CIRCULAR LETTER

TO : ALL INSURANCE / REINSURANCE COMPANIES AND MUTUAL BENEFIT ASSOCIATIONS AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES

SUBJECT : EXCHANGE OFFER FOR HOLDERS OF FIXED INCOME GOVERNMENT BONDS DUE FROM JULY 22, 2011 TO JANUARY 26, 2031 (THE “ELIGIBLE BONDS”) FOR NEW LONG 10-YEAR BONDS DUE 2022 OR 20-YEAR BONDS DUE 2031 (THE “10-YEAR AND 20-YEAR BENCHMARK BONDS”)

As part of the key initiative of the Republic of the Philippines to develop the domestic capital market, decrease the reliance on foreign debt, improve liquidity and trading of domestic government securities and lower the cost of domestic borrowing, holders of government bonds due from July 22, 2011 to January 26, 2031 are invited to swap/exchange bonds for new long 10-year bonds due 2022 or 20-year bonds due 2031.

This Commission confirms that the new benchmark bonds shall be considered eligible mandatory insurance reserves in accordance with the provisions of the Insurance Code.

VIDA T. CHIONG
Deputy Insurance Commissioner
Officer-In-Charge