agent” means a GSED that made a successful bid for the Bonds during the Auction and qualified to on-sell the Bonds.

“Target Investor” means an individual who subscribes to or purchases the Bonds and provides proof acceptable to the Republic that at the time of subscription or purchase that he is an: (a) an

Overseas Filipino Worker; (b) Migrant Filipino who has maintained or re-acquired his Filipino citizenship; (c) the legitimate spouse of either (a) or (b); (d) a child of either (a) or (b); (e) a parent of either (a) or (b); and (f) an Allottee; *Provided that a “Target Retail Investor” means a Target Investor whose aggregate amount of Bond holdings does not exceed the aggregate value in US Dollar of US\$100,000.00;*

“**Transfer Forms**” means the document executed in conformity with the requirements of the Program Mechanics by a transferor and a transferee of the Bonds who are both Bondholders, which evidences the transfer of the Bonds;

“**Tranche/s**” means the United States Dollar Tranche and/or European Union Euro Tranche.

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

2. FORM, DENOMINATION AND TITLE

2.1 **Form and Denomination.** The Bonds shall be issued in scripless form and will be sold during the public offer period in the currency and minimum denominations specified below:

- a. US\$ Tranche. This Tranche shall be denominated in US Dollars in minimum denominations of US\$100.00 and integral multiples thereof; and
- b. Euro Tranche. This Tranche shall be denominated in Euro in minimum denominations of €100.00 and integral multiples thereof.

2.2 **Title.** Title to the Bonds shall be evidenced by registration in Bond Registry. For this purpose, the Republic through the BTR shall cause the establishment and maintenance of a subregistry, which shall form an integral part of the Bond Registry, where the Bonds held by all Investors whether directly or through a Third Party Custodian will be registered. The Republic reserves the right to subsequently allow a Bondholder to register with a ROSS Primary Securities Account. Except as ordered by a court of competent jurisdiction or as required by law, a Bondholder shall be deemed to be and may be treated as the absolute owner of the Bonds registered in its name in the Bond Register for all purposes, whether or not the Bonds are overdue or outstanding and regardless of any notice of ownership, trust or an interest in it.

2.3 **Investment Ceiling.** Should the Target Retail Investor hold Bonds in excess of US\$100,000.00, he shall no longer be treated as a Target Retail Investor for tax purposes under Section 12.

The foregoing notwithstanding, a Target Retail Investor shall not be deemed to have exceeded the Retail Investment Ceiling if the excess is by reason alone of the appreciation of the US Dollar value of the Euro Tranche held by the Retail Investor, but at the time of the subscription or purchase of the Bonds the aggregate value of the Bonds held by him was within the Retail Investment Ceiling.

For the avoidance of doubt, there shall be no investment ceiling for any other Bondholder or Investor.

3. TRANSFER OF THE BONDS

One or more Bonds are transferable to any investor in accordance with the provisions of the Program Mechanics and these Terms and Conditions. Unless otherwise provided by the Republic, the transfer of the Bonds by or to a Bondholder shall require the transferor and the transferee to execute the relevant Transfer Forms and deliver the same to the Registrar. The Registrar shall ultimately and conclusively determine all matters regarding the evidence necessary to effect any such transfer.

With respect to transfers of Bonds held by Investors through Third Party Custodians, such transfers shall be governed by the applicable requirements and procedures of the relevant Third Party Custodian, subject only to these Program Mechanics. The Third Party Custodians shall provide a certified copy of the current Investor's List when required by the Republic.

(i) **Transfer Charges.** Unless otherwise provided by the Republic, any transfer of the Bonds held by Bondholders shall be subject to the payment of the corresponding taxes, fees or other charges that may be imposed in relation to it.

(ii) **Closed Periods.** Unless the Republic provides otherwise with sufficient prior notice to the Bondholders, no Bondholder may require the transfer of any Bonds to be registered by the Registrar in the Bond Register:

- (a) during the period of four (4) Business Days ending on (and including) the due date of any redemption payment of principal;
- (b) during the period of three (3) Business Day preceding any Interest Record Date.

The Registrar will prevent any transfer of the Bonds to be recorded in the Register during any Closed Period. Bondholders at the start of any such Closed Period will be treated by the Registrar as the beneficial owners of such Bonds for any relevant payment or allocation purposes.

With respect to Target Retail Investors who are availing of the tax assumption under Section 12, transfer of the Bonds shall not be allowed during the period starting from the date of subscription or purchase until notice is issued by the BTr regarding completion of the independent verification of eligibility of the Bondholder or Investor for the tax assumption.

4. STATUS

The Bonds constitute direct, unconditional, unsubordinated and general obligations of the Republic and shall at all times rank *pari passu* and without any preference among themselves. The Bonds shall have the benefit of a sinking fund to be established by the Republic in accordance with Condition 11 hereof. The payment obligations of the Republic under the Bonds shall rank *pari passu* in priority of payment with all other present and future unsecured and unsubordinated Indebtedness of the Republic.

5. INTEREST

The applicable interest rate for each Tranche shall be as follows:

- a. US\$ Tranche. The applicable interest rate for the US Dollar Tranche shall be fixed at [●%] until Maturity Date. The applicable interest shall be payable quarterly in arrears 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.
- b. Euro Tranche. The applicable interest rate for this Tranche shall be fixed at [●%] until Maturity Date. The applicable interest shall be payable quarterly in arrears 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.

6. REDEMPTION, PURCHASE AND CANCELLATION

- 6.1 **Final Redemption.** The Republic shall pay in full to the Bondholders the principal on the Bonds on Maturity Date.
- 6.2 **Redemption for Taxation Reason.** N/A
- 6.3 **Purchase and cancellation.** The Republic may at any time, purchase the Bonds in the secondary market, or by tender or by contract or otherwise at any price. All Bonds so purchased or redeemed will be deemed to be redeemed and canceled by the Republic and may not be re-issued or re-sold.

7. PAYMENTS

- 7.1 **Principal and Interest.** Payment of principal on the Maturity Date and of interest on each Interest Payment Date will be made by the Republic in the same currency as the currency of the corresponding Tranche of the Bonds by crediting the Registered Account of the relevant Bondholder with the full amounts then due and payable. Upon such crediting, the Republic shall be deemed to have made payment to all Bondholders on the day of such crediting. For the avoidance of doubt, the Republic shall be deemed to have made payments due on the Bonds held by Third Party Custodians upon crediting the Registered Account of the Third Party Custodian. Third Party Custodians shall, in turn, be responsible for distributing payment to each investor identified in their respective Investors Lists. If any payment in respect of the Bonds would otherwise be due on a day that is not a Business Day, such payments shall be made on the next succeeding day that is a Business Day without adjustment to the amount of interest to be paid.
- 7.2 **Interest Record Date.** Interest on the Bonds will be paid on each Interest Payment Date to the Registered Account of the relevant Bondholder of record, as shown on the Bond Register at the close of business on the Interest Record Date.
- 7.3 **Fiscal laws.** All payments are subject in all cases to any applicable fiscal or other laws

and regulations.

8. COVENANTS

The Republic covenants and agrees that until payment in full of all amounts payable by the Republic under the Bonds, the Republic shall:

- a. obtain or procure the obtaining of and thereafter maintain in full force and effect every consent and license and do all other acts and things as may from time to time be necessary or desirable for the due performance of its obligations hereunder;
- b. promptly inform the Bondholders of:
 - (i) any occurrence of any event of which it becomes aware and which constitutes an Event of Default or a default in respect of the Bonds or which by giving of notice and/or by lapse of time or otherwise would constitute a default in respect of the Bonds; or
 - (ii) any occurrence of any event of which it becomes aware and which in its reasonable opinion would otherwise have a Material Adverse Effect;
- c. at all times comply with, or cause to be complied with, all applicable laws, statutes, rules, regulations, orders and directives;
- d. pay all of its debt and perform all contractual obligations promptly and in accordance with their terms, including, without limitation, its obligations in respect of the Bonds, and duly pay and discharge all taxes, assessments and governmental charges of whatsoever nature and by whomsoever levied upon it or against its properties prior to the date on which penalties attach thereto, unless and to the extent only that the same shall be contested in good faith and by appropriate proceedings;
- e. obtain, maintain and comply with the terms of, and supply to the Bondholders certified copies of, any authorization required under any law or regulation to enable it to perform its obligations under, or for the validity or enforceability of, the Bonds;
- f. supply to the Dealers promptly upon becoming aware of such, a notice of any litigation, arbitration or administrative proceedings which are current, threatened or pending, and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect or which may make it improbable for the Republic to perform its obligations under the Bonds; and
- g. ensure that at all times the claims of the Bondholders against it under the Bonds rank at least *pari passu* with the claims of all its other creditors in respect of Indebtedness.

9. EVENTS OF DEFAULT

9.1. **Events of Default.** Each of the following events shall constitute an Event of Default under the Bonds (whether or not caused by any reason whatsoever outside the control of the Republic or any other Person):

- a. the Republic fails to pay when due any amount payable by the Republic hereunder;
- b. the Republic defaults in the performance or observance of, or compliance with, any of its obligations under the Bonds and such default continues for a period of thirty (30) days after notice of such default has been given to the Republic;
- c. (i) any Indebtedness of the Republic is not paid (a) when due (after the expiry of any grace period, if applicable) or (b), by reason of a default or event of default (howsoever described and whether or not involving culpability on the part of any Person), and the aggregate of all such Indebtedness exceeds P500,000,000.00 or its equivalent in Foreign Currency; or

(ii) an event of default (howsoever described) occurs under any document relating to any Indebtedness of the Republic which has not been unconditionally waived and the aggregate amount of all such Indebtedness exceeds P500,000,000.00 or its equivalent in Foreign Currency;
- d. any approval for the Republic required in relation to the performance of its payment or other material obligations under, or for the validity or enforceability of, the Bonds is revoked, rescinded, suspended or otherwise limited in effect (notice of which shall be given by the Republic to the Dealers forthwith upon the Republic becoming aware thereof);
- e. the Republic is unable to, or admits inability to pay its Indebtedness as it falls due or makes a general assignment for the benefit of or composition with its creditors;
- f. any event occurs or any circumstance arises which would otherwise have a Material Adverse Effect, and such event or circumstance remain unremedied for a period of forty-five (45) days after written notice thereof shall have been received by the Republic;
- g. the Republic repudiates the obligations under the Bonds or makes any official declaration evidencing an intention to repudiate the Bonds;
- h. at any time it is or becomes unlawful for the Republic to perform or comply with any or all of its obligations hereunder or any of the obligations of the Republic hereunder are not or cease to be legal, valid, binding and enforceable; and

- i. a general moratorium on the payment or performance of the obligations in respect of any Indebtedness of the Republic (including any guarantee of any obligation) shall be declared by the Republic.

9.2. **Consequences of Default.** If an Event of Default shall have occurred, then at any time thereafter, if any such event shall then be continuing, by written notice to the Republic, the Bondholders holding at least twenty five percent (25%) of the Aggregate Bondholder Votes, may declare the entire unpaid principal amount of the Bonds, all interest accrued and unpaid thereon and all other amounts payable hereunder to be forthwith due and payable, whereupon the same shall become immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Republic.

10. FEES AND EXPENSES

The Republic shall reimburse the Bondholders on demand for all reasonable and documented expenses incurred by them in connection with the enforcement of the Bonds from and after the occurrence of an Event of Default. Such expenses shall be reimbursed whether or not any Bondholder gives notice of such Event of Default or demands acceleration of the amounts due from the Bonds or takes other action to enforce the provisions of the Bonds.

11. SINKING FUND

The Republic 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.

12. TAXATION

12.1 **Payments Free and Clear of any Indemnifiable Tax.** All amounts payable by the Republic in respect of the Bonds shall be made without set-off or counterclaim, and free and clear and without any deduction or withholding on account of any Indemnifiable Taxes, all of which shall be for the account of the Republic and shall be paid by the Republic directly to the relevant taxing or other authority when due. If the Republic shall be required by law to make any deduction or withholding in respect of Indemnifiable Taxes from any payment hereunder, the sum payable shall be increased as will result in the receipt by the Bondholders, after such deduction or withholding, of the amount that would have been received if such deduction or withholding had not been required.

12.2 **Tax Assumption for Target Retail Investors.** The provisions of this Terms and Conditions to the contrary notwithstanding, the final withholding tax due on interest payment to Target Retail Investors in respect of the Bonds held by them shall be deemed an Indemnifiable Tax and shall be assumed by the Republic, provided that the Target Retail Investor shall have complied with the requirements set forth in Section 12.3 below. In that event, the Republic will pay the Indemnifiable Tax directly to the relevant taxing authority when due, and shall cause the payment of such additional amounts as will result in the payment to the Target Retail Investors of the amounts that would otherwise have been receivable in respect of interest earned on the Bonds.

12.3 Requirements to Become Eligible for the Tax Assumption. The following condition shall 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 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.

13. NOTICES

Notices to Bondholders may be (i) mailed to them at their respective addresses specified in the Bond Register, or (ii) posted through any electronic financial information provider, or (iii) advertised in any newspaper of general circulation in the Philippines, at the option of BTr.

1 14. MEETINGS

Meetings of Bondholders may be convened to discuss any matter affecting the Bonds, including, without limitation, any proposals for modifications to these Terms and Conditions.

14.1 Convening a Meeting

- a. If any Selling Agent (for purposes of this Condition, a “Convening Selling Agent”) receives a written request from the Republic or from Bondholders holding at least ten percent (10%) of the Aggregate Bondholder Votes, and is indemnified to its satisfaction against all costs and expenses, such Selling Agent shall convene a meeting of Bondholders. In the event more than one Selling Agent receives a written request regarding the same subject matter, the Convening Selling Agent shall be the Selling Agent who has received a written notice at the earliest time. Every meeting shall be held at a time and place approved by the Convening Selling Agent.
- b. At least twenty-one (21) days’ notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Bondholders. A copy of the notice shall be given by the Convening Selling Agent to the other parties. The notice shall specify the day, time and place of meeting and, unless the Convening Selling Agent otherwise agrees, the nature of the resolutions to be proposed and shall explain how Bondholders may appoint proxies or representatives and the details of the time limits applicable.

14.2 **Convening Selling Agent’s Power to Prescribe Regulations.** The Convening Selling Agent may prescribe regulations in addition to those set out herein regarding the holding of the meeting in respect of which it is the Convening Selling Agent and attendance and voting as it determines to be reasonable and appropriate.

14.3 **Chairman.** The chairman of a meeting shall be such person as the Convening Selling Agent may nominate in writing, but if no such nomination is made or if the person nominated is not present within fifteen (15) minutes after the time fixed for the meeting, the Bondholders, their appointed proxies or representatives present shall choose one of their number to be chairman, failing which the Republic may appoint a chairman. The chairman may, but need not, be a Bondholder or an agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

14.4 **Attendance.** Apart from the Bondholders and their appointed proxies or representatives, the chairman, the Republic and the Convening Selling Agent (through

their respective representatives) and their respective financial and legal advisers, no other person may attend or speak at meetings of Bondholders.

14.5 Quorum and Adjournment

- a. No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within fifteen (15) minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Bondholders or if the Republic and the Convening Selling Agent agree, be dissolved. In any other case it shall be adjourned until such date, not less than fourteen (14) nor more than thirty (30) days later, and time and place as the chairman may decide. If a quorum is not present within fifteen (15) minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.
- b. Two or more Bondholders holding or representing at least ten percent (10%) of the Aggregate Bondholder Votes, shall form a quorum provided, however, that (i) no declaration in relation to an Event of Default referred to in Condition 9.2 above (an "Event of Default Declaration") may be passed unless there is present at such meeting Bondholders, or proxies or representatives of Bondholders, holding at least ten percent (10%) of the Aggregate Bondholder Votes, and (ii) no Extraordinary Resolution may be passed unless there is present at such meeting in which the proposal for the adoption of an Extraordinary Resolution Bondholders, or proxies or representatives of Bondholders, holding or representing at least ten percent (10%) of the Aggregate Bondholder Votes.
- c. The chairman may adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph.
- d. At least ten (10) days' notice of a meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

14.6 Voting

- a. Each question submitted to a meeting shall be decided by a poll which shall be taken in such manner as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken.
- b. Every person who is present in person or through his proxy or representative, and who is indicated in the Bond Register as a Bondholder has such number of votes as may be determined in the manner prescribed in Condition 15 below.

14.7 Powers of Meetings

A meeting shall have power by Extraordinary Resolution:

- i. to sanction any proposal by the Republic or by Bondholders for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders against the Republic;
- ii. to sanction the exchange or substitution for the Bonds of, or the conversion of the Retail Treasury Bonds into other securities of the Republic or any other entity;
- iii. to assent to any modification of the Bonds proposed by the Republic or the Convening Selling Agent; and
- iv. to appoint any persons (whether Bondholders or not) as a committee or committees to represent the Bondholders' interests and to confer on them any powers or discretions which the Bondholders could themselves exercise by Extraordinary Resolution.

14.8 **Effect and Publication of an Extraordinary Resolution.** An Extraordinary Resolution shall be binding on all the Bondholders, whether or not present at the meeting and each of them shall be bound to give effect to it accordingly. The Republic and/or the Convening Selling Agent shall give notice of the passing of an Extraordinary Resolution to Bondholders within fourteen (14) days but failure to do so shall not invalidate the resolution.

14.9 **Minutes.** Minutes shall be made of all resolutions and proceedings at every meeting. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

15. BONDHOLDER VOTES

15.1 For purposes of Conditions 9.2 and 14 of these Terms and Conditions, a Bondholder has such number of votes as may be determined in the manner prescribed below:

- a. Bondholder of US Dollar Tranche - one vote for each US\$100.00 principal amount of Bonds.
- b. Bondholder of Euro Tranche - one vote for each €100.00 principal amount of Bonds.

16. GOVERNING LAW AND JURISDICTION

16.1 The Bonds shall be governed by, and construed in accordance with, the laws of the Philippines.

- 16.2 Any suit, action or proceeding against the Republic with respect to the Bonds or on any judgment entered by any court in respect thereof may be brought in any competent court in Makati City or Manila, and the parties hereby submit to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment.
- 16.3 If any legal action or other proceeding is brought in connection with any provisions of the Bonds, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in such action or proceedings.

Annex A**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:

Annex B

FORM OF THE APPLICATION TO PURCHASE

[to follow]

Annex C**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

- 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:

- US Dollar Tranche – US\$ 7 Million
- Euro Tranche – € 3 Million

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

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

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.

- 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:

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

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.

Annex D

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**.

Annex D-1

**FORM OF UNDERTAKING TO REMIT PAYMENT
WITH PAYMENT INSTRUCTIONS
(Selling Agent's Letterhead)**

Undertaking to Remit Payment with Payment Instructions
In Consideration for 3-year and 5-year Multicurrency Retail Treasury Bonds
in US Dollar and Euro Denominations due 2013 and 2015

_____ hereby undertakes to cause the remittance via wire transfer (*i.e.*, via PDDTS for the US\$ Tranche and via SWIFT for the Euro Tranche) the amounts equal to [*insert GSED's Name*]'s subscriptions to the Multicurrency RTBs, to be received by the specified account/s of the Treasurer of the Philippines maintained with the Land Bank of the Philippines via PDDTS for the US Dollar Tranche and via SWIFT for the Euro Tranche not later than 12 noon on Issue Date.

On coupon payment and maturity, kindly credit our [*insert currency/ies*] Registered Account deposit account with [*insert account details with Settlement Bank*].

Authorized Officer
(Signature over Printed Name)

Annex D-2

FORM OF SUMMARY SALES REPORT

**REPUBLIC OF THE PHILIPPINES
Multicurrency RTB
3-YEAR AND 5-YEAR FIXED RATE MULTICURRENCY RETAIL TREASURY BOND
IN US DOLLAR AND EURO TRANCHE DUE 2013 AND 2015**

**SUMMARY SALES REPORT
TRANSMISSION NO. _____**

US DOLLAR TRANCHE

DATE	SELLING AGENT	3-YEAR	5-YEAR	TOTAL

EURO TRANCHE

DATE	SELLING AGENT	3-YEAR	5-YEAR	TOTAL

SELLING AGENCY FEE COMPUTATION:

SELLING AGENCY FEE DUE TO SELLING AGENT:

NET REMITTANCE TO THE ISSUER:

Prepared by:

Certified Correct by:

Authorized Officer
(Signature Over Printed Name)

Authorized Officer
(Signature Over Printed Name)

REPUBLIC OF THE PHILIPPINES
Multicurrency RTB
3-year and 5-year Fixed Rate Multicurrency Retail Treasury Bonds
in US Dollar and Euro Denominations due 2013 and 2015
LIST OF BONDHOLDERS
 [insert date]

Name	Acct. #	Contact #	Region	Amount		
				(US\$ Tranche)	(€ Tranche)	Total
A. Excluded from the Definition of Retail Investor						
1. FCDUs						
2. Corporates						
3. TEIs						
4. Others						
B. Retail Investors with RoSS Accounts (Subregistry)						
1. Target Investors						
2. Non-OFW Individuals						
3. Trusts						
C. Investors Under Accredited Custodian*						
1. Custodian 1 (List of Investors)						
2. Custodian 2 (List of Investors)						
TOTAL (A+B+C)						

*** Certification from Custodians requires to be submitted to BTr-RoSS**

Prepared by:

Certified Correct by:

Authorized Officer
(Signature Over Printed Name)

Authorized Officer
(Signature Over Printed Name)

FORM OF CONSOLIDATED SUMMARY SALES REPORT

REPUBLIC OF THE PHILIPPINES

Multicurrency RTB

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

CONSOLIDATED SUMMARY SALES REPORT

[INSERT DATE – 5TH DAY FROM END OF RETAIL ON-SELLING PERIOD]

	US\$ Tranche		Euro Tranche		TOTAL	
	Number	Amount	Number	Amount	Number	Amount
A. Allocation by Investor						
1. Target Retail Investors						
2. Filipino Individuals who are not Target Investors						
3. FCDUs						
4. Corporates						
5. TEIs						
6. Trusts						
B. Geographical Distribution						
National Capital Region						
Cordillera Autonomous Region						
Region I						
Region II						
Region III						
Region IV-A(CALABARZON)						
Region IV-B (MIMAROPA)						
Region V						
Region VI						
Region VII						
Region VIII						
Region IX						
Region X						

Region XI						
Region XII						
Region XIII						
Autonomous Region in Muslim Mindanao						
<i>C. Denomination</i>						

Prepared by:

Certified Correct by:

Authorized Officer
(Signature Over Printed Name)

Authorized Officer
(Signature Over Printed Name)