PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED SEPTEMBER 24, 2003

US$300,000,000

Republic of the Philippines

10.625% Global Bonds due 2025

Luxembourg Stock Exchange Listing Particulars

The Republic will pay interest on the global bonds each March 16 and September 16. The first interest payment on the global bonds will be made on March 16, 2004. The global bonds will constitute a further issuance of, are fungible with and are consolidated and form a single series with, the 10.625% Global Bonds due 2025 issued by the Republic on March 16, 2000. The total principal amount of the previously issued global bonds and the global bonds now being issued is $1,300,000,000. The Republic may not redeem the global bonds prior to their maturity.

The offering of the global bonds is conditional on the receipt of certain approvals of the Monetary Board of the Bangko Sentral ng Pilipinas, the central bank of the Republic.

The global bonds are being offered globally for sale in the jurisdictions where it is lawful to make such offers and sales. We have applied to list the global bonds on the Luxembourg Stock Exchange. We cannot guarantee that the application to the Luxembourg Stock Exchange will be approved, and settlement of the global bonds is not conditioned on obtaining the listing.

	Per Bond	Total
Price to investors[(1)]	112.25%	$336,750,000
Underwriting discounts and commissions	0.10%	$ 300,000
Proceeds, before expenses, to the Republic	112.15%	$336,450,000

(1) Plus accrued interest from and including September 16, 2003. Purchasers of the global bonds will be entitled to receive the regular semi-annual interest payment due on March 16, 2004.

Neither the US Securities and Exchange Commission nor any state securities commission nor the Luxembourg Stock Exchange has approved or disapproved of these securities or determined that these Luxembourg Stock Exchange Listing Particulars, the prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

The global bonds were delivered to investors in registered book-entry form only through the facilities of The Depository Trust Company, Clearstream Banking, *société anonyme*, and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, on or about October 23, 2003.

Joint Lead Managers and Joint Bookrunners

HSBC **Morgan Stanley** **UBS Investment Bank**

The date of this prospectus supplement is October 16, 2003.

[MAP]

The date of these Luxembourg Stock Exchange Listing Particulars (the "Luxembourg Stock Exchange Listing Particulars" or the "prospectus supplement") is October 16, 2003.

THESE LUXEMBOURG STOCK EXCHANGE LISTING PARTICULARS HAVE BEEN SUBMITTED TO THE LUXEMBOURG STOCK EXCHANGE IN CONNECTION WITH THE LISTING OF THE REPUBLIC'S 8.25% GLOBAL BONDS ON SUCH EXCHANGE. THIS DOCUMENT IS NOT AN OFFER TO SELL NOR DOES IT SEEK AN OFFER TO BUY THE 8.25% GLOBAL BONDS.

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You should read this prospectus supplement along with the prospectus that accompanies it. You should rely only on the information contained or incorporated by reference in this document and the accompanying prospectus. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may be accurate only on the date of this document.

INTRODUCTORY STATEMENTS

The Republic accepts responsibility for the information contained in this prospectus supplement and the prospectus that accompanies it. To the best of the knowledge and belief of the Republic (which has taken all reasonable care to ensure that such is the case), the information contained in this prospectus supplement and the accompanying prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Republic of the Philippines is a foreign sovereign state. Consequently, it may be difficult for you to obtain or realize upon judgments of courts in the United States against the Republic. See "Description of the Securities — Description of the Debt Securities — Jurisdiction and Enforceability" in the accompanying prospectus.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the global bonds may be legally restricted in some countries. If you wish to distribute this prospectus supplement or the accompanying prospectus, you should observe any applicable restrictions. This prospectus supplement and the accompanying prospectus should not be considered an offer, and it is prohibited to use them to make an offer, in any state or country in which the making of the offering of the bonds is prohibited. For a description of some restrictions on the offering and sale of the global bonds and the distribution of this prospectus supplement and the accompanying prospectus, see "Underwriting" on page S-20.

Unless otherwise indicated, all references in this prospectus supplement to "Philippine pesos", "pesos" or "₱" are to the lawful national currency of the Philippines, those to "dollars", "US dollars" or "$" are to the lawful currency of the United States of America and those to "SDR" are to Special Drawing Rights of the International Monetary Fund.

All references in this prospectus supplement to (a) the "Republic" or the "Philippines" are to the Republic of the Philippines, (b) the "Government" are to the national government of the Philippines, (c) the "administration" are to the current administration of President Gloria Macapagal-Arroyo and (d) "Bangko Sentral" are to Bangko Sentral ng Pilipinas, the central bank of the Philippines.

SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this prospectus supplement and the prospectus to which it relates.

Issuer . . . . Republic of the Philippines.

Bonds . . . . $300,000,000 aggregate principal amount of 10.625% global bonds due 2025. The Global Bonds constitute a further issuance of, and upon issuance will be fungible with and consolidated and form a single series with, the 10.625% Global Bonds due 2025 issued by the Republic on March 16, 2000, in the amount of $1,000,000,000. Upon issuance, the global bonds will rank *pari passu* with the previously issued global bonds in all respects. The total principal amount of the previously issued global bonds and the global bonds now being issued is $1,300,000,000.

Issue Date . . . . October 23, 2003.

Interest . . . . The global bonds will bear interest at 10.625% per annum from September 16, 2003, payable semi-annually in arrears, commencing March 16, 2004.

Interest Payment Dates . . . . March 16 and September 16 of each year, commencing on March 16, 2004, payable to the persons who are registered holders thereof at the close of business on the preceding March 1 or September 1, as applicable, whether or not a business day.

Issuer Redemption . . . . The Republic may not redeem the global bonds prior to maturity.

Status of Bonds . . . . The global bonds will be direct, unconditional, unsecured and general obligations of the Republic. Except as otherwise described, the global bonds will at all times rank at least equally with all other unsecured and unsubordinated External Indebtedness (as defined in the accompanying prospectus) of the Republic. The full faith and credit of the Republic will be pledged for the due and punctual payment of all principal and interest on the global bonds. See "Description of the Securities — Description of Debt Securities — Status of Bonds" in the accompanying prospectus.

Negative Pledge . . . . With certain exceptions, the Republic has agreed that it will not create or permit to subsist any Lien (as defined in the accompanying prospectus) on its revenues or assets to secure External Public Indebtedness (as defined in the accompanying prospectus) of the Republic, unless at the same time or prior thereto, the global bonds are secured at least equally and ratably with such External Public Indebtedness. The international reserves of Bangko Sentral ng Pilipinas ("Bangko Sentral") represent substantially all of the official gross international reserves of the Republic. Because Bangko Sentral is an independent entity, the Republic and Bangko Sentral believe that the international reserves owned by Bangko Sentral are not subject to the negative pledge covenant in the global bonds and that Bangko Sentral could in the future incur External Public Indebtedness secured by such reserves without securing amounts payable under the global bonds. See "Description of the Securities — Description of Debt Securities — Negative Pledge Covenant" in the accompanying prospectus.

Taxation	The Republic will make all payments of principal and interest in respect of the global bonds free and clear of, and without withholding or deducting, any present or future taxes of any nature imposed by or within the Republic, unless required by law. In that event, the Republic will pay additional amounts so that the holders of the global bonds receive the amounts that would have been received by them had no withholding or deduction been required. See "Description of the Securities — Description of Debt Securities — Additional Amounts" in the accompanying prospectus. For a description of certain United States tax aspects of the global bonds, see "Taxation — United States Tax Considerations" in the accompanying prospectus, and "Taxation — United States Taxation".
Cross-Defaults	Events of default with respect to the global bonds include (i) if the Republic fails to make a payment of principal, premium, prepayment charge or interest when due on any External Public Indebtedness with a principal amount equal to or greater than $25,000,000 or its equivalent, and this failure continues beyond the applicable grace period; or (ii) if any External Public Indebtedness of the Republic or the central monetary authority in principal amount equal to or greater than $25,000,000 is accelerated, other than by optional or mandatory prepayment or redemption. See "Description of the Securities — Description of the Debt Securities — Events of Default: Cross Default and Cross Acceleration" in the accompanying prospectus.
Listing	The Republic is offering the global bonds for sale in the United States and elsewhere where such offer and sale is permitted. The Republic has applied to have the global bonds listed and traded in accordance with the rules of the Luxembourg Stock Exchange. The Republic cannot guarantee that the application to the Luxembourg Stock Exchange will be approved, and settlement of the global bonds is not conditioned on obtaining the listing.
Form, Denomination and Registration	The global bonds will be issued in fully registered form in denominations of $1,000 and integral multiples thereof. The global bonds will be represented by one or more global securities registered in the name of a depositary, its nominee or a custodian. Beneficial interests in the global securities will be shown on, and the transfer thereof will be effected only through, records maintained by the depositary and its direct and indirect participants. Settlement of all secondary market trading activity in the global bonds will be made in immediately available funds. See "Description of the Securities — Description of the Debt Securities — Global Securities" in the accompanying prospectus.
Further Issues	The Republic may from time to time, without notice to or the consent of the registered holders of global bonds, issue further bonds which will form a single series with the global bonds. See "Description of the Securities — Description of the Debt Securities — Further Issues of Debt Securities" in the accompanying prospectus, and "Description of the Global Bonds — Further Issues".

Use of Proceeds	The Republic will use the net proceeds from the sale of the global bonds for the general purposes of the Republic, including budgetary support.
Fiscal Agent	JPMorgan Chase Bank.
Governing Law	The fiscal agency agreement and the global bonds will be governed by and interpreted in accordance with the laws of the State of New York. The laws of the Republic will govern all matters governing authorization and execution of the global bonds by the Republic.

USE OF PROCEEDS

The Republic will use the net proceeds of $336,450,000 from the sale of the global bonds for the general purposes of the Republic, including budgetary support.

RECENT DEVELOPMENTS

The information in this section supplements the information about the Republic that is included in the accompanying Prospectus dated September 24, 2003.

Recent Political Developments

Arroyo to Seek Election

On October 4, 2003, President Gloria Macapagal-Arroyo announced that she would seek election to a full six-year term as President of the Republic. President Arroyo had previously announced, in December 2002, that she would not run for President. The next presidential elections are scheduled to take place in May 2004.

Internal Conflict with Rebel and Terrorist Groups

Rebels and disaffected Muslims continue to fight with Government forces. In October 2003, one of five suspected Abu Sayyaf rebels detained in connection with bomb attacks was fatally shot after killing three officers in a prison shoot-out. Also in October 2003, the Government announced that it had killed Fathur Rohman al-Ghozi, a prominent member of the Indonesia-based Jemaah Islamiya terrorist group, who had earlier escaped from a Manila jail.

Agreement to Establish ASEAN Economic Community

On October 8, 2003, the Philippines entered into the Bali Concord II agreement with the nine other countries of the Association of South-East Asian Nations ("ASEAN") to improve cooperation on security and social issues. The ASEAN nations plan, pursuant to the agreement, to establish a free trade zone, the ASEAN Economic Community, by 2020.

Recent Economic Developments

Recent Economic Indicators. The following table sets out the performance of certain of the Republic's principal economic indicators for the specified periods. Growth in GDP, GNP, inflation, exports, imports and domestic credit is indicated on an annualized basis.

	2001	2002	2003
GDP growth (%)	3.0[1]	4.4[1]	3.9[2]
GNP growth (%)	3.5[1]	4.5[1]	4.8[2]
Inflation rate (%)	6.1[3]	3.1[3]	2.9[4]
Unemployment rate (%)	11.1[5]	11.4[5]	12.7[6]
91-day T-bill rate (%)	9.86[3]	5.43[3]	6.37[7]
External position			
Balance of payments ($ million)	(192)	660	(616)[8]
Trade-in-goods balance/GNP (%)	(0.6)	0.5	(3.7)[8]
Export growth (%)	17.3	10.1	2.1[8]
Import growth (%)	(4.5)	6.2	10.9[8]
External debt ($ billion)[9]	52.4	53.9	56.1[10]
International reserves			
Gross ($ billion)	15.7	16.2	16.1[11]
Net ($ billion)	11.4	12.8	12.5[11]
Months of retained imports[12]	5.0	4.7	4.4[11]
Domestic credit growth (%)	0.9	4.8	6.8[13]

(1) GDP and GNP growth figures for 2001 and 2002 have recently been revised. See "GDP and Major Financial Indicators — Periodic Revisions to Philippine National Accounts" in the accompanying prospectus.

(2) First half of 2003.

(3) Full year average.

(4) Year-on-year as of September 2003.

(5) Average of the January, April, July and October applicable statistics based on the January, April, July and October labor force surveys for the relevant year.

(6) As of July 31, 2003.

(7) Average over the first five months of 2003.

(8) First six months of 2003.

(9) Debt approved by and registered with Bangko Sentral, which includes banking system debt and public sector debt, whether or not guaranteed by the Government, and private sector debt.

(10) As of June 30, 2003.

(11) As of September 30, 2003.

(12) Number of months of average imports of merchandise goods and payments of services and income that can be financed by gross reserves.

(13) Growth from August 2002 to August 2003.

Credit Ratings

On September 30, 2003, Moody's Investors Service revised its outlook on the Republic's rating for long-term foreign currency obligations from stable to negative. Moody's maintained its Ba1 rating on the Republic's long-term foreign currency obligations, and maintained its Baa3 rating and negative outlook for the Republic's local currency obligations. Moody's noted that despite improvements in the Government's fiscal accounts in 2003, the heightened political uncertainties in the Philippines could weaken the Republic's balance of payments position.

Inflation

Inflation, measured year-on-year, slowed to 2.9% in September 2003 from 3.0% in August 2003, but remained unchanged from the 2.9% rate recorded for September 2002. The slight reduction in inflation from August to September 2003 was caused mainly by slower growth in the prices of food, beverages and tobacco and in the cost of housing and repairs.

International Reserves

The Republic's gross international reserves stood at $16.1 billion as of September 30, 2003, lower than the $16.2 billion as of August 31, 2003. Reserves declined slightly from August to September 2003 because of debt service requirements of the Government and Bangko Sentral.

Gross international reserves as of September 30, 2003 were adequate to cover 4.4 months of imports of goods and payments of services and income. Alternatively, gross international reserves were adequate to cover 2.5 times the Republic's short-term external obligations based on original maturity or 1.3 times the Republic's short-term external obligations based on residual maturity.

The Republic's net international reserves stood at $12.5 billion as of September 30, 2003, slightly less than the $12.6 billion as of August 31, 2003.

Money Supply

The Republic's money supply, as measured by domestic liquidity, stood at ₱1.62 trillion as of August 31, 2003, representing an increase of 3.8% from August 2002.

Interest Rates

Bangko Sentral's overnight borrowing and lending rates (the "policy rates") currently stand at 6.75% and 9.0%, respectively. The policy rates, which are set by Bangko Sentral's Monetary Board, have remained unchanged since July 2003. The Monetary Board expects that inflation will remain stable for the rest of 2003, and believes that the current policy rates are adequate to encourage domestic demand without creating inflationary risks.

The benchmark three-month Treasury bill rate averaged 5.5% as of September 30, 2003, compared to the 5.2% rate recorded as of August 18, 2003.

Philippine Stock Exchange

On October 15, 2003, the Philippine Stock Exchange composite index closed at 1356.15, a slight increase from the close of 1318.57 on September 24, 2003.

Peso/US$ Exchange Rate

As of October 15, 2003, the value of the peso was ₱54.63 per US dollar, an increase from the ₱55.04 per US dollar as of September 24, 2003.

Banking System Non-Performing Loans

As of August 31, 2003, the ratio of non-performing loans to total loans in the commercial banking system (the "NPL ratio") stood at 15.0%, equal to the 15.0% ratio as of December 31, 2002 and an improvement over the 17.6% ratio recorded at the end of August 2002. The change in the NPL ratio since the end of August 2002 was due in part to the redefinition of "non-performing loan", which took effect September 19, 2002. The decrease in the NPL ratio was also attributed to increased foreclosure, restructuring proceedings, and generally improving performance of the commercial banking sector. The NPL coverage ratio (loan reserves to non-performing loans) stood at 50.8% at the end of August 2003, compared to 51.3% at the end of July 2003 and from 49.3% at the end of August 2002.

DESCRIPTION OF THE GLOBAL BONDS

General

The global bonds will be issued under a fiscal agency agreement, dated as of October 4, 1999, between the Republic and JPMorgan Chase Bank, as fiscal agent. The global bonds and the previously issued global bonds due 2025 referred to below constitute a single series. The global bonds are a series of debt securities more fully described in the accompanying prospectus, except to the extent indicated below. The following statements are subject to the provisions of the fiscal agency agreement, the supplemental fiscal agency agreement and the global bonds. The description below may not contain all of the information that is important to you as a potential investor in the global bonds. The Republic has filed forms of these documents as exhibits to the registration statement numbered 333-108310. You should refer to the exhibits for more complete information. Capitalized terms not defined below shall have the respective meanings given in the accompanying prospectus.

The global bonds will:

- be a further issuance in an aggregate principal amount of $300,000,000, for a total issuance of $1,300,000,000;
- bear interest at 10.625% per year from September 16, 2003;
- mature at par on March 16, 2025;
- pay interest on March 16 and September 16 of each year, commencing March 16, 2004; and
- pay interest to the persons in whose names the global bonds are registered on the record date, which is the close of business on the preceding March 1 or September 1 (whether or not a business day), as the case may be. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

The global bonds constitute a further issuance of, are fungible with and are consolidated and form a single series with, the 10.625% Global Bonds due 2025 issued by the Republic on March 16, 2000 in the amount of $1,000,000,000. Upon issuance, the global bonds will rank *pari passu* with the previously issued global bonds in all respects. The total principal amount of the previously issued global bonds and the global bonds now being issued is $1,300,000,000.

The Republic has applied to the Luxembourg Stock Exchange for listing of, and permission to deal in, the global bonds in accordance with the rules of the Luxembourg Stock Exchange. We cannot guarantee that the application to the Luxembourg Stock Exchange will be approved, and settlement of the global bonds is not conditioned on obtaining the listing.

Book Entry

The Republic will issue the global bonds in the form of fully registered global securities. The Republic will deposit the global securities with DTC and register the global securities in the name of Cede & Co. as DTC's nominee. Beneficial interests in the global securities will be represented by, and transfers thereof will be effected only through, book-entry accounts maintained by DTC and its participants.

Certificated Securities

In circumstances detailed in the accompanying prospectus (see "Description of the Securities — Description of the Debt Securities — Global Securities — Registered Ownership of the Global Security"), the Republic could issue certificated securities. The Republic will only issue certificated securities in denominations of $1,000 and integral multiples of $1,000. The holders of certificated securities shall present directly at the corporate trust office of the fiscal agent, at the office of the Luxembourg paying and transfer agent or at the office of any other transfer agent as the Republic may designate from time to time all requests for the registration of any transfer of such securities, for the exchange of such securities for one or more new certificated securities in a like aggregate principal amount and in authorized denominations and for the replacement of such securities in the cases of mutilation, destruction, loss or theft. Certificated securities issued as a result of any partial or whole transfer, exchange or replacement of the global bonds will be delivered to the holder at the corporate trust office of the fiscal agent, at the office of the Luxembourg paying and transfer agent or at the office of any other transfer agent, or (at the risk of the holder) sent by mail to such address as is specified by the holder in the holder's request for transfer, exchange or replacement.

Registration and Payments

The Republic will pay the principal amount of a global bond on its maturity date in immediately available funds in the City of New York upon presentation of the global bond at the office of the fiscal agent in the City of New York or, subject to applicable law and regulations, at the office outside the United States of any paying agent, including the Luxembourg paying agent (if the global bonds are accepted for listing on the Luxembourg Stock Exchange and the rules of the exchange so require).

The Republic will appoint the fiscal agent as registrar, principal paying agent and transfer agent of the global bonds. In these capacities, the fiscal agent will, among other things:

- maintain a record of the aggregate holdings of global bonds represented by the global securities and any certificated securities and accept global bonds for exchange and registration of transfer;

- ensure that payments of principal and interest in respect of the global bonds received by the fiscal agent from the Republic are duly paid to the depositaries for the global securities or their respective nominees and any other holders of any global bonds; and

- transmit to the Republic any notices from holders of any of the global bonds.

If the global bonds are accepted for listing on the Luxembourg Stock Exchange, and the rules of the Luxembourg Stock Exchange so require, the Republic will appoint and maintain a paying agent and a transfer agent in Luxembourg, who shall initially be Dexia Banque Internationale à Luxembourg société anonyme. Holders of certificated securities will be able to receive payments thereon and effect transfers thereof at the offices of the Luxembourg paying and transfer agent. For so long as the global bonds are listed on the Luxembourg Stock Exchange, the Republic will publish any change as to the identity of the Luxembourg paying and transfer agent in a leading newspaper in Luxembourg, which is expected to be the *Luxemburger Wort*.

Redemption and Sinking Fund

The Republic may not redeem the global bonds prior to maturity. The Republic will not provide a sinking fund for the amortization and retirement of the global bonds.

Further Issues

For a description of the Republic's ability from time to time to issue further bonds which will form a single series with the global bonds, see "Description of the Securities — Description of the Debt Securities — Further Issues of Debt Securities" in the accompanying prospectus.

Additional bonds may be issued with original issue discount for U.S. federal income tax purposes ("OID") as part of a further issue. Purchasers of global notes after the date of any further issue will not be able to differentiate between global bonds sold as part of the further issue and previously issued global bonds. If further global bonds were issued with OID, purchasers of global bonds after such a further issue may be required to accrue OID (or greater amounts of OID than they would otherwise have accrued) with respect to their global bonds. These OID consequences may affect the price of outstanding global bonds as a result of a further issue. Prospective purchasers of global bonds should consult their tax advisors with respect to the implications of any decision by the Republic to undertake a further issue of global bonds.

Regarding the Fiscal Agent

The fiscal agent has its principal corporate trust office at 4 New York Plaza, 15th Floor, New York, New York 10004. The Republic will at all times maintain a paying agent and a transfer agent in the City of New York which will, unless otherwise provided, be the fiscal agent. The Republic may maintain deposit accounts and conduct other banking transactions in the ordinary course of business with the fiscal agent. The fiscal agent will be the agent of the Republic, not a trustee for holders of any global bonds. Accordingly, the fiscal agent will not have the same responsibilities or duties to act for such holders as would a trustee, except that monies held by the fiscal agent as payment of principal, premium or interest on the global bonds shall be held by the fiscal agent in trust for the holders of the global bonds.

The fiscal agency agreement and the supplemental fiscal agency agreement are not required to be qualified under the US Trust Indenture Act of 1939. Accordingly, the fiscal agency agreement and the supplemental fiscal agency agreement may not contain all of the provisions which could be beneficial to holders of the global bonds which would be contained in an indenture qualified under the Trust Indenture Act.

Notices

All notices will be published in London in the *Financial Times*, in the City of New York in *The Wall Street Journal* and, so long as the global bonds are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, in Luxembourg in a leading newspaper of general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*. If the Republic cannot, for any reason, publish notice in any of these newspapers, it will choose an appropriate alternate English language newspaper of general circulation, and notice in that newspaper will be considered valid notice. Notice will be considered made as of the first date of its publication.

GLOBAL CLEARANCE AND SETTLEMENT

DTC, Euroclear and Clearstream, Luxembourg have established links among themselves to facilitate the initial settlement of the global bonds and cross-market transfers of the global bonds in secondary market trading. DTC will be linked to JPMorgan Chase Bank, a New York banking corporation, as depositary of the Euroclear System ("Euroclear"), and Citibank, N.A. as depositary for Clearstream Banking, société anonyme ("Clearstream, Luxembourg") (the "Clearing System Depositaries").

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the procedures provided below to facilitate transfers of global bonds among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform such procedures. In addition, such procedures may be modified or discontinued at any time. Neither the Republic nor the Fiscal Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of the respective obligations under the rules and procedures governing their operations.

The Clearing Systems

The Depository Trust Company. DTC is:

- a limited-purpose trust company organized under the New York Banking Law;
- a "banking organization" under the New York Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" under the New York Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the US Securities Exchange Act of 1934.

DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between its participants. It does this through electronic book-entry changes in the accounts of its direct participants, eliminating the need for physical movement of securities certificates. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc.

DTC can act only on behalf of its direct participants, who in turn act on behalf of indirect participants and certain banks. In addition, unless a global security is exchanged in whole or in part for a definitive security, it may not be physically transferred, except as a whole among DTC, its nominees and their successors. Therefore, your ability to pledge a beneficial interest in the global security to persons that do not participate in the DTC system, and to take other actions, may be limited because you will not possess a physical certificate that represents your interest.

Euroclear and Clearstream, Luxembourg. Like DTC, Euroclear and Clearstream, Luxembourg hold securities for their participants and facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in their accounts. Euroclear and Clearstream, Luxembourg provide various services to their participants, including the safekeeping, administration, clearance and settlement and lending and borrowing of internationally traded securities. Euroclear and Clearstream, Luxembourg participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and other organizations. The underwriter for the global bonds may be a participant in Euroclear or Clearstream, Luxembourg. Other banks, brokers, dealers and trust companies have indirect access to Euroclear or Clearstream, Luxembourg by clearing through or maintaining a custodial relationship with a Euroclear or Clearstream, Luxembourg participant.

Initial Settlement

If you plan to hold your interests in the securities through DTC, you will follow the settlement practices applicable to global security issues. If you plan to hold your interests in the securities through Euroclear or Clearstream, Luxembourg, you will follow the settlement procedures applicable to conventional Eurobonds in registered form. If you are an investor on the settlement date, you will pay for the global bonds by wire transfer and the entity through which you hold your interests in the global bonds will credit your securities custody account.

Secondary Market Trading

The purchaser of securities determines the place of delivery in secondary market trading. Therefore, it is important for you to establish at the time of the trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date (i.e., the date specified by the purchaser and seller on which the price of the securities is fixed).

Trading between DTC purchasers and sellers. DTC participants will transfer interests in the securities among themselves in the ordinary way according to the rules and operating procedures of DTC governing global security issues. Participants will pay for these transfers by wire transfer.

Trading between Euroclear and/or Clearstream, Luxembourg participants. Euroclear and Clearstream, Luxembourg participants will transfer interests in the securities among themselves in the ordinary way according to the rules and operating procedures of Euroclear and Clearstream, Luxembourg governing conventional Eurobonds. Participants will pay for these transfers by wire transfer.

Trading between a DTC seller and a Euroclear or Clearstream, Luxembourg purchaser. When the securities are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream, Luxembourg participant, the purchaser must first send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day before the settlement date. Euroclear or Clearstream, Luxembourg will then instruct its depositary to receive the securities and make payment for them. On the settlement date, the depositary will make payment to the DTC participant's account and the securities will be credited to the depositary's account. After settlement has been completed, DTC will credit the securities to Euroclear or Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg will credit the securities, in accordance with its usual procedures, to the participant's account, and the participant will then credit the purchaser's account. These securities credits will appear the next day (European time) after the settlement date. The cash debit from the account of Euroclear or Clearstream, Luxembourg will be back-valued to the value date, which will be the preceding day if settlement occurs in New York. If settlement is not completed on the intended value date (*i.e.*, the trade fails), the cash debit will instead be valued at the actual settlement date.

Participants in Euroclear and Clearstream, Luxembourg will need to make funds available to Euroclear or Clearstream, Luxembourg in order to pay for the securities by wire transfer on the value date. The most direct way of doing this is to preposition funds (*i.e.*, have funds in place at Euroclear or Clearstream, Luxembourg before the value date), either from cash on hand or from existing lines of credit. Under this approach, however, participants may take on credit exposure to Euroclear and Clearstream, Luxembourg until the securities are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to a participant, the participant may decide not to preposition funds, but to allow Euroclear or Clearstream, Luxembourg to draw on the line of credit to finance settlement for the securities. Under this procedure, Euroclear or Clearstream, Luxembourg would charge the participant overdraft charges for one day, assuming that the overdraft would be cleared when the securities were credited to the participant's account. However, interest on the securities would accrue from the value date. Therefore, in many cases the interest income on securities which the participant earns during that one-day period will substantially reduce or offset the amount of the participant's overdraft charges. Of course, this result will depend on the cost of funds to (*i.e.*, the interest rate that Euroclear or Clearstream, Luxembourg charges) each participant.

Since the settlement will occur during New York business hours, a DTC participant selling an interest in the securities can use its usual procedures for transferring global securities to the Clearing System Depositaries of Euroclear or Clearstream, Luxembourg for the benefit of Euroclear or Clearstream, Luxembourg participants. The DTC seller will receive the sale proceeds on the settlement date. Thus, to the DTC seller, a cross-market sale will settle no differently than a trade between two DTC participants.

Finally, day traders that use Euroclear or Clearstream, Luxembourg and that purchase global bonds from DTC participants for credit to Euroclear participants or Clearstream, Luxembourg participants should note that these trades will automatically fail on the sale side unless one of three steps is taken:

- borrowing through Euroclear or Clearstream, Luxembourg for one day, until the purchase side of the day trade is reflected in their Euroclear account or Clearstream, Luxembourg account, in accordance with the clearing system's customary procedures;
- borrowing the global bonds in the United States from a DTC participant no later than one day prior to settlement, which would give the global bonds sufficient time to be reflected in the borrower's Euroclear account or Clearstream, Luxembourg account in order to settle the sale side of the trade; or
- staggering the value dates for the buy and sell sides of the trade so that the value date of the purchase from the DTC participant is at least one day prior to the value date for the sale to the Euroclear participant or Clearstream, Luxembourg participant.

Trading between a Euroclear or Clearstream, Luxembourg seller and a DTC purchaser. Due to time zone differences in their favor, Euroclear and Clearstream, Luxembourg participants can use their usual procedures to transfer securities through their Clearing System Depositaries to a DTC participant. The seller must first send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day before the settlement date. Euroclear or Clearstream, Luxembourg will then instruct its depositary to credit the securities to the DTC participant's account and receive payment. The payment will be credited in the account of the Euroclear or Clearstream, Luxembourg participant on the following day, but the receipt of the cash proceeds will be back valued to the value date, which will be the preceding day if settlement occurs in New York. If settlement is not completed on the intended value date (*i.e.*, the trade fails), the receipt of the cash proceeds will instead be valued at the actual settlement date.

If the Euroclear or Clearstream, Luxembourg participant selling the securities has a line of credit with Euroclear or Clearstream, Luxembourg and elects to be in debit for the securities until it receives the sale proceeds in its account, then the back-valuation may substantially reduce or offset any overdraft charges that the participant incurs over that one-day period.

TAXATION

General

The Republic urges you to consult your own tax advisors to determine your particular tax consequences in respect of participating in the offering, and of owning and selling the global bonds.

Philippine Taxation

The following is a summary of certain Philippine tax consequences that may be relevant to non-Philippine holders of the global bonds in connection with the holding and disposition of the global bonds. The Republic uses the term "non-Philippine holders" to refer to (i) non-residents of the Philippines who are neither citizens of the Philippines nor are engaged in trade or business within the Philippines or (ii) non-Philippine corporations not engaged in trade or business in the Philippines.

This summary is based on Philippine laws, rules, and regulations now in effect, all of which are subject to change. It is not intended to constitute a complete analysis of the tax consequences under Philippine law of the receipt, ownership, or disposition of the global bonds, in each case by non-Philippine holders, nor to describe any of the tax consequences that may be applicable to residents of the Republic.

Effect of Holding Global Bonds. Payments by the Republic of principal of and interest on the global bonds to a non-Philippine holder will not subject such non-Philippine holder to taxation in the Philippines by reason solely of the holding of the global bonds or the receipt of principal or interest in respect thereof.

Taxation of Interest on the Global Bonds. When the Republic makes payments of principal and interest to you on the global bonds, no amount will be withheld from such payments for, or on account of, any taxes of any kind imposed, levied, withheld or assessed by the Philippines or any political subdivision or taxing authority thereof or therein.

Taxation of Capital Gains. Non-Philippine holders of the global bonds will not be subject to Philippine income or withholding tax in connection with the sale, exchange, or retirement of a global bond if such sale, exchange or retirement is made outside the Philippines or an exemption is available under an applicable tax treaty in force between the Philippines and the country of domicile of the non-Philippine holder. Under the Philippine Tax Code, any gain realized from the sale, exchange or retirement of securities with an original maturity of more than five years from the date of issuance will not be subject to income tax. Since the global bonds have a maturity of more than five years from the date of issuance, any gains realized by a holder of the global bonds will not be subject to Philippine income tax.

Documentary Stamp Taxes. No documentary stamp tax is imposed upon the transfer of the global bonds. A documentary stamp tax is payable upon the issuance of the global bonds and will be for the account of the Republic.

Estate and Donor's Taxes. The transfer of a global bond by way of succession upon the death of a non-Philippine holder will be subject to Philippine estate tax at progressive rates ranging from 5% to 20% if the value of the net estate of properties located in the Philippines is over ₱200,000.

The transfer of a global bond by gift to an individual who is related to the nonresident holder will generally be subject to a Philippine donor's tax at progressive rates ranging from 2% to 15% if the value of the net gifts of properties located in the Philippines exceed ₱100,000 during the relevant calendar year. Gifts to unrelated donees are generally subject to tax at a flat rate of 30%. An unrelated donee is a person who is not a (i) brother, sister (whether by whole or half blood), spouse, ancestor, or lineal descendant or (ii) relative by consanguinity in the collateral line within the fourth degree of relationship.

The foregoing apply even if the holder is a nonresident holder. However, the Republic will not collect estate and donor's taxes on the transfer of the global bonds by gift or succession if the deceased at the time of death, or the donor at the time of donation, was a citizen and resident of a foreign country that provides certain reciprocal rights to citizens of the Philippines (a "Reciprocating Jurisdiction"). For these purposes, a Reciprocating Jurisdiction is a foreign country which at the time of death or donation (i) did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country or (ii) allowed a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

United States Taxation

The global bonds to be issued pursuant to this offering should form part of a "qualified reopening" for US federal income tax purposes, and therefore, part of the issue by the Republic on March 16, 2000, of 10.625% Global Bonds due 2025.

For a description of certain United States tax aspects of the global bonds, see "Taxation — United States Tax Considerations" in the accompanying prospectus. The fourth paragraph under "Taxation — United States Tax Considerations — United States Holders — The Purchase, Sale and Retirement of Debt Securities" in the accompanying prospectus should be read with the update that 15% is the maximum tax rate generally applicable under current law to net long-term capital gains recognized by an individual US holder. The first paragraph under "Taxation — United States Tax Considerations — Information Reporting and Backup Withholding" in the accompanying prospectus should be read with the update that the maximum rate of "backup withholding" tax applicable under current law is 28%.

UNDERWRITING

Subject to the terms and conditions contained in an underwriting agreement, which consists of a terms agreement dated October 16, 2003 and the underwriting agreement standard terms filed as an exhibit to the registration statement, the Republic has agreed to sell to the underwriters, namely The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. Incorporated and UBS Limited. In the underwriting agreement, the Republic has agreed to sell to the underwriters, and the underwriters have agreed to purchase from the Republic, global bonds in the principal amount of $300,000,000. Each of the underwriters, severally and not jointly, has agreed to purchase from the Republic, the principal amounts of the global bonds listed opposite its name below.

Underwriters	Principal Amount
The Hongkong and Shanghai Banking Corporation Limited Level 16, HSBC Main Building 1 Queen's Road Central Hong Kong	$100,000,000
Morgan Stanley & Co. Incorporated 1585 Broadway New York, NY 10036 U.S.A.	$100,000,000
UBS Limited 100 Liverpool Street London EC2M 2RH United Kingdom	$100,000,000
Total	$300,000,000

The underwriting agreement provides that the underwriters are obligated to purchase all of the global bonds if any are purchased. The underwriting agreement also provides that if an underwriter defaults, the purchase commitment of the non-defaulting underwriters may be increased or the offering of the global bonds may be terminated.

The Republic has agreed to indemnify the underwriters against liabilities under the US Securities Act of 1933 or contribute to payments which the underwriters may be required to make in that respect.

The underwriters have agreed to reimburse the Republic for certain expenses.

Commissions and Discounts

The underwriters have advised the Republic that they propose to offer the global bonds to the public initially at the public offering price that appears on the cover page of this prospectus supplement. After the initial public offering, the underwriters may change the public offering price and any other selling terms.

The Republic estimates that its out-of-pocket expenses for this offering will be approximately $35,000.

In connection with this offering of the global bonds, the underwriters may engage in overallotment, stabilizing transactions and syndicate covering transactions in accordance with Regulation M under the Securities Exchange Act of 1934. Overallotment involves sales in excess of the offering size, which create a short position for the underwriters. Stabilizing transactions involve bids to purchase the global bonds in the open market for the purpose of pegging, fixing or maintaining the price of the global bonds. Syndicate covering transactions involve purchases of the global bonds in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the global bonds to be higher than it would otherwise be in the absence of those transactions. If the underwriters engage in stabilizing or syndicate covering transactions, they may discontinue them at any time. The Republic has been advised by the underwriters that they intend to make a market in the global bonds, but the underwriters are not obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of or the trading market for the global bonds.

In compliance with NASD guidelines the maximum compensation to any underwriters or agents in connection with the sale of any securities pursuant to the prospectus and applicable prospectus supplements (including this supplement) will not exceed 8% of the aggregate total offering price to the public of such securities as set forth on the cover page of the applicable prospectus supplement; however, it is anticipated that the maximum compensation paid will be significantly less than 8%.

UK Selling Restrictions

The underwriter represents and agrees that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the global bonds in, from or otherwise involving the United Kingdom.

Hong Kong Selling Restrictions

No person has issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purpose of issue, any advertisement, invitation or document relating to the global bonds, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to global bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong and any rules made thereunder.

Singapore Selling Restrictions

This prospectus supplement and the prospectus to which it relates have not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS") under the Securities and Futures Act 2001 (Act 42 of 2001) of Singapore (the "Securities and Futures Act"). Accordingly, the global bonds may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this prospectus supplement and the prospectus to which it relates or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of such global bonds be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (1) to an institutional investor or other person falling within Section 274 of the Securities and Futures Act, (2) to a sophisticated investor (as defined in Section 275 of the Securities and Futures Act) and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (3) otherwise than pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Japan Selling Restrictions

The global bonds have not been and will not be registered under the Securities and Exchange Law of Japan. The underwriter has represented and agreed that it has not offered or sold, and it will not offer or sell, directly or indirectly, any global bonds in Japan or to, or for the account or benefit of, any resident of Japan or to, or for the account or benefit of, any resident for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan except (i) pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Securities and Exchange Law of Japan and (ii) in compliance with the other relevant laws and regulations of Japan.

Republic of the Philippines Selling Restrictions

The global bonds qualify as exempt securities under Section 9.1(a) of the Philippine Securities Regulation Code, and the sale, offer for sale or distribution thereof in the Philippines is not subject to registration requirements with the Philippine Securities and Exchange Commission. Accordingly, each underwriter, on behalf of itself and each of its affiliates that participates in the offering of global bonds, represents and agrees that it has not, and will not, sell or offer for sale or distribution any global bonds in the Philippines, except through Philippine registered salesmen or Philippine registered brokers or dealers in securities.

Netherlands Selling Restrictions

The Bonds may not be offered, transferred, delivered or sold, whether directly or indirectly, to any individual or legal entity in the Netherlands as part of the initial distribution or at any time thereafter, other than to individuals or legal entities who, or which, trade or invest in securities in the conduct of their profession or trade (which include banks, brokers, dealers, asset management companies, investment funds, insurance companies, pension funds, other institutional investors and treasury departments of large commercial enterprises).

Republic of Italy Selling Restrictions

No action has been or will be taken to obtain an authorization from CONSOB for the public offering of the Bonds in the Republic of Italy. The Bonds, this prospectus and any other offering material relating to the Bonds have not been offered, sold or delivered and will not be offered, sold or delivered and have not been distributed and will not be distributed and have not been made and will not, directly or indirectly, be made available in the Republic of Italy except to "qualified investors" (*operatori qualificati*), as defined in Article 31.2 of CONSOB Regulation No. 11522 of July 1998 as amended ("Regulation No. 11522"), pursuant to Article 30.2 and 100.1, lett. A) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), or in any other circumstance where an express exemption from compliance with the solicitation restrictions provided by Decree No. 58 or CONSOB Regulation No. 11971 of 14 May 1999 as amended applies, provided however, that any such offer, sale or delivery of the Bonds or distribution of copies of this prospectus or any other offering material relating to the Bonds in the Republic of Italy must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with legislative Decree No. 385 of 1 September, 1993 as amended ("Decree No. 385"), Decree No. 58, Regulation No. 11522 and any other applicable laws and regulations;

- in compliance with Article 129 of Decree No. 385 and the implementing instructions of the Bank of Italy, pursuant to which the Issue, trading or placement of securities in Italy is subject to prior notification to the Bank of Italy, unless an exemption applies; and

- in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Settlement and Delivery

Delivery of the global bonds was made against payment therefor on October 23, 2003.

Relationship of Underwriters with the Republic

The underwriters have in the past and may in the future provide investment and commercial banking and other related services to the Republic in the ordinary course of business for which the underwriters and/or their respective affiliates have received or may receive customary fees and reimbursement of out of pocket expenses.

LEGAL MATTERS

The validity of the global bonds will be passed upon on behalf of the Republic as to Philippine law by the Secretary of the Department of Justice of the Republic, and as to US and New York State law by Allen & Overy. Certain matters will be passed upon for the underwriters by Cleary, Gottlieb, Steen & Hamilton, United States counsel for the underwriters, as to matters of US and New York State law, and by Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles, Philippine counsel for the underwriters, as to matters of Philippine law.

GENERAL INFORMATION

1. The global bonds have been accepted for clearance through The Depository Trust Corporation, Euroclear and Clearstream, Luxembourg. The Common Code number is 010907888, the International Securities Identification Number is US718286AP29 and the CUSIP number is 718286AP2.

2. The issue and sale of the global bonds was authorized by the Full Powers signed by the President of the Republic dated September 9, 2003.

3. Except as disclosed in this prospectus supplement and the accompanying prospectus, there has been no material adverse change in the fiscal condition or affairs of the Republic which is material in the context of the issue of the global bonds since September 24, 2003.

4. Application has been made to list the global bonds on the Luxembourg Stock Exchange. Copies of the following documents will, so long as any global bonds are listed on the Luxembourg Stock Exchange, be available for inspection during usual business hours at the specified office of J.P. Morgan Bank Luxembourg S.A. in Luxembourg:

- copies of the Registration Statement, which includes the fiscal agency agreement and the form of the underwriting agreement as exhibits thereto; and

- the Full Powers signed by the President of the Republic dated September 9, 2003 and the resolution of the Monetary Board of Bangko Sentral adopted on October 16, 2003, authorizing the issue and sale of the global bonds.

In addition, so long as the global bonds are outstanding or listed on the Luxembourg Stock Exchange, copies of the Philippines' economic reports for each year in English (as and when available) will be available at the offices of the listing agent in Luxembourg during normal business hours on any weekday. The underwriting agreement, the fiscal agency agreement and the supplement to the fiscal agency agreement shall also be available free of charge at the office of the listing agent and any paying and transfer agent in Luxembourg.

5. Dexia Banque Internationale à Luxembourg société anonyme has been appointed as the Luxembourg paying agent. For so long as the global bonds are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Republic will maintain a paying agent in Luxembourg.

PROSPECTUS

Republic of the Philippines

$1,500,000,000

Debt Securities and/or Warrants

The Republic will provide specific terms of these securities in supplements to this prospectus. You should read this prospectus and any supplement carefully before you invest. This prospectus may not be used to offer or sell securities unless accompanied by a supplement. The Republic may sell the securities directly, through agents designated from time to time or through underwriters. The names of any agents or underwriters will be provided in the applicable prospectus supplement.

You should read this prospectus and any supplements carefully. You should not assume that the information in this prospectus, any prospectus supplement or any document incorporated by reference in them is accurate as of any date other than the date on the front of these documents.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated September 24, 2003.

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CERTAIN DEFINED TERMS AND CONVENTIONS

Statistical information included in this prospectus is the latest official data publicly available at the date of this prospectus. Financial data provided in this prospectus may be subsequently revised in accordance with the Republic's ongoing maintenance of its economic data, and that revised data will not be distributed by the Republic to any holder of the Republic's securities.

All references in this prospectus to (a) the "Republic" or the "Philippines" are to the Republic of the Philippines, (b) the "Government" are to the national government of the Philippines, (c) the "administration" are to the current administration of President Gloria Macapagal-Arroyo and (d) "Bangko Sentral" are to Bangko Sentral ng Pilipinas, the central bank of the Philippines.

Government-owned corporations are corporations at least 51% of the capital stock of which is owned by the Government directly or indirectly through its instrumentalities.

The fiscal year of the Government commences on January 1 of each year and ends on December 31 of such year.

Unless otherwise indicated, all references in this prospectus to "Philippine Pesos", "pesos" or "₱" are to the lawful national currency of the Philippines, those to "dollars", "US dollars" or "$" are to the lawful currency of the United States of America and those to "SDR" are to Special Drawing Rights of the International Monetary Fund.

This prospectus contains conversions of some peso amounts into US dollars for the convenience of the reader. Unless otherwise specified, the conversions were made at the exchange rate as stated by the Bangko Sentral Reference Exchange Rate Bulletin published by the Treasury Department of Bangko Sentral on the relevant date. No representation is made that the peso amounts actually represent the US dollar amounts or could have been converted into US dollars at the rates indicated, at any particular rate, or at all.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

FORWARD LOOKING STATEMENTS

Some of the statements contained in this prospectus under "Republic of the Philippines" are forward looking. They include statements concerning, among others,

- the Republic's economic, business and political conditions and prospects;
- the Republic's financial stability;
- the depreciation or appreciation of the peso;
- changes in interest rates;
- governmental, statutory, regulatory or administrative initiatives; and
- adverse changes in economic conditions in the Republic.

Actual results may differ materially from those suggested by the forward-looking statements due to various factors. These factors include, but are not limited to:

- Adverse external factors, such as high international interest rates and recession or low growth in the Republic's trading partners. High international interest rates could increase the Republic's current account deficit and budgetary expenditures. Recession or low growth in the Republic's trading partners could lead to fewer exports from the Republic and, indirectly, lower growth in the Republic.

- Adverse domestic factors, such as a decline in foreign direct and portfolio investment, increases in domestic inflation, high domestic interest rates and exchange rate volatility. Each of these factors could lead to lower growth or lower international reserves.
- Other adverse factors, such as climatic or seismic events and political uncertainty.

DATA DISSEMINATION

The Republic is a subscriber to the International Monetary Fund's Special Data Dissemination Standard ("SDDS"), which is designed to improve the timeliness and quality of information of subscribing member countries. The SDDS requires subscribing member countries to provide schedules indicating, in advance, the date on which data will be released or the so-called "Advance Release Calendar". For the Philippines, precise dates or "no-later-than dates" for the release of data under the SDDS are disseminated three months in advance through the Advance Release Calendar, which is published on the Internet under the International Monetary Fund's Dissemination Standards Bulletin Board. Summary methodologies of all metadata to enhance transparency of statistical compilation are also provided on the Internet under the Dissemination Standards Bulletin Board. The Internet website for the Philippines' "Advance Release Calendar" and metadata is located at "http://dsbb.imf.org/Applications/web/sddscountrycategorylist/?strcode=PHL".

USE OF PROCEEDS

Unless otherwise specified in the applicable prospectus supplement, the net proceeds from sales of securities will be used for the general purposes of the Republic, including for budget support and to repay a portion of the Government's borrowings.

PROSPECTUS SUMMARY

Republic of the Philippines

General

The Philippine archipelago has over 7,000 islands with a total land area of approximately 300,000 square kilometers. The islands are grouped into three geographic regions: Luzon, the largest island, in the north, covering an area of 141,395 square kilometers; Visayas in the central region, covering an area of 55,606 square kilometers; and Mindanao in the south, covering an area of 101,999 square kilometers. Manila is the Republic's capital. As of December 31, 2002, the Republic's population was approximately 82 million.

Government and Politics

The Republic's current constitution was adopted by plebiscite in 1987. The ratification of the new Constitution in 1987 restored a presidential form of government consisting of three branches: executive, legislative and judiciary. Executive power is vested in the President, who is elected by direct popular vote and who may serve one term of six years. Legislative authority is vested in the Congress of the Philippines, which consists of the Senate and the House of Representatives. Judicial power is vested in the Supreme Court and in various lower courts.

In January 2001, Gloria Macapagal-Arroyo became President after the impeachment of former President Joseph Estrada. Criminal charges for perjury and plunder have been filed against Mr. Estrada with the Sandiganbayan, a special court with jurisdiction over criminal and civil cases involving graft and corruption. Hearings on these charges are ongoing. On December 30, 2002, President Gloria Macapagal-Arroyo announced that she would not seek election to a full term as president. The next presidential election is scheduled to take place in May 2004.

Over the past three decades, groups of communist rebels and disaffected Muslims in the Republic have periodically fought with Government forces. The United States government has sent troops to the Philippines and pledged monetary aid to help the Republic in its campaign against these rebel groups and against terrorism generally.

Economy

The Philippines has a mixed economy in which the Government is directly engaged in certain economic activities through government-owned and controlled corporations ("GOCCs") and Government Financial Institutions ("GFIs"). The Government actively encourages domestic and foreign private investment. Beginning in 1991, further liberalization of trade and investment in the Philippines has been undertaken in tandem with the deregulation of the financial system, foreign exchange liberalization, tax reforms, acceleration of privatization, enhancement of competition in the provision and operation of public utilities, and deregulation of the oil and power industries.

In an attempt to promote macroeconomic stability and sustained growth of income and employment, the Arroyo Administration proposed its Medium-Term Philippine Development Plan for 2001–2004. The plan's major policy objectives are:

- protecting the vulnerable;
- establishing good governance and rule of law;
- modernizing agriculture and fisheries; and
- encouraging equitable macroeconomic growth based on free enterprise.

The principal sectors of the Philippine economy are services, industry and agriculture (including fishery and forestry). The services sector accounted for 45.8% of gross domestic product ("GDP") in 2002, including the subsectors of trade (16.3% of GDP), transportation, communications and storage (7.7% of GDP) and private services (7.5% of GDP). The industry sector accounted for 34.5% of GDP in 2002, of which 24.1% of GDP came from manufacturing. The agriculture sector accounted for 19.7% of GDP in 2002.

In 2002, gross national product ("GNP") grew 4.5% and GDP grew 4.4%, compared with GNP growth of 3.5% and GDP growth of 3.0% for 2001. The increased growth rates are, in part, a result of lower interest and inflation rates, and, in the administration's view, reflect the success of its macroeconomic strategy implemented in 2001. The first half of 2003 saw continued economic growth, as GNP grew 4.8% and GDP grew 3.9% (on an annualized basis), compared with GNP growth of 3.3% and GDP growth of 4.0% in the first half of 2002.

Foreign trade is important to the Philippine economy. In 2002, exports of goods and services were equal to approximately 45.9% of the country's GNP and imports were equal to approximately 46.4% of GNP. The country's trade strategy emphasizes export promotion. The expansion of export-oriented, labor-intensive manufacturing operations, such as electronics, drove total exports of goods to $34.4 billion in 2002 and produced an average annual export growth rate of 3.9% from 1998 to 2002. Manufactured goods accounted for 90% of the Republic's exports in 2002. Electronics, machinery and transport equipment and garments have historically been the Republic's leading manufactured exports. Exports of goods in 2002 were $34.4 billion, representing an increase of 10.1% from 2001, largely due to higher exports of machinery and transport equipment, garments and electronics.

The Republic disclosed in early 2003 that the reported current account surplus for 2000, 2001 and 2002 had been overstated due to monitoring problems giving rise to underreported imports. Reflecting the updated import data, the current account for 2000 has been revised to a surplus of $6.3 billion from a previously reported surplus of $8.5 billion, and the current account for 2001 has been revised to a surplus of $1.3 billion from a previously reported surplus of $4.6 billion. At these revised levels, the current account surplus stood at 7.9% and 1.7% of gross national product for 2000 and 2001, respectively. However, the capital and financial account for 2000 has been revised to a net outflow of $4.1 billion from a previously reported net outflow of $6.5 billion, and the capital and financial account for 2001 has been revised to a net outflow of $1.1 billion from a previously reported net outflow of $3.7 billion. As revised, the Republic's balance of payments recorded a surplus of $660 million for 2002, compared to a $192 million deficit for 2001. The year-on-year turnaround was mainly attributed to higher remittances from overseas workers and growth in exports.

In the first six months of 2003, the Republic's balance of payments recorded a deficit of $616 million, compared to a surplus of $1.7 billion for the first six months of 2002. The reversal was due both to a decrease in the current account surplus, from $2.1 billion in the first six months of 2002 to $868 million in the first six months of 2003, and to a reversal in the capital and financial account, from a surplus of $1.7 billion in the first six months of 2002 to an outflow of $2.4 billion in the first six months of 2003. The decline in the current account in the first six months of 2003 compared with the same period in 2002 was mainly because of increased imports of raw materials and crude oil and a decline in tourism due to the SARS epidemic. The decline in the capital and financial account in the first six months of 2003 compared with the first six months of 2002 was mainly because of global investor uncertainty and withdrawals of foreign currency by non-residents from Philippine banks.

The Republic's external debt approved by and registered with Bangko Sentral (which includes banking system debt, public sector debt whether or not guaranteed by the Government and private sector debt) amounted to $56.1 billion as of June 30, 2003, a 0.6% increase from March 31, 2003. Bangko Sentral–approved external debt amounted to $55.8 billion as of March 31, 2003, a 3.6% increase from the $53.9 billion recorded as of December 31, 2002. The increase in the first quarter of 2003 resulted mostly from net inflows of foreign exchange to finance the Government's budgetary requirements. In 2002, Bangko Sentral–approved external debt increased by 2.9% from the $52.4 billion recorded as of December 31, 2001. The increase in debt in 2002 was due to additional borrowing to settle maturing obligations and finance the Government's budget deficit, as well as upward foreign exchange revaluation adjustments on third-country-currency-denominated debt resulting from the continued depreciation of the U.S. dollar against third-country currencies. As of March 31, 2003, Bangko Sentral–approved medium and long-term external debt amounted to $49.4 billion. Of this amount, 58% carried fixed rates, 39% had variable rates, and the remaining 3% did not bear interest. As of March 31, 2003, the average cost of fixed rate credits was 6.1%. For liabilities with floating interest rates, the margin over the applicable base rate averaged 1.7%. As of March 31, 2003, approximately 55% of total Bangko Sentral–approved external debt (including short-term debt) was denominated in U.S. dollars while 27% was denominated in Japanese yen. As of March 31, 2003, multi-currency loans from the World Bank, the International Monetary Fund and the Asian Development Bank accounted for 16.6%. The average interest rates for 91-day Treasury bills decreased from 9.86% in 2001 to 5.43% in 2002, following the decline in global interest rates.

On June 12, 2003, Fitch Ratings downgraded the Republic's long-term foreign currency rating from BB+ to BB on the grounds that current and prospective fiscal trends amount to a material deterioration in sovereign creditworthiness, notwithstanding the recent upturn in tax receipts. Fitch also lowered the long-term local currency rating from BBB– to BB+ and changed the outlook on both ratings from negative to stable. Fitch mentioned that the change in outlook reflected Fitch's judgement that broader macro-economic trends remained reasonable with respect to growth, inflation and the current account balance. On April 24, 2003, Standard & Poor's Ratings Service downgraded the Republic's long-term foreign currency rating from BB+ to BB, downgraded the Republic's local currency rating from BBB+ to BBB and revised the long-term ratings outlook from negative to stable. Standard & Poor's emphasized the Government's high fiscal deficit, increased interest payments due to its high debt burden, and heavy reliance on external capital for economic growth. On January 8, 2003, Moody's Investors Service revised its outlook on the Republic's local-currency rating for government bonds from stable to negative, while affirming each of the Republic's foreign currency ratings. Moody's recognized that revenue collections had improved in recent months, but noted that poor revenue collection in prior periods had weakened long-term fiscal prospects.

Summary Economic Information of the Republic of the Philippines

	1998	1999	2000	2001	2002	2003
	(in billions, except as indicated)[1]					
GDP (at current market prices)[2]	₱ 2,665	₱ 2,977	₱ 3,355	₱ 3,674	₱ 4,023	₱2,037[3]
GDP (at constant 1985 prices)[2]	888	918	973	1,002	1,046	518[3]
GDP per capita (in US dollars at current market prices)[2]	$ 864	$ 992	$ 989	$ 917	$ 970	$ 465[3]
GDP growth rate (at constant 1985 prices)[2]	(0.6)%	3.4%	4.4%	3.0%	4.4%	3.9%[3]
GNP growth rate (at constant 1985 prices)[2]	0.4%	3.7%	4.8%	3.5%	4.5%	4.8%[3]
Inflation rate	9.7%	6.7%	4.4%	6.1%	3.1%	3.0%[4]
Unemployment rate	10.1%	9.8%	11.2%	11.1%	11.4%	12.7%[5]
Government revenues	₱ 463	₱ 479	₱ 515	₱ 564	₱ 567	₱ 408[6]
Government expenditures	513	590	649	711	778	522[6]
Government surplus (deficit)	(50.0)	(111.7)	(134.2)	(147.0)	(211)	(114)[6]
Public sector borrowing requirement[7]	(111.3)	(138.0)	(174.6)	(189.8)	(268.3)	N/A[8]
Consolidated public sector financial position[9]	(83.2)	(100.5)	(151.7)	(169.3)	(234.3)	N/A[8]

	1998	1999	2000	2001	2002	2003
	(in millions, except as indicated)					
Goods trade — exports	$ 29,496	$ 34,211	$ 37,295	$ 31,243	$ 34,383	$17,068[3]
Goods trade — imports[10]	(29,524)	(29,252)	(33,481)[11]	(31,986)[11]	(33,975)[11]	18,571[3]
Services trade — exports	13,917	4,803	3,972	3,148	3,056	1,405[3]
Services trade — imports	(12,778)	(7,515)	(6,402)	(5,198)	(4,320)	(2,232)[3]
Current transfer (net)	435	512	437	447	503	306[3]
Current account (deficit)	1,546	7,219	6,258[11]	1,323[11]	4,197[11]	868[3]
As a percentage of GNP	2.3%	9.0%	7.9%	1.7%	5.0%	2.2%[3]
Total capital and financial account	$ 478	$ (2,333)	$ (4,119)	$ (1,080)	$ (2,104)	$(2,439)[3]
Overall balance of payments position	1,359	3,586	(513)	(192)	660	(616)[3]
As a percentage of GNP	2.0%	4.5%	(0.6)%	(0.2)%	0.8%	1.6%[3]
Gross international reserves[12]	$ 10,806	$ 15,107	$ 15,024	$ 15,658	$ 16,180	$16,171[13]

	1998	1999	2000	2001	2002	2003
	(in billions, end of period)[14]					
Direct domestic debt of the Republic[15]	₱ 850.9	₱ 978.4	₱1,068.2	₱1,247.7	₱1,471.2	₱1,475.7[16]
Direct external debt of the Republic[15]	$ 16.5	$ 19.8	$ 22.0	$ 22.1	$ 25.3	$ 26.6[16]
Public sector domestic debt[17]	₱1,721.2	₱2,196.6	₱2,542.0	₱2,286.3	₱2,765.4	N/A[8]
Public sector external debt[18]	$ 26.9	$ 31.8	$ 31.5	$ 25.1	$ 28.0	$ 29.7[16]

Sources: National Statistics Office; National Statistical Co-ordination Board; Bureau of the Treasury; Department of Finance, Bangko Sentral.

(1) Amounts in pesos have been converted to US dollars using the average Bangko Sentral reference exchange rates for the applicable year.

(2) GDP and GNP figures for 2001 and 2002 have recently been revised. See "GDP and Major Financial Indicators — Periodic Revisions to Philippine National Accounts."

(3) First half of 2003.

(4) Year on year as of August 2003.

(5) As of July 31, 2003.

(6) First eight months of 2003.

(7) Represents the aggregate deficit of the Government, the Central Bank-Board of Liquidation (the "CB-BOL"), the Oil Price Stabilization Fund and the 14 GOCCs whose debt comprises virtually all the debt incurred by GOCCs (the "14 monitored GOCCs").

(8) N/A means "not available."

(9) Comprises the aggregate deficit or surplus of the Government, the CB-BOL's accounts, the 14 monitored GOCCs, the Social Security System (the "SSS"), the Government Service Insurance System (the "GSIS"), Bangko Sentral, the Government financial institutions ("GFIs") and the local government units.

(10) National Statistics Office data was adjusted to exclude aircraft procured under operating lease arrangements amounting to $136 million for 1998.

(11) Represents the final revised numbers released by the Inter-agency Task Force on the Balance of Payments.

(12) Comprises the holdings by Bangko Sentral of gold reserves, foreign investments, foreign exchange and SDRs, including Bangko Sentral's reserve position in IMF at period end.

(13) Preliminary. As of August 31, 2003.

(14) Amounts in original currencies were converted to US dollars or pesos, as applicable, using the Bangko Sentral reference exchange rates at the end of each period.

(15) Represents debt of the Government only, and does not include other public sector debt. Includes direct debt obligations of the Government, the proceeds of which are on-lent to GOCCs and other public sector entities, but excludes debt guaranteed by the Government and debt originally guaranteed by other public sector entities for which the guarantee has been assumed by the Government.

(16) As of March 31, 2003.

(17) Represents debt of the Government, the 14 monitored GOCCs, the CB-BOL, Bangko Sentral and the GFIs.

(18) Includes public sector debt whether or not guaranteed by the Government.

REPUBLIC OF THE PHILIPPINES

History, Land and People

History. Spain governed the Philippines as a colony from 1521 until 1898. On June 12, 1898, during the Spanish-American War, the Filipinos declared their independence. The United States claimed sovereignty over the Philippines under the 1898 Treaty of Paris, which ended the Spanish-American War, and governed the Philippines as a colony until 1935 when the Philippines became a self-governing commonwealth. On July 4, 1946, the Philippines became an independent republic.

Geography and General Information. The Philippine archipelago, located in Southeast Asia, comprises over 7,000 islands and a total land area of approximately 300,000 square kilometers. The Republic groups the islands into three geographic regions: Luzon in the north, covering an area of 141,395 square kilometers, Visayas in the center, covering an area of 55,606 square kilometers, and Mindanao in the south, covering an area of 101,999 square kilometers. The Republic is also divided into 17 administrative regions.

Forests cover approximately 50% of the Philippines, and 47% of the country is under agricultural cultivation. In 2002, agriculture, forestry and fishery employed 37.0% of the labor force and provided 4.3% of the Republic's export earnings (including exports of agriculture-based products). The Republic is generally self-sufficient in staple cereals and is a major exporter of certain agricultural products. Manufactured goods comprise the most important category of the Republic's exports, accounting for approximately 90% of the Republic's exports in 2002. Electronics, machinery and transport equipment and garments have historically been the Republic's leading manufactured exports.

The Republic's population is currently approximately 82 million. The Republic's capital, Manila, located in Luzon, has an estimated population of 1.7 million. The cities of Manila, Pasay, Kalookan, Quezon City, Mandaluyong, Las Piñas, Muntinlupa, Marikina, Pasig and Makati, together with seven surrounding municipalities, make up the National Capital Region or Metro Manila. Metro Manila, the most populous of the administrative regions, has an estimated population of 9.9 million people.

The majority of Filipinos have Malay ethnic origins. Filipino culture also includes strong Spanish, Chinese and American influences. Filipino is the national language, but English is the primary language used in business, government and education. The population speaks over 80 other dialects and languages, including Chinese and Spanish. Based on a 2000 survey, the Republic's literacy rate is 95%, ranking among the highest in Asia.

Christianity, primarily Roman Catholicism, is the predominant religion in the Philippines. A significant Muslim minority lives in Mindanao.

Government and Politics

Governmental Structure. Since 1935, the Republic has had three Constitutions. The country adopted the current Constitution by plebiscite in February 1987 after Ferdinand Marcos, who had ruled for 20 years, was ousted a year earlier in favor of Corazon Aquino following a people's uprising. The new Constitution restored a presidential form of government comprised of three branches: executive, legislative and judicial.

The principal features of each branch are as follows:

- Executive — A President, directly elected for a single, six-year term, exercises executive power. If the President dies, becomes permanently disabled or is removed from office or resigns, the Vice President acts as President for the remainder of the term. If the Vice President cannot serve, the President of the Senate or, if he cannot serve, the Speaker of the House of Representatives, acts as President until the election and qualification of a new President or Vice President. The person acting as President for any remaining term may, if elected, serve a six-year term as President.

  In May 1998, the country elected Joseph Estrada as President and Gloria Macapagal-Arroyo as Vice President. In January 2001, after a people's uprising, there was a transition of power to President Arroyo.

- Legislative — The Congress, comprised of the Senate and the House of Representatives, exercises the country's legislative authority. The Constitution mandates a Senate of 24 members and a House of Representatives of not more than 250 members, all elected by popular vote. Senators serve for a term of six years and members of the House of Representatives for a term of three years. The country held elections for 13 Senators and all members of the House of Representatives in May 2001. The other 11 Senators were elected in May 1998.

- Judicial — The Supreme Court and any lower courts established by law exercise the country's judicial authority. The country's court system is a multi-tiered system of courts of general jurisdiction that includes the Supreme Court and the Court of Appeals. Below these, the Regional Trial Courts, Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts constitute courts of original jurisdiction.

  Special or administrative tribunals and quasi-courts also exercise judicial functions. Included in this category are constitutional commissions, the Sandiganbayan (the court that handles Government graft and corruption cases), the Court of Tax Appeals, the Shari'ah courts (which handle matters governed by Islamic law) and administrative agencies that handle specialized areas such as labor relations and securities regulation.

  A Chief Justice and 14 Associate Justices constitute the Supreme Court, which supervises all lower courts and related personnel. The Supreme Court and the Court of Appeals may review decisions and rulings of lower courts and quasi-judicial tribunals. The President appoints each Supreme Court or Court of Appeals justice and lower court judge from at least three candidates nominated by the Judicial and Bar Council.

Political Parties. The Republic's multi-party system currently has several registered political parties. For the May 2001 elections, President Arroyo was supported by the People Power Coalition, which was comprised of the Lakas-NUCD-UMDP, the Liberal Party, Reporma, Promdi, Aksyon Demokratiko and other pro-Arroyo administration parties. In turn, parties identified with former President Estrada formed the Puwersa ng Masa ("Force of the Masses") coalition, which was comprised of the Nationalist People's Coalition, the Laban ng Demokratikong Pilipino, Partido ng Masang Pilipino, the People's Reform Party and the Kilusang Bagong Lipunan (the party organized by the late President Ferdinand Marcos and his political allies).

Administrative Organization. As of December 31, 2002, the Republic had 17 regions and 43,645 local Government units. Local Government units included 79 provinces, 115 cities, 1,495 municipalities (subdivisions of provinces) and 41,956 barangays (villages, which are the basic units of the political system). Highly urbanized cities function independently of any province, while other cities are subject to the administrative supervision of their home provinces.

The Government is mainly organized around the 20 departments and department-equivalent agencies of the executive branch, which implement the various programs and projects of the Government. The departments and department-equivalent agencies are grouped into sectors.

Sector	Major Departments
Social services	Health; Education, Culture and Sports; Labor and Employment; Social Welfare and Development
Economic services	Agriculture; Agrarian Reform; Energy; Environment and Natural Resources; Tourism, Trade and Industry; Public Works and Highways; Transportation and Communications; Science and Technology
Defense	National Defense
General public services	Foreign Affairs; Finance; Budget and Management; Interior and Local Government; Justice; National Economic and Development Authority; Office of the Press Secretary
Constitutional offices	Elections; Audit; Civil Service; Office of the Ombudsman; Human Rights
Autonomous Region of Muslim Mindanao	Not applicable
Cordillera Administrative Region	Not applicable

Government Corporations. The Government owns or controls a number of corporations that provide essential goods and services and work with the private sector to encourage economic growth and development. Originally restricted to basic public services and national monopolies, the number of Government corporations grew from 13 in the 1930s to 301 by 1984. In 1988, the Government launched a reform program to reduce the number of Government corporations, establishing the legal and policy framework for the country's privatization program. See "Privatization — General."

Currently, there are approximately 100 Government corporations, including subsidiaries. Each of these corporations is attached to a department for policy and program coordination.

The Government closely monitors 14 major non-financial Government corporations engaged in various major business activities by recording their individual contribution to the public sector deficit or surplus position and other financial indicators. These 14 corporations and their areas of activity are as follows:

Government Corporation	Business Activity
National Power Corporation	power generation and transmission
Philippine National Oil Company	holding company, power
National Electrification Administration	electric utilities
Metropolitan Waterworks and Sewerage System	water utilities
Local Water Utilities Administration	water utilities
Philippine Export Zone Authority	area development
National Food Authority	agriculture
National Irrigation Administration	agriculture
Philippine National Railways	transportation
Light Rail Transit Authority	transportation
Philippine Ports Authority	transportation
National Development Company	holding company
National Housing Authority	housing
Home Guaranty Corporation	housing insurance

As of December 31, 2001, these 14 corporations had aggregate domestic and external debt of ₱1,140 billion, which comprised virtually all the debt incurred by Government corporations.

To facilitate the implementation of better business practices, the Government intends to expand its monitoring of Government corporations, including to the National Home Financing Corporation, which provides mortgage financing for low-income housing.

The Government currently records the contribution to the public sector deficit or surplus, and other financial indicators, of three Governmental financial institutions that provide credit to enterprises in support of public policies, including two specialized Government banks — the Development Bank of the Philippines and the Land Bank of the Philippines. For a description of the Development Bank and the Land Bank, see "— The Philippine Financial System — Structure of the Financial System." The third institution, the Trade and Investment Development Corporation of the Philippines (formerly Philippine Export and Foreign Loan Guarantee Corporation), guarantees foreign currency loans to exporters and contractors. As of December 31, 2001, the monitored Governmental financial institutions had aggregate domestic and external debt of ₱301.4 billion.

International Relations. The Philippines places a high priority on expanding global trade through a multilateral framework of principles and rules that respect individual countries' policy objectives and levels of economic development. The country's participation in various international organizations, such as the World Trade Organization, the International Monetary Fund ("IMF"), the International Bank for Reconstruction and Development (also known as the World Bank) and the Asian Development Bank, allows it to encourage liberalized trade and investment and to discuss global issues that will affect the Republic's economy.

The following table shows the Republic's capital participation in, and loans obtained from, major international financial organizations.

MEMBERSHIP IN INTERNATIONAL FINANCIAL ORGANIZATIONS

Name Of Organization	Date Of Admission	Subscribed	Capital Share	Capital Paid In	Loans Outstanding
		(in millions, except for percentages)			
International Monetary Fund(1)	December 1945	SDR 879.9	—	SDR 879.9	SDR 1,052.7
International Bank for Reconstruction and Development(2)	December 1945	$ 6,844.0	0.4%	$ 48.9	$ 3,353.0
Asian Development Bank(3)	December 1966	$ 1,142.0	2.4%	$ 80.0	$ 2,551.5

(1) *As of May 31, 2003; Source:* IMF.

(2) *As of June 30, 2002; Source:* World Bank Annual Report.

(3) *As of December 31, 2002; Source:* Asian Development Bank Annual Report.

The Philippines also promotes its economic interests through membership in the following regional organizations:

- the Association of Southeast Asian Nations ("ASEAN");
- ASEAN Free Trade Area;
- South East Asia, New Zealand and Australia Central Banks;
- South East Asian Central Banks;
- Asia-Pacific Economic Cooperation; and
- Executives Meeting of East Asia and Pacific Central Banks.

Relationship with the IMF. The IMF currently maintains a close dialogue with the Government, within the framework of a post-program monitoring arrangement ("PPM"). The PPM involves program assessments that are based on a regular review of economic developments and policies rather than the attainment of specific quantitative targets. This arrangement does not involve a financing component.

In December 2002, the IMF completed a 10-day review of the Philippine economy as part of the PPM. The IMF emphasized the need for the reduction of the fiscal deficit through increased revenues. In particular, the IMF recommended additional taxes on telecommunications, "sin" products and automobiles, and measures to improve the efficiency of tax collection. The IMF also recommended improvements in energy regulation, including a stronger and more independent Energy Regulatory Commission ("ERC") and the expedited privatization of the National Power Corporation ("NPC"). See "Philippine Economy — Restructuring of the Electric Power Industry and the Privatization of National Power Corporation".

In August 2003, the IMF completed its most recent 10-day review of the Philippine economy as part of the PPM. The IMF continued to emphasize the need for measures to reduce the Government fiscal deficit, including structural reforms in the banking sector, improvements in tax collection, improvements in the efficiency of NPC and an increase in basic power rates.

The next IMF review of the Philippine economy pursuant to the PPM will take place in November 2003, at which time the Government will determine whether it intends to continue the PPM. The Republic will continue to be subject to the IMF's annual Article 4 review, which is standard for all IMF members.

Recent Developments

Military Incident in Manila

On Sunday, July 27, 2003, approximately 300 members of the Armed Forces of the Philippines ("AFP") occupied a luxury apartment complex in Manila's main financial district and threatened to detonate explosives they had planted in the area. The soldiers, who accused the military of corruption and collusion with rebel forces, demanded the resignations of President Arroyo and Defense Secretary Angelo Reyes. The 20-hour standoff ended peacefully when Government negotiators persuaded the soldiers to return to barracks. The next Monday, the Philippine financial markets continued normal operations. However, in the week following the incident, the Philippine Stock Exchange composite index declined by 3.8% to close at 1235.30 on August 1, 2003. Also, on August 29, 2003, Mr. Reyes resigned, and President Arroyo has temporarily assumed the duties of Defense Secretary. Eduardo Ermita was appointed Defense Secretary on September 23, 2003. As of September 24, 2003, the Philippine Stock Exchange composite index had recovered to close at 1318.57. It is unclear whether or not the incident will have a long-term effect on foreign investment or on the Philippine financial system as a whole.

Suspension of Bangko Sentral Governor

On August 14, 2003, the Philippine Court of Appeals issued an order suspending Bangko Sentral Governor Rafael Buenaventura and four other central bank officials for one year. The court, reversing an earlier finding of the Office of the Ombudsman (the office mandated under the Constitution of the Republic to investigate and prosecute all complaints of corruption against public officials and government employees), found Mr. Buenaventura "administratively liable of gross neglect of duty" for not performing an adequate investigation in connection with the closure of a commercial bank in 2000. Mr. Buenaventura and the other suspended officials have filed motions for reconsideration with the Court of Appeals. The suspensions have not yet taken effect, and the Supreme Court has dismissed criminal charges against Mr. Buenaventura and other BSP officials in connection with the 2000 bank closure. The Government does not expect the suspensions to affect the operations of Bangko Sentral.

State of the Nation Address

President Arroyo delivered her latest State of the Nation address on July 28, 2003, one day after the aborted military uprising in Manila. President Arroyo urged Congress to approve pending economic reforms, such as the Transco franchise, legislation to allow farmland to be used as loan collateral, an excise tax on automobiles, and restructuring of the Bureau of Internal Revenue ("BIR").

Funds Released from Marcos Accounts

The Supreme Court ruled, on July 15, 2003, that the Government may claim approximately $683 million from frozen Swiss bank accounts of former President Ferdinand Marcos and his family. In its decision, the Supreme Court found that Marcos had illegally acquired the money from the Republic during his 20 years as President. Following the verdict, Swiss authorities have approved the transfer of all but $10 million of the funds to the Government. The Marcos family has filed a motion for reconsideration of the Supreme Court decision, which may delay actual release of the funds. Also, on September 2, 2003, a US federal court in Hawaii reaffirmed an injunction against transfer of the Marcos funds because of an unpaid 1995 judgment for $1.2 billion in favor of human rights victims of the Marcos administration. President Arroyo has announced that the Government will contest the US court injunction. The Arroyo administration has proposed to use the funds to compensate human rights victims of the Marcos administration, fund agrarian land reform, reduce the fiscal deficit and reduce the Republic's debt.

Renewed Close Ties Between the Republic and the United States. In May 2003, President Arroyo visited the United States and received pledges of aid to finance anti-terrorism measures and economic development in Mindanao. During the visit, US President George W. Bush, in recognition of the Republic's support of the US-led war on terrorism, designated the Republic a "major non-NATO ally," which would allow the Republic increased access to US military research and supplies. Commitments made by the Bush administration during President Arroyo's visit include:

- $30 million in counter-terrorism equipment and training;
- $30 million in development assistance for Mindanao;

- $25 million to train and equip an anti-terrorism combat engineering unit;
- US military support for Philippine military operations against the Abu Sayyaf guerrilla group;
- initiatives to help reduce transaction fees on remittances from overseas Filipinos; and
- trade preferences on certain Philippine agricultural products.

Internal Conflict with Rebel Groups. Over the past three decades, groups of communist rebels and disaffected Muslims in the Republic have periodically fought with Government forces. Armed conflict has continued between the Government and various rebel groups, mainly communist rebels and Muslim separatists.

Since March 2003, a series of bombings and raids in the southern region of Mindanao have killed almost 100 civilians. In response the AFP launched sustained military offensives against the Moro Islamic Liberation Front ("MILF") and the Abu Sayyaf guerrilla group, both of which the Government holds responsible for the recent attacks. Leaders of the MILF, the largest Muslim separatist group in the Philippines, condemned the recent attacks and denied that they target civilians.

As part of the Government's response to recent terrorist attacks, a number of anti-terrorism bills have been proposed in Congress. President Arroyo has urged the Congress to pass these bills quickly to give the military and the police increased power in fighting terrorism. The draft bills include, among other items, measures that would improve the state's ability to intercept communications, conduct surveillance, freeze bank accounts, make warrantless arrests and extend detentions.

As part of the recent heightened cooperation between the Republic and the United States in the campaign against terrorism, the United States has sent troops and military advisers to help the AFP defeat the Abu Sayyaf. In July 2002, the United States and the Republic entered into a sustained military cooperation agreement. Pursuant to the agreement, more than 1,000 US troops have arrived in the Philippines since October 2002 to participate in joint military exercises and to train the AFP in counter-terrorism strategy and tactics. According to the AFP, 5,000 Government soldiers are currently in pursuit of the Abu Sayyaf, and heavy fighting between the AFP and the Abu Sayyaf has continued in Mindanao. According to military officials, fewer than 500 Abu Sayyaf guerrillas remain in Mindanao.

Philippine and US defense officials are currently negotiating the terms of reference to govern the deployment of additional US troops in Sulu, Mindanao, in an operation known as "Balikatan 03-1." The Government has indicated that US involvement in Sulu will be limited to joint training exercises under the supervision of the Philippine military; however, some Philippine legislators and local Mindanao officials have expressed concern about the possibility of US participation in direct combat against Abu Sayyaf guerrillas.

In early 2003, fierce fighting resumed between the MILF and the AFP. Clashes, concentrated near a MILF stronghold in southern Mindanao known as the Buliok complex, forced an estimated 40,000 to 80,000 civilians to evacuate their homes. The Philippine National Police believe that the MILF has ties to the Indonesian group Jemaah Islamiah, which is widely believed to be responsible for the terrorist bomb attack in Bali, Indonesia in October 2002 and the hotel bombing in Jakarta, Indonesia in August 2003 (see — "Terrorist Attacks in the United States and Related Events") and also to be linked to the al-Qaeda terrorist organization. MILF leaders have denied that the group is responsible for the recent terrorist bombings in the Philippines and have denied any link to Jemaah Islamiah or al-Qaeda.

Formal peace negotiations between the Government and the MILF have been suspended since 2001. However, on July 17, 2003, the Government and the MILF declared an indefinite bilateral cease-fire. To facilitate the peace process, the Government also suspended arrest warrants on several MILF leaders suspected of involvement in recent terrorist attacks in Mindanao. Peace talks between the Government and the MILF, mediated by the Malaysian government, are scheduled to resume in October 2003 in Kuala Lumpur, Malaysia. The United States has pledged diplomatic and financial support for the peace negotiations.

In 2002, the United States and the European Union placed the Communist Party of the Philippines (the "CPP") and the CPP's armed affiliate, the New People's Army (the "NPA"), on their lists of "foreign terrorist organizations.” As a result, the United States and European governments have frozen financial accounts linked to these groups and restricted travel of CPP and NPA members in the United States and the European Union. In response to several recent bombings and kidnappings attributed to the CPP, the AFP has initiated a military offensive to end the insurgency. However, the Government continues to be open to peace negotiations with the National Democratic Front (“NDF”), a political organization closely aligned with the CPP and NPA. Since September 2002, formal peace talks between the Arroyo administration and the NDF have been suspended by order of the President. The NDF has announced that it will not participate in peace talks until the United States and the European Union remove the CPP and the NPA from their lists of “foreign terrorist organizations.” Despite this development, the Government has begun informal exploratory talks with CPP and NDF leaders in Amsterdam, with the aim of reviving the peace process. The resumption of formal peace negotiations has been deferred, however, amid resumed fighting between the AFP and the NPA, as well as allegations that the NDF and CPP are using the illegal drug trade to finance their operations.

Uncertainty in Iraq and North Korea. In April 2003, an international coalition led by the United States defeated the regime of former Iraqi President Saddam Hussein. The victory of the coalition forces in Iraq, followed by the passage of a United Nations resolution to lift economic sanctions on Iraq, has eased much of the previous uncertainty over the stability of international markets and the supply of oil from the Middle East. However, coalition military forces continue to occupy Iraq and attacks have continued against coalition forces. The US and coalition governments have not officially stated when they expect to restore political and economic stability to Iraq.

North Korea’s recent announcement that it would reactivate its nuclear weapons program has drawn harsh criticism and further economic sanctions from the United States. It is unclear how any potential military action by or against North Korea or embargoes or sanctions against North Korea will affect the international financial markets or the Philippine economy.

Severe Acute Respiratory Syndrome. In early 2003, the outbreak of Severe Acute Respiratory Syndrome (“SARS”) seriously disrupted several Asian economies and impeded global travel and trade. Since February 2003, the disease has spread from China to more than 25 countries around the world; at least 8,400 people have been infected and more than 900 of them have died. Hong Kong, China, Taiwan, and Singapore have been especially hard hit by the disease.

On May 21, 2003, the World Health Organization (“WHO”) lifted its advisory against travel to the Philippines. The WHO noted that there had been no new locally transmitted SARS cases in the Philippines in 20 days, twice the maximum incubation period of the disease. In total, there have been 14 cases of SARS reported in the Philippines, two of them fatal.

The effect of SARS on the Republic’s economic growth was minimal in the first quarter of 2003; however, SARS adversely affected the Republic’s GDP and GNP growth in the second quarter of 2003 because of decreased tourism, transportation, and food manufactures caused by fears of the spread of the SARS virus. In April 2003, President Arroyo announced the creation of a ₱1.5 billion contingency fund to stem a potentially more serious outbreak of SARS in the Philippines. President Arroyo also formed a crisis management team including labor, health, immigration, and military officials. The contingency fund and the crisis management team remain in place. Although SARS appears to have subsided, it is impossible to predict the long-term effect of SARS on Philippine public health or on the Philippine economy.

Changes in the Arroyo Administration. The Secretary for Justice, Hernando Perez, resigned on January 2, 2003, amid allegations that he had extorted money from a Manila congressman. On December 19, 2002, the Presidential Anti-Graft Commission had charged Mr. Perez with obstruction of justice for prohibiting the Bureau of Immigration from divulging the travel records of high-ranking government officials, including himself. On January 16, 2003, Simeon Datumanong, former Secretary for Public Works and Highways, officially replaced Mr. Perez as Secretary for Justice.

Although the effect of these recent developments is unclear, the Government does not believe that the changes in leadership positions will materially affect the stability or effectiveness of the Arroyo administration.

Terrorist Attacks in the United States and Related Events. The evolving response of the United States and other nations to the terrorist attacks of September 11, 2001 in New York City and Washington, D.C. has resulted in continuing political and economic uncertainty and in increased volatility in the world's financial markets. The US-led military action in Afghanistan, which began in October 2001, defeated the Taliban government and weakened the al-Qaeda forces blamed for the September 11 attacks. However, the US government has indicated that al-Qaeda continues to operate in countries around the world and continues to threaten and plan additional terrorist attacks.

In May 2003, bombings in Casablanca, Morocco and Riyadh, Saudi Arabia killed dozens of civilians and renewed concern over international terrorism by al-Qaeda and affiliated groups. On August 5, 2003, a terrorist bombing of a hotel in Jakarta, Indonesia, killed 12 people and injured 150 others. Also, in October 2002, a terrorist bombing in Bali, Indonesia killed at least 190 people, including many foreign tourists. It is not known whether those responsible for the Bali and Jakarta attacks were connected to al-Qaeda or to previous attacks in the Philippines. In response to the recent attacks, the United States and the United Kingdom have issued advisories against travel to Mindanao, where rebel groups are most active. It is unclear how the Philippine economy or the international financial markets will be affected in the future by terrorism-related events either inside or outside the Philippines.

Possible Constitutional Change. In July 2003, the Senate committee on constitutional amendments and revision of laws passed a resolution calling for a constitutional convention after 2004 that could result in various changes to the Philippine Constitution of 1987, including converting the Government to a parliamentary system and changing to a unicameral legislature. However, a majority in the House of Representatives prefers to convene a constituent assembly as the means of effecting constitutional change. In March 2003, the House of Representatives passed a resolution proposing such an assembly. However, the Government does not expect constitutional change to take place in the near term, given the different processes favored by the two legislative bodies.

Criminal Charges Against Estrada. Criminal charges for perjury, illegal use of an alias, and plunder filed against former President Joseph Estrada in 2001 by the Ombudsman continue to be tried in the Sandiganbayan, a special court with jurisdiction over criminal and civil cases involving graft and corruption.

On May 19, 2003, Mr. Estrada filed a motion to dismiss the charges against him, arguing that he is still the legitimate president of the Philippines and immune from prosecution, despite a ruling by the Philippine Supreme Court that Mr. Estrada had effectively resigned from the presidency. On July 29, 2003, the Sandiganbayan rejected with finality Mr. Estrada's motion to dismiss the charge of plunder and related charges against him. The defense is expected to begin presenting its evidence in September 2003.

Philippine Economy

Overview. Like many developing countries after World War II, the Philippines protected local industry from foreign competition through measures such as import tariffs and quotas, hoping to replace imported finished goods with domestically produced goods over time. Successive Governments also intervened in the country's economic affairs by imposing quantitative trade barriers, price controls and subsidies. Initially, the economy grew rapidly, with real GNP growing at an average rate of 5.8% per annum from 1970 to 1980, largely due to increased exports and Government investments. Infrastructure spending increased, and state ownership of commercial enterprises became prevalent. By the early 1980s, however, the country faced ballooning budget deficits, growing levels of foreign and domestic borrowing, rising inflation, climbing interest rates, a depreciating peso, declining investment capital, and slowing economic growth or, at times, a contraction in GDP. The country's unstable political situation during that period, highlighted by the assassination of opposition leader Benigno Aquino in 1983, exacerbated its economic problems.

The general optimism brought about by the peaceful removal of the unpopular Marcos administration in 1986 helped economic recovery. Real GNP grew by 3.6% in 1986, increasing to 7.2% in 1988 before decelerating to 0.5% in 1991. The deceleration was caused principally by underlying macroeconomic imbalances, compounded by supply bottlenecks, natural disasters, political instability, the global recession and the Persian Gulf crisis.

The Government of President Corazon Aquino, who came to power in 1986, embarked on a stabilization program aimed at preventing an upsurge in inflation, controlling the fiscal deficit and improving the external current account position. The economy responded favorably to these measures, posting increases in real GNP, investments, private consumption and imports in 1992. The Aquino administration also recognized that the country's economic difficulties in large part resulted from its protectionist policies. The Aquino administration, therefore, initiated reforms to open the economy to market forces and reduce the size and role of the Government in the Philippine economy. The Government of President Fidel Ramos, who assumed office in 1992, accelerated the reform efforts initiated by the Aquino administration.

Following a review of a number of the policies and programs initiated by previous administrations, the Estrada administration continued many of the financial policies and market-oriented reforms of the Aquino and Ramos administrations.

After the onset of the Asian economic crisis in mid-1997, the Philippines experienced economic turmoil characterized by currency depreciation, a decline in the performance of the banking sector, interest rate volatility, a significant decline in share prices on the local stock market and a reduction of foreign currency reserves. These factors led to a slowdown in the Philippine economy in 1997 and 1998 with real GDP contracting by 0.6% in 1998. The Philippines' economic performance in 1998 was also adversely affected by the decline in agricultural production caused mainly by the effects of the drought related to the El Niño phenomenon and later the typhoons related to the La Niña phenomenon. In response, the Government adopted a number of policies to address the effects of the Asian economic crisis by strengthening the country's economic fundamentals. In 1999 and 2000, a number of the Philippines' economic indicators showed more favorable results. In 1999, real GNP growth improved to 3.7% while real GDP expanded by 3.4%. The trend continued in 2000 with real GNP growing by 4.8% and GDP growing by 4.4%. In 2001, the real GNP grew by 3.4% and the real GDP grew by 3.2%. The slower pace of economic growth in 2001 was primarily due to the manufacturing sector suffering from weak demand, although the weakness was partially set off by strong agricultural output, a strong services sector and rapid growth in the telecommunications industry.

The Arroyo administration is working to implement a medium-term development plan for 2001 to 2004 to fight poverty and unemployment through more effective governance and improvements in public finances. See "— Recent Arroyo Administration Economic Policy".

Recent Economic Developments. Economic growth was sustained in 2002 and the first half of 2003, although growth momentum slowed due to a series of adverse developments including:

- the rapid increase in the Government's budget deficit, which was ₱212.0 billion for the full year 2002 (higher than the original full-year forecast for 2002 of ₱130 billion, although lower than the fourth quarter revised deficit target of ₱223 billion), caused by higher than expected expenditures and lower than expected revenue collections from the BIR;

- the ongoing conflict with rebel groups in Mindanao, the conflict with communist rebels, the bombings and bomb threats in the Republic, the terrorist bombing in Bali, Indonesia, uncertainty over effects of the war in Iraq and the response to terrorism by the Government, the United States and other countries; and

- Fitch Ratings' downgrade of the Republic's long-term foreign currency rating from BB+ to BB and their downgrade of the Republic's long-term local currency rating from BBB− to BB+; Standard & Poor's Rating Service's downgrade of the Republic's long-term foreign currency rating from BB+ to BB, and their downgrade of the Republic's local currency rating from BBB+ to BBB; and Moody's Investors Service's revised outlook on the Republic's long-term foreign currency sovereign credit rating from stable to negative.

Despite these challenges and the generally weak global conditions, in the first half of 2003, yearly GNP growth was 4.8%, compared to 3.3% for the first half of 2002, and yearly GDP growth was 3.9%, compared to 4.0% for the first quarter of 2002. The sustained growth rates are, in part, a result of lower interest and inflation rates, and in the Government's view reflect the success of the administration's macroeconomic strategy.

Recent Economic Indicators. The following table sets out the performance of certain of the Republic's principal economic indicators for the specified periods. Growth in GDP, GNP, inflation, exports, imports and domestic credit is indicated on an annualized basis.

	2001	2002	2003
GDP growth (%)	3.0[(1)]	4.4[(1)]	3.9[(2)]
GNP growth (%)	3.5[(1)]	4.5[(1)]	4.8[(2)]
Inflation rate (%)	6.1[(3)]	3.1[(3)]	3.0[(4)]
Unemployment rate (%)	11.1[(5)]	11.4[(5)]	12.7[(6)]
91-day T-bill rate (%)	9.86[(3)]	5.43[(3)]	6.37[(7)]
External position			
Balance of payments ($ million)	(192)	660	(616)[(8)]
Trade-in-goods balance/GNP (%)	(0.6)	0.5	(3.7)[(8)]
Export growth (%)	17.3	10.1	2.1[(8)]
Import growth (%)	(4.5)	6.2	10.9[(8)]
External debt ($ billion)[(9)]	52.4	53.9	55.8[(10)]
International reserves			
Gross ($ billion)	15.7	16.2	16.2[(11)]
Net ($ billion)	11.4	12.8	12.6[(11)]
Months of retained imports[(12)]	5.0	4.7	4.5[(11)]
Domestic credit growth (%)	0.9	4.8	5.6[(13)]

(1) GDP and GNP growth figures for 2001 and 2002 have recently been revised. See "GDP and Major Financial Indicators — Periodic Revisions to Philippine National Accounts".

(2) First half of 2003.

(3) Full year average.

(4) Year on year as of August 2003.

(5) Average of the January, April, July and October applicable statistics based on the January, April, July and October labor force surveys for the relevant year.

(6) As of July 31, 2003.

(7) Average over the first five months of 2003.

(8) First six months of 2003.

(9) Debt approved by and registered with Bangko Sentral, which includes banking system debt and public sector debt, whether or not guaranteed by the Government, and private sector debt.

(10) As of March 31, 2003.

(11) As of August 31, 2003.

(12) Number of months of average imports of merchandise goods and payments of services and income that can be financed by gross reserves.

(13) Growth from July 2002 to July 2003.

Recent Arroyo Administration Economic Policy. After announcing that she would not run for election, in January 2003, President Arroyo announced that her administration would focus on the provisions of the Medium-Term Philippine Development Plan, originally set out in the National Socio-Economic Summit of 2001. See "— National Socio-Economic Summit of 2001." In particular, President Arroyo urged Congress to quickly approve the remaining financial and fiscal reforms recommended in the National Socio-Economic Summit of 2001, as well as the absentee voting bill, which would allow overseas Filipinos to vote in national elections, and the dual citizenship bill, which would grant dual citizenship to Filipinos abroad to encourage them to invest in the Philippines.

In addition, in December 2002, President Arroyo announced the following measures to enhance productivity:

- increasing government credit for small- and medium-scale enterprises to ₱10 billion in 2003;
- forming a new anti-smuggling task force; and
- improving the oversight system for government procurements.

National Socio-Economic Summit of 2001. On December 10, 2001, President Arroyo convened the National Socio-Economic Summit of 2001, which included more than 1,000 leaders of Government, business, labor organizations and civil society. President Arroyo called the summit in recognition of new uncertainties arising from the September 11 terrorist attacks on the United States. The Government recognized the immediate need to safeguard jobs and social services, enhance competitiveness and productivity of the economy and strengthen investor confidence by improving peace, order and governance, and remove inefficiencies in agriculture, industry and services. In a speech before Congress on January 14, 2003, President Arroyo called for Congress to speed up passage of a number of these measures.

The policy initiatives of the summit are summarized in the following table.

Peace, Order and Security	• Integrate and coordinate intelligence activities and resources of law enforcement and security agencies; more quickly identify, locate and neutralize kidnap for ransom groups, drug syndicates, terrorists, smugglers, and coup plotters; and improve the reward system for information on these groups; and • Mobilize the peace and order councils more actively and organize self-defense units under the supervision of the Department of Interior and Local Government and the Philippine National Police.
Financial and Fiscal Reforms	• Increase tax collection through industry benchmarking, review of large contract items in the budget, monitoring of local government unit remittances, improved collection of value-added tax and the 2% minimum corporate income tax and indexation of the excise tax; • Combat smuggling by strictly implementing seizure orders, stopping issuances by Government agencies of documents legitimizing smuggling and other measures to combat smuggling; • Facilitate the recovery of the financial sector and enhance access to credit through the Special Purpose Vehicle Act, the Securitization Act, new legislation removing documentary stamp taxes on secondary trading transactions, amendments to the Bangko Sentral and Philippine Deposit Insurance Corporation charters, the Corporate Recovery Act and the Personal Equity Retirement Act; and • Enhance private sector access to official development assistance for Build-Operate-Transfer projects, railway and other infrastructure projects and education institutions.
Agriculture	• Use hybrid and certified seeds in rice and corn production and facilitate marketing contracts between agricultural producers and business corporations; • Ensure adequate financing of the Government fund set up to increase agricultural competitiveness;

- Reform lending procedures at the Land Bank of the Philippines to increase the number of agricultural loans; and
- Maintain budgeted funding for programs on agriculture, fisheries, indigenous peoples, agrarian reform, community-based forest management and watershed protection and management.

Trade and Industry

- Rationalize the country's investment incentives scheme to match those of other Asian nations and ensure that appropriate incentives will be granted to information technology services;
- Support small and medium enterprises by streamlining business documentation requirements, strengthening the guarantee fund system and developing on-line credit application;
- Promote micro-finance banks; and
- Modernize the cargo transport system by reviewing existing legislation and passing new legislation on air cargo liberalization.

Tourism-related Industries

- Rechannel 40% of travel tax collections to tourism-related projects and programs;
- Liberalize visa requirements and fees for Chinese tourists;
- Allow for an automatic increase in frequency of flights once a carrier's current flights achieve a 70% load factor; and
- Promote domestic and international tourism.

Telecommunications and Information Technology

- Expand broadband services and other telecommunications facilities in industrial parks and regional centers to develop and encourage e-commerce and e-business;
- Implement an e-development program for small, micro and medium enterprises; and
- Modify the implementing rules and regulations of the Build-Operate-Transfer Law to address specific requirements of information technology projects.

Labor and Employment

- Provide employment facilitation services such as job matching and referrals, guidance counseling and livelihood and entrepreneurship development;
- Implement a job corps program by January 2002 to promote, among other things, entrepreneurship among workers and generate local jobs and facilitate overseas employment; and
- Conduct skills training, retraining and upgrading to equip workers with new technology skills.

Infrastructure

- Identify solid waste disposal projects in Metro Manila and other cities;
- Reduce traffic congestion in Metro Manila and other cities; and
- Generate employment through labor-based construction methods, especially for small rural infrastructure projects.

Housing

- Streamline the issuance of housing permits and clearances and monitor compliance with the reformed processes;

- Promote rent-to-own and similar schemes; and
- Index "sin" taxes and earmark ₱5 billion of the Government's share of those taxes to subsidize a targeted socialized housing program.

Health and Other Social Services

- Expand the National Health Insurance Program and accelerate the rollout of the indigent health program;
- Reduce by one half the prices as of July 2002 of medicine commonly used by the poor by increasing the number and type of distribution points; and
- Pass legislation on domestic violence and anti-trafficking of women.

A monitoring body composed of presidential advisers and assistants provides quarterly status reports on the above action items to the Legislative-Executive Development Advisory Council.

Privatization. The Government has privatized a number of Government corporations. The country's privatization program has broadened the ownership base of Government assets and developed the domestic capital markets.

Before 2001, the Committee on Privatization, an executive office under the office of the President chaired by the Secretary of Finance, oversaw the Government's privatization program. The Committee was responsible for formulating privatization policies and guidelines, identifying disposable assets, monitoring progress and approving the price for and the buyers of the assets. The marketing of assets was handled by disposition entities, including the Asset Privatization Trust, the Presidential Commission on Good Government and the National Development Company. The division of responsibilities between the Committee on Privatization and the disposition entities served as a check and balance mechanism and enhanced transparency.

The terms of the Committee on Privatization and the Asset Privatization Trust expired on December 31, 2000. Since January 1, 2001, the Privatization Council has been responsible for the privatization of the remaining Government corporations scheduled to be privatized. The Privatization Council, a policy-making body, is chaired by the Secretary of Finance and includes representatives from the Department of Tourism, the Department of Trade and Industry, the Department of Budget and Management, the Department of Justice, the National Economic and Development Authority, the National Treasury and the Presidential Commission on Good Government. Along with the Privatization Council, there are two new disposition entities, the Land Bank of the Philippines, which is responsible for the disposition of the financial assets previously held by the Asset Privatization Trust, and the Privatization and Management Office, which is responsible for the disposition of physical assets. All disposition entities must submit their privatization plans to the Privatization Council for its review and approval and file a report containing the results of each privatization transaction.

The following table summarizes the Government's principal privatizations to date:

	Year of Sale	Government Ownership After Sale	Gross Privatization Proceeds[1]
		(in billions)	
International Corporate Bank	1987; 1993	0.0%	₱ 2.2
Union Bank of the Philippines	1988; 1991; 1992	13.0	1.3
Philippine National Bank	1989; 1992; 1995; 1996; 2000	16.0[2]	6.5
Philippine Plaza Holdings	1991	0.0	1.5
Manila Electric Company	1991; 1994; 1997	30.0[3]	16.3
Philippine Airlines	1992	1.0[2]	10.7
Petron Corporation	1993; 1994	40.0	25.0
National Steel Corporation	1994; 1997	12.5	17.1
Paper Industries Corporation of the Philippines	1994	8.0	2.4
Philippine Shipyard and Engineering Corporation	1994	9.0	2.1
Fort Bonifacio Development Corporation	1995	45.0	39.2
Metropolitan Waterworks and Sewerage System	1997	—[4]	—[4]
Philippine Associated Smelting and Refining Corp.	1999	4.3	3.3
Philippine Phosphate Fertilizer Corporation	2000	0.0	3.1

Source: Privatization Council.

(1) Net remittances to the Government upon the privatization of its assets are, in certain circumstances, less than the gross proceeds from the sale of such assets, based on agreements between the Government and the privatized entities.

(2) Government's ownership was diluted in 2001 by a pre-emptive rights offering.

(3) Government ownership includes ownership by agencies and Government financial institutions.

(4) The privatization of Metropolitan Waterworks and Sewerage System involved awarding two 25-year concessions to rehabilitate, expand and operate the system. Over the term of the concessions, the concessionaires are required to make improvements in water services, sewerage services, and interconnection facilities, and to pay concession fees to the Metropolitan Waterworks and Sewerage System. The estimated cost of the required improvements is $7.0 billion, which is expected to be incurred over the 25-year concession period.

As of May 31, 2002, 26 Government corporations, 144 assets handled by the Privatization and Management Office and certain personal property assets held by the Presidential Commission on Good Government were scheduled for privatization. With the initial privatization phase approximately 80% complete, during 2003 the Government plans to focus on selling its remaining shares in Manila Electric Company ("Meralco"), fully privatizing the Philippine National Bank, privatizing the Philippine National Construction Corporation, disposing of certain assets held by the Presidential Commission on Good Government and selling the International School of Manila property. The current economic slowdown, however, may, in the near term, affect investors' propensity to invest, or the prices that they are willing to pay for the Government's assets, which would thereby reduce the proceeds received from any privatized assets. In the medium term, the Government plans to privatize the National Power Corporation, PNOC Energy Development Corporation, the International Broadcasting Corporation, Food Terminal Inc. and the Philippine Postal Corp. In the long term, the Government intends to establish public-private partnerships to provide social services, especially in the health, education and pension sectors, and also intends to prioritize selected Government corporations. The Government has also encouraged "build-operate-transfer" arrangements and other initiatives to enable the private sector to meet more of the infrastructure needs, especially in the power, water, transportation and telecommunications sectors.

In 2002, remittances to the National Treasury from privatizations amounted to ₱1.5 billion, significantly lower than the original privatization proceeds target for 2002 of ₱5 billion, because of significant delays in the privatization of National Power Corporation and the reduction of value of Meralco.

Restructuring of the Electric Power Industry and the Privatization of National Power Corporation. On June 8, 2001, the Electric Power Industry Reform Act of 2001 (the "EPIRA" or the "Act") was signed into law by President Gloria Macapagal-Arroyo. The Act became effective on June 26, 2001. The EPIRA provides a legal framework for the restructuring of the electric power industry and for the privatization of NPC. On February 27, 2002, pursuant to the EPIRA, the Joint Congressional Power Commission (the "JCPC") approved the implementing rules and regulations (the "IRRs") which now govern the restructuring of the electric power industry and the privatization of NPC. The privatization of NPC will occur following (i) the restructuring of the electric power industry's various sectors, (ii) the creation of a new regulatory framework for the electric power industry, (iii) the establishment of certain transition mechanisms to minimize economic dislocation, and (iv) the establishment of various open market devices to promote free and fair competition.

The EPIRA mandates that the power industry be restructured to comprise four sectors — generation, transmission, distribution and supply. Under the EPIRA, the Energy Regulatory Commission ("ERC") is the primary governmental agency responsible for overseeing the power industry, and the Department of Energy ("DOE") and JCPC perform supervisory roles. To allow the industry to adjust to a market-oriented setting, and to help mitigate adverse economic consequences of the restructuring, the EPIRA contains transition mechanisms dealing with, among other issues, supply contracts, independent power producer ("IPP") contracts, and "stranded costs" that NPC will not be able to dispose of in the privatization.

To reorganize NPC's assets and liabilities, the EPIRA provides for the creation of two disposition entities:

- the Power Sector Assets and Liabilities Management Corporation ("PSALM"), which will take ownership of all of NPC's existing generation assets, liabilities, real estate, and other disposable assets, as well as certain IPP contracts; and

- the National Transmission Corporation ("Transco"), an entity wholly owned by PSALM, which will assume NPC's electricity transmission assets.

NPC's generation assets will be privatized by PSALM through an open and transparent public bidding process. PSALM will also coordinate the privatization of NPC's transmission assets through concession contracts, while NPC's sub-transmission assets will be operated and maintained by Transco until their sale to qualified distribution utilities. NPC will continue to operate the generation assets after they are transferred to PSALM, pursuant to an operations and maintenance agreement, until they are sold. NPC is still negotiating the operations and maintenance agreement with PSALM.

Issues Relating to the Purchased Power Adjustment and the Universal Charge. The Purchased Power Adjustment ("PPA"), an automatic cost adjustment mechanism, historically allowed NPC to pass on increased costs associated with its US dollar obligations under its contracts with IPPs. President Arroyo, by presidential directive, reduced the current average PPA charge from ₱1.25 per kWh to ₱0.40 per kWh, effective May 8, 2002. The ERC, through an order issued on September 6, 2002, affirmed the presidential directive. Since late September 2002, NPC has deferred recovery of the PPA charge, in connection with the unbundling of its transmission and generation rates. In addition, the PPA has been replaced by the Generation Rate Adjustment Mechanism ("GRAM"). In May 2003, the ERC set revised generation rates under the GRAM which were, overall, lower than the rates NPC had requested. NPC expects that the current rates under the GRAM, if not subsequently revised by the ERC, will significantly impair NPC's future operating revenues.

Under the EPIRA, a "Universal Change" is to replace the existing rate adjustments. The Universal Change, which will not be limited to NPC's customers, is intended to pay for NPC's remaining debt and contract obligations that will not be liquidated by proceeds from NPC's privatization. While the Arroyo administration has announced that the Universal Charge needs to be implemented as a matter of policy, various members of Congress and of the public continue to oppose the imposition of any Universal Charge. If the Universal Charge is significantly lower than the expected ₱0.40 per kWh, or if it is eliminated, NPC's financial condition will continue to deteriorate and NPC will need to obtain additional financing to continue operations.

Other Rate Reductions Affecting NPC's Revenues. In addition to the reduction of the PPA from ₱1.25 per kWh to ₱0.40 per kWh mandated by the President in May 2002 and affirmed by the ERC in September 2002, the following reductions in NPC's basic electricity rates have been imposed:

- *The EPIRA.* The EPIRA mandated an overall rate decrease of ₱0.30 per kWh in June 2001.
- *ERC Orders.* In June 2002, the ERC, in connection with NPC's unbundling rate petition, denied NPC's request to revise NPC's rates upward by ₱0.17 per kWh, and instead ordered NPC to reduce NPC's rates by ₱0.07 per kWh before September 26, 2002. On September 6, 2002, the ERC ordered NPC to disregard its June 2002 ruling and to reduce generation rates by ₱1.10 per kWh in Visayas, ₱0.27 in Luzon and ₱0.40 in Mindanao. NPC filed a motion for reconsideration and clarification of this order. The ERC has ordered that NPC implement the revised generation rate for the Visayas grid pending resolution of NPC's motion for reconsideration. NPC could face fines of up to ₱50 million if it does not comply with this order. In late September 2002, NPC's transmission and generation rates were unbundled. In connection with this unbundling, the ERC further lowered NPC's generation rates in September 2002. In April 2003, NPC filed an application with the ERC to recover fuel and purchased power costs under the GRAM. However, the generation rates the ERC set in May 2003, in response to NPC's application, are significantly lower than the rates NPC had requested, and NPC has filed for a motion for reconsideration of the revised rates with the ERC. In addition, if the rates approved by the ERC under the GRAM do not allow NPC to pass on the costs associated with the generation of electricity, NPC's future operating revenues could be adversely affected. On May 29, 2003, the ERC promulgated new rules on transmission rates. While NPC cannot predict its transmission rates under the new rates, NPC expects the revised rates, which incorporate a performance-based rate setting methodology, will not be materially different from NPC's current transmission rates.

For the year ended December 31, 2002, NPC received approximately ₱3.9 billion from the Government to finance its debt service requirements. NPC has not yet repaid this amount to the Government. In addition, NPC anticipates that it will need between $1.2 and $1.6 billion in financing to cover its total cashflow deficit for 2003. In 2003, NPC has so far received $1.2 billion in funds either guaranteed or lent directly by the Government. There is no assurance that NPC will be able to raise the funds needed to meet all of its obligations. To the extent that NPC cannot raise such funds, it will be necessary for the Republic to provide NPC with the sufficient capital to meet its obligations. The Republic will have to borrow such capital or use its international reserves for these purposes.

GDP and Major Financial Indicators

Gross Domestic Product. Gross domestic product, or GDP, measures the market value of all final goods and services produced within a country during a given period and is indicative of whether the country's productive output rises or falls over time. By comparison, gross national product, or GNP, measures the market value of all final goods and services produced by a country's citizens during a given period, whether or not the production occurred within the country.

Economists show GDP and GNP in both current and constant market prices. GDP and GNP at current market prices values a country's output using the actual prices of each year, whereas GDP and GNP at constant market prices (also referred to as "real" GDP and GNP) values output using the prices from a base year, thereby eliminating the distorting effects of inflation. Growth figures for GDP and GNP in this prospectus are year-on-year comparisons of real GDP and real GNP, respectively.

Recent Results. In the first half of 2003, GNP grew by 4.8% (compared to growth of 3.3% in the first half of 2002), and GDP grew by 3.9% (compared to growth of 4.0% in the first half of 2002).

In the first quarter of 2003, GNP grew by 5.1% and GDP grew by 4.5%, compared to GNP growth of 4.3% and GDP growth of 3.8% in the first quarter of 2002. The service sector led the first quarter 2003 expansion, growing by 5.5%. Growth in the service sector was due mainly to significant growth in consumer banking, insurance, communications and information technology services. Trade growth arising from modest inflation also spurred growth in the services sector. The industry sector grew by 4.1%, with continued growth in the mining and quarrying and manufacturing subsectors, offset by a decline in construction due to cutbacks in government projects. The agriculture, fishery and forestry sector posted growth of 2.9% compared to 4.8% growth for the first quarter of 2002. The relative slowdown in agriculture, fishery and forestry was due mainly to declines in palay production and fishing caused by the El Niño weather phenomenon.

In the second quarter of 2003, GDP grew by 3.2% (compared to growth of 4.1% in the second quarter of 2002) and GNP grew by 4.5% (compared to growth of 2.3% in the second quarter of 2002). All three sectors of the economy had lower growth in the second quarter of 2003 than in the second quarter of 2002. The service sector grew by 5.0%, the industry sector grew by 1.7% and the agriculture, fishery and forestry sector grew by 1.6% in the second quarter of 2002. Growth in the service sector was mainly due to sustained growth in wireless communications, land transport, financial services and health services, which offset a slowdown in the growth of air transport, tourism, trade and government services. In the industry sector, sustained growth in mining and quarrying was offset by further contraction in construction (mainly due to reductions in government spending) and a slowdown in growth in manufacturing (particularly manufactures of electrical machinery, transport equipment, and metal). In the agriculture, fishery and forestry sector, the El Niño weather phenomenon and two typhoons reduced growth from the previous year. In particular, sustained growth in sugarcane production and the fishery subsector offset significant declines in rice and corn production.

In 2002, GNP grew 4.5% and GDP grew 4.4%, compared with GNP growth of 3.5% and GDP growth of 3.0% for 2001. The increased growth rates are, in part, a result of lower interest and inflation rates, and, in the administration's view, reflect the success of the administration's macroeconomic strategy implemented in 2001.

All production sectors showed better than expected growth in 2002: the service sector grew by 5.4%, the industry sector grew by 3.7% and the agriculture, fishery and forestry sector grew by 3.3%. All subsectors of the service sector showed growth in 2002, particularly the transportation, communications and storage sector, which grew 8.9% primarily because of increased computerized operations for Government services, and trade, which grew 5.8% primarily because of increased regional operations by the large domestic retailers. Growth in the private services (5.5%), finance (3.4%) and ownership of dwellings and real estate (1.7%) subsectors also contributed to the upbeat performance of the service sector (though finance and real estate have yet to regain their pre-1997 performance levels).

The following tables present the GDP of the Philippines by major sector at both current and constant market prices.

GROSS DOMESTIC PRODUCT BY MAJOR SECTORS
(AT CURRENT MARKET PRICES)

	1998	1999	2000(1)	2001(1)	2002(1)	First Six Months 2003	Percentage of GDP 1998	Percentage of GDP 2002
			(in billions, except as indicated)					
Agriculture, fishery and forestry	₱ 451.6	₱ 510.5	₱ 528.9	₱ 548.7	₱ 592.1	₱ 279.9	16.9%	14.7%
Industry sector								
Mining and quarrying	20.1	18.0	21.8	21.7	33.5	20.0	0.8	0.8
Manufacturing	582.9	644.0	745.9	831.6	915.2	463.1	21.9	22.8
Construction	157.4	162.9	217.2	222.1	235.4	105.5	5.9	5.9
Electricity, gas and water	78.0	86.1	97.5	116.3	124.1	71.5	2.9	3.1
Total	838.4	911.1	1,082.4	1,191.7	1,308.2	660.1	31.5	32.5
Service sector								
Transportation, communications and storage	139.7	159.3	199.0	247.6	276.9	150.3	5.2	6.9
Trade	361.2	419.3	473.0	517.6	556.3	274.8	13.6	13.8
Finance	130.3	141.6	149.1	160.1	170.5	91.9	4.9	4.2
Ownership of dwellings and real estate	189.3	208.9	220.9	236.7	252.9	133.4	7.1	6.3
Private services	280.6	335.4	381.6	433.7	484.9	256.7	10.5	12.1
Government services	274.1	290.8	319.8	337.7	380.9	189.4	10.3	9.5
Total	1,375.0	1,555.3	1,743.4	1,933.2	2,122.3	1,096.6	51.6	52.8
Total GDP	₱2,665.1	₱2,976.9	₱3,354.8	₱3,673.7	₱4,022.7	2,036.7	100.0%	100.0%
Total GNP	₱2,802.1	₱3,136.2	₱3,566.1	₱3,918.7	₱4,290.2	₱2,186.8		
Total GDP (in billions of US dollars)(2)	$ 65.2	$ 76.2	$ 76.0	$ 72.0	$ 78.0	$ 38.1		
GDP per capita (in US dollars)(2)	$ 864.0	$ 992.0	$ 988.7	$ 916.8	$ 969.5	$ 465.2		

Source: National Statistical Coordination Board.

(1) The GDP figures for 2000, 2001 and 2002 have recently been revised. See "— Periodic Revisions to Philippine National Accounts".

(2) Calculated using the average exchange rate for the period indicated. See "— Monetary System — Foreign Exchange System."

GROSS DOMESTIC PRODUCT BY MAJOR SECTORS
(AT CONSTANT MARKET PRICES[1])

	1998	1999	2000[2]	2001[2]	2002[2]	First Six Months 2003	Percentage of GDP 1998	Percentage of GDP 2002
			(in billions, except as indicated)					
Agriculture, fishery and forestry	₱ 173.2	₱ 184.5	₱ 190.6	₱ 199.6	₱ 206.2	₱ 101.0	19.5%	19.7%
Industry sector								
Mining and quarrying	10.6	9.7	10.7	10.1	15.3	8.9	1.2	1.5
Manufacturing	221.2	224.7	237.3	244.1	252.6	123.4	24.9	24.1
Construction	51.8	51.0	51.7	61.2	59.2	25.1	5.8	5.7
Electricity, gas and water	30.3	31.3	32.6	32.8	34.2	17.5	3.4	3.3
Total	313.9	316.7	332.3	348.2	361.2	174.9	35.4	34.5
Service sector								
Transportation, communications and storage	58.6	61.7	68.2	74.2	80.8	42.4	6.6	7.7
Trade	138.6	145.4	152.9	161.5	170.8	82.7	15.6	16.3
Finance	45.4	46.3	46.7	47.3	48.9	25.8	5.1	4.7
Ownership of dwellings and real estate	48.1	48.4	48.3	48.1	48.9	25.3	5.4	4.7
Private services	63.9	67.6	70.9	74.0	78.0	39.6	7.2	7.5
Government services	46.2	47.7	48.5	48.9	51.2	26.1	5.2	4.9
Total	400.9	417.0	435.5	454.0	478.7	241.9	45.2	45.8
Total GDP	₱ 888.0	₱ 918.2	₱ 958.4	₱1,001.7	₱1,046.1	₱ 517.8	100.0%	100.0%
Total GNP	₱ 934.5	₱ 969.3	₱1,016.1	₱1,073.1	₱1,121.0	₱ 559.2		
Yearly growth in GDP	(0.6)%	3.4%	4.4%	3.0%	4.4%	3.9%		
Yearly growth in GNP	0.4%	3.7%	4.8%	3.5%	4.5%	4.8%		

Source: Economic and Social Statistics Office; National Statistical Coordination Board.

(1) Based on constant 1985 prices.

(2) The GDP figures for 2000, 2001 and 2002 have recently been revised. See "— Periodic Revisions to Philippine National Accounts".

The following table shows the percentage distribution of the country's GDP at constant 1985 prices.

DISTRIBUTION OF GROSS DOMESTIC PRODUCT BY EXPENDITURE (AT CONSTANT MARKET PRICES[(1)])

	1998	1999	2000	2001	2002
Personal consumption	79.7%	79.1%	78.5%	77.8%	77.5%
Government consumption	7.9	8.2	8.3	7.5	7.4
Capital formation					
Fixed capital	23.1	21.8	21.5	23.1	22.6
Changes in stocks	(0.9)	(0.8)	(0.3)	1.3	(0.1)
Total capital formation	22.2	21.0	21.2	24.4	22.5
Exports of goods and services	41.4	41.5	46.8	43.0	42.6
Imports of goods and services	(54.5)	(51.3)	(51.1)	(50.7)	(50.9)
Statistical discrepancy	3.4	1.5	(3.7)	(1.9)	0.9
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Economic and Social Statistics Office; National Statistical Coordination Board.

(1) Based on constant 1985 prices.

Periodic Revisions to Philippine National Accounts. The National Statistical Coordination Board ("NSCB") releases quarterly data on the Republic's national accounts, which include GDP and GNP. Under NSCB policy, GDP and GNP data for a particular quarter are revised the following quarter, and thereafter in May of each year. Quarterly GDP and GNP estimates are considered "final" after three years. However, NSCB may still revise the "final" estimates whenever NSCB undertakes an overall revision of the national accounts. The most recent overall revision was completed in 1990, and the next overall revision is scheduled for 2004.

Revisions in the Republic's national accounts are normally due to the availability of new or more complete data, receipt of revised data from original sources, and inclusion or exclusion of emerging or closed industries. During the years 1997-2002, the averages of the revisions to the NSCB's quarterly growth rates for GDP and GNP have been −0.03% and −0.18%, respectively. The NSCB has traditionally followed the 1968 United Nations System of National Accounts ("UNSNA"), and it is currently in the process of incorporating certain recommendations of the 1993 UNSNA.

In May 2003, the NSCB revised GDP and GNP figures for 2000, 2001, and 2002. The May 2003 revisions reflected the ongoing implementation of the 1993 UNSNA, as well as revisions in the following source data:

- balance of payments and merchandise imports;
- forestry production;
- agricultural production;
- mineral production;
- construction; and
- deployment of overseas foreign workers.

The May 2003 revisions resulted in a slight decrease in the growth rates previously reported for the years 2001 and 2002. However, because the Republic's national accounts for the year 1999 and earlier have not been recently revised, the growth rates for 2000 were not revised in May 2003. The growth rates for 2000 may not, therefore, be comparable in all respects to those for 2001 and 2002.

To ensure the accuracy of the GDP and GNP growth rates for 2000 and earlier, the NSCB plans to recalculate the national accounts for years prior to 2000 in a manner consistent with the May 2003 revisions to the national accounts of 2000, 2001, and 2002. The process of revising the data for earlier years will begin in September 2003, and will continue in conjunction with the overall revision in the national accounts scheduled for 2004. Therefore, GDP and GNP estimates that are currently considered "final" may be subject to further material change.

Principal Sectors of the Economy

Agriculture, Fishery and Forestry

Agriculture. The country's principal agricultural products include cereals, such as rice and corn, both of which are cultivated primarily for domestic use, and crops, such as coconuts, sugar cane and bananas, produced for both the domestic market and export. The Philippines' diverse agricultural system contains many coconut plantations farmed by agricultural tenants and workers, sugar haciendas farmed either under labor administration or by tenants, and large "agro-business" plantations devoted mainly to non-traditional export crops such as bananas and pineapples. Rice, corn and coconuts each account for approximately one-quarter of the country's cultivated area. The country occasionally needs to import rice and corn.

Fishery. The Philippines' fishing industry contributes significantly to the country's foreign exchange earnings. Pollution of coastal waters as a result of population growth, mining activities and wasteful fishing methods have damaged the marine and inland resources in some areas in recent years, leading to decreases in production.

Forestry. The country's forests, one of the Philippines' main natural resources, contain a large quantity of hardwood trees. Over the years population growth, shifting cultivation, illegal logging and inadequate reforestation depleted the forests, leading to a Government-imposed total ban on logging activity in virgin forests and the subsequent continuing decline of the forestry subsector.

Recent Results. The agriculture, fishery and forestry sector grew by 3.3% in 2002 compared to growth of 3.7% in 2001 at constant market prices, due to the positive performance of both the agriculture and fishery subsectors, offsetting the decrease in the forestry subsector. The agriculture and fishery industry subsectors grew by 3.7% in 2002 compared to growth of 4.9% in 2001. In addition to favorable weather conditions, the Government's revitalized support for agriculture through various means, including the distribution of certified seeds, rehabilitation of irrigation facilities and the use of modern equipment, especially in the fishery subsector, contributed to the growth in the agriculture and fishery subsectors. The forestry subsector contracted by 66.4% in 2002, following a 27.3% contraction in 2001.

Industry Sector

The sector comprises, in order of importance: manufacturing; construction; electricity, gas and water; and mining and quarrying. The sector contributed approximately 35.4% of GDP in 1998 and 34.5% in 2002, at constant market prices. The sector grew by 3.7% in 2002 compared to 0.9% in 2001, with the slower growth in 2001 mainly due to the global economic slowdown. In 2002, the industry sector grew by 3.7%. The growth in 2002 was driven by improvements in all subsectors.

Manufacturing. The country's manufacturing subsector comprises three major industry groups:

- consumer goods, including the food, footwear and garment industries;
- intermediate goods, including the petroleum, chemical and chemical product industries; and
- capital goods, including the electrical machinery and electronics industries.

The following table presents, at constant market prices, the gross value added, which equals the value of sales minus the cost of raw material and service inputs, for the manufacturing sector by industry or industry group.

GROSS VALUE ADDED IN MANUFACTURING BY INDUSTRY GROUP (AT CONSTANT MARKET PRICES(1))

Industry/Industry Group	1998	1999	2000	2001	2002
			(in millions)		
Food manufactures	₱ 78,744	₱ 83,049	₱ 84,590	₱ 88,227	₱ 94,623
Beverage industries	9,003	8,896	9,175	8,820	8,740
Tobacco manufactures	5,538	5,681	5,886	6,133	6,639
Textile manufactures	5,085	4,660	4,128	3,778	4,201
Footwear/wearing apparel	12,699	10,801	12,327	12,801	13,688
Wood and cork products	2,769	2,451	2,220	2,060	2,016
Furniture and fixtures	2,881	2,852	3,172	3,232	2,994
Paper and paper products	2,132	2,033	2,627	2,258	2,040
Publishing and printing	3,093	3,055	2,964	2,967	3,154
Leather and leather products	224	222	229	254	266
Rubber products	1,849	2,065	2,115	1,743	1,652
Chemical and chemical products	14,169	13,868	13,523	14,648	14,295
Petroleum and coal products	37,472	37,137	39,896	38,929	34,131
Non-metallic mineral products	6,614	5,834	5,625	5,215	5,721
Basic metal industries	4,745	4,206	3,600	3,851	3,803
Metal industries	4,231	4,272	4,645	5,257	6,268
Machinery (except electrical)	3,540	3,555	4,219	5,326	4,346
Electrical machinery	19,284	22,277	27,678	29,009	34,499
Transport equipment	1,810	1,984	2,125	2,325	2,421
Miscellaneous manufactures	5,269	5,769	6,527	7,249	7,056
Gross value added in manufacturing	₱221,151	₱224,667	₱237,271	₱244,082	₱252,553

Source: Economic and Social Statistics Office; National Statistical Coordination Board.

(1) Based on constant 1985 prices.

From 1998 through the first quarter of 1999, weak demand and high operating costs forced a number of businesses to close or cut back operations. Import-dependent industries, including transport equipment and rubber, chemical, petroleum and coal products, experienced declining output. Export-related industries, however, including furniture and fixtures, electrical machinery and leather products, grew, as did food manufactures.

In 1999, the manufacturing subsector reversed its 1.1% contraction in 1998 to a growth of 1.6%. The sector recorded positive growth for the last three quarters of 1999. The major gainers for the sector included electrical machinery, which registered a growth of 15.5%, and transport equipment, which registered a growth of 9.6%. The decliners in the subsector were led by footwear/ wearing apparel, which recorded a 14.9% contraction.

The manufacturing subsector grew by only 2.9% in 2001, compared to 5.6% growth in 2000. This reduction was caused primarily by lower growth in the manufacture of apparel, furniture and electrical machinery and by contraction in the manufacture of beverages, paper products, rubber products, petroleum and coal products, and non-metallic mineral products. Gains in growth in the manufacture of food, tobacco, leather products, nonelectrical machinery, chemical products and basic metal products contributed positively to the manufacturing subsector, although they were unable to fully offset the declines in the subsector as a whole.

In 2002, the annual growth rate of the manufacturing subsector was 3.5%, up from 2.9% for 2001. The growth in manufacturing was due mainly to growth in the manufacture of electrical machinery, leather products and footwear and apparel. Food processing, leather products, footwear and apparel, metal industries and electrical machinery showed improved results while results remained negative in chemical products, paper products, rubber products, petroleum and coal products and non-electrical machinery products.

Construction. The construction subsector's contribution to GDP, at constant market prices, decreased slightly from 5.8% in 1998 to 5.7% in 2002. The construction subsector decreased by 5.0% in 2001 after an increase of 26.3% in 2000. In 2002, the construction subsector contracted by 3.3% from the previous year, primarily due to a decrease in public construction.

Electricity, Gas and Water. The electricity, gas and water subsector grew by 0.7% in 2001, compared to 4.2% in 2000. The slower growth was attributable primarily to reduced electricity demand and decreased water sales resulting from the rehabilitation of water mains and pipes. The subsector grew 4.3% in 2002.

With limited natural resources available for energy development, the Philippines satisfies most of its energy needs with imports of coal and oil, which it then converts into electric power. In 1998, the Government enacted a new oil industry deregulation act, which allowed oil prices to fluctuate and eased the entry of new players into the industry. The 1998 oil industry deregulation act has increased investment activity and attracted new players into the downstream oil industry, with approximately ₱4 billion of new investments in LPG refilling, bulk storage and retail outlets since deregulation of the industry. Prices of petroleum products have fluctuated in response to market prices and competition has increased. Retail petrol prices declined by a total of ₱0.50-0.65 per liter between October 1998 and January 1999 in response to increased competition; however, prices have since increased due to the increase in world crude oil prices. Increases in world crude oil prices led the country to increase coal imports and decrease oil imports.

The following table sets out the country's energy consumption by source.

ENERGY CONSUMPTION BY SOURCE

Energy Source	1998	1999	2000	2001
	(% of total consumption)			
Domestic sources				
Oil	0.1%	0.1%	0.0%	0.1%
Coal	2.0	1.6	1.6	1.9
Hydro	3.6	5.5	5.0	5.1
Geothermal	6.4	7.5	7.8	7.2
Other[1]	28.6	28.8	27.8	30.7
Total domestic sources	40.7	43.5	42.2	45.0
Imported sources				
Oil	53.7	50.2	45.5	46.0
Coal	5.5	6.3	12.3	10.1
Total imported sources	59.2	56.5	57.8	56.1
Total	100.0%	100.0%	100.0%	100.0%

Source: Department of Energy.

(1) Other includes gas, fuelwood and biomass fuel.

NPC is the principal entity engaged in the development, generation and transmission of electric power on a nationwide basis. It establishes and maintains transmission line grids, generating facilities and inter-island connections throughout the Republic.

The EPIRA, which provides a legal framework for the restructuring of the electric power industry and the privatization of the assets and liabilities of the National Power Corporation, was enacted on June 8, 2001. See "Electric Power Industry Restructuring and Privatization."

Mining and Quarrying. The mining and quarrying subsector contracted by 5.4% in 2001, compared to growth of 10.0% during 2000. This considerable decline was caused primarily by the decline in growth of gold production and contraction in the production of stone quarrying, clay and sandpits and other non-metallic mining. Increases in the growth of chromium and other metallic mining did not have a significant impact on the growth of the subsector as a whole. However, in 2002 the mining and quarrying subsector rebounded from the previous declines, with growth of 51.0%. Most of the growth in the mining and quarrying subsector was attributable to production from the Camago-Malampaya Gas Project.

Service Sector

The sector comprises, in order of importance: trade; finance; housing and real estate; private services; transportation, communications and storage; and Government services. The services sector remains the largest contributor to GDP, having contributed approximately 46.0% of GDP at constant market prices in the first quarter of 2003, 45.8% of GDP in 2002 and 45.3% in 2001. In 2002, the services sector as a whole grew by 5.5%.

Trade. The trade subsector, which consists of wholesale and retail activities, accounted for 16.3% of GDP at constant market prices in 2002. The trade subsector grew by 5.6% in 2001 at constant market prices, compared to 5.2% growth in 2000. This increase was caused by a notable growth in wholesale trade, which accounts for one-fourth of trade output. The trade subsector grew by 5.8% in 2002.

Finance. The finance subsector's contribution to GDP at constant market prices decreased slightly from 5.1% in 1998 to 4.7% in 2002.

The finance subsector grew by 3.4% in 2002 after growing by 1.2% in 2001 and 0.9% in 2000. For a discussion of the country's financial system, see "— The Philippine Financial System."

Housing and Real Estate. The housing and real estate subsector grew by 1.6% in 2002 at constant market prices after contracting by 0.5% in 2001 and registering zero growth in 2000, at constant market prices.

Private Services. The private services subsector includes educational, medical and health, recreational and hotel and restaurant services. The subsector contributed approximately 7.5% to GDP in 2002. Except for business services and personal services, which experienced higher rates of growth, all private services experienced lower, although positive, growth. The private services subsector grew by 5.5% in 2002 at constant market prices, compared to growth of 4.4% in 2001.

Transportation, Communications and Storage. The geographically diverse nature of the Philippines makes it important to have well developed road, air and sea transportation systems. The Government has encouraged the private sector to provide basic transportation services and strengthen inter-regional and urban links. Important ongoing projects involving the private sector include the Metro Rail Transit Project, Metro Manila Skyway Project, the Manila-Cavite Expressway Project and the South Luzon Expressway Extension.

The country's road network is the most important transportation system, carrying about 65% of freight and 90% of passenger traffic. The road network covers more than 200,000 kilometers. About 1.8 million vehicles use the road network, including 236,000 vehicles for public use, principally in Metro Manila. Traffic remains congested in the capital region, despite traffic management and various engineering measures. To ease traffic congestion the Government has built and continues to promote alternative road networks and mass rapid urban transit rail.

Usage of the country's rail facilities has declined largely because of the outdated facilities of the Philippine National Railways. The Government has constructed a two-line light-rail transit system in Metro Manila, financed by a build, lease and transfer arrangement, and has started work on a third line of the light-rail transit system, which is expected to be operational by year 2004 and will be able to carry 500,000 passengers per day.

Four international airports, in Manila, Cebu, Clark and Subic, and 83 other facilities throughout the country help meet the country's air transport needs. The Government plans to upgrade several major airports to international standards and generally to modernize air navigation and communications operations in the country. A new Manila International Airport terminal, expected to accommodate 10 million international passengers per year, is currently in the planning stage. The Government has formulated a plan for the transition from land-based to satellite-based technology in civil aviation. It approved the implementation of the new communications, navigation surveillance and air traffic management systems project, which will implement satellite-based technology designed to control and manage the air traffic within the respective flight information region. Once financing is obtained and implementation is completed, the system will increase air travel safety, shorten flight duration for air passengers and improve aircraft operating efficiency due to more flexible flight paths and increased airspace capacity.

Philippine Airlines, Inc. (the primary national air carrier) several smaller domestic airlines and airlines from various countries provide air service to, from and within the country. Philippine Airlines retains a leading position in domestic routes, but since the beginning of 1998, Philippine Airlines has had increasing financial difficulties and labor problems. The airline's finances, however, began to improve in its fiscal year 1999 (ending on March 31, 2000). After registering six consecutive years of losses, Philippine Airlines reported a net profit of ₱45.8 million in fiscal year 1999. In the fiscal year 2000 (ending on March 31, 2001), the airline realized an 815% rise in profits, registering a net profit of ₱419 million.

The Republic also requires an effective water transport system to ferry cargo and passengers among islands. Currently, the water transport system handles about 40% of total freight traffic and 10% of total passenger traffic in the Philippines. The regulatory policy during the past decade has been to open the industry to competition, ensuring lower cargo passage rates and improving the quality of service. The Government plans to construct or improve 96 national ports, approximately 300 municipal, feeder and fishing ports and river landings and special handling facilities for grains and bulk cargo in other selected ports.

Faced with historical shortages of telephone lines and long waits for basic telephone service, especially outside Metro Manila, the Government opened the telecommunications industry in 1993 to intensify competition and to increase substantially the number of telephone lines and interconnections. The Government has continued to implement programs designed to provide telephone lines, exchanges and transmission facilities to underserved regions of the country. As of December 31, 2001, more than 6.9 million lines have been installed, which translates to a telephone density of 8.9 main telephone lines per 100 inhabitants.

The country has 11 international long distance providers and five cellular mobile telephone operators, as well as a number of competitors in the local telephone market. The privately-owned Philippine Long Distance Telephone Company owns and operates the public switch telecommunications network, to which other companies are connected.

The transport, communications and storage subsector's contribution to GDP, at constant market prices, grew from 6.6% in 1998 to 7.7% in 2002. At constant market prices the subsector grew by 8.8% in 2001, compared to growth of 10.5% in 2000. This reduced growth was caused primarily by decreases in the growth rate of most facets of transportation and storage, most notably a contraction in water transport and a significant decrease in growth of air transport. In 2002, the subsector grew by 8.9%, compared to 8.8% in 2001.

Government Services. The Government services subsector grew by 4.7% in 2002.

Prices, Employment and Wages

Inflation

The Philippines reports inflation as the annual percentage change in the consumer price index, which measures the average price of a standard "basket" of goods and services used by a typical consumer. In June 1998, the Government began employing a 1994-based CPI basket of goods and services, which since 1999 has been the sole official measurement. For Metro Manila, the 1994 CPI basket consists of 705 commodities. In addition, the 1994 CPI basket for areas outside Metro Manila focuses on provinces or cities.

The following table sets out the principal components of the 1994 CPI basket.

PRINCIPAL COMPONENTS OF 1994 CPI BASKET

Category	Basket
Food items (including beverages and tobacco), total	55.1%
Rice	11.8
Non-food items, total	44.9
Housing and repairs	14.7
Services	12.3
Fuel, light and water	5.7
Clothing	3.7
Miscellaneous	8.5

The following table sets out the consumer price index (based on the 1994 CPI basket) and the manufacturing sector's equivalent, the producer price index (based on the 1994 PPI benchmark), as well as the annual percentage changes in each index.

CHANGES IN CONSUMER AND PRODUCER PRICE INDEX

	1998	1999	2000	2001	2002	2003
Consumer Price Index	136.8	145.9	152.3	161.6	166.6	172.6(1)
Increase over previous year	9.7%	6.6%	4.4%	6.1%	3.1%	3.0%(1)
Producer Price Index for manufacturing	131.7	137.9	141.5	165.6	170.4	181.8(2)
Increase/(decrease) over previous year	(11.0)%	4.7%	2.6%	17.0%	2.9%	7.9%(2)

Source: National Statistics Office.

(1) As of August 2003.

(2) As of May 2003.

In 1998 the 9.7% inflation rate was caused by the peso depreciation and by lower agricultural output, which was in turn caused principally by the drought related to the El Niño phenomenon and a number of typhoons related to the La Niña phenomenon. In 1999, inflation declined to 6.6%. The decline was due primarily to a sharp fall and subsequent stability in food prices resulting from strong performance in the agriculture sector leading to increased food supply, which partially offset the effects of increases in world crude oil prices.

Inflation remained in single digits at 4.4% for 2000, compared with the 6.6% recorded in 1999. Moderate inflation was achieved notwithstanding an increase in economic activity, inflationary pressures arising from wage adjustments and increases in oil prices and transport fares.

Inflation was kept low in 2001, at an average of 6.1%, which was within the Government's target of 6–7%. Favorable food and oil prices, stable exchange rates and moderate growth in demand all contributed to low inflation.

The national inflation rate averaged 3.1% for 2002. Inflation continued to be benign despite the recent adjustments in domestic oil prices, which increased by 11.2% at December 31, 2002 as compared with December 31, 2001 (in part because the adjustments were treated as transport charges), and despite an increase in food prices due to weather-related reductions in supplies of rice, fruits, and vegetables. Reductions in Bangko Sentral's policy interest rates and efforts to maintain fiscal discipline, which led to lower market lending rates and lower costs of capital for businesses, also had a favorable impact on inflation. Equally important, inflationary pressures caused by more demand than supply continued to be subdued due in part to current levels of unemployment and spare capacity. The reduction in the PPA of NPC, effective May 8, 2002, and the decision of the Manila Waterworks and Sewerage System to delay petitions for water rate increases also helped to keep inflation rates relatively low.

The national year-on-year inflation rate was 3.0% in August 2003, lower than the 3.4% year-on-year inflation rate for July 2003 but higher than the 2.9% rate for August 2002.

Employment and Wages

The following table presents selected employment information for various sectors of the economy.

SELECTED EMPLOYMENT INFORMATION(1)

	1998	1999(3)	2000(3)	2001(3)	2002(3)
Labor force (in thousands)(2)	29,674	30,759	30,911	32,809	33,936
Unemployment rate	10.3%	9.8%	11.2%	11.1%	11.4%
Employment share by sector:					
Agriculture, fishery and forestry	37.9%	38.8%	32.9%	37.2%	37.0%
Industry sector					
Mining and quarrying	0.4	0.4	0.4	0.4	0.4
Manufacturing	10.2	9.9	10.0	10.0	9.5
Construction	5.9	5.5	5.4	5.4	5.3
Electricity, gas and water	0.5	0.5	0.4	0.4	0.4
Total industry sector	17.1%	16.3%	16.2%	16.2%	15.6%
Service sector					
Transportation, communication and storage	6.8	6.9	7.2	7.3	7.2
Trade	15.6	15.7	16.3	18.0	18.7
Finance and housing	2.5	2.6	2.6	2.8	2.8
Services	20.1	19.7	20.5	18.6	18.7
Total services sector	45.0%	44.9%	46.6%	46.7%	47.4%
Total employed	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Bureau of Labor and Employment Statistics — Current Labor Statistics; National Statistics Office — Labor Force Survey.

(1) Figures for 1998 to 2002 are the average of the applicable statistic for each quarter in the relevant period.

(2) Does not include overseas Filipino workers.

(3) Figures generated using 1995 census-based population projections.

At the end of 2002, the Filipino labor force, not including overseas workers, totalled 33.9 million people. The Filipino labor force is relatively young. Filipino workers are employed primarily in service industries, such as nursing and education, and in manufacturing export industries, such as electronics and garments. Approximately 892,000 Filipino workers were working overseas from January to December 2002, an increase of approximately 2.9% from the same period in 2001.

Regional tripartite bodies consisting of representatives of Government, businesses and workers establish minimum wage requirements, which vary based on region and industry. Under the law, minimum wage requirements may only be increased once in any twelve month period. The minimum wages for workers in Metro Manila and the surrounding areas are the highest in the country. Across the regions, daily minimum wages range from a low of ₱114.0 to a high of ₱280.0.

The economic difficulties that began in the second half of 1997, including the slower growth of the country's industrial production, drove the average unemployment rate to 10.3% in 1998, before it declined to 9.8% in 1999. The unemployment rate then increased to 11.2% in 2000 due to the effects of the El Niño weather phenomenon on agriculture and labor cutbacks in industry. Labor and employment conditions improved in 2001 as the economy grew stronger than expected during the year. The substantially reduced number of strikes, increased rates of deployment of workers overseas and improved legislated wage indicators reflect broadly improved labor, employment and wage conditions during the year.

In 2002, the average national unemployment rate rose slightly to 11.4% from 11.1% in 2001. On January 25, 2002, pursuant to policies adopted at the National Socio-Economic Summit of 2001, the Government implemented a job corps program promoting volunteerism, civic consciousness among the country's youth, community development and employment projects.

In April 2003, the unemployment rate was 12.2%, compared to 13.9% in April 2002. The number of unemployed persons was 4.2 million in April 2003, a 13% decline from April 2002. The largest number of unemployed persons was located in Metro Manila, which posted a 17.0% unemployment rate as of April 2003.

In Metro Manila, where 13.8% of the country's labor force is located, unemployment ranged from 13.8% to 16.4% from 1997 to 1999 and from 17.9% to 17.7% from 2000 to 2002.

Social Security System and Government Service Insurance System

The Philippines does not pay any unemployment compensation or make any general welfare payments other than through the Social Security System and the Government Service Insurance System. The Social Security System provides private sector employees, including self-employed persons and their families, with protection against disability, sickness, old age and death. Monthly contributions by covered employees and their employers, and investment income of the Social Security System, fund the system. The Social Security System invests its funds in Government securities and in domestic equity securities.

The Government Service Insurance System administers social security benefits for Government employees, including retirement benefits, life insurance, medical care and sickness and disability benefits. The system also administers the self-insurance program for Government properties, such as buildings and equipment. The Government Service Insurance System also oversees loan programs, including housing loans for Government employees. Monthly contributions by covered employees and their employers fund the system. Government agencies must include in their annual appropriations the amounts needed to cover their share of the contributions and any additional premium required based on the hazardous nature of the work. The Government Service Insurance System invests its funds in a manner similar to the Social Security System.

Savings

The following table sets out gross national savings, total investment and the savings-investment gap as a percentage of GDP.

NATIONAL SAVINGS AND INVESTMENTS

	1998	1999	2000	2001	2002
Gross national savings	22.7%	27.5%	26.2%	22.5%	24.7%
Gross investments	20.3%	18.8%	18.4%	20.7%	19.3%
Savings-investment gap	2.4%	8.8%	7.8%	1.8%	5.4%

Source: National Accounts, NSCB.

Government steps to stimulate the savings rate in the Philippines include:

- launching a nationwide savings consciousness campaign to inform savers about different types of financial assets;
- shifting by the Philippine Stock Exchange from merit-based regulation to self-regulation;
- tightening disclosure and insider trading rules;
- removing double taxation of mutual funds;
- allowing increased foreign equity participation in investment and financing companies;
- rationalizing financial taxes (e.g., gross receipts tax, documentary stamp tax, initial public offerings tax);
- broadening of the scope and coverage of small denomination Treasury bills;
- establishing a Small and Medium Enterprises Board at the Philippine Stock Exchange; and
- lengthening of the yield curve of government securities.

Balance of Payments

Balance of Payments Performance

Balance of payments figures measure the relative flow of goods, services and capital into and out of the country as represented in the current account and the capital and financial accounts. The current account tracks a country's trade in goods, services, income and current transfer transactions. The capital and financial account includes the capital account, which covers all transactions involving capital transfers and acquisition or disposition of non-produced, non-financial assets, and the financial account, which covers all transactions associated with changes of ownership in the foreign financial assets and liabilities of an economy. A balance of payments surplus indicates a net inflow of foreign currencies, thereby increasing demand for and strengthening the local currency. A balance of payments deficit indicates a net outflow of foreign currencies, thereby decreasing demand for and weakening the local currency.

Beginning in January 2000, Bangko Sentral has reported the balance of payments under a new framework based on the fifth edition of the Balance of Payments Manual, or BPM5, of the IMF. As compared to the previously used balance of payments framework, the new framework introduced certain changes in classification, format and coverage. With respect to classification and format, the new framework (among other things) reports an income account that reflects earnings from overseas Filipino workers and investment income; groups financial transactions into direct investment, portfolio investment, and other investment; and separates transfers between the current and capital accounts. Also, with respect to trade, the new framework excludes shipped goods that do not change ownership (thus deviating from the statistics on foreign goods trade currently published by the National Statistics Office). Finally, in the financial account, the new framework only reports actual financial transactions. In particular, the financial account under the new framework excludes previously reported revaluations of assets and liabilities, and excludes monetization of gold for Bangko Sentral reserves.

The following table sets out the consolidated financial position on a cash basis for the Republic for the years 1999-2002.

BALANCE OF PAYMENTS[(1)(2)]

	Years Ended December 31,				First Six Months
	1999	2000	2001	2002	2003
			(in millions)		
Overall BOP position:[(3)]	**$ 3,586**	**$ (513)**	**$ (192)**	**$ 660**	**$ (616)**
Current account:[(2)]	**$ 7,219**	**$ 6,258**	**$ 1,323**	**$ 4,197**	**$ 868**
Goods and services:	2,247	1,384	(2,793)	(856)	(2,136)
Exports[(4)]	39,014	41,267	34,391	37,439	18,045
Imports[(4)]	36,767	39,883	37,184	38,295	20,181
Goods	4,959	3,814	(743)	408	(1,309)
Credit: Exports[(4)]	34,211	37,295	31,243	34,383	16,640
Debit: Imports[(4)]	29,252	33,481	31,986	33,975	17,949
Services	(2,712)	(2,430)	(2,050)	(1,264)	(827)
Credit: Exports	4,803	3,972	3,148	3,056	1,405
Debit: Imports	7,515	6,402	5,198	4,320	2,232
Income:	4,460	4,437	3,669	4,550	2,698
Credit: Receipts	8,082	7,804	7,152	7,931	4,287
Debit: Disbursements	3,622	3,367	3,483	3,381	1,589
Current transfers:	512	437	447	503	306
Credit: Receipts	607	552	517	594	341
Debit: Disbursements	95	115	70	91	35
Capital and financial account:[(2)]	**(2,333)**	**(4,119)**	**(1,080)**	**(2,104)**	**(2,439)**
Capital account:	(8)	38	(12)	(19)	(11)
Credit: Receipts	44	74	12	2	2
Debit: Disbursements	52	36	24	21	13
Financial account:	(2,325)	(4,157)	(1,068)	(2,085)	(2,428)
Direct investment	1,754	1,453	1,142	1,026	10
Debit: Assets, residents' investments abroad	(29)	(108)	(160)	85	51
Credit: Liabilities, non-residents' investments in the Philippines	1,725	1,345	982	1,111	61
Portfolio Investment:	6,874	207	1,050	1,912	258
Debit: Assets, residents' investments abroad	807	812	399	369	1,374
Credit: Liabilities, non-residents' investments in the Philippines	7,681	1,019	1,449	2,281	1,632
Other Investment:	(10,953)	(5,817)	(3,260)	(5,023)	(2,696)
Debit	18,639	15,313	13,898	13,214	6,213
Credit	7,686	9,496	10,638	8,191	3,517
Net unclassified items:	**(1,300)**	**(2,652)**	**(435)**	**(1,433)**	**955**

Source: Bangko Sentral.

(1) Beginning January 2000, the Republic adopted the BPM5. For the purpose of assessing comparative performance, the 1999 balance of payments was reconstructed to conform with the conceptual coverage of the BPM5.

(2) The Republic has disclosed that the reported current account surplus for 2000 and 2001 had previously been overstated due to monitoring problems giving rise to underreported imports. See the discussion in the main text following this table.

(3) The overall BOP position results from the change in net international reserves excluding the effects of revaluation of reserve assets and selected reserve liabilities, gold monetization and Special Drawing Rights allocation.

(4) Data on exports and imports from the National Statistics Office were adjusted to exclude temporary exports and imports and returned goods.

Recent Revisions. In January 2003, the Republic disclosed that the previously reported current account surplus had been overstated due to monitoring problems giving rise to underreported imports. An inter-agency task force on the balance of payments considered the effects of this problem on the Republic's consolidated financial position, specifically the Republic's current account and capital and financial account. The inter-agency task force has revised the Republic's balance of payments data for the years 2000, 2001 and 2002, but will not review prior years due to incomplete information. The inter-agency task force worked within the guidelines of the IMF's reporting system and included representatives of the Bangko Sentral, the National Statistics Office, the National Economic and Development Authority, the National Statistics Coordination Board, the Bureau of Customs and the Philippine Export Zone Authority.

Reflecting the updated import data, the current account for 2000 has been revised to a surplus of $6.3 billion from the previously reported surplus of $8.5 billion, and the current account for 2001 has been revised to a surplus of $1.3 billion from the previously reported surplus of $4.6 billion. At these revised levels, the current account surplus stood at 7.9% and 1.7% of gross national product for 2000 and 2001, respectively. Accordingly, the capital and financial account for 2000 has been revised downward to a net outflow of $4.1 billion from a previously reported net outflow of $6.5 billion, and the capital and financial account for 2001 has been revised downward to a net outflow of $1.1 billion from a previously reported net outflow of $3.8 billion.

Overall Balance of Payments Performance. In 1999, under the BPM5 framework, the balance of payments recorded an overall surplus of $3.6 billion. This resulted from a surplus of $7.2 billion in the current account due to an improvement in the goods trade balance and net inflows from the income account. The capital and financial account recorded a deficit of $2.3 billion in 1999, although there were sustained inflows of direct investment and portfolio investment by nonresidents.

In 2000, the balance of payments, as revised, recorded a deficit of $513 million, following the weaker capital and financial account even as the current account continued to perform favorably. The current account posted a surplus of $6.3 billion for 2000, or 13.3% lower than the level registered in 1999. The net outflow in the capital and financial account was $4.1 billion following the weakening in the financial account. Inflows of both direct and portfolio investments offset some of the outflows in the other investments account. However, portfolio investments were down considerably in 2000 to a net inflow of $207 million from a net inflow of $6.9 billion in 1999.

In 2001, the balance of payments, as revised, showed a deficit of $192 million, compared to a deficit of $513 million in 2000. This positive development was caused by lower net outflows of $1.1 billion in the capital and financial account in 2001, as compared to $4.1 billion in 2000, which overshadowed a substantial decline in the current account surplus of $1.3 billion in 2001, as compared to $6.2 billion in 2000. Exports of goods contracted by 16.2% and inflows in the services trade account decreased by 20.8% due to lower travel receipts arising from security concerns that followed the terrorist attacks in the United States. Imports of goods declined by 4.5%, and outflows in the services trade account declined by 18.8%. Foreign direct investments posted a net inflow of $982 million, compared to a $1.3 billion net inflow in 2000. The net inflow in portfolio investments increased to $1.1 billion in 2001 from $207 million in 2000.

In 2002, the balance of payments registered a surplus of $660 million, compared to a deficit of $192 million in 2001. This improvement can mainly be attributed to the stronger performance of the current account, which offset the weaker performance of the capital and financial account. The current account surplus more than tripled to $4.2 billion for 2002 from $1.3 billion in 2001. This positive development was mainly caused by higher net inflows in the income accounts, the reversal of the trade-in-goods balance from a deficit to a surplus and lower net outflows in services. The trade-in-goods balance for 2002 posted a surplus of $408 million, as compared to a deficit of $743 million for 2001 as growth of exports outpaced growth of imports. The strong export performance was supported by increasing intra-regional trade in Asia, offsetting the reduction in demand from the US and Japan, the Republic's traditional trading partners, and by a new export plan focusing on aggressive marketing and developing small and medium enterprises. The trade-in-services account for 2002 recorded a net outflow of $1.3 billion, 38.3% lower than to the level in 2001, mainly because of the lower net payments for transportation services, construction services and miscellaneous business, professional and technical services. Net inflows in the income account for 2002 grew by 24.0% to $4.6 billion. The higher surplus was due mainly to an increase in the number of deployed overseas Filipino workers sending remittances from abroad. The current transfers account for 2002 amounted to $503 million, 12.5% higher than the level registered in 2001. The improvement was due to higher transfers from migrant workers, as well as gifts, grants and donations from individuals and non-governmental institutions. However, the capital and financial account for 2002 posted a net outflow of $2.1 billion, almost double the net outflow of $1.1 billion in 2001. The weaker performance of this account was attributed to the decline in net inflow of direct investments, which fell to $1.0 billion in 2002 from $1.1 billion in 2001, and the increase in the net outflow in other investments, which rose to $5.0 billion in 2002 from $3.3 billion in 2001. These changes offset the net inflow of portfolio investments, which rose to a net inflow of $1.9 billion from the net inflow of $1.1 billion in 2001, mainly because of the substantially higher non-residents' investments in resident-issued foreign-denominated debt securities.

In the first six months of 2003, the Republic's balance of payments recorded a deficit of $616 million, compared to a surplus of $1.7 billion for the first six months of 2002. The reversal was due both to a decrease in the current account surplus, from $2.1 billion in the first six months of 2002 to $868 million in the first six months of 2003, and to a reversal in the capital and financial account, from a surplus of $1.7 billion in the first six months of 2002 to an outflow of $2.4 billion in the first six months of 2003. The decline in the current account in the first six months of 2003 compared with the same period in 2002 was mainly because of increased imports of raw materials and crude oil (during the first three months of 2003) and a decline in tourism due to the SARS epidemic. The decline in the capital and financial account in the first six months of 2003 compared with the first six months of 2002 was mainly because of global investor uncertainty and withdrawals of foreign currency by non-residents from Philippine banks.

Current Account

Recent Results. After having been revised to reflect updated import data, the current account recorded a surplus of $4.2 billion in 2002, more than three times the $1.3 billion surplus for 2001. The higher surplus in the trade-in-goods account and the higher net inflow in the income account contributed significantly to this development. The trade-in-goods account posted a surplus of $408 million in 2002. The increase in the net income account surplus to $4.6 billion in 2002 also helped strengthen the current account balance. In the first six months of 2003, the current account posted a surplus of $868 million, a 58.3% decrease from the same period in 2002.

Goods Trade. Trading in goods significantly affects the Philippine economy. From 1998 to 2002, exports (as reported by the National Statistics Office) were equal to an average of approximately 44% of the country's GNP and imports were equal to an average of approximately 40% of GNP. The country's trade strategy emphasizes export promotion. The rapid expansion of export-oriented, labor-intensive manufacturing operations, such as electronics and textiles, drove total exports (as reported by the National Statistics Office) to $35.2 billion in 2002 and produced an average annual export growth rate of 4.5% from 1998 to 2002.

A significant proportion of exports, estimated at approximately 40% in 2002, depends on imported raw materials or other inputs, rendering the country's exports vulnerable to any import decline resulting from a peso depreciation.

Exports of Goods. The following table sets out the Republic's exports of goods by major commodity group.

EXPORTS OF GOODS BY COMMODITY GROUP

	1998	1999	2000	2001	2002	First Six Months 2003	Percentage of Total Exports 1998	Percentage of Total Exports 2002
	(in millions, except percentages)							
Manufactures								
Electronics and electrical equipment/parts	$17,137	$21,166	$22,179	$16,699	$18,553	$ 8,747	58.1%	52.8%
Garments	2,356	2,267	2,563	2,403	2,391	1,123	8.0	6.8
Textile yarns/fabrics	242	219	249	226	247	120	0.8	0.7
Footwear	147	86	76	73	47	28	0.5	0.1
Travel goods and handbags	183	154	177	174	83	35	0.6	0.2
Wood manufactures	118	129	212	119	112	67	0.4	0.3
Furniture & fixtures	323	354	381	298	316	143	1.1	0.9
Chemicals	340	294	328	318	360	180	1.2	1.0
Non-metallic mineral manufactures	105	111	133	123	113	59	0.4	0.3
Machinery and transport equipment	3,316	4,950	5,909	6,136	7,067	3,287	11.2	20.1
Processed food and beverages	306	256	267	337	385	246	1.0	1.1
Iron and steel	28	18	25	14	17	10	0.1	0.0
Baby carriages, toys, games and sporting goods	169	158	165	145	140	60	0.6	0.4
Basketwork, wickerwork and other articles of plaiting materials	85	85	95	83	74	41	0.3	0.2
Miscellaneous manufactured articles, not elsewhere specified	202	212	229	220	231	146	0.7	0.7
Others	785	850	999	974	1,014	551	2.7	2.9
Total manufactures	25,843	31,309	33,987	28,340	31,181	14,843	87.6	88.6
Agro-based products								
Coconut products	832	466	577	532	484	300	2.8	1.4
Sugar and sugar products	100	71	57	32	47	58	0.3	0.1
Fruits and vegetables	446	455	528	552	544	293	1.5	1.5
Other agro-based products	466	476	486	427	453	219	1.6	1.3
Total agro-based products	1,844	1,468	1,648	1,544	1,527	869	6.3	4.3
Mineral products	592	646	650	537	519	321	2.0	1.5
Petroleum products	129	216	436	242	353	273	0.4	1.0
Forest products	24	20	44	23	23	15	0.1	0.1
Others	1,065	1,379	1,313	1,464	1,606	747	3.6	4.6
Total	$29,497	$35,037	$38,078	$32,150	$35,208	$17,069	100.0%	100.0%

Source: National Statistics Office.

Exports of goods, as reported by the National Statistics Office, grew a total of 19.4% over the four years from 1998 to 2002. Exports grew by 18.8% in 1999, 8.7% in 2000 and 9.5% in 2002, but declined by 15.6% in 2001. As a percentage of total exports, manufactured goods increased from 87.6% in 1998 to 88.6% in 2002. Exports of electronics, electrical equipment and parts, and telecommunications equipment increased slightly as a proportion of total exports from 58.1% in 1998 to 52.8% in 2002. During the same period, exports of garments as a proportion of total exports decreased from 8.0% in 1998 to 6.8% in 2002 because of increased international competition and a general decline in global demand. Exports of agriculture products, including coconut products, sugar products, fruits and vegetables, also declined considerably as a proportion of total exports from 6.3% in 1998 to 4.3% in 2002. On the other hand, increased production helped exports of machinery and transport equipment more than double from $3.3 billion in 1998 to $7.1 billion in 2002. As a percentage of total exports, machinery and transport grew from 11.2% in 1998 to 20.1% in 2002.

In 1998, exports of goods increased by 16.9% from 1997 to $29.5 billion. The start-up of a number of new semiconductor and microprocessor factories boosted exports of semiconductors, the top export earner. The depreciation of the peso helped exports and offset the adverse effects of the Asian financial crisis on a number of the Republic's trading partners.

In 1999, exports of goods grew by 18.8% to $35.0 billion, compared with 16.9% over 1998. Electronics, machinery and transport equipment and garments were the leading export earners. Higher shipments of mineral products, fruits and vegetables and furniture and fixtures also contributed to the expansion of exports in 1999.

In 2000, exports of goods totalled $38.1 billion, 8.7% more than 1999. Among the merchandise exports, electronics maintained its position as the top earner and continued growing, but at a decelerated rate of 4.8% in 2000 compared to 23.5% in 1999. Garments, the third top earner, had a 13.0% increase in 2000 after a 3.8% contraction in 1999. Machinery and transport, the second top earner in 2000, experienced decelerated growth, from 49.3% in 1999 to only 19.2% in 2000.

In 2001, exports of goods declined by 15.6% to $32.1 billion. The decline reflected the slump in demand by the country's leading trading partners, namely the US and Japan, as well as the downtrend in demand in the information technology sector. Exports of semiconductor components experienced declines in both volume and price. All major commodity groups posted declines except fruits and vegetables, which grew 3.2%, and machinery and transport equipment, which grew 3.8%. Electronics, machinery and transport equipment and garments remained the top three export commodities.

Exports of goods for 2002 were $35.2 billion, or 9.5% higher than exports of goods in 2001. Higher demand for Philippine goods from Japan, Taiwan, Hong Kong, South Korea, Malaysia and China made up for a decrease in exports to the US, which accounted for approximately 25% of the country's export market in 2002. The following table sets out the destinations of the Republic's exports.

EXPORTS OF GOODS BY DESTINATION

	1998	1999	2000	2001	2002	First Six Months 2003	Percentage of Total Exports 1998	Percentage of Total Exports 2002
	(in millions, except percentages)							
United States	$10,098	$10,445	$11,365	$ 8,979	$ 8,683	$ 3,580	34.2%	24.7%
Japan	4,233	4,660	5,606	5,054	5,292	2,626	14.4	15.0
ASEAN countries(1)	3,725	4,916	5,894	4,914	5,410	3,013(2)	12.6	15.4
United Kingdom	1,756	1,766	1,506	997	2,946	351	6.0	2.7
Hong Kong SAR	1,326	1,947	1,907	1,580	2,359	1,458	4.5	6.7
The Netherlands	2,318	2,865	2,982	2,976	3,055	1,474	7.9	8.7
Germany	1,033	1,229	1,329	1,323	1,386	644	3.5	3.9
Taiwan	1,757	2,993	2,861	2,127	2,485	1,050	6.0	7.1
South Korea	510	1,032	1,173	1,044	1,339	622	1.7	3.8
People's Republic of China(3)	343	575	663	793	1,356	832	1.2	3.9
Others	2,397	2,609	2,792	2,362	2,891	1,419	8.1	8.7
Total	$29,497	$35,037	$38,078	$32,150	$35,208	$17,069	100.0%	100.0%

Source: Foreign Trade Statistics, National Statistics Office.

(1) Includes (for 1998 to 2002) only Brunei, Indonesia, Malaysia, Singapore and Thailand.

(2) Includes only Malaysia, Singapore and Thailand.

(3) Excludes Hong Kong SAR.

The United States accounted for, on average, 29.3% of total exports from 1998 to 2002. Japan accounted for, on average, 14.8% of Philippine exports from 1998 to 2002. Recognizing the danger of over-reliance on so few export markets, the country has attempted to increase its exports to other countries, particularly ASEAN countries. The Republic is a party to the ASEAN Free Trade Agreement, which provides for the implementation of the common effective preferential tariff that will reduce tariffs among ASEAN nations by 2008 to between 0% and 5% for all manufactured goods and non-sensitive agricultural and processed agricultural products. Additional activities to support the free trade area include plans for intra-regional investments, industrial linkages and banking and financial integration.

Imports of Goods. The import data for 2000, 2001 and 2002 have been revised. See "Balance of Payments — Recent Revisions".

For 2002, the value of imports of goods, as reported by the National Statistics Office, has been adjusted from $33.5 billion to $35.4 billion. For 2001, the value of total imports of goods has been adjusted from $29.6 billion to $33.1 billion. For 2000, the value of total imports of goods has been adjusted from $31.4 billion to $34.5 billion.

IMPORTS OF GOODS BY COMMODITY GROUP

	1998	1999	2000	2001	2002	First Six Months 2003	Percentage of Total Imports 1998	Percentage of Total Imports 2002
	(in millions, except percentages)							
Raw materials and intermediate goods								
Unprocessed raw materials[(1)]	$ 1,170	$ 1,517	$ 1,337	$ 1,368	$ 1,416	$ 707	4.0%	4.0%
Semi-processed raw materials[(2)]	10,415	11,083	13,825	13,585	13,376	6,688	35.3	40.1
Total raw materials and intermediate goods	$11,586	$12,600	$15,163	$14,953	$14,792	$ 7,396	39.2%	44.0%
Capital goods	12,051	11,828	12,162	11,438	13,533	7,197	40.8	35.3
Consumer goods								
Durable	901	1,093	1,070	947	981	572	3.1	3.1
Non-durable	1,722	1,551	1,452	1,536	1,595	783	5.8	4.2
Total consumer goods	$ 2,624	$ 2,644	$ 2,523	$ 2,483	$ 2,576	$ 1,355	8.9%	7.3%
Mineral fuels and lubricants	2,020	2,433	3,877	3,372	3,273	2,006	6.8	11.2
Other	1,245	1,237	765	812	1,253	616	4.2	2.2
Total	$29,525[(3)]	$30,742	$34,491	$33,057	$35,427	$18,570	100.0%	100.0%

Source: National Statistics Office.

(1) Includes wheat, corn, unmilled cereals excluding rice and corn, inedible crude materials and unmanufactured tobacco.

(2) Includes chemicals and chemical compounds, manufactured goods that are not capital or consumer goods, materials for the manufacture of electrical and electronic equipment and parts, and embroideries.

(3) Excludes the value of aircraft amounting to $136 million procured under operating lease arrangements.

In 1998, weakening demand because of the economic slowdown and the depreciation of the peso forced imports of goods down 21.2% to $29.5 billion from $35.9 billion in 1997. Lower imports of machinery transport equipment, fertilizers and artificial resins led the decline. Also, a number of exporters drew down their inventories to alleviate the impact of the weak peso, which contributed to the decline in overall imports.

In 1999, imports of goods totalled $30.7 billion. This represented an increase of 4.1% from 1998. The increase was due mainly to an increase in imports of electronics and components, minerals, fuel and lubricants.

In 2000, imports of goods increased by 12.2% to $34.5 billion, compared to a 4.1% increase in 1999. Most of the increase in reported imports from 1999 to 2000 can be attributed to the fact that the 2000 import figures were revised upwards by 9.9% in early 2003, whereas the 1999 figures have not been revised. However, the growth was also due to higher imports of capital goods, which rose by 2.8%, as well as the increase in imports of mineral fuel and lubricants which grew by 59.4% following the increase in the average price of petroleum crude in 2000 to $27.89 per barrel, from $16.31 per barrel in 1999.

In 2001, imports of goods fell by 4.2% to $33.1 billion, a reversal of the 12.2% increase registered in 2000. This decline resulted primarily from the reduction in imports of raw materials and intermediate goods and capital goods used for exports and domestic production, as well as the reduced appetite for foreign-made goods as a result of the weak peso.

In 2002, imports of goods increased by 7.2% to reach $35.4 billion. Imports of all major categories of goods except for semi-processed raw minerals and mineral fuels and lubricants increased from 2001 to 2002. Of the total $35.4 billion in imports of goods, capital goods accounted for $13.5 billion, or 38.2%, raw materials and intermediate goods accounted for $14.8 billion, or 41.8%, mineral fuels and lubricants accounted for $3.3 billion, or 9.2%, and consumer goods accounted for $2.6 billion, or 7.3%.

The following table sets out the sources of the Philippines' imports of goods by country, reflecting import data revisions for 2000, 2001 and 2002. See "Balance of Payments — Recent Revisions".

IMPORTS OF GOODS BY SOURCE

	1998[1]	1999	2000	2001	2002	First Six Months 2003	Percentage of Total Imports 1998	Percentage of Total Imports 2002
	(in millions, except percentages)							
Japan	$ 6,029	$ 6,136	$ 6,511	$ 633	$ 7,233	$ 3,657	20.3%	20.4%
US	6,560	6,365	6,411	6,411	7,286	3,797	22.1	20.6
ASEAN countries[2]	4,050	4,248	5,203	4,837	5,421	2,995[3]	13.7	15.3
Hong Kong SAR	1,300	1,226	1,243	1,335	1,583	797	4.4	4.5
Saudi Arabia	606	810	1,048	887	1,000	634	2.0	2.8
Taiwan	1,415	1,614	2,255	1,970	1,783	874	4.8	5.0
South Korea	2,190	2,723	2,754	2,082	2,754	1,261	7.4	7.8
Australia	683	757	817	645	575	244	2.3	1.6
Germany	822	801	371	792	708	430	2.8	2.0
People's Republic of China[4]	1,198	1,040	786	75	1,252	788	4.0	3.5
Others	4,808	5,023	6,692	7,490	5,832	3,094	16.2	16.5
Total	$29,525	$30,742	$34,491	$33,057	$35,427	$18,570	100.0%	100.0%

Source: Foreign Trade Statistics, National Statistics Office. Economic Indices and Indicators Division, Industry and Trade Statistics Department, Republic of the Philippines.

(1) Foreign trade statistics were adjusted to exclude aircraft procured under operational lease arrangements to conform with the new balance of payments framework.

(2) Includes only Indonesia (from 1998 to 2002), Malaysia, Singapore and Thailand.

(3) Malaysia, Singapore and Thailand only.

(4) Excludes Hong Kong SAR.

Services Trade. The following table sets out the Republic's services trade by sector compiled in accordance with the BPM5 framework for the periods indicated.

SERVICES TRADE

	1999	2000	2001	2002	First Six Months 2003
			(in millions)		
Total services trade	$(2,712)	$(2,430)	$(2,050)	$(1,264)	$ (827)
Exports	4,803	3,972	3,148	3,056	1,405
Imports	7,515	6,402	5,198	4,320	2,232
Transportation	(1,369)	(2,097)	(1,758)	(1,605)	(869)
Exports	575	891	659	631	319
Imports	1,944	2,988	2,417	2,236	1,188
of which: Passenger	(117)	(73)	(237)	(302)	(136)
Exports	15	243	99	87	51
Imports	132	316	336	389	187
of which: Freight	(1,167)	(1,950)	(1,452)	(1,225)	(676)
Exports	428	481	380	445	231
Imports	1,595	2,431	1,832	1,670	907
of which: Other	(85)	(74)	(69)	(78)	(57)
Exports	132	167	180	99	37
Imports	217	241	249	177	94
Travel	1,246	1,129	494	869	322
Exports	2,554	2,134	1,723	1,740	712
Imports	1,308	1,005	1,229	871	390
Communication services	(307)	(79)	113	224	115
Exports	424	182	328	310	169
Imports	731	261	215	86	54
Construction services	(108)	(27)	(235)	(95)	(15)
Exports	58	97	64	28	16
Imports	166	124	299	123	31
Insurance services	(30)	(96)	(75)	(259)	(98)
Exports	51	66	48	35	42
Imports	81	162	123	294	140
Financial services	(250)	(389)	(42)	(13)	(10)
Exports	67	80	33	32	16
Imports	317	469	75	45	26
Computer and information services	(38)	(18)	(61)	(25)	(10)
Exports	57	76	22	21	11
Imports	95	94	83	46	21
Royalties and license fees	(104)	(190)	(158)	(229)	(140)
Exports	6	7	1	1	0
Imports	110	197	159	230	140

	1999	2000	2001	2002	First Six Months 2003
			(in millions)		
Other business services	(1,672)	(595)	(320)	(139)	(120)
Exports	929	359	219	224	105
Imports	2,601	954	539	363	225
Merchanting and other trade-related services	(230)	(200)	16	29	(5)
Exports	186	59	24	35	5
Imports	416	259	8	6	10
Operational leasing services	(47)	(58)	(61)	(16)	(10)
Exports	15	23	10	7	7
Imports	62	81	71	23	17
Misc. business, professional and technical services	(1,395)	(337)	(275)	(152)	(105)
Exports	728	277	185	182	93
Imports	2,123	614	460	334	198
Personal, cultural and recreational	(81)	(87)	(42)	(10)	(2)
Exports	58	43	15	7	5
Imports	139	130	57	17	7
Audio-visual and related	(3)	(9)	(10)	(10)	(2)
Exports	14	15	6	6	5
Imports	17	24	16	16	7
Other personal, cultural and recreational services	(78)	(78)	(32)	0	0
Exports	44	28	9	1	0
Imports	122	106	41	1	0
Government services	1	19	34	18	0
Exports	24	37	36	27	10
Imports	23	18	2	9	10

Source: Bangko Sentral.

In 1999, under the BPM5 framework, the services account recorded a net outflow of $2.7 billion following higher service payments. Net outflows were noted in transportation, communication, construction, insurance, financial, computer and information, royalties and license fees, and other personal, cultural and recreational services with the exception of travel services, which recorded a net inflow of $1.2 billion.

In 2000, the services trade account recorded a net outflow of $2.4 billion, 10.4% lower than the net outflow of $2.7 billion in 1999. This development was due to lower net outflows in communication, construction, miscellaneous business, professional and technical services, computer and information and other trade-related services.

In 2001, the services trade account recorded a net outflow of $2.1 billion, 15.6% lower than the $2.4 billion deficit recorded in 2000. The reduction in the deficit from 2001 was due mainly to the lower net outflows in freight following the decline in good imports, royalties and fees, financial services and other business services. The reversal in communication services account from a net outflow to a net inflow also contributed to the narrower deficit.

In 2002, the services trade account recorded a net outflow of $1.3 billion, 38.3% lower than the level in the comparable period in 2001. The narrowing of the deficit was triggered by lower net payments for transportation services, construction services and miscellaneous business, professional and technical services. Meanwhile, net receipts from travel services, which rose by 75.9% to $869 million, helped trim the net outflow in the services account. The lower travel payments reflected in part the weaker peso and the Government program to promote local tourism.

In the first six months of 2003, the trade-in-services account recorded a net outflow of $827 million, an increase of 56.3% over a net outflow of $529 million in the same period in 2002. The higher outflow was due to a significant decrease in travel receipts, reflecting the slowdown in the global economy, tension in the Middle East, the outbreak of SARS in the Asian region and domestic security concerns, as well as a rise in freight payments.

Income. The following table sets out the Republic's income compiled in accordance with the BPM5 framework for the periods indicated. Prior to the adoption of the BPM5 framework, income was included in services trade. Entries with "zero" balances indicate either that there are no relevant transactions during the period or that the Republic has not yet begun to track and record the relevant entry.

INCOME

	1999	2000	2001	2002	First Six Months 2003
			(in millions)		
Total income	$ 4,460	$ 4,437	$ 3,669	$ 4,550	2,698
Receipts	8,082	7,804	7,804	7,931	4,287
Disbursements	3,622	3,367	3,367	3,381	1,589
Compensation of employees, incl. border, seasonal and other workers	6,794	6,050	6,031	7,171	3,880
Receipts	6,794	6,050	6,031	7,171	3,880
Disbursements	0	0	0	0	0
Investment income	(2,334)	(1,613)	(2,362)	(2,621)	(1,182)
Receipts	1,288	1,754	1,121	760	407
Disbursements	3,622	3,367	3,483	3,381	1,589
Direct investment income	(594)	(122)	(608)	(792)	(364)
Receipts	35	57	10	18	4
Disbursements	629	179	618	810	368
Income on equity	(554)	(66)	(527)	(770)	(334)
Receipts	35	57	10	18	4
Disbursements	589	123	537	788	338
Dividends and distributed branch profits	(184)	(240)	(654)	(650)	(334)
Receipts	35	57	10	18	4
Disbursements	219	297	664	668	338
Reinvested earnings and undistributed branch profits	(370)	(174)	(127)	(120)	0
Receipts	0	0	0	0	0
Disbursements	370	174	(127)	120	0
Income on debt (interest)	40	(56)	(81)	(22)	(30)
Receipts	0	0	0	0	0
Disbursements	40	56	81	22	30

	1999	2000	2001	2002	First Six Months 2003
			(in millions)		
Portfolio investment income	(622)	(571)	(545)	(746)	(289)
Receipts	451	645	634	425	278
Disbursements	1,073	1,216	1,179	1,171	567
Income on equity (dividends)	(22)	(8)	(23)	(16)	(20)
Receipts	16	8	6	0	0
Disbursements	38	16	29	16	20
Income on debt (interest)	(600)	(563)	(522)	(730)	(269)
Receipts	435	637	628	425	278
Disbursements	1,035	1,200	1,150	1,155	547
Bonds and notes	(546)	(555)	(554)	(739)	(290)
Receipts	430	621	584	413	257
Disbursements	976	1,176	1,138	1,152	547
Monetary authorities	180	305	304	141	160
Receipts	266	443	417	297	214
Disbursements	86	138	113	155	54
General government	(575)	(586)	(642)	(701)	(343)
Receipts	0	0	0	0	0
Disbursements	575	586	642	701	343
Banks	35	0	0	0	0
Receipts	35	0	0	0	0
Disbursements	0	0	0	0	0
Other sectors	(186)	(274)	(216)	(179)	(107)
Receipts	129	178	167	116	43
Disbursements	315	452	383	295	150
Money market instruments	(54)	(8)	32	9	21
Receipts	5	16	44	12	21
Disbursements	59	24	12	3	0
Monetary authorities	(5)	(5)	0	0	0
Receipts	0	0	0	0	0
Disbursements	5	5	0	0	0
General government	0	0	0	0	0
Receipts	0	0	0	0	0
Disbursements	0	0	0	0	0
Banks	0	0	0	0	0
Receipts	0	0	0	0	0
Disbursements	0	0	0	0	0
Other sectors	(54)	(3)	32	9	21
Receipts	5	16	44	12	21
Disbursements	59	19	12	3	0
Other investment income	(1,118)	(920)	(1,209)	(1,083)	(529)
Receipts	802	1,052	477	317	125
Disbursements	1,920	1,972	1,686	1,400	654

	1999	2000	2001	2002	First Six Months 2003
			(in millions)		
Monetary authorities	129	227	(31)	(45)	(19)
Receipts	313	472	232	116	46
Disbursements	184	245	263	161	65
General government	(873)	(789)	(724)	(621)	(304)
Receipts	0	0	0	0	0
Disbursements	873	789	724	621	304
Banks	(91)	56	(102)	(120)	(59)
Receipts	410	503	206	144	63
Disbursements	501	447	308	264	122
Other sectors	(283)	(414)	(352)	(297)	(147)
Receipts	79	77	39	57	16
Disbursements	362	491	391	354	163

In 2002, the surplus in the income account increased by 24.0% from its $3.7 billion mark for 2001 to reach $4.5 billion. In 2002, the investment income account yielded a net outflow of $2.6 billion, which represented an increase of 11.0% from the net outflow recorded in 2001, as interest payments on portfolio and other investments fell with the continued drop in global interest rates.

Remittances from overseas Filipino workers amounted to $7.2 billion in 2002, an increase of 18.9% from 2001. The income account's recorded surplus of $4.5 billion was propelled by the 2.6% rise in the number of overseas Filipino workers, especially in the Middle East, Europe, and Asia. As the global economic slowdown affects some of the countries where Filipinos are working, the Government has intensified its marketing efforts to increase hiring of Filipinos abroad.

In the first six months of 2003, the income account posted a net inflow of $2.7 billion, an 18.7% increase from the same period in 2002.

Capital and Financial Account

Since the implementation of the BPM5 framework, the Capital and Financial Account is now divided into three categories: direct investments, portfolio investments and other investments. The following table sets out the Republic's direct investments compiled in accordance with the BPM5 framework for the periods indicated. Entries with "zero" balances indicate either that there are no relevant transactions during the period or that the Republic has not yet begun to track and record the relevant entry.

DIRECT INVESTMENTS

	1999	2000	2001	2002	First Six Months 2003
			(in millions)		
Total direct investments	$1,754	$1,453	$1,142	$1,026	$ 10
Assets: Residents' investments abroad	(29)	(108)	(160)	86	51
Equity capital	(45)	(95)	(162)	77	52
Claims on affiliated enterprises	(45)	(95)	(162)	77	52
Placements	63	46	33	85	64
Withdrawals	108	141	195	8	12
Liabilities to affiliated enterprises	0	0	0	0	0
Reinvested earnings	0	0	0	0	0
Other capital	16	(13)	2	8	(1)
Liabilities: Non-residents' investments in the Philippines	1,725	1,345	982	1,111	61
Equity capital	1,145	1,024	628	945	121
Liabilities to direct investors	1,145	1,024	628	945	121
Placements	1,267	1,209	697	995	163
Withdrawals	122	185	69	50	42
Reinvested earnings	370	(74)	(127)	120	0
Other capital	210	495	481	46	(60)
Claims on direct investors	0	0	0	0	0
Liabilities to direct investors	210	495	481	46	60

Source: Bangko Sentral.

The following table sets out the Republic's portfolio investments compiled in accordance with the BPM5 framework for the periods indicated. Entries with "zero" balances indicate either that there are no relevant transactions during the period or that the Republic has not yet begun to track and record the relevant entry.

PORTFOLIO INVESTMENTS

	1999	2000	2001	2002	First Six Months 2003
			(in millions)		
Total portfolio investments	$ 6,874	$ 207	$1,050	$1,912	$ 258
Assets: Residents' investments abroad	807	812	399	369	1,374
Equity securities	55	42	4	21	1
Placements	75	219	4	23	1
Withdrawals	20	177	0	2	0
Debt securities	752	770	395	348	1,373
Banks	319	363	341	341	820
Other sectors	433	407	54	7	553
Placements	713	1,647	4,076	3,829	2,659
Withdrawals	280	1,240	4,022	3,872	2,106
Liabilities: Non-residents' investments in the Philippines	7,681	1,019	1,449	2,281	1,632
Equity securities	1,410	(183)	383	410	114
Placements	15,490	3,704	1,486	1,381	488
Withdrawals	14,080	3,887	1,103	971	374
Debt securities	6,271	1,202	1,066	1,071	1,518
Monetary authorities	1,158	88	11	55	208
General Government	2,912	2,223	950	999	1,154
Banks	1,031	326	239	368	187
Other sectors	1,170	(1,435)	(134)	449	(31)

Source: Bangko Sentral.

The following table sets out the Republic's other investments compiled in accordance with the BPM5 framework for the periods indicated. Entries with "zero" balances indicate either that there are no relevant transactions during the period or that the Republic has not yet begun to track and record the relevant entry.

OTHER INVESTMENTS

	1999	2000	2001	2002	First Six Months 2003
			(in millions)		
Total other investments	$(10,953)	$(5,817)	$(3,260)	$(5,023)	$(2,696)
Assets: Residents' investments abroad	18,639	15,313	13,898	13,214	6,213
Trade credits(1)	16,381	17,401	13,774	12,880	5,659
Loans(2)	257	(1,307)	830	346	335
Currency and deposits	2,276	(759)	(509)	218	(53)
Banks	959	(936)	(1,098)	(490)	(628)
Other sectors	1,317	177	589	708	575
Other assets(3)	(275)	(22)	(197)	(230)	272
Liabilities: Non-residents' investments in the Philippines	7,686	9,496	10,638	8,191	3,517
Trade credits(1)	9,958	10,260	10,981	9,958	3,988
Loans	575	354	178	(225)	(447)
Monetary authorities	0	51	177	(40)	2
Drawings(4)	0	105	117	118	133
Repayments(4)	0	54	50	158	131
General Government	340	(125)	16	(131)	(59)
Drawings(4)	1,465	933	931	870	473
Repayments(4)	1,125	1,058	915	1,001	532
Banks(5)	626	(250)	(647)	920	(676)
Other sectors	(391)	678	692	(974)	286
Long-term	(494)	952	916	(780)	(349)
Drawings	2,610	2,428	3,142	1,030	725
Repayments	3,104	1,476	2,226	1,810	1,074
Short-term	103	(274)	(224)	(194)	635
Currency and deposits(6)	(2,629)	(1,286)	401	(1,637)	(208)
Other Liabilities(7)	(218)	168	(922)	95	184

Source: Bangko Sentral.

(1) All trade credits are short-term credits in non-governmental sectors.

(2) All loans are short-term bank loans.

(3) All other assets are bank assets.

(4) Long-term loans.

(5) Short-term loans.

(6) All bank currency and deposits.

(7) All short-term bank liabilities.

The following discussion of the balance of payments for 2000 and 2001 does not reflect the recent revisions to the Republic's balance of payments. In particular, the discussion of balance of payments for 2001 compares only previously reported 2001 and 2000 data. However, the discussions of the 2002 and 2003 balance of payments reflect all recent revisions.

Domestic macroeconomic policies and structural reforms have significantly affected the flow of foreign investment into the Philippines. The Foreign Investment Act of 1991, as amended, introduced a more favorable investment environment to the Philippines. The act permits foreigners to own 100% of Philippine enterprises, except in certain specified areas included in a "negative list" with respect to which the Constitution or applicable statute limits foreign ownership, generally to a maximum of 40% of the entreprise's equity capital. The Constitution also prohibits foreign ownership in certain sectors, such as the media.

In 1999, net investment inflows declined by 20.5% to $1.3 billion compared to $1.6 billion in 1998. New foreign direct investments declined by 23.9% to $1.2 billion, compared with $1.6 billion for 1998. In 1999, under the BPM5 framework, a net outflow of $1.8 billion was registered in the capital and financial account due to the net outflow of $9.5 billion in the other investment accounts. The continued inflows of direct and portfolio investments, on the other hand, cushioned the impact of these outflows.

In 2000, under the BPM5 framework the net outflow in the financial account reached $6.5 billion, an increase of 262.5% from the net outflow of $1.8 billion recorded in 1999. However, sustained net inflows of both direct and portfolio investments mitigated the contraction in the financial account. This developed due to the net outflows posted in the portfolio and other investment accounts.

In 2001, the financial account registered a net outflow of $1.1 billion, an 83.6% decline from the net outflow of $6.5 million recorded in 2000. The direct investment account posted a sustained net inflow, while the portfolio investment account gained strength as it made a turnaround to a net inflow of $1.1 billion in 2001. Meanwhile, the cumulative net outflow in the other investment account of $3.3 billion was 57.9% lower than the $7.7 billion in 2001.

In 2002, the net outflow in the capital and financial account almost doubled to $2.1 billion (including a net outflow of $19 million from the capital account). The expansion of the net inflow in the portfolio investment account to $1.9 billion from a net inflow of $1.1 billion in 2001 (due to success in the capital markets of the government and GOCCs) dampened the negative impact of the higher net outflow of other investment and the lower net inflow of direct investments.

Non-residents' investments in the Philippines increased by 39.5% to $3.4 billion in 2002 due mainly to the investment of $544 million worth of shares by a Japanese firm in the San Miguel Corporation, a domestic brewery company, in March 2002. The remaining investment was directed to other manufacturing companies, financial institutions, mining corporations and construction companies.

Non-residents' direct investments in equity capital increased by 50.5% to $945 million during 2002. The bulk of non-residents' equity investments came from Japan, including the investment of $544 million in San Miguel in March 2002. Additional investments were directed to other manufacturing companies, financial institutions, mining corporations and construction companies. The major sources of direct investments were the US, the United Kingdom, Singapore and Taiwan.

In 2002, the portfolio investments account yielded a net inflow of $1.9 billion compared to the net inflow of $1.1 billion in 2001, due mainly to the higher non-residents' investments in resident-issued foreign-denominated debt securities, particularly government-issued medium-term bonds. Meanwhile, net inflows of non-residents' investments in equity securities rose slightly by 7.0% to $410 million in 2002.

The net outflow in other investments increased by 54.1% to $5.0 billion in 2002. This developed mainly because of withdrawals by non-residents of their maturing foreign currency deposits, as well as increased deposits abroad by resident non-banks — most of which were corporations involved in build-operate-transfer schemes — to fund their debt service and import payments.

In the first six months of 2003, the net outflow in the capital and financial account was $2.4 billion, compared to a net inflow of $1.7 billion net inflow in the same period of 2002. This reversal was due to net outflow of direct investment, increased net outflow of other investments and decreased net inflow of portfolio investments, reflecting a weakened global economy and the higher net repayment of loans.

The direct investment account posted a net inflow of $10 million in the first six months of 2003, a decline from the net inflow of $847 million in the same period of 2002. This decline was the result of a drop in non-residents' investment in equity capital and a decline in new capital during the first six months of 2003.

Portfolio investments in the first six months of 2003 recorded a net inflow of $258 million, representing an 85.6% decrease from the net inflow of $1.8 billion in the same period in 2002. Non-residents' investments in both equity and debt securities contracted during this period, due to investors' concerns over geopolitical uncertainties.

In the first six months of 2003 the other investment account posted a $2.7 billion net outflow, almost three times the $944 million outflow for the same period in 2002. The larger net outflow resulted from the higher net repayment of loans, particularly maturing borrowings and interbank placements, as well as the withdrawal of foreign currency deposits from local banks.

Over the past few years, the Government has undertaken a number of programs to encourage capital investment, including introducing build-operate-transfer programs, reforming the legal regimes governing foreign investment and the foreign exchange payment system and restructuring the tariff regime. In August 1995, the Government implemented a schedule of tariff reductions to correct distortions caused by past policies. Rates will be reduced to 3% for raw materials and to 10% for finished goods by 2003, and tariffs will be further adjusted to a range from 0% to 5% by 2004. The Philippines also lifted quantitative restrictions on all regulated agricultural products, except rice, and replaced them with tariffs permitted under the Uruguay Round agreements.

The Philippines is also a member of the ASEAN Free Trade Area, which provides for the gradual reduction to 5% or less or elimination of tariffs in 2003 on the trade of goods among ASEAN countries pursuant to a Common Effective Preferential Tariff scheme. Currently, the Philippines restricts imports of certain products only for reasons of health, security, safety and environmental protection.

The Republic's Board of Investments coordinates with national agencies and local Governments on investment policies and procedures and establishes and administers annual investment priority plans to promote certain sectors of the economy by providing special investment incentives to specific industries. The Government's 2001 Investments Priorities Plan is working to alleviate poverty, promote economic health, and improve business competitiveness in e-commerce.

In March 2000, the Retail Trade Liberalization Act was enacted. The law aims to promote efficiency and competition among domestic industries and foreign competitors and better service and lower prices for consumers. Prior to its enactment, only citizens of the Philippines and corporations wholly owned by Filipino citizens could own a retail business in the Philippines. Under the law, a foreigner is allowed to own 100% of a retail business in the Philippines provided it makes an investment of at least $7.5 million in the Philippines. If a foreigner makes an investment of between $2.5 million to $7.5 million, the foreigner is allowed to own up to 60% of the retail business in the Philippines for the first two years.

The following table sets out foreign investment in the Philippines registered with Bangko Sentral by sector.

FOREIGN EQUITY INVESTMENTS REGISTERED WITH BANGKO SENTRAL BY SECTOR

	1998	1999	2000	2001	2002	First Six Months 2003
			(in millions)			
Banks and other financial institutions	$193.1	$ 258.3	$ 483.9	$476.4	$ 153.0	$ 64.7
Manufacturing	245.5	1,049.1	171.7	262.9	943.1	117.2
Mining	161.2	27.3	239.5	66.2	114.6	0.0
Commerce and real estate	161.9	166.3	62.3	23.2	26.6	49.7
Services	12.1	16.7	5.2	8.4	21.5	8.0
Public utilities	67.9	552.5	423.5	20.6	131.8	0.3
Others(1)	43.0	36.5	12.2	0.2	40.9	8.1
Total investments	$884.7	$2,106.7	$1,398.2	$857.8	$1,431.5	$248.0

Source: International Operations Department, Bangko Sentral.

(1) Includes construction and agriculture, fishery and forestry.

International Reserves

The following table sets out the gross international reserves of Bangko Sentral, compiled in a manner consistent with the revised balance of payments framework and the treatment of IMF accounts in the monetary survey published in the IMF's International Financial Statistics.

GROSS INTERNATIONAL RESERVES OF BANGKO SENTRAL

	As of December 31,					As of August 31,
	1998(1)	1999(1)	2000(2)	2001	2002	2003(3)
	(in millions, except months and percentages)					
Gold(4)	$ 1,569	$ 1,782	$ 1,973	$ 2,216	$ 3,036	$ 3,280
SDRs	1	19	2	14	10	2
Foreign investments(5)	8,738	12,881	12,371	12,786	12,570	12,382
Foreign exchange	376	222	565	533	445	387
Reserve position in the IMF(6)	122	120	113	109	118	120
Total	$10,806	$15,024	$15,024	$15,658	$16,180	$16,171
Total as number of months of imports of goods and services	3.1	4.5	4.2	4.6	4.7	4.5
Total as a % of short-term debt						
Original maturity	150.4%	261.5%	252.6%	258.9%	291.1%	247.9%
Residual maturity	98.2	170.6	155.8	142.7	143.0	132.7

Source: International Operations Department, Bangko Sentral.

(1) Represents official figures from Bangko Sentral's Treasury Department under the old system, which did not treat monetary gold (that is, gold available to monetary authorities for use in foreign exchange and other financial transactions) under the swap arrangements as part of gross international reserves.

(2) Beginning January 2000, a new system was adopted, revising the treatment of monetary gold under swap arrangements, including it as part of gross international reserves. For purposes of comparison with 2000 data, the revised treatment of monetary gold (that is,

gold available to monetary authorities for use in foreign exchange and other financial transactions) under the swap arrangements would have resulted in an upward adjustment of the gross international reserves level as of December 31, 1999 to $15,107 million.

(3) Preliminary.

(4) Of these amounts, 75.3% in 1998 and 83.3% in 1999 served as collateral for gold-backed loans. Under the new accounting system adopted in 2000, 82.6% of the amount as of December 31, 2000, 85.7% as of December 31, 2001, and 62.6% as of December 31, 2002 served as collateral for gold-backed loans and gold swap arrangements.

(5) Consists of time deposits, investments in securities issued or guaranteed by government or international organizations and repurchase agreements.

(6) The reserve position in the IMF is an off-balance sheet item and is recorded by Bangko Sentral's Treasury Department as a contingent asset with a matching contingent liability.

The gross international reserves controlled by Bangko Sentral constitute substantially all of the Philippines' official international reserves.

Bangko Sentral occasionally enters into options with respect to gold, foreign exchange and foreign securities for purposes of managing yield or market risk. It also enters into financial swap contracts to optimize yield on its gold reserves.

In 1998, the Government took a number of steps to boost reserves, including obtaining a $610 million one-year loan from a syndicate of mainly domestic banks in September 1998 and drawing upon the $1.4 billion standby facility provided by the IMF. The IMF disbursed $278 million under the stand-by facility in November 1998 and $133 million in December 1998. In 1998, the reserve level was also increased by $500 million of foreign currency deposits with Bangko Sentral from foreign banks, $492 million in net proceeds from the Republic's global bond offering in April 1998, a $750 million club loan from a consortium of foreign banks, $210 million in net foreign exchange purchases by Bangko Sentral and increased investment inflows resulting from improvements in the currency markets. However, foreign exchange outlays of $1.9 billion by the Government and $532 million by Bangko Sentral used to service maturing foreign obligations reduced reserve levels.

In 1999, gross international reserves increased significantly to reach $15.0 billion as of the end of 1999, equivalent to 4.5 months of imports of goods and payment of services and income. The increase in reserve level was due to higher public sector borrowing, renewed private capital flows and stronger external trade performance. Among other reasons, the reserve level was increased by the Republic's $1.2 billion global bond offerings in January and February 1999, $350 million eurobond offering in March 1999, $292 million global bond offering in October 1999 and $400 million re-opening of its 2019 bonds in December 1999. Further, the IMF disbursed $130 million under the stand-by facility in March 1999 and $214 million in July 1999. In June 1999, the Republic refinanced the $610 million syndicated loan facility it obtained in 1998 with three-year fixed and floating rate notes and, in December 1999, the Republic completed a $260 million eurobond offering to partially refinance the $610 million one-year loan.

In January 2000, Bangko Sentral revised its method of accounting for international reserves at the recommendation of the IMF. Under the previous accounting system, a gold swap transaction was treated as a sale of gold which reduced the amount of gold holdings. Under the revised system, a gold swap transaction is treated as a loan transaction collateralized by gold that remains a part of the international reserves. In addition, under the revised system, the accrued interest payable on Bangko Sentral's short-term liabilities is netted out of gross international reserves when calculating net international reserves, reducing the level of net international reserves.

As of December 31, 2000, gross international reserves stood at $15.0 billion, equivalent to 4.2 months of imports of goods and payment of services and income. Major sources of foreign exchange inflows in 2000 were the Republic's $1.6 billion Yankee bond offering in March, a $500 million Bangko Sentral syndicated loan in April, a ¥35 billion Samurai bond offering and a $400 million syndicated loan in October, a $200 million private placement of Yen-denominated eurobonds in November and a $200 million private placement of eurobonds in December. These inflows were partially offset by a decline in portfolio investments by non-residents from their 1999 levels. As of December 31, 2000, net international reserves totalled $11.3 billion, compared to $11.9 billion as of December 31, 1999 (after adjustment for the BPM5 framework).

As of December 31, 2001, gross international reserves rose to $15.7 billion. The increase in gross international reserves during the year 2001 was attributed mainly to foreign exchange inflows arising from various foreign loans and bond flotations. The various loans and bond flotations include, among others, the Republic's $199 million Floating Rate Notes due 2004; the Republic's $100 million Facility Loan Agreement; the Republic's $220 million cross currency swap; the Republic's $119 million Treasury Bills to pre-fund the Government's 2002 requirements; the Asian Development Bank ("ADB") Non-Bank Financial Program Loan of $75 million; the ADB Power Sector Loan of $100 million; the Republic's $444 million Fixed Rate Bonds due 2006; the Republic's Shibosai $365 million Fixed Rate Guaranteed Bonds due 2011; Bangko Sentral's $740 million 3-year Term Loan Facility; Bangko Sentral's $200 million Floating Rate Notes due 2003; Bangko Sentral's $550 million 9% Notes due 2005 and Bangko Sentral's $700 million loan from other foreign financial institutions. The impact of these inflows was partly mitigated by the servicing of foreign exchange requirements of the Government and Bangko Sentral. Net international reserves totaled $11.4 billion as of December 31, 2001.

Bangko Sentral's gross international reserves rose to $16.2 billion as of December 31, 2002. This was a 3.3% increase as compared to the level at the end of December 2001 of $15.7 billion. The increase in gross international reserves during the period was due mainly to foreign exchange inflows in the form of net deposits by the Treasury. However, these were partly offset by outflows to meet the foreign exchange requirements of Bangko Sentral and the Republic. At December 31, 2002, Bangko Sentral's gross international reserves were adequate to cover 4.7 months' worth of imports of goods and payment of services and income. The level of reserves was 2.9 times the amount of the country's short-term external debt based on original maturity or, alternatively, 1.4 times the amount of short-term external debt based on residual maturity. In 2002, the majority of reserves consisted of foreign investments (77.7%), while the balance consisted of gold (18.8%), foreign exchange (2.8%), and combined SDRs and reserve position in the IMF (0.7%). Reserves (other than gold) were held in the following foreign currencies: US dollars (92.0%), Japanese yen (3.7%), pounds sterling (1.7%) and the balance (2.6%) in other foreign currencies.

Bangko Sentral's gross international reserves were $16.2 billion at the end of August 2003, unchanged from $16.2 billion as of December 31, 2002. The end-August level is equivalent to 4.5 months of imports of goods and payments of services and income and was 1.3 times the amount of short-term external obligations of the Republic based on residual maturity or 2.5 times the amount of short-term external debt of the Republic based on original maturity.

Net international reserves, as defined by Bangko Sentral, excludes from gross international reserves both short-term foreign exchange liabilities and IMF credits. Bangko Sentral's net international reserves stood at $12.6 billion as of August 31, 2003, lower than the $12.8 billion as of December 31, 2002.

The preceding figures were not affected by the revised import data reported by the inter-agency task force on the balance of payments. See "Balance of Payments — Recent Revisions".

Monetary System

Monetary Policy. In 1993, the Government established Bangko Sentral, the Republic's central bank, pursuant to the New Central Bank Act. Bangko Sentral replaced the old Central Bank of the Philippines, which had incurred substantial deficits in connection with:

- quasi-fiscal activities, including entering into foreign exchange forward cover contracts and swaps with certain banks and Government corporations and assuming the foreign exchange liabilities of certain Government and private corporations during the Philippines' foreign exchange crisis in the early 1980s;
- development banking and financing; and
- open market operations financed by the issuance of domestic securities at high interest rates.

Bangko Sentral functions as an independent central monetary authority responsible for policies in the areas of money, banking and credit, as authorized under the New Central Bank Act. The New Central Bank

Act prohibits Bangko Sentral from engaging in quasi-fiscal activities, commercial banking or development banking or financing. Additionally, Bangko Sentral does not engage in any commercial banking activities.

Bangko Sentral's primary objectives are to maintain price stability, monetary stability and the convertibility of the peso. To achieve its price stability objective, Bangko Sentral undertakes monetary management mainly through adjustments to policy rates and the conduct of open market operations, including the purchase and sale of Government securities, rediscounting transactions and adjustments in reserve requirements.

Bangko Sentral's functions include:

- conducting monetary policy;
- issuing the national currency;
- managing foreign currency reserves;
- acting as depository for the Government, its political subdivisions and instrumentalities and Government-owned corporations; and
- regulating banks and quasi-banks in the Philippines.

The Government owns all of the capital stock of Bangko Sentral. A seven member Monetary Board, comprised of Bangko Sentral's Governor, a member of the Cabinet designated by the President and five full-time private sector representatives, governs Bangko Sentral. The President appoints each of the seven Monetary Board members, except the Cabinet representative, to six-year terms.

Philippine law requires Bangko Sentral to maintain a net positive foreign asset position. As of March 31, 2003, Bangko Sentral had total assets of ₱1,225 billion, of which international reserves accounted for ₱850 billion. Bangko Sentral's remaining assets consist mainly of foreign exchange receivables, loans and advances and Government securities, and its liabilities consist mainly of deposits of financial institutions, the Government and Government-owned corporations and foreign liabilities in the form of loans and bonds payable.

Money Supply. The following table presents certain information regarding the Philippines' money supply:

MONEY SUPPLY

	As of December 31,					As of July 31,
	1998	1999	2000	2001	2002	2003(1)
	(in billions, except for percentages)					
M1(2)						
Currency in circulation	₱146.1	₱218.5	₱192.3	₱194.7	₱220.0	₱182.3
Current account deposits	135.4	175.6	194.7	193.3	250.0	259.7
Total	281.5	394.1	387.0	388.0	470.1	442.0
percentage increase	9.0%	40%	(1.8)%	0.3%	21.2%	9.4%
M2(3)	₱1,138.4	₱1,357.9	₱1,423.2	₱1,521.1	₱1,666.3	₱1,603.2
percentage increase	8.0%	19.3%	4.8%	6.9%	9.5%	3.4%
M3(4)	₱1,144.6	₱1,365.1	₱1,427.0	₱1,525.0	₱1,669.7	₱1,606.8
percentage increase	7.4%	19.3%	4.6%	6.8%	9.5%	3.3%

Source: Bangko Sentral, Department of Economic Research.

(1) Preliminary.

(2) Consists of currency in circulation and demand deposits.

(3) Consists of M1, savings deposits and time deposits.

(4) Consists of M2 and deposit substitutes.

The Republic's money supply, as measured by domestic liquidity, was ₱1.7 trillion as of June 30, 2003, a 6.2% increase from June 30, 2002. This rate of growth in money supply was lower than the 9.5% growth from December 31, 2001 to December 31, 2002. The decrease in growth through June 2003 was attributed to the continuing effects of the increase in the liquidity reserve requirement for banks, the removal of the tiering scheme on banks' placements under the Bangko Sentral's Reverse Repurchase Facility, and a shift in deposits from peso accounts to foreign currency accounts.

The following table presents information regarding domestic interest and deposit rates.

DOMESTIC INTEREST AND DEPOSIT RATES

	1998	1999	2000	2001	2002	2003
	(weighted averages in percentages per period)					
91-day Treasury bill rates	15.3	10.2	9.9	9.9	5.4	6.1(1)
90-day Manila Reference rate(2)	13.8	10.1	8.8	10.1	6.4	9.3(3)
Bank average lending rates(4)	18.4	11.8	10.9	12.4	8.9	9.5(3)

Source: Bangko Sentral, Department of Economic Research.

(1) First eight months.

(2) Based on promissory notes and time deposit transactions of sample commercial banks.

(3) First seven months.

(4) Starting in January 2002, monthly rates reflect the annual percentage equivalent of all commercial banks' actual monthly interest income on peso-denominated loans to the total outstanding levels of their peso-denominated demand/time loans, bills discounted, mortgage contract receivables and restructured loans.

Monetary Regulation. In 1998, Bangko Sentral sought to mitigate the effects of the 1997 Asian financial crisis and avoid potential corporate bankruptcies by encouraging reductions in bank lending rates. Bangko Sentral approved certain policies to ease liquidity in 1998, including the opening of a 30-day lending window, the opening of a swap window for banks without Government securities holdings, a reduction in the statutory reserve requirement from 13% to 10% and the purchase of Government securities at market prices. Even with these measures in place, the average 91-day Treasury bill rate in 1998 was 15.3%, compared to 13.1% in 1997.

In 1999, as Asian economies recovered more fully from the 1997 financial crisis, Bangko Sentral adopted measures to reduce inflation and lower interest rates. In particular, Bangko Sentral decreased the liquidity reserve requirement from 5% to 4% in April 1999 in order to lower bank intermediation costs and thereby reduce the banks' domestic lending rates. As the inflation rate eased from 11.5% in January 1999 to 6.7% for the full-year 1999, Bangko Sentral gradually reduced its overnight borrowing rate from 13.375% at the start of the year to 8.75% at the end of the year, and reduced its overnight lending rate from 15.375% at the start of the year to 12.0% at the end of the year. This was followed by a reduction in bank lending rates, from a range of 18.1% to 21.5% in 1998 to a range of 12.6% to 16.0% in 1999. Also, with the slowdown in inflation and the decline in interest rates, demand for government securities increased significantly. The 91-day Treasury bill rate declined steadily from 13.2% in January to 8.4% in August, before rising again to 8.9% in December amid uncertainty over potential Y2K disruption.

In 2000, Bangko Sentral sought to encourage price stability in the face of threats to the Philippine economy, including a growing fiscal deficit, political uncertainty related to the impeachment trial of former President Estrada, renewed fighting with rebel groups and instability in oil prices. The average inflation rate in 2000 declined to 4.4% from the 1999 average rate of 6.7%; however, inflation rose in the second half of 2000 to reach 6.7% in December 2000, largely because of a sharp decline in the value of the peso and the tightened monetary policy of the US Federal Reserve. To help contain inflation, in October 2000, Bangko Sentral increased the overnight borrowing rate and the overnight lending rate (the "policy rates") to 15.0% and 17.25%, respectively, from 8.75% and 11% in January 2000. In October 2000, Bangko Sentral also increased banks' liquidity reserve requirements by 4 percentage points to curb speculation in the foreign exchange market. As a result of these tightening moves, the average 91-day Treasury bill rate rose from 8.9% in January to 15.8% in November. The temporary tightening measures also helped to slow the growth in the inflation rate and stabilize the foreign exchange market. In December 2000, Bangko Sentral began a gradual easing of the monetary policy stance by reducing the policy rates by a total of 150 basis points to 13.5% and 15.75% from the October 2000 levels of 15.0% and 17.25%. This induced a decline in interest rates, with the 91-day Treasury bill rate falling to 13.6% in December 2000.

In the first part of 2001, Bangko Sentral policy generally accommodated the gradual slowdown in inflation while also seeking to ensure adequate liquidity. From January to May 2001, Bangko Sentral reduced policy rates by a total of 450 basis points. These rates remained unchanged from May 18 to October 4, 2001. In July and August 2001, Bangko Sentral raised banks' liquidity reserve requirement from 7% to 11%, and also reduced, from $10,000 to $5,000, the amount of US currency an individual could buy over-the-counter from banks without documentation. The measures were intended to siphon excess liquidity in the economy that could lead to higher inflation or be used to speculate on the peso. In another measure to help ease pressure on the peso, the tiering system on banks' overnight placements with Bangko Sentral (initially adopted in June 2000) was temporarily removed in August 2001.

In the months following the terrorist attacks of September 11, 2001, the Bangko Sentral made no major changes to monetary policy, but continued to encourage bank lending and economic growth. In November 2001, the tiering structure for banks' overnight placements with Bangko Sentral was put back into place, and in December 2001, the rates under the tiering structure were modified to 7.75% for placements of up to ₱5 billion, 5.75% for the next ₱5 billion, and 3.75% for placements in excess of ₱10 billion. Bangko Sentral further reduced policy rates in the fourth quarter of 2001, resulting in a cumulative reduction of 575 basis points from December 2000. The reduction in policy rates in December was accompanied by a two percentage point reduction in banks' liquidity reserve requirements intended to encourage a further reduction in market interest rates. At the end of 2001, the overnight borrowing rates and lending rates stood at 7.75% and 10.0%, respectively. Also, by December 2001, the 91-day Treasury bill rate had declined to a monthly average of 8.9% from a monthly average of 13.6% in December 2000.

During the first three months of 2002, Bangko Sentral reduced policy rates a total of 75 basis points to 7.0% and 9.25% for the overnight borrowing and lending rates, respectively. These were the lowest levels in the central bank's policy rates in 10 years. In January 2002, Bangko Sentral also reduced the liquidity reserve requirement by 2 percentage points to 7.0%, a move which restored liquidity reserves to their pre-July 2001 level. In March 2002, the tiered rates for banks' overnight placements with Bangko Sentral were lowered to 7.0% for placements of up to ₱5 billion, 4.0% for the next ₱5 billion, and 1.0% for placements in excess of ₱10 billion. To induce banks to channel the additional liquidity into lending for productive activities, the tiering scheme was also modified to cover placements in special deposit accounts.

During the last nine months of 2002, Bangko Sentral kept policy rates unchanged. Although the inflation rate declined to its lowest level since 1987, monetary authorities recognized inflationary risks stemming from the Government's increased fiscal deficit and instability in the Middle East. At the end of 2002, the overnight borrowing and lending rates remained unchanged from March 2002 at 7.0% and 9.25%, respectively. By December 2002, the 91-day Treasury bill rate had declined further to an average of 5.2% from an average of 8.9% in December 2001.

In 2003, Bangko Sentral has pursued a monetary policy targeting inflation rather than foreign exchange rates. Inflation rates in 2003 have so far remained well below the Government's target of 4.5–5.5%. On March 17, 2003, in a measure intended to increase liquidity in the credit markets, Bangko Sentral approved guidelines that would allow local banks to issue US-dollar denominated unsecured subordinated debt, in addition to such debt denominated in pesos. On March 20, 2003, Bangko Sentral removed the tiering structure to avoid inflationary risks caused by a decline in the relative value of the peso. Also, on March 21, 2003, Bangko Sentral raised banks' liquidity reserve requirement to 8.0%. On July 2, 2003, Bangko Sentral lowered its policy rates by 25 basis points to 6.75%, their lowest levels since 1992. At the same time, the tiered rates for banks' overnight placements with Bangko Sentral were reinstated as follows: 6.75% for placements of up to ₱5 billion, 3.75% for the next ₱5 billion, and 0.75% for placements in excess of ₱10 billion. However, on

August 28, 2003, Bangko Sentral again removed the tiering structure on rates for overnight placements. The overnight borrowing and lending rates currently stand at 6.75% and 9.0%, respectively.

The Monetary Board expects inflation to remain stable for the rest of 2003. Despite recent instability in the financial markets caused by the military incident on July 27, 2003, the Monetary Board expects that the incident will have a minimal effect on output and inflation. See "Recent Political Developments — Military Incident in Manila".

Overall, the benchmark 91-day Treasury bill rate declined from an average of 15.3% in 1998 to 10.2% in 1999, 9.9% in 2000, 9.9% in 2001, and 5.4% in 2002. As of August 18, 2003, the 91-day Treasury bill rate had further declined to 5.2%.

Commercial bank lending rates also eased steadily over the past four years, from an average range of 18.1–21.5% in 1998, to 12.6–16.0% in 1999, 12.9–15.6% in 2000, 13.7–15.3% in 2001, and 8.7–10.4% in 2002. In July 2003, commercial bank lending rates ranged from 8.6% to 10.2%.

Foreign Exchange System. The Republic maintains a floating exchange rate system under which market forces determine the exchange rate for the peso. Bangko Sentral may, however, intervene in the market to maintain orderly market conditions and limit sharp fluctuations in the exchange rate.

The following table sets out exchange rate information between the peso and the US dollar.

EXCHANGE RATES OF PESO PER US DOLLAR

Year	Period End	Period Average(1)
1998	39.059	40.893
1999	40.313	39.089
2000	49.998	44.194
2001	50.404	50.993
2002	53.096	51.604
2003 (first eight months)	55.113	53.706

Source: Reference Exchange Rate Bulletin, Treasury Department, Bangko Sentral.

(1) The average of the monthly average exchange rates for each month of the applicable period.

Foreign exchange may be freely sold and purchased outside the banking system and deposited in foreign currency accounts. Both residents and non-residents may maintain foreign currency deposit accounts with authorized banks in the Philippines, and residents may maintain deposits abroad without restriction.

Payments related to foreign loans registered with Bangko Sentral and foreign investments approved by or registered with Bangko Sentral may be serviced with foreign exchange purchased from authorized agent banks. Bangko Sentral must approve and register all outgoing investments by residents exceeding $6 million per investor per year if the funds will be sourced from the banking system. For a discussion of Bangko Sentral's loan approval regime, see "The Philippine Financial System — Foreign Currency Loans".

While the Government imposes no currency requirements for outgoing payments, all exchange proceeds from exports, services and investments must be obtained in any of 22 prescribed currencies. Authorized agent banks may convert the acceptable currencies to pesos.

Individual or corporate non-residents may open peso bank accounts without Bangko Sentral's approval. The export or electronic transfer out of the Philippines of peso amounts exceeding ₱10,000 requires prior authorization from Bangko Sentral.

The value of the peso relative to the US dollar and other foreign currencies declined substantially in 1997 and early 1998. Bangko Sentral initially responded to the peso depreciation in July 1997 by increasing its sales of US dollars and raising interest rates. When sales of pesos remained stronger than expected, Bangko Sentral allowed the peso to float on July 11, 1997. The value of the peso then declined over time, reaching a low of ₱45.42 per US dollar on January 8, 1998. As the Government implemented various monetary and fiscal policies to curb speculation and restore confidence in the economy, the peso began to strengthen. On December 31, 1998, Bangko Sentral's reference exchange rate was ₱39.06 per US dollar and on December 31, 1999, the exchange rate was ₱40.31 per US dollar.

In 2000, the peso's value declined significantly. For the first four months of 2000, the peso-dollar rate was relatively stable, averaging ₱40.78 per US dollar. However, the exchange rate began to exhibit volatility starting in mid-May and exceeded ₱45.00 per US dollar on July 27, 2000. It reached a record average low of ₱51.68 per US dollar in November 2000. The peso recovered briefly in November, bringing the rate up to ₱49.39 per US dollar on November 29, 2000. This trend, however, was not sustained as the peso depreciated to an average of ₱49.99 per US dollar by the end of 2000. The weakness of the peso in 2000 was attributed mainly to the rise in US interest rates, concerns over the rising fiscal deficit, the conflict in Mindanao, and the ensuing political uncertainties surrounding the impeachment trial of former President Estrada.

The peso depreciated further in 2001. From ₱50.00 per US dollar at end-2000, transitory shocks caused the peso to reach a low of ₱55.01 per US dollar on January 19, 2001. The peso strengthened thereafter and was relatively stable for most of February and March. From early April, however, the peso traded in the ₱50–₱51 per US dollar range. The pressure on the peso again intensified starting late June until the first week of August, but the peso subsequently appreciated to an average of ₱51.25 per US dollar in September, from an average of ₱53.22 per US dollar in July. The peso weakened again starting the second week of October before appreciating towards the latter part of December as market conditions stabilized. Overall, during 2001 the peso depreciated by 13.8% compared to the average peso-dollar exchange rate for 2000. The fluctuations in the peso-dollar rate during 2001 were caused by the political crisis involving the impeachment proceedings of the former President, the economic slowdown in the US and in Japan and heightened uncertainty after the September 11 terrorist attacks in the United States.

Since reaching ₱49.34 per US dollar on May 20, 2002, the peso has steadily depreciated. The peso declined in value from ₱53.25 per US dollar at the end of December 2002 to a monthly average of ₱53.40 per US dollar in June 2003, then depreciated further to ₱55.53 per US dollar on August 27, 2003. The decline in the peso during July and August 2003 was due to lowered credit ratings and several recent political developments in the Philippines. These political events include the July 27 military incident in Manila, the Court of Appeals' order to suspend Bangko Sentral Governor Rafael Buenaventura and other central bank officials for one year, and money laundering accusations by a senator against Jose Miguel Arroyo, the husband of President Arroyo. See "Recent Developments". As of September 23, 2003, the peso had recovered slightly to ₱55.04 per US dollar.

On March 13, 2003, in a measure intended to reduce currency speculation, Bangko Sentral reduced the amount of US dollars that banks are allowed to buy in the currency spot market. In particular, Bangko Sentral lowered the amount of US dollars that a bank could purchase above clients' requirements to $5 million or 2.5% of the bank's unimpaired capital, whichever is lower. This "overbought-limit" had previously been set at the lesser of $10 million or 5% of the bank's unimpaired capital. In March 2003, Bangko Sentral also limited to six months the duration of forward contracts to cover long-term currency requirements; however, Bangko Sentral continues to encourage the use of forward currency contracts as insurance against currency fluctuations and as an alternative to the direct purchase of foreign currency in the market. Also in March 2003, in measures designed to siphon liquidity from the monetary system, Bangko Sentral removed the tiered rate structure for overnight placements (later restored in June 2003 and once again removed in August 2003) and reduced the liquidity reserve requirement to 8.0%. See "Monetary System — Monetary Regulation".

Since the measures taken in March 2003, Bangko Sentral has not intervened in the currency markets to support the peso against the US dollar. Although Bangko Sentral closely monitors the currency markets, its current policy is to let the market determine the peso/US dollar exchange rate, absent market movements related to speculation. However, if there is a sharp fluctuation in exchange rates, Bangko Sentral reserves the right to take measures to stabilize the value of the peso.

Stabilization of the Peso. Since it allowed the peso to move within a wider range on July 11, 1997, Bangko Sentral has intervened minimally in the foreign exchange market. It has, however, adopted measures related to foreign exchange trading aimed to reduce currency speculation and combat money laundering. These measures include:

- requiring prior approval of Bangko Sentral to sell non-deliverable forward contracts to non-residents (Bangko Sentral believes that speculators used non-deliverable forward contracts to increase artificially the demand for foreign currency);
- reducing banks' permitted long or overbought foreign exchange position to the lower of $5 million or 2.5% of unimpaired capital (the accompanying 20% limit on banks' short or oversold foreign exchange position has been lifted, subject to periodic review by Bangko Sentral, to increase the foreign exchange available in the market);
- limiting the types of forward contracts that can be used as deductions when valuing a bank's overbought foreign exchange position;
- requiring banks to consolidate their foreign exchange accounts with those of their subsidiaries when calculating net open foreign exchange positions;
- decreasing the maximum amount of foreign exchange that banks can sell over-the-counter on an undocumented basis to $5,000 from $10,000;
- prohibiting banks from extending peso loans to non-residents; and
- requiring banks to periodically report significant foreign exchange purchases and sales. See "— The Philippine Financial System — Structure of the Financial System."

In addition, in 1997, Bangko Sentral introduced the currency risk protection program, which is a hedging facility provided by Bangko Sentral through commercial banks and universal banks under which eligible borrowers may borrow to hedge their unmatured foreign exchange liabilities. On the maturity of a forward contract, the difference between the contract rate and the market rate is settled and paid in pesos. This reduces banks' foreign exchange exposure and generally reduces demand for foreign currency in the spot market. In early 1998, as a part of the program, Bangko Sentral expanded oil companies' access to commercial bank funds by permitting them to borrow foreign currencies, in addition to obtaining loans and advances, to pay for their non-crude and non-refined imports and to meet their short-term working capital requirements.

In January 2000, Bangko Sentral imposed a 90-day minimum holding period for foreign investments placed in peso time deposits with Philippine banks to tighten its monitoring of the foreign exchange market and discourage the inflow of short-term speculative funds. The holding period applies only to peso time deposits and not to other investments such as equities, government securities or commercial paper. Peso time deposits that are terminated within the 90-day period will not be converted by Philippine banks to foreign currency, but may be transferred to other peso-denominated investments.

In October 2000, Bangko Sentral introduced guidelines on the foreign exchange trading activities for foreign exchange corporations or corporations that are subsidiaries or affiliates of banks, quasi-banks or non-bank intermediaries. Under the guidelines, foreign exchange corporations must document aggregate sales of foreign exchange of more than $10,000 to Philippine residents. Bangko Sentral also increased the minimum paid-in capital for foreign exchange corporations to ₱50 million. In October 2000, Bangko Sentral also expressly prohibited banks from engaging in engineered swap transactions because Bangko Sentral believes these transactions contributed to the volatility of the peso-US dollar exchange rate during 2000.

In 2001 and 2002, Bangko Sentral implemented the following measures to address dollar speculation and exchange rate volatility:

- in August 2001, it expanded the eligibility rules of the currency risk protection program to include registered foreign currency-denominated bonds and foreign currency deposit loans with remaining tenors up to five years or with original maturities up to one year; US dollar trust receipts; foreign currency import bills and customers' liabilities under acceptances; and trade transactions of clients other than oil companies. The coverage of the currency risk protection program was further expanded in September 2001 to include registered short-term trade-related borrowings of oil companies from offshore banking units and offshore banks;

- it reduced the ceiling on undocumented over-the-counter sales of foreign exchange to $5,000 to prevent abuse through the splitting of foreign exchange sales;
- it increased fines and imposed non-monetary sanctions for violations of foreign exchange rules; and
- it required, effective January 1, 2002, any person who brings foreign currency valued at more than $10,000 into or out of the Philippines to document the source and purpose of the transport of such currency.

The Philippine Financial System

Composition. The following table sets out the total assets of the Philippine financial system by category of financial institution.

TOTAL ASSETS OF THE FINANCIAL SYSTEM(1)

	As of December 31,					As of June 30,
	1998	1999	2000	2001	2002	2003(2)
			(in billions)			
Banks						
Commercial banks	₱2,512.2	₱2,722.3	₱3,013.6	₱3,070.5	₱3,250.2	₱3,312.6
Thrift banks	216.4	223.5	245.8	259.0	261.9	261.2(3)
Rural banks	60.0	61.9	67.4	73.8	83.5	85.5(4)
Total banks	2,788.6	3,007.7	3,326.8	3,403.3	3,595.6	3,659.3
Non-bank financial institutions	656.2	733.6	773.8	691.3	730.2	729.7
Total assets	₱3,444.8	₱3,741.3	₱4,100.6	₱4,094.6	₱4,325.8	₱4,389.0

Source: Bangko Sentral

(1) Excludes assets of Bangko Sentral.

(2) Preliminary.

(3) As of May 31, 2003.

(4) As of March 31, 2003.

The Philippine financial system consists of banks and non-bank financial institutions. Banks include all financial institutions that lend funds obtained from the public primarily through the receipt of deposits. Non-banks include financial institutions other than banks which lend, invest or place funds, or at which evidences of indebtedness or equity are deposited with or acquired by them, either for their own account or for the account of others. Non-bank financial institutions may have quasi-banking functions. Quasi-banking functions include borrowing money to relend or purchase receivables and other obligations by issuing, endorsing or accepting debt or other instruments or by entering into repurchase agreements with 20 or more lenders at any one time.

The Supervision and Examination Sector of Bangko Sentral supervises all banks and non-banks with quasi-banking functions, including their subsidiaries and affiliates engaged in related activities, with Bangko Sentral's Monetary Board having ultimate supervisory authority.

Structure of the Financial System. The Philippine financial system is comprised of commercial banks, thrift banks, rural banks and non-bank financial institutions. Each type of bank participates in distinct business activities and geographic markets.

Commercial banks:

- accept drafts;
- issue letters of credit, promissory notes, drafts, bills of exchange and other evidences of indebtedness;
- receive deposits;
- buy and sell foreign exchange and gold and silver bullion; and
- lend money on a secured or unsecured basis.

Expanded commercial banks, otherwise known as universal banks, in addition to regular commercial banking activities, may also engage in investment banking activities, invest in non-bank businesses and own allied financial undertakings other than commercial banks. As of June 30, 2003, the country had 42 commercial banks, with 4,222 branch offices.

The following table sets out the outstanding loans of commercial banks classified by sector.

COMMERCIAL BANKS' OUTSTANDING LOANS BY SECTOR

	As of December 31,										As of July 31,	
	1998		1999		2000		2001		2002		2003	
	(in millions, except percentages)											
Agriculture, fishery and forestry	₱62,930	4.7%	₱58,859	4.3%	₱62,101	4.3%	₱56,823	4.1%	₱72,428	5.1%	₱77,534	5.4%
Mining and quarrying	20,048	1.5	16,466	1.2	21,166	1.5	19,890	1.4	14,448	1.0	14,420	1.0
Manufacturing	357,455	26.5	382,267	28.2	404,224	27.8	372,906	26.7	379,404	26.5	370,739	28.8
Electricity, gas and water	47,284	3.5	53,274	3.9	75,398	5.2	70,359	5.0	71,372	5.0	67,384	4.7
Construction	54,972	4.1	53,384	4.0	46,949	3.2	42,151	3.0	35,390	2.5	34,512	2.4
Wholesale and retail	210,191	15.6	203,177	15.0	201,233	13.9	210,306	15.0	206,215	14.4	199,540	13.9
Transportation, storage and communication	98,636	7.3	91,024	6.7	99,653	6.9	83,068	5.9	71,947	5.0	72,604	5.1
Financial institutions, real estate and business services	347,339	25.7	342,673	25.3	386,797	26.6	359,199	25.7	380,739	26.6	389,078	27.1
Community, social and personal services	149,336	11.1	153,104	11.3	153,983	10.6	184,534	13.2	200,719	14.0	208.974	14.6
Total	₱1,348,191	100.0%	₱1,354,228	100.0%	₱1,451,504	100.0%	₱1,399,236	100.0%	₱1,432,663	100.0%	₱1,474,735	100.0%

Source: Bangko Sentral.

Thrift banks invest their capital and the savings of depositors in:

- financings for homebuilding and home development;
- marketable debt securities;
- commercial paper and accounts receivable, drafts, bills of exchange, acceptances or notes arising out of commercial transactions; or
- short-term working capital and medium and long-term loans to small and medium-sized businesses and individuals engaged in agriculture, services, industry, housing and other financial and allied services in its market.

As of June 30, 2003, the country had 93 thrift banks, with 1,173 branch offices. Aggregate assets of the financial system increased by 31.2% from the end of 1998 to June 2003.

Rural banks extend credit in the rural areas on reasonable terms to meet the normal credit needs of farmers, fishermen, cooperatives and merchants and, in general, the people in the rural communities. As of June 30, 2003, the country had 771 rural banks, with 1,147 branch offices.

The specialized Government banks are the Development Bank of the Philippines, the Land Bank of the Philippines and the Al-Amanah Islamic Investment Bank of the Philippines. The Development Bank generally provides banking services to meet the medium and long-term needs of small and medium-sized agricultural and industrial enterprises, particularly in rural areas. The Land Bank primarily provides financial support for agriculture and all phases of the Republic's agrarian reform program. The Development Bank and the Land Bank may also operate as universal banks. The Al-Amanah Islamic Investment Bank promotes the development of the Autonomous Region of Muslim Mindanao by offering banking, financing and investment services based on Islamic banking principles and rulings.

Non-bank financial institutions are primarily long-term financing institutions, though they also facilitate short-term placements in other financial institutions. As of March 31, 2003, Bangko Sentral regulated or supervised 28 investment houses, 32 finance companies, 18 security dealers/brokers, 5,241 pawnshops, 10 investment companies, six lending investors, 85 non-stock savings and loan associations, seven venture capital corporations, two Government non-bank financial institutions and eight credit companies.

The minimum bank capitalization requirements as of the end of 2002 were ₱4.95 billion for universal banks, ₱2.4 billion for commercial banks and ₱325 million for thrift banks based in Metro Manila (₱52 million for thrift banks based outside of Metro Manila).

The following table provides information regarding non-performing loans for the banking system for the periods indicated.

TOTAL LOANS (GROSS) AND NON-PERFORMING LOANS BY TYPE OF COMMERCIAL BANKS

	As of December 31,					As of June 30,
	1998	1999	2000	2001	2002	2003
	(in billions, except percentages)					
Expanded commercial banks[1]						
Total loans	₱1,080.1	₱1,086.1	₱1,025.0	₱ 992.2	₱1,041.9	₱1,086.2
Total non-performing loans	112.4	141.6	172.4	192.6	188.0	191.9
Ratio of non-performing loans to total loans	10.4%	13.0%	16.8%	19.4%	17.3%	17.7%
Non-expanded commercial banks[2]						
Total loans	120.8	139.7	184.3	182.7	155.8	161.1
Total non-performing loans	16.5	23.0	32.4	41.7	26.9	29.3
Ratio of non-performing loans to total loans	13.6%	16.4%	17.6%	22.8%	17.2%	18.2%
Government banks[3]						
Total loans	185.9	201.0	222.4	200.3	192.6	214.8
Total non-performing loans	18.8	25.4	33.5	35.7	30.3	29.8
Ratio of non-performing loans to total loans	10.1%	12.6%	15.1%	17.8%	15.7%	13.9%
Foreign banks[4]						
Total loans	155.7	156.2	196.5	249.9	249.0	235.8
Total non-performing loans	12.2	5.4	7.5	11.9	7.9	6.9
Ratio of non-performing loans to total loans	7.9%	3.5%	3.8%	4.8%	3.2%	2.9%
Total loans	₱1,542.5	₱1,582.9	₱1,628.2	₱1,625.1	₱1,639.4	₱1,697.9
Total non-performing loans	160.0	195.4	245.8	281.9	245.1	257.9
Ratio of non-performing loans to total loans	10.4%	12.3%	15.1%	17.4%	15.0%	15.2%

Source: Bangko Sentral, Department of Economic Research/Supervisory Reports and Studies Office.

(1) Includes ING Bank (foreign bank) and excludes Land Bank of the Philippines and Development Bank of the Philippines. In May 2001, three expanded commercial banks (Standard Chartered Bank, HSBC and ING Bank) were reclassified as foreign banks.

(2) Excludes Orient Bank.

(3) Consists of Land Bank, Development Bank and Al-Amanah Islamic Investment Bank.

(4) Consists of 13 foreign banks; excludes three foreign bank subsidiaries.

The rise in NPLs weighed down on the asset quality of banks in 2001. The commercial banking system's NPLs as a percent of total loans rose from 15.1% in December 2000 to 17.4% in December 2001. This weakening resulted from the depreciation of the peso, which contributed to a rise in loan defaults, and the slowdown in business activity that saw a drop in credit demand. Also, in late 2000 and early 2001, Bangko Sentral extended ₱30 billion in emergency loans to Equitable PCI and ₱25 billion in emergency loans to Philippine National Bank to help the banks alleviate short-term liquidity problems attributed to heavy withdrawals during the Estrada impeachment trial.

As of December 31, 2002, the ratio of non-performing loans to total loans in the commercial banking system stood at 15.0%, lower than the 17.4% as of December 31, 2001. The improvement in the NPL ratio from the previous year was due in part to a redefinition of "non-performing loan" which took effect September 19, 2002 (the redefinition allows banks to exclude from "non-performing loans" uncollectable or worthless loans that have been fully covered by allowance for probable losses); however, even under the previous definition of "non-performing loan," the NPL ratio at the end of December 2002 would have decreased during the year to 15.8%. The yearly decrease in the NPL ratio was also attributed to increased foreclosure, restructuring proceedings, and generally improving performance of the commercial banking sector.

As of July 31, 2003, the ratio of non-performing loans to total loans in the commercial banking system stood at 15.4%, higher than the 15.0% ratio as of December 31, 2002 but still an improvement over the 18.1% ratio recorded at the end of July 2002. The recent increase in the NPL ratio was attributed to a rise in uncollectable loans combined with a contraction in commercial banks' total loan portfolio. The improvement in the NPL ratio since the end of May 2002 was due in part to the redefinition of "non-performing loan" which took effect September 19, 2002. The decrease in the non-performing loan ratio was also attributed to increased foreclosure, restructuring proceedings, and generally improving performance of the commercial banking sector. The non-performing loans coverage ratio (loan reserves to non-performing loans) increased to 51.3% at the end of July 2003 from 50.6% at the end of June 2003 and from 47.3% at the end of July 2002.

In December 2002, Congress approved the Special Purpose Vehicle ("SPV") Act of 2002. The SPV Act provides the legal framework for the creation of private asset management companies that are expected to relieve a major portion of the banking system's non-performing assets and thereby promote bank lending to support economic growth. President Arroyo signed the bill into law on January 10, 2003. The SPV Act's implementing rules and regulations took effect on April 12, 2003. On June 26, 2003, the Monetary Board of Bangko Sentral approved accounting guidelines allowing the staggered booking of losses from the discounted sales of non-performing assets to SPVs to spread their losses over a maximum period of seven years, provided that the banks fully disclose any deviations from generally accepted accounting practices in connections with such sales.

The recent passage of the Special Purpose Vehicle Act is expected to further reduce the NPL ratio.

After the Asian economic crisis, Bangko Sentral adopted new measures to protect the soundness of the country's banks. Generally, these reforms aimed to reduce risks in the financial system, strengthen regulatory oversight, and bring domestic banking standards closer to international best practices. The major reforms, and subsequent modifications through 1999, are described below.

- *Limits on a bank's transactional capacity.* Bangko Sentral generally limited a bank's real estate loans to no more than 20% of a bank's loan portfolio, increased required collateral for individual real estate loans and increased required liquidity cover on foreign exchange liabilities.

- *Increased minimum capital requirements.* Bangko Sentral gradually raised minimum capital requirements for universal banks, commercial banks and thrift banks, and increased penalties for non-compliance.

- *Stricter treatment of delinquent and restructured loans.* After the Asian financial crisis, Bangko Sentral reduced the period that a loan had to be overdue to qualify as non-performing. In 1999, to align its regulations with international standards, Bangko Sentral redefined non-performing loans (with respect to those payable as a lump sum or in quarterly, semi-annual or annual installments) as loans for which principal or interest is 30 days past due. Moreover, Bangko Sentral tightened the criteria for reclassifying restructured loans as performing.

- *Increased provisions for potential loan losses.* In 1997, Bangko Sentral mandated provisions for loan losses based generally on a bank's gross loan portfolio in addition to provisions for probable losses linked to loans classified as sub-standard. In 1999, however, to encourage greater bank lending, Bangko Sentral relaxed the general loan loss provisioning requirement so that it would not apply to newly granted loans. The specific loan loss provisioning requirements remain in effect.

- *Improved corporate governance.* To increase transparency, Bangko Sentral expanded required bank disclosures regarding interest rates, capital adequacy, non-performing loans and provisions for probable losses, and also mandated mark-to-market accounting on banks' transaction portfolios. Additional regulations aimed to improve bank management by expanding the duties of boards of directors, appointing compliance officers for each bank, and requiring external auditors of banks to report materially adverse information to Bangko Sentral.

- *Improved bank restructuring.* To avoid bank closures, Bangko Sentral adopted strategies to encourage rehabilitation of troubled bank assets as well as mergers or consolidations with healthy financial institutions.

- *Limits on the establishment of new banks.* In response to the Asian financial crisis, Bangko Sentral issued new regulations that required new banks to maintain suitable stockholders, adequate financial strength, an appropriate legal structure and qualified management. In 1999, to further encourage a stronger financial sector, Bangko Sentral put in place a general moratorium on the establishment of new banks. The Monetary Board has indicated that the moratorium (with certain exceptions including consolidations, acquisitions, rural banks in unserved areas and microfinance banks) is to remain in place through 2003.

The General Banking Law of 2000, which amended the General Banking Act, enhanced Bangko Sentral's supervisory and enforcement powers and liberalized foreign ownership of banks. In particular, the General Banking Law reforms included the formal adoption of Basel risk-based capital requirements, a legal basis for consolidated supervision, stronger safeguards against insider loans, enhanced disclosure requirements and increases in monetary penalties. The General Banking Law of 2000, however, repealed the Philippine Deposit Insurance Corporation's independent right to conduct on-site supervision and require information from banks.

In December 2001, to encourage bank lending, Bangko Sentral lowered required loan loss provisions from 2% to 1% of the outstanding balance of unclassified loans other than restructured loans (less loans considered "non-risk" under existing regulations); however, the bank also imposed a 5% reserve on the outstanding balance of unclassified restructured loans (less loans considered "non-risk" under existing regulations).

As part of the global fight against money laundering, Bangko Sentral has, since July 2000, required banks to report unusually large transactions and all unusual patterns of transactions which have no apparent lawful purpose. In July 2001, Bangko Sentral also reduced the ceiling on undocumented over-the-counter sales of foreign exchange from $10,000 to $5,000. Additionally, pursuant to the Anti-Money Laundering Act of 2001 (the "AMLA"), Bangko Sentral has issued several administrative measures that require banks to document or report details of large or suspicious foreign exchange transactions, including the parties involved and the sources of transferred funds. These measures were intended to bring the Republic's money laundering regulations closer to international standards.

On March 7, 2003, President Arroyo signed into law amendments to the Anti-Money Laundering Act of 2001 ("AMLA") that are intended to comply with the demands of the Financial Action Task Force ("FATF"). The FATF, established by the Organisation for Economic Cooperation and Development to combat money laundering, is backed by most of the world's industrialized nations.

The amendments lowered the threshold amount for bank transactions automatically subject to reporting requirements from ₱4 million to ₱500,000. The amendments also expanded the definition of "suspicious transactions" that are, regardless of amount, subject to the scrutiny of the Anti-Money Laundering Council ("AMLC"), the agency charged with enforcing the law. However, under the amended law, a court order will be required for the AMLC to examine suspicious transactions or freeze bank accounts other than those suspected to be related to terrorism, kidnapping, hijacking, and drug trafficking. The new law remains silent on whether it will apply retroactively, leaving the courts to decide whether regulators may scrutinize suspicious transactions made before the original act's passage in 2001. The implementing rules and regulations of the AMLA were approved by a bicameral Congressional committee in August 2003.

The Government believes that the money-laundering law, as amended, conforms to FATF requirements. However, the FATF must still review the amended law, evaluate its implementing rules and regulations, and monitor its enforcement against international standards before it removes the Philippines from its "non-cooperative" list and rules out the possibility of sanctions. The Government has indicated that this approval process could take one to two years.

Foreign Currency Loans

Bangko Sentral imposes a combination of prior approval, registration and reporting requirements on all non-peso denominated loans. The regime is as follows:

Type of Loan	Regulatory Requirement
Private sector loans: • guaranteed by a public sector entity or a local commercial bank; • granted by foreign currency deposit units that are specifically or directly funded from, or collateralized by, offshore loans or deposits; • obtained by banks and financial institutions with a term exceeding one year which will be relent to public and private enterprises; or • serviced using foreign exchange purchased from the banking system, unless specifically exempted from the approval requirement.	Prior approval, subsequent registration and reporting requirements.
Private sector loans which are specifically exempted and which will be serviced with foreign exchange purchased in the banking system.	Subsequent registration and reporting requirements.
All private sector loans to be serviced with foreign exchange not purchased from the banking system.	Reporting requirements.
Public sector offshore loans except: • short-term foreign currency deposit loans for trade financing; and • short-term interbank borrowings	Prior approval and reporting requirements.

The Philippine Securities Markets

History and Development. The securities industry in the Philippines began with the opening of the Manila Stock Exchange in 1927. In 1936, the Government established the Securities and Exchange Commission (the "SEC") to oversee the industry and protect investors. Subsequently, the Makati Stock

Exchange opened in 1963 and merged with the Manila Stock Exchange to form the Philippine Stock Exchange in 1994.

On June 29, 1998, the SEC granted the Philippine Stock Exchange self-regulatory organization status, empowering it to supervise and discipline its members, including by examining a member's books of account and conducting audits.

To broaden the range of securities eligible for listing, the Philippine Stock Exchange established a board for small- and medium-sized enterprises with an authorized capital of ₱20 million to ₱99.9 million of which at least 25% must be subscribed and fully paid. The Philippine Stock Exchange intends to eventually list debt securities and equity derivatives as well.

On July 19, 2000, the Securities Regulation Code of 1999 was signed into law. The code:

- shifted the focus of securities regulation from a merit-based system to a disclosure-based system;
- strengthened the anti-fraud provisions of the securities laws;
- utilized self-regulatory organizations to protect investors;
- updated securities regulations to be more consistent with international practices; and
- strengthened the SEC's rule-making and corporate reorganization powers.

As of June 10, 2002, the Philippine Stock Exchange had 151 local and 33 foreign members and 236 listed companies.

Due to the effects of the 1997 Asian financial crisis, in 1998 the Philippine Stock Exchange Composite Index was quite volatile and continued to fall, reaching an historic low of 1,082.2 on September 11, 1998.

The stock market rebounded in late 1999, as the Philippine Stock Exchange Composite Index reached 2,143.0 at the end of December 1999, an 8.9% increase from its level at the end of December 1998. The recovery, however, was short-lived as the Philippine Stock Exchange Composite Index contracted for three consecutive quarters in 2000, declining 31.1% for the first nine months due to political turmoil, weakening economic fundamentals and a stock market manipulation scandal involving BW Resources Corporation, a publicly traded company, and Mr. Dante Tan, its largest shareholder. The stock market's overall capitalization grew 33% in 2000. As of December 31, 2000, overall capitalization was approximately ₱2.5 trillion, compared to ₱1.9 trillion as of December 31, 1999 and ₱1.4 trillion as of December 31, 1998. As a percentage of GNP, market capitalization declined from 86.4% in 1999 to 77.6% by the end of 2000. The Philippine Stock Exchange Composite Index closed at 1,494.5 on December 31, 2000.

On June 20, 2001, the Philippine Stock Exchange announced that the SEC had approved its proposal for its demutualization, or conversion from a mutual or membership organization into a publicly held stock corporation. Under the demutualization, the Exchange created a new corporation which assumed approximately 80% of the Exchange's total assets. Exchange member broker-dealers surrendered membership rights to the Exchange and, in return, received shares of the new corporation, shares of the Exchange and trading rights. On July 20, 2001, the Philippine Stock Exchange approved the plan to demutualize the stock exchange. On August 8, 2001, the Philippine Stock Exchange completed its conversion to a stock corporation that is publicly held. As its first shareholders, each of the 184 member-brokers subscribed and fully paid for 50,000 shares. The second part of the demutualization, the public offering and listing of its shares on the Exchange, is still under planning.

The Philippine Stock Exchange Composite Index reached 1,168.08 at the end of December 2001, a 21.8% decrease from its level at the end of December 2000. The yearly decline was caused in large part by the September 11 terrorist attacks on the United States, the US-led military operations in Afghanistan, uncertainties about the prospects of the global economy due to the subsequent threat of war and recession and apprehensions over the Philippine economic and political environment.

In 2002, the composite index rose to a high of 1,452.51 on February 20, but then decreased to 1,018.4 at the end of December 2002. The higher budget deficit, concerns of a global economic slowdown, increased crime and kidnappings, the accounting scandals that affected certain large corporations in the US and the proposed partial sale by First Pacific Company Limited of its 24.4% controlling stake in the Philippine Long Distance Telephone Company to the Gokongwei Group contributed to a decline in the composite index in 2002.

From its close of 1,018.4 at the end of December 2002, the Philippine Stock Exchange composite index had risen to 1,283.80 on July 25, 2003. The resolution of the war in Iraq, higher than expected growth of the Philippine economy in the first quarter of 2003 and improved revenue collection by the Government contributed to the recent rise in the composite index in the first half of 2003. However, in the week following the military incident in Manila on July 27, 2003, the Philippine Stock Exchange composite index declined by 3.8% to close at 1235.30 on August 1, 2003. As of September 24, 2003, the Philippine Stock Exchange composite index had recovered to close at 1318.57. It is unclear whether or not the incident will have a long-term effect on the Philippine stock markets.

Government Securities Market. The Government securities market is dominated by short-term Treasury bills with maturities not exceeding one year. Responding to investor preferences and to create a yield curve for long-term domestic securities, the Government issued securities with longer maturities, including five-year fixed rate treasury bonds in June 1995 and seven and ten-year fixed rate treasury bonds in 1996. The restructuring of the Republic's domestic debt in favor of longer-term securities kept the issuance of Treasury bills of ₱17.9 billion below budget in 1996, while the issuance of fixed rate Treasury bonds exceeded expectations by ₱13.5 billion. In 1997, the Government sold, for the first time, 20-year Treasury bonds in the amount of ₱2 billion. The Government's outstanding direct domestic debt totalled ₱1,471.2 billion as of December 31, 2002, an increase of 72.9% from ₱850.9 billion as of December 31, 1998.

International Bond Market. In February 1997, Bangko Sentral approved guidelines governing the issuance of peso-denominated bonds in the international capital markets. Bangko Sentral will require the receipt of foreign currency by the Philippines and its exchange into pesos in the local banking system.

Public Finance

The Consolidated Financial Position. The consolidated public sector financial position measures the overall financial standing of the Republic's public sector. It is comprised of the public sector borrowing requirement and the aggregate deficit or surplus of the Social Security System and the Government Service Insurance System, Bangko Sentral, the Government financial institutions and the local Government units. The public sector borrowing requirement reflects the aggregate deficit or surplus of the Government, the Central Bank-Board of Liquidation's accounts, the Oil Price Stabilization Fund and the 14 monitored Government-owned corporations.

The following table sets out the consolidated financial position on a cash basis for the periods indicated.

CONSOLIDATED PUBLIC SECTOR FINANCIAL POSITION OF THE REPUBLIC

	1998	1999	2000	2001	2002
		(in billions, except percentages)			
Public sector borrowing requirement:					
National Government	₱ (50.0)	₱(111.7)	₱(134.2)	₱(147.0)	₱(210.7)
Central Bank-Board of Liquidation	(26.4)	(20.5)	(19.1)	(23.5)	(15.1)
Oil Price Stabilization Fund[1]	0.7	1.9	0.3	0.8	0.0
Monitored Government-owned corporations	(38.0)	(4.6)	(19.2)	(24.5)	(46.4)
Government transfers to Government-owned corporations	0.9	3.0	4.2	4.4	3.9
Other adjustments	1.5	(6.1)	(6.6)	0.0	0.0
Total public sector borrowing requirement	₱(111.3)	₱(138.0)	₱(174.6)	₱(189.8)	₱(268.3)
As a percentage of GNP	(4.0)%	(4.4)%	(5.0)%	(4.8)%	(6.3)%
Other public sector:					
Social Security System and Government Service Insurance System	₱ 17.8	₱ 36.4	₱ 15.5	₱ 15.6	₱ 25.6
Bangko Sentral[2]	3.2	(4.0)	0.2	(0.1)	1.2
Government financial institutions	5.4	3.3	2.8	3.9	5.4
Local Government units	2.0	3.2	3.8	1.2	3.4
Timing adjustment of interest payments to Bangko Sentral	(0.3)	(2.3)	0.5	(0.2)	(1.6)
Other adjustments	0.0	0.8	0.1	0.1	0.0
Total other public sector	28.1	37.5	22.9	20.5	34.0
Consolidated public sector financial position	₱ (83.2)	₱(100.5)	₱(151.7)	₱(169.3)	₱(234.3)
As a percentage of GNP	(3.0)%	(3.2)%	(4.3)%	(4.3)%	(5.5)%

Source: Fiscal Policy and Planning Office, Department of Finance.

(1) The Oil Price Stabilization Fund was created by the Government to stabilize the domestic price of oil products. Prior to deregulation in 1997, if exchange rates and international crude oil prices exceeded certain levels, oil companies received money from the fund, but if exchange rates and crude oil prices fell below those levels, oil companies contributed to the fund. The fund was technically abolished with the full deregulation of the oil industry in February 1998.

(2) Amounts are net of interest rebates, dividends and other amounts remitted to the Government and the Central Bank-Board of Liquidation.

For 1998, the consolidated financial position recorded a deficit of ₱83.2 billion, or 3.0% of GNP at current prices, because of the increased public sector borrowing requirement to finance higher deficits incurred by the Government and the Government-owned corporations. Costs relating to the restructuring of the old Central Bank contributed ₱26.4 billion to the deficit.

For 1999, the consolidated financial position recorded a deficit of ₱100.5 billion, or 3.2% of GNP at current market prices, compared to a deficit of ₱83.2 billion in 1998. The Government's position was ₱15.2 billion off its target of ₱85.3 billion for the year. The Government accounted for ₱111.7 billion of the total deficit for the period, in line with its objective of stimulating the economy. Restructuring costs for the old Central Bank also contributed ₱20.5 billion to the total public sector borrowing requirement.

Led by the Government deficit, the consolidated financial position deficit increased to ₱151.7 billion in 2000 or 4.3% of GNP at current market prices, compared with the previous year's deficit of ₱100.5 billion. The consolidated public sector deficit was largely due to a public sector borrowing requirement of ₱174.6 billion, which included ₱19.1 billion for costs relating to the restructuring of the old Central Bank and the ₱19.2 billion deficit of the 14 monitored non-financial Government corporations. The Government-owned corporations' budget gap deteriorated from the single-digit deficit posted in 1999 as both current and capital expenditures increased. The greatest contributors to the deficit were the Philippine National Oil Company, the National Power Corporation, the Light Rail Transit Authority, the National Development Corporation and the National Food Authority. The other public sector entities had a combined surplus of ₱22.9 billion in 2000, largely due to the substantial surpluses of the local government units and the social security institutions such as the Government Services and Insurance System and Social Security System.

For 2001, the consolidated financial position recorded a deficit of ₱169.3 billion or 4.3% of GDP at current market prices. The Government accounted for ₱147.0 billion of the deficit, the Central Bank restructuring accounted for ₱23.5 billion and the monitored Government-owned corporations accounted for ₱24.5 billion. The other public sector entities had a combined surplus of ₱20.5 billion during 2001, of which ₱15.6 billion was attributable to the social security institutions.

For 2002, the consolidated financial position of the Republic recorded a deficit of ₱234.3 billion. The Government recorded a ₱210.7 billion deficit, the Central Bank restructuring accounted for an additional ₱15.1 billion deficit, and the monitored Government-owned corporations accounted for a ₱46.4 billion deficit. The total public sector borrowing requirement of ₱268.3 billion was offset in part by a combined surplus of ₱34.0 billion for the other public sector entities during 2002. Of the surplus, ₱25.6 billion was attributable to the social security institutions.

Government Revenues and Expenditures. The following table sets out Government revenues and expenditures for the periods indicated.

GOVERNMENT REVENUES AND EXPENDITURES

	Actual					Budget	
	1998	**1999**	**2000**	**2001**	**2002**	**2001[1]**	**2002**
	(in billions, except percentages)						
Revenues							
Tax revenues							
Bureau of Internal Revenue	₱337.2	₱ 341.3	₱ 360.8	₱ 388.7	₱ 394.5	₱ 388.1	₱ 447.6
Bureau of Customs	76.0	86.5	95.0	96.2	96.3	105.1	115.1
Others[2]	3.4	3.9	4.2	4.9	5.6	5.7	8.6
Total tax revenues	416.6	431.7	460.0	489.8	496.4	498.9	571.3
As a percentage of GNP	14.9%	13.9%	13.2%	13.3%	12.3	13.0%	13.7%
Non-tax revenues							
Bureau of the Treasury income[3]	₱ 22.5	₱ 26.2	₱ 30.8	₱ 46.4	₱ 47.2	₱ 24.9	₱ 22.2
Fees and other charges[4]	21.0	16.0	17.9	24.3	21.9	23.2	25.6
Privatizations[5]	1.7	4.2	4.6	1.2	0.6	10.0	5.0
Comprehensive Agrarian Reform Program (land acquisition and credit)	0.0	0.2	0.1	0.0	0.0	0.0	0.0
Foreign grants	0.4	0.3	1.4	2.0	1.1	1.2	0.3
Total non-tax revenues	45.5	46.5	53.4	71.9	70.8	59.3	53.0
Total revenues	462.5	478.5	514.8	563.7	576.1	558.2	624.3
As a percentage of GNP	16.6%	15.2%	14.7%	15.3%	14.3%	14.5%	15.0%
Expenditures							
Personnel	₱172.9	₱ 167.0	₱ 182.7	₱ 190.9	N/A[6]	N/A[6]	₱ 251.3
Maintenance and operating expense	118.3	141.6	149.3	155.6	N/A[6]	N/A[6]	80.8
Other current operating expense	0.2	5.5	3.6	0	N/A[6]	N/A[6]	N/A[6]
Interest payments							
Foreign	26.3	31.3	47.3	62.2	65.9	63.2	64.0
Domestic	73.5	75.0	93.6	112.6	120.0	116.2	140.3
Total interest payments	99.8	106.3	140.9	174.8	185.9	179.4	204.3
Subsidies to Government corporation	4.7	6.8	9.1	9.4	7.6	N/A[6]	5.0
Allotment to local government units	72.0	96.4	100.0	118.2	140.5[7]	N/A[6]	103.9
Transfers to the Oil Price Stabilization Fund	0.0	0.7	0.0	0.0	N/A[6]	N/A[6]	28.6
Comprehensive Agrarian Reform Program (land acquisition and credit)	0.5	0.0	2.3	0.0	N/A[6]	N/A[6]	5.6
Infrastructure and other capital outlays	43.5	61.2	60.4	57.4	N/A[6]	101.0	67.8
Equity and net lending	1.1	4.7	3.2	4.4	5.4	4.1	7.1
Total expenditures	512.5	590.2	649.0	710.8	777.9	703.2	754.3
As a percentage of GNP	18.4%	18.8%	18.5%	18.6%	18.4%	18.3%	18.0%
Surplus/(Deficit)	₱(50.0)	₱(111.7)	₱(134.2)	₱(147.0)	₱(210.7)	₱(145.0)	₱(130.0)
Financing							
Domestic financing	₱ 37.6	₱ 28.9	₱ 55.5	₱ 124.1	₱ 101.6	₱ 118.7	₱ 79.0
Net domestic borrowings	76.5	98.8	119.5	152.3	155.0	165.2	63.3
Non-budgetary accounts	(56.0)	32.6	(57.6)	(50.4)	(55.1)	(24.3)	15.1
Use of cash balances	17.1	37.4	(6.5)	22.2	(1.7)	22.2	N/A[6]
Foreign financing	12.3	82.8	78.8	22.9	109.1	26.3	0.7
Total financing	₱ 50.0	₱ 111.7	₱ 134.2	₱ 147.0	₱ 214.9	₱ 145.0	₱ 130.0

Source: Department of Finance; Department of Budget and Management.

(1) Revised as of July 17, 2001.

(2) Represents tax revenues of the Department of Environment and Natural Resources, Bureau of Immigration and Deportation, Land Transportation Office and other Government entities.

(3) Represents interest on deposits, interest on advances to Government-owned corporations, interest on securities, dividends from Government-owned corporations, earnings received from the Philippine Amusement and Gaming Corporation, earnings and terminal fees received from Ninoy Aquino International Airport, guarantee fees and others.

(4) Represents receipts from the Land Transportation Office, Department of Foreign Affairs and other Government agencies.

(5) Represents remittances to the National Government from the sale of interests in Government-owned corporations, Government financial institutions and other Government-owned assets and from the sale of assets by the Presidential Commission on Good Government and the Asset Privatization Trust.

(6) N/A means "not available."

(7) Includes capital transfers to local government units.

Recent Results

In the first eight months of 2003, Government revenues were ₱408.4 billion and expenditures were ₱521.9 billion, resulting in a deficit of ₱113.6 billion. The eight-month deficit was 21.2% lower than the ₱144.0 billion deficit reported for the first eight months of 2002. Of the ₱408.4 billion in revenues for the first eight months of 2003, ₱281.4 billion came from the Bureau of Internal Revenue, ₱70.0 billion from the Bureau of Customs, ₱32.9 billion from the Bureau of the Treasury, and ₱24.1 billion from other agencies. The ₱521.9 billion in expenditures in the first eight months of 2003 included ₱178.4 billion for personnel, ₱145.2 billion for interest payments, and ₱70.6 billion for capital outlays.

Revenues

Sources. The Government derives its revenues from both tax and non-tax sources. The main sources of revenue include income tax, value-added tax ("VAT") and customs duties. The main sources of non-tax revenue consist of interest on deposits, amounts earned from Government owned corporations and privatization receipts.

In 1995 the Ramos Government submitted the Comprehensive Tax Reform Package for Congressional action. The objective of the proposal was to establish a simple, broad-based and efficient tax system, with minimal scope for discretion on the part of Government officials, that would provide a self-sustaining revenue base that would keep pace with the budgetary needs of a growing economy. The comprehensive tax reform package was enacted in 1997 and provides a three-tiered excise tax on cigarettes and converts beer taxation from *ad valorem* to specific excise taxes. The comprehensive tax reform package also restructured and simplified the tax rates for business and professional income, reduced the corporate income tax rate, and reformed certain elements of tax administration.

The Government expanded the coverage of the value-added tax system in 1996 and 1997 to include Government contracts and suppliers, telecommunication services, road freight and other transportation, real property, restaurants and caterers, hotels and motels, and broadcasting. The expansions in coverage raised ₱6.7 billion out of total value-added tax revenues of ₱40.9 billion in 1996, ₱6.4 billion out of total value-added tax revenues of ₱47.3 billion in 1997 and ₱0.2 billion out of total value-added tax revenues of ₱47.5 billion in 1998. Total value-added tax revenues amounted to ₱55.2 billion for 1999 and ₱55.3 billion for 2000.

Since 2001, the Bureau of Internal Revenue has implemented the following tax administration improvements:

- resolution of delinquent accounts or disputed assessments which are either being litigated in the courts or being challenged by taxpayers;
- use of electronic documentary stamp metering machines to accurately assess and monitor documentary stamp taxes;
- broadening the tax base to increase the number of registered taxpayers;
- issuance of revenue regulations regarding automobiles which are subject to excise tax; and
- implementing a ceiling on deductible representation expenses as mandated by the Tax Code of 1997.

Beginning January 1, 2003, the 10% value-added tax on services rendered by banks, non-bank financial intermediaries and finance companies is being implemented by the BIR in lieu of the 5% tax on gross receipts to which these entities were previously subject. The VAT is due on financial intermediation services, financial leasing, net foreign exchange gains, net trading gains, certain real estate sales and sales of other properties acquired through foreclosure, sales of goods and properties and all other income derived by banks and non-bank financial intermediaries.

However, the DOF has asked President Arroyo to certify as "urgent" a bill seeking to replace the VAT with the gross receipts tax scheme, contending that it would be difficult to impose VAT on banks.

Results. In 1998, Government revenues decreased to ₱462.5 billion compared with ₱471.8 billion for 1997 due, in part, to the general contraction of the economy and lower imports. Revenues collected by the Bureau of Internal Revenue increased to ₱337.2 billion from ₱314.7 billion, but were ₱17.9 billion short of target estimates. Revenues from customs duties fell to ₱76 billion from ₱94.8 billion, just below the target for the year.

In 1999, Government revenues amounted to ₱478.5 billion, a 3.5% increase compared with 1998. The 1999 figure was, however, ₱12.2 billion less than the revised target. Non-tax revenues reflected a ₱5.6 billion dividend payment from Bangko Sentral and ₱3.3 billion in proceeds from the sale of Philippine Associated Smelting and Refining Corp. Revenues collected by the Bureau of Internal Revenue were ₱12.2 billion less than the revised target. The shortfall was primarily attributable to the slow recovery of the industry sector. Revenues collected by the Bureau of Customs were ₱2.9 billion more than the revised target.

In 2000, Government revenues amounted to ₱514.8 billion, a 7.6% increase over 1999 revenues. The 2000 amount was ₱47.6 billion short of the April 2000 IMF revenue target. Revenues collected by the BIR increased to ₱360.8 billion but were ₱37.0 billion short of target estimates. The shortfall was attributable primarily to lower BIR collections of items such as documentary stamp tax and capital gains tax. The slowdown in the financial and real estate sectors also adversely affected collections in 2000. Bureau of Customs revenue increased to ₱95.0 billion, ₱3.1 billion more than targeted. Even with the marked slowdown in its collections from 1999 levels, the Bureau of the Treasury continued to surpass its target. The Treasury collected ₱30.8 billion in non-tax revenue from dividends on its shares of stocks and income from investments. Privatization efforts generated only ₱4.6 billion in remittances, compared to a target of ₱22.9 billion, as unfavorable market prices prevented the government from disposing of its assets. Privatization remittances consisted of proceeds from the sale of the Philippine National Bank, Philippine Phosphate Fertilizer Corporation, and a package of International Broadcasting Corporation's radio stations.

Government revenues in 2001 were ₱563.7 billion, of which ₱489.8 billion were tax revenues and ₱71.9 billion were non-tax revenues. Revenue collections for 2001 were ₱5.5 billion higher than the budgeted amount of ₱558.2 billion and 9.5% higher than revenue collections for 2000. The increase was mainly attributable to the Bureau of the Treasury which collected ₱21.5 billion more than its target of ₱24.9 billion, offsetting a ₱8.9 billion shortfall from the targeted amount of cash collections by the Bureau of Customs. The Bureau of Internal Revenue surpassed its target by ₱621 million for the period, collecting ₱388.7 billion. Privatization revenues for 2001 were ₱1.2 billion, compared to the budgeted amount of ₱10 billion, as unfavorable market conditions prevented the disposition of Government assets targeted for privatization.

Government revenues in 2002 totaled ₱567.1 billion, of which ₱496.4 billion were from tax revenues and ₱70.8 billion were from non-tax revenues. Total revenues for 2002 increased 0.6% from total revenues for 2001. Of total tax revenues during 2002, the BIR accounted for ₱394.5 billion and the Bureau of Customs accounted for ₱96.3 billion. Bureau of Treasury collections accounted for ₱47.2 billion in revenue in 2002, and taxes from other government offices and non-tax revenues accounted for the remaining ₱29.0 billion.

The BIR's collection of ₱394.5 billion in 2002 was 1.5% more than the ₱388.7 million collected in 2001. The lower than expected amounts collected for 2002 have been mainly attributed to the BIR's continued difficulty in generally enforcing the Republic's tax laws as well as the relatively low interest rate environment. Under the recently appointed BIR Commissioner, Guillermo Parayno, the BIR has implemented a program to identify, report, and prosecute taxpayers and companies that under-declare their VAT. A BIR program for voluntary assessment and collection of unpaid VAT and other income taxes has been put in place to collect unpaid taxes that were discovered by the BIR. This investigation concluded that underreporting of income from businesses has resulted in ₱10 billion in uncollected tax revenue. The BIR is making a concerted effort to recover as much of this revenue as possible through the continued implementation of reform measures aimed at strengthening tax loans and customs procedures and increasing revenue recovery. In the first six months of 2003, the BIR increased collection of VAT by 18.0% over the first six months of 2002. In addition, in order to encourage better tax compliance, the BIR under the new Commissioner has simplified the filing process and the payment of taxes. In the first six months of 2003, the BIR had total tax collections on net income and profit of ₱124.2 billion, 13.9% higher than for the same period in 2002 and 0.6% above its six-month goal.

Expenditures

Expenditures in 1998 increased to ₱512.5 billion, compared to ₱470.3 billion in 1997. These expenditures compared together with revenues of ₱462.5 billion resulted in a deficit of ₱50.0 billion in the Government's fiscal position for 1998, compared to a fiscal surplus of ₱1.6 billion in 1997.

Expenditures in 1999 increased to ₱590.4 billion compared to ₱512.5 billion in 1998. The total expenditures were ₱14.1 billion more than the revised target. The increase in expenditures in 1999 was due in large part to economic stimulus efforts by the Government and in part to the repayment of certain accounts payable that were outstanding from previous Government administrations. Revenues of ₱478.5 billion resulted in an overall deficit of ₱111.7 billion in 1999.

Expenditures in 2000 increased to ₱649.0 billion compared to ₱590.4 billion in 1999. The total expenditures were ₱19.5 billion more than the Government's target. The increase in expenditures was due primarily to higher interest payments which increased by ₱16 billion as a result of high interest rates for Treasury bills and fixed rate Treasury bonds. Other contributing factors included the depreciation of the peso, compared to the US dollar, an increase in LIBOR and the unprogrammed interest payment for the Metro Rail Transit obligation. Revenues of ₱514.8 resulted in an actual Government deficit of ₱134.2 in 2000.

Government expenditures for 2001 were ₱710.8 billion, ₱7.5 billion more than the budgeted amount of ₱703.2 billion and 9.5% higher than expenditures for 2000. The actual Government deficit for 2001 was ₱147.0 billion compared to the budgeted deficit of ₱145.0 billion.

Government expenditures in 2002 were ₱777.9 billion, compared to ₱710.8 billion in 2001. The increase in expenditures from 2001 to 2002 was due in part to higher expenditures for infrastructure, personal services, education, veterans' pensions, and allotments to local government units for anti-poverty programs and security measures.

Deficit

The deficit in 2002 was ₱210.7 billion, which exceeded the Government's original target of ₱130 billion deficit 2002 but was lower than the revised 2002 budget deficit forecast of ₱223 billion. This rapid increase in the budget deficit was caused by lower than expected revenue collections from the BIR and higher than expected expenditures.

The Government Budget

The Budget Process. The Administrative Code of 1987 requires the Government to formulate and implement a national budget. The President submits the budget to Congress within 30 days of the opening of each regular session of Congress, which occurs on the fourth Monday of each July. The House of Representatives reviews the budget and transforms it into a general appropriations bill. The Senate then reviews the budget. A conference committee composed of members of both houses of Congress then formulates a common version of the bill. Once both houses approve the budget, the bill goes to the President for signing as a general appropriations act.

On March 11, 2003, a bicameral Congressional committee approved a ₱804.0 national government budget for 2003. The budget approved by the bicameral committee reflected a ₱200 million reduction from the

₱804.2 billion budget originally proposed by President Arroyo. The 2003 budget includes appropriations of ₱804.0 billion, a 3.0% increase from the ₱780.8 billion budgeted for 2002. The 2003 budget includes an automatic appropriation of ₱223 billion to service the Government's foreign and domestic debts. The 2003 budget forecasts ₱602 billion in revenue collections against the ₱804 million in budgeted expenditures, which would result in a deficit of ₱202 billion for the year 2003.

On August 5, 2003, the Arroyo administration submitted its proposed 2004 budget to Congress. The budget calls for appropriations of ₱864.8 billion in 2004, and forecasts a fiscal deficit of ₱197.8 billion.

Debt

External Debt. The following table sets out the total outstanding Bangko Sentral–approved and registered external debt.

BANGKO SENTRAL APPROVED EXTERNAL DEBT(1)

	As of December 31,					As of March 31,
	1998	1999	2000	2001	2002	2003
	(in millions, except percentages)					
By Maturity:						
Short-term(2)	$ 7,185	$ 5,745	$ 5,948	$ 6,049	$ 5,558	$ 6,423
Medium and long-term	40,632	46,466	46,112	46,306	48,315	49,383
Total	$47,817	$52,210	$52,060	$52,355	$53,874	$55,806
By Debtor:(3)						
Banking system	$12,777	$11,726	$11,462	$11,537	$10,880	$11,218
Public sector(4)	22,944	27,233	26,573	25,149	28,017	29,717
Private sector	12,096	13,257	14,125	15,669	14,977	14,871
Total	$47,817	$52,210	$52,060	$52,355	$53,874	$55,806
By Creditor Type:						
Multilateral	$10,058	$10,245	$ 9,665	$ 9,553	$ 8,970	$ 9,268
Bilateral	14,926	16,429	15,336	14,531	15,621	15,895
Banks and financial institutions	9,672	10,340	11,176	12,003	12,015	11,827
Bondholders/noteholders	11,209	12,951	13,447	13,678	14,785	16,024
Others	1,952	2,245	2,436	2,590	2,482	2,792
Total	$47,817	$52,210	$52,060	$52,355	$53,874	$55,806
Ratios:						
Debt service burden to exports of goods and services(5)	11.7%	14.1%	12.4%	16.0%	16.4%	16.5%
Debt service burden to GNP	7.4%	8.3%	7.7%	8.5%	9.0%	9.1%(6)
External debt to GNP	69.8%	65.1%	65.8%	68.1%	64.8%	66.4%(7)

Source: Bangko Sentral.

(1) Excludes a $75 million loan to be made by the Asian Development Bank pursuant to an agreement between the Asian Development Bank and the Republic in October 2001.

(2) Debt with original maturity of one year or less.

(3) Classification by debtor is based on the primary obligor under the relevant loan or rescheduling documentation.

(4) Includes public sector debt whether or not guaranteed by the Government; does not include public banks.

(5) This ratio is based on the debt service burden for the relevant period relative to the total exports of goods and receipts from services and income during such period based on the BPM5 framework.

(6) For comparability with annual figures, ratio is based on GNP for the first quarter of 2003.

(7) For comparability with annual figures, ratio is based on GNP for the four quarters ending March 31, 2003.

In 2002, Bangko Sentral–approved external debt increased 0.6% from the $53.6 billion recorded as of September 30, 2002 and by 2.9% from the $52.4 billion recorded as of December 31, 2001. The increase in debt in 2002 was due to additional borrowing to settle maturing obligations and finance the Government's budget deficit, as well as upward foreign exchange revaluation adjustments on third-country currency denominated debt resulting from the continued depreciation of the US dollar against third-country currencies.

As of March 31, 2003, Bangko Sentral–approved external debt amounted to $55.8 billion as of March 31, 2003, a 3.6% increase from the $53.9 billion recorded as of December 31, 2002. The increase in the first quarter of 2003 resulted mostly from net inflows of foreign exchange to finance the Government's budgetary requirements.

As of March 31, 2003, Bangko Sentral–approved medium and long term external debt amounted to $49.4 billion. Of this amount, 58% carried fixed rates, 39% had variable rates, and the remaining 3% was non-interest bearing. As of March 31, 2003, the average cost of fixed rate credits was 6.1%. For liabilities with floating interest rates, the margin over the applicable base rate averaged 1.7%. As of March 31, 2003, approximately 55% of total Bangko Sentral–approved external debt (including short-term debt) was denominated in US dollars while 27% was denominated in Japanese yen. As of March 31, 2003, multi-currency loans from the World Bank, the International Monetary Fund and the Asian Development Bank accounted for 16.6% of total Bangko Sentral–approved external debt.

As of June 30, 2003, Bangko Sentral–approved external debt had increased slightly to $56.1 billion.

Since December 31, 2002, the Government has borrowed a total of $1.625 billion and €300 million in the international capital markets. In response to recent increases in the Government's external debt, some members of the Senate have proposed legislation that would place certain limits on Government borrowings. One Senate bill would set a limit on total debt and tie this limit to the Republic's GDP, while another would set a cap only on future borrowings. Hearings on these bills are ongoing. Some members of Congress have also called for the repeal of the law which currently mandates automatic appropriation for debt service in the annual budget. It is unclear whether either of these proposed measures will be implemented or if implemented what impact these measures would have on the Republic.

Government Financing Initiatives. The Government has obtained funds under the so-called "Miyazawa initiative" to help finance projects contemplated by the country's spending program. The Miyazawa initiative was launched by the Japanese government in October 1998 with an assistance package totalling the equivalent of $30 billion. The package consists of support measures to assist five Asian countries, including the Philippines, overcome their economic difficulties. Under the Miyazawa initiative, the Government requested co-financing from Japan of approximately $900 million of program loans from the Asian Development Bank and the World Bank, $300 million each for the banking sector reform program with the World Bank, the power sector restructuring program with the Asian Development Bank and the Metro Manila air quality enhancement program with the Asian Development Bank.

In July 2000, the Republic entered into a grain sector development program loan agreement with the Asian Development Bank. The Asian Development Bank disbursed $300 million under this program in 2000; however, the undisbursed balance of $70 million was cancelled in April 2003. Also in July 2000, the Republic signed a $100 million program loan agreement with the Asian Development Bank to support the Pasig River Environment Management and Rehabilitation Program. As of December 31, 2002, $40 million had been disbursed under this program.

In November 2001, the Republic entered into a $75 million program loan agreement with Asian Development Bank to support the Non-Bank Financial Governance Program. This loan was fully disbursed in the same year. In July 2003, the Republic concluded negotiations with the Asian Development Bank for a $150 million loan to support the Second Non-Bank Financial Governance Program. As of December 31, 2001, the Republic had received $100 million from each of the World Bank and the Japan Bank for International

Cooperation (“JBIC”) under their respective banking sector loan programs. However, World Bank and JBIC have canceled the remaining combined undisbursed commitment of $40 million.

As of December 31, 2002, the Republic had received a total of $600 million in loans from the Asian Development Bank and JBIC to support power sector reforms. Also as of December 31, 2002, the Republic had received $300 million in loans to support air quality improvement programs.

From 1998 to 2002, the Republic received a total of $1.3 billion in financing from Japan under the Special Yen Loan Package, also known as the “Obuchi Fund”.

Credit Ratings. On June 12, 2003, Fitch Ratings downgraded the Republic’s long-term foreign currency rating from BB+ to BB on the grounds that current and prospective fiscal trends amount to a material deterioration in sovereign creditworthiness, notwithstanding the recent upturn in tax receipts. Fitch also lowered the long-term local currency rating from BBB− to BB+ and changed the outlook on both ratings from negative to stable. Fitch mentioned that the change in outlook reflects Fitch’s judgement that broader macroeconomic trends remain reasonable with respect to growth, inflation and the external current account balance.

On April 24, 2003, Standard & Poor’s Ratings Service downgraded the Republic’s long-term foreign currency rating from BB+ to BB, downgraded the Republic’s local currency rating from BBB+ to BBB and revised the long-term ratings outlook from negative to stable. Standard & Poor’s emphasized the Government’s high fiscal deficit, increased interest payments due to its high debt burden, and heavy reliance on external capital for economic growth.

On January 8, 2003, Moody’s Investors Service changed its rating outlook on the Republic’s local-currency rating for government bonds from stable to negative, while affirming each of the Republic’s foreign-currency ratings. Moody’s recognized that revenue collections had improved in recent months, but noted that poor revenue collection in prior periods had weakened long-term fiscal prospects.

The following table sets out the changes in the Republic’s credit ratings or rating outlooks for the three years preceding the date of this prospectus.

Date	Rating Agency	Instrument	Credit Rating or Rating Outlook
October 19, 2000	Standard & Poor’s	Long-term local and foreign currency obligations	Downgraded outlook from “stable” to “negative”(1)
October 27, 2000	Moody’s	Bonds and notes	Raised to Ba1 Downgraded outlook from “stable” to “negative”(2)
March 15, 2001	Fitch-IBCA	Long-term local currency obligations	Downgraded outlook from “positive” to “stable”(3)
February 4, 2002	Moody’s	Long-term foreign currency obligations	Upgraded outlook from “negative” to “stable”(4)
April 4, 2002	Standard & Poor’s	Long-term foreign currency obligations	Upgraded outlook from “negative” to“positive”(5)
October 29, 2002	Standard & Poor’s	Long-term foreign currency obligations	Downgraded outlook from “stable” to “negative”(6)
November 25, 2002	Fitch-IBCA	Long-term foreign currency obligations	Downgraded outlook from “stable” to “negative”(7)
January 8, 2003	Moody’s	Local currency obligations	Downgraded outlook from “stable” to “negative”(8)
April 24, 2003	Standard & Poor’s	Long-term foreign currency obligations	Downgraded from BB+ to BB(9)
		Local currency obligations	Downgraded from BBB+ to BBB(9)

Date	Rating Agency	Instrument	Credit Rating or Rating Outlook
June 12, 2003	Fitch Ratings	Long-term foreign currency obligations	Downgraded from BB+ to BB[10] Upgraded outlook from "negative" to "stable"
		Long-term local currency obligations	Downgraded from BBB− to BB+[10] Upgraded outlook from "negative" to "stable"

(1) Standard & Poor's noted the political uncertainty relating to then-President Estrada's alleged corrupt practices, the rising budget deficit and growing concerns about the Government's ability to undertake effective economic management during a period of political uncertainty.

(2) Moody's noted that unfolding political developments associated with then-President Estrada could impair policy-making and hamper the Government's ability to defend its external payments position.

(3) Fitch noted the continuing deterioration of public finances and its impact on public indebtedness.

(4) Moody's noted that the upgrade reflected the Republic's success in meeting its fiscal targets and a stronger economic outlook.

(5) Standard & Poor's noted that the upgrade reflected the Government's improved economic management under the Arroyo administration and the Republic's adequate external liquidity.

(6) Standard & Poor's noted that the downgrade reflected diminishing prospects for the fiscal consolidation necessary to stabilize and reduce the Government's debt burden and sustain investor confidence.

(7) Fitch noted that further evidence of falling tax revenues had undermined the Government's fiscal credibility and raised concerns about rising public indebtedness.

(8) Moody's recognized that revenue collections had improved in recent months, but noted that poor revenue collection in prior periods had weakened long-term fiscal prospects.

(9) Standard & Poor's noted the Government's high fiscal deficit, increased interest payments due to its high debt burden, and heavy reliance on external capital for economic growth.

(10) Fitch noted that existing and prospective fiscal trends amounted to a material deterioration in sovereign creditworthiness.

Public Sector Debt. The following table describes the country's outstanding public sector debt.

OUTSTANDING PUBLIC SECTOR DEBT[1]

	As of December 31,				
	1998	1999	2000	2001	2002
	(in billions, except percentages)				
Government[2]					
Domestic	₱ 859.6	₱ 986.7	₱1,080.7	₱1,270.9	₱1,429.3
External	940.8	1,555.5	1,568.2	1,609.8	1,914.9
Total	₱1,800.4	₱2,142.2	₱2,648.8	₱2,880.7	₱3,407.2
Monitored GOCCs[3]					
Domestic	419.1	644.8	810.6	744.9	895.7
External	224.8	286.1	308.1	395.0	474.4
Total	₱ 643.9	₱ 930.9	₱1,118.7	₱1,139.9	₱1,370.1
CB-BOL[4]					
Domestic	0.0	0.0	0.0	0.0	0.0
External	102.2	74.9	81.8	73.9	67.1
Total	₱ 102.2	₱ 74.9	₱ 81.8	₱ 73.9	₱ 67.1

	As of December 31,				
	1998	1999	2000	2001	2002
	(in billions, except percentages)				
Bangko Sentral[4]					
Domestic	123.3	193.5	202.6	118.3	164.3
External	264.2	299.3	385.2	475.5	450.4
Total	₱ 387.5	₱ 492.8	₱ 587.8	₱ 593.8	₱ 614.7
GFIs[3]					
Domestic	327.9	379.9	460.6	175.3	234.2
External	68.9	95.3	74.3	126.1	153.4
Total	₱ 396.8	₱ 475.2	₱ 534.9	₱ 301.4	₱ 387.5
Less loans on-lent or guaranteed by the Government					
Domestic	8.7	8.3	12.5	23.2	21.1
External	370.6	441.4	562.3	555.2	662.8
Total	₱ 379.3	₱ 449.7	₱ 574.8	₱ 578.4	₱ 683.9
Total public sector[5]					
Domestic	1,721.2	2,196.6	2,542.0	2,286.3	2,765.4
External	1,230.3	1,469.7	1,855.2	2,125.1	2,397.3
Total	₱2,951.5	₱3,666.3	₱4,397.2	₱4,411.3	₱5,162.7
As a percentage of GNP (at current prices)					
Public sector debt[5]	105.3%	116.9%	125.7%	112.6%	120.3%
Public sector domestic debt[5]	61.4%	70.0%	72.7%	58.3%	64.5%
Public sector external debt[5]	43.9%	46.9%	53.1%	54.2%	56.9%
National Government debt[2]	50.7%	54.0%	59.3%	58.8%	63.5%
National Government domestic debt[2]	30.7%	31.5%	30.9%	32.4%	34.8%
National Government external debt[2]	33.6%	36.8%	44.8%	41.1%	44.6%

Source: Fiscal Policy and Planning Office, Department of Finance.

(1) Amounts in original currencies were converted to pesos using the applicable Bangko Sentral reference exchange rates at the end of each period.

(2) Includes debt that is on-lent to Government-owned corporations and other public sector entities and debt that has been assumed by the Government and contingent liabilities.

(3) Includes net lending from the Government, and borrowings on-lent or guaranteed by the Government.

(4) Liabilities, including deposits, less currency issue and inter-government accounts.

(5) Includes the Government, the monitored Government-owned corporations, the Central Bank — Board of Liquidation, Bangko Sentral and Government financial institutions. Does not include other public sector debt that is not guaranteed by the Government.

The outstanding public sector debt, comprised of the debt of the Government, the monitored Government corporations, the Central Bank-Board of Liquidation, Bangko Sentral and the Government financial institutions, amounted to ₱5,162.7 billion as of December 31, 2002 and ₱4,411.3 billion as of December 31, 2001. As of December 31, 2002, the Government accounted for ₱3,407.2 billion, or 66.0%, of outstanding public sector debt. Public sector debt as a proportion of GNP increased from 112.6% as of December 31, 2001 to 120.3% as of December 31, 2002.

Direct Debt of the Republic. The following table summarizes the outstanding direct debt of the Republic as of the dates indicated.

OUTSTANDING DIRECT DEBT OF THE REPUBLIC[(1)(2)]

	As of December 31,					As of March 31,	
	1998	1999	2000	2001	2002	2003	
				(in millions)			
Medium/long-term debt[(3)]							
Domestic	₱ 408,809	₱ 513,667	₱ 600,925	₱ 822,269	₱1,065,976	₱1,034,387	$19,334
External	$ 16,525	$ 19,800	$ 21,992	$ 22,082	$ 25,340	$ 26,559[(4)]	$26,559[(4)]
Short-term debt[(5)]							
Domestic	₱ 442,121	₱ 464,737	₱ 467,275	₱ 425,414	₱ 405,226	₱ 441,321	$ 8,249
Total debt	₱1,496,221	₱1,775,356	₱2,166,700	₱2,384,917	₱2,815,468	₱2,896,629	$54,143

Source: Bureau of the Treasury, Department of Finance.

(1) Includes Government debt that is on-lent to Government-owned corporations and other public sector entities. Excludes debt guaranteed by the Government and debt originally guaranteed by other public sector entities for which the guarantee has been assumed by the Government. The table reflects debt of the Government only and does not include any other public sector debt.

(2) Amounts in original currencies were converted to US dollars or pesos, as applicable, using Bangko Sentral's reference exchange rates at the end of each period.

(3) Debt with original maturities of one year or longer.

(4) The Government has incurred an aggregate of $925 million of external debt since March 31, 2003.

(5) Debt with original maturities of less than one year.

Direct Domestic Debt of the Republic. The following table summarizes the outstanding direct domestic debt of the Republic as of the dates indicated.

OUTSTANDING DIRECT DOMESTIC DEBT OF THE REPUBLIC[(1)(2)]

	As of December 31,					As of March 31,	
	1998	1999	2000	2001	2002	2003	
				(in millions)			
Loans							
Direct	₱ 38,789	₱ 39,743	₱ 15,541	₱ 15,317	₱ 15,609	₱ 15,613	$ 292
Assumed	24,355	20,369	19,117	13,858	8,251	8,302	155
Total loans	63,144	60,112	34,658	29,175	23,860	23,915	447
Securities							
Treasury bills	442,121	464,737	467,275	425,414	405,226	441,321	8,249
Treasury notes/bonds	345,665	453,555	566,267	793,094	1,042,115	1,010,473	18,887
Total securities	787,786	918,292	1,033,542	1,218,508	1,447,342	1,451,793	27,136
Total debt	₱850,930	₱978,404	₱1,068,200	₱1,247,683	₱1,471,202	₱1,475,708	$27,583

Source: Bureau of the Treasury, Department of Finance.

(1) Includes Government debt that is on-lent to Government-owned corporations and other public sector entities. Excludes debt guaranteed by the Government and debt originally guaranteed by other public sector entities for which the guarantee has been assumed by the Government. The table reflects debt of the Government only, and does not include any other public sector debt.

(2) Amounts in original currencies were converted to US dollars or pesos, as applicable, using Bangko Sentral's reference exchange rates at the end of each period.

The following table sets forth the direct domestic debt service requirements of the Republic for the years indicated.

DIRECT DOMESTIC DEBT SERVICE REQUIREMENTS OF THE REPUBLIC[1]

Year	Principal Repayments	Interest Payments	Total[2]	
		(in millions)		
1998	₱ 28,761	₱ 73,525	₱102,286	$2,619
1999	61,552	74,980	136,532	3,392
2000	45,429	93,575	139,004	2,783
2001	54,039	112,592	166,631	3,268
2002	80,944	119,985	200,929	3,928
2003[3]	121,881	153,017	274,898	5,374
2004[3]	142,281	184,703	326,984	6,393
2005[3]	158,453	197,800	356,253	6,965
2006[3]	134,855	207,075	341,930	6,685

Source: Bureau of the Treasury, Department of Finance.

(1) Excludes debt service in respect of Government debt that is on-lent to Government owned corporations and other public sector entities guaranteed by the Government and debt originally guaranteed by other public sector entities for which the guarantee has been assumed by the Government. The table reflects debt of the Government only, and does not include any other public sector debt.

(2) Amounts in pesos were converted to US dollars using the applicable Bangko Sentral reference exchange rates at the end of each period. For 2002 through 2006, amounts in pesos were converted to US dollars using the applicable Bangko Sentral reference exchange rates as of December 27, 2002.

(3) Projected, based on debt outstanding as of December 31, 2002.

The Government's outstanding direct domestic debt increased 17.9% to ₱1,471.2 billion as of December 31, 2002, from ₱1,247.7 billion as of December 31, 2001 due to the increased issuance of Treasury bills.

Direct External Debt of the Republic. The following table summarizes the outstanding external direct debt of the Republic as of the dates indicated.

OUTSTANDING DIRECT EXTERNAL DEBT OF THE REPUBLIC(1)(2)

	As of December 31,					As of March 31,
	1998	1999	2000	2001	2002	2003
	(in millions)					
Loans						
Multilateral	$ 4,665	$ 4,468	$ 4,388	$ 4,323	$ 4,390	$ 4,359
Bilateral	7,944	9,055	8,193	7,236	8,167	8,354
Commercial	208	256	651	841	925	929
Total loans	12,817	13,779	13,232	12,400	13,482	13,642
Securities						
Eurobonds	—	352	514	915	1,062	1,421
Brady Bonds	2,173	1,482	1,385	1,287	1,190	1,190
Yen Bonds	345	391	655	949	959	960
Notes	—	—	810	1,010	400	400
Global Bonds	1,190	3,796	5,396	5,396	8,246	8,746
T-Bills	—	—	—	125	—	200
Total securities	3,708	6,021	8,760	9,682	11,857	12,917
Total	$16,525	$19,800	$21,992	$22,082	$25,340	$26,559(3)

Source: Bureau of the Treasury, Department of Finance

(1) Includes Government debt that is on-lent to Government-owned corporations and other public sector entities. Excludes debt guaranteed by the Government and debt originally guaranteed by other public sector entities for which the guarantee has been assumed by the Government. The table reflects debt of the Government only, and does not include any other public sector debt.

(2) Amounts in original currencies were converted to US dollars using the applicable Bangko Sentral reference exchange rates at the end of each period.

(3) The Government has incurred an aggregate of $925 million of external debt since March 31, 2003.

The following table sets forth, by designated currency and the equivalent amount in US dollars, the outstanding direct external debt of the Republic as of March 31, 2003.

SUMMARY OF OUTSTANDING DIRECT EXTERNAL DEBT BY THE REPUBLIC BY CURRENCY(1)
(as of March 31, 2003)

	Amount in Original Currency	Equivalent Amount in US dollars(2)	% of Total
	(in millions, except percentages)		
US Dollar	15,372	$15,372	57.87%
Japanese Yen	1,021,747	8,532	32.12
European Currency Unit	1,214	1,309	4.93
Special Drawing Right	700	954	3.59
French Franc	812	134	0.50
Austrian Schilling	1,213	95	0.36
Deutsche Mark	121	66	0.25
Pound Sterling	13	20	0.07
Swiss Franc	45	33	0.12
Belgian Franc	716	19	0.07
Danish Krone	57	8	0.03
Kuwait Dinar	2	6	0.02
Korean Won	4,097	3	0.01
Italian Lire	8,718	5	0.02
Swedish Krona	18	2	0.01
Canadian Dollar	2	1	0.01
Total		$25,340(3)	100.00%

Source: Bureau of the Treasury, Department of Finance.

(1) Includes Government debt that is on-lent to Government-owned corporations and other public sector entities. Excludes debt guaranteed by the Government and debt originally guaranteed by other public sector entities for which the guarantee has been assumed by the Government. The table reflects debt of the Government only, and does not include any other public sector debt.

(2) Amounts in original currencies were converted to US dollars using the applicable Bangko Sentral reference exchange rates as of March 31, 2003.

(3) The Government has incurred an aggregate of $925 million of external debt since March 31, 2003.

The following table sets forth the direct external debt service requirements of the Republic for the years indicated.

DIRECT EXTERNAL DEBT SERVICE REQUIREMENTS OF THE REPUBLIC[1][2]

Year	Principal Repayments	Interest Payments	Total
		(in millions)	
1998	$ 907	$ 584	$1,491
1999	933	778	1,711
2000	831	947	1,778
2001	887	1,209	2,095
2002	1,718	1,243	2,961
2003[3]	1,698	1,501	3,199
2004[3]	1,788	1,583	3,371
2005[3]	1,811	1,646	3,457
2006[3]	1,671	1,658	3,329
2007[3]	1,345	1,660	3,005

Source: Bureau of the Treasury, Department of Finance.

(1) Excludes debt service in respect of Government debt that is on-lent to Government-owned corporations and other public sector entities or guaranteed by the Government, other than debt originally guaranteed by other public sector entities for which the guarantee has been assumed by the Government. The table reflects debt of the Government only, and does not include any other public sector debt.

(2) For 1997 through 2002, amounts in original currencies were converted to US dollars using the applicable Bangko Sentral reference exchange rates prevailing on the date of payment. For 2003 through 2007, amounts in original currencies were converted to US dollars using the applicable Bangko Sentral reference exchange rates as of February 19, 2003.

(3) Projected, based on debt outstanding as of December 31, 2002.

Government Guaranteed Debt. The following table sets forth all Republic guarantees of indebtedness, including guarantees assumed by the Government, as of the dates indicated.

SUMMARY OF OUTSTANDING GUARANTEES OF THE REPUBLIC[1][2]

	As of December 31,					As of March 31,	
	1998	1999	2000	2001	2002	2003	
				(in millions)			
Domestic	₱8,677	₱8,320	₱12,451	₱23,167	₱19,070	₱21,037	$ 393
External	$7,568	$8,908	$ 9,402	$ 9,177	$10,757	$11,043	$11,043
Total							$11,436

Source: Bureau of the Treasury, Department of Finance.

(1) Includes debt originally guaranteed by the Government and debt guaranteed by other public sector entities for which the guarantee has been assumed by the Government.

(2) Amounts in original currencies were converted to US dollars or pesos, as applicable, using Bangko Sentral's reference exchange rates at the end of each period.

Payment History of Foreign Debt. In early 1985 and in 1987, the Government rescheduled principal maturities of most medium- and long-term liabilities owed to commercial bank creditors falling due between October 1983 and December 1992. The Philippines normalized its relationship with foreign bank creditors in 1992 after issuing Brady Bonds in exchange for its commercial bank debt.

The Philippines rescheduled portions of its obligations to official creditors, such as foreign Governments and their export credit agencies, five times between 1984 and 1994 as follows.

Date of Rescheduling Agreement	Rescheduled Amount	New Maturity (From Date of Rescheduling Agreement)	Grace Period
December 1984	$896 million	10 years	5 years
January 1987	$ 1.1 billion	10 years	5.5 years
May 1989	$ 1.8 billion	8.5 years	5 years
June 1991	$ 1.5 billion	15-20 years	6.5 years
July 1994*	$498 million	15-20 years	8-10 years

* Not implemented. See discussion in following paragraph.

In December 1994, the Government decided not to avail itself of the July 1994 rescheduling agreement to accelerate the country's graduation from rescheduling country status. As of June 30, 1999, the Republic's rescheduled obligations with its bilateral creditors amounted to $2.2 billion, with Japan at $1.2 billion and the United States at $506 million having the largest exposures.

In addition to debt restructuring, the Republic has engaged in debt buyback, debt-to-equity, debt-for-debt, debt-for-nature and other debt reduction arrangements to reduce its debt by at least $6 billion. The Republic intends to maintain various efforts to manage its debt portfolio to improve yield and maturity profiles. The Republic may utilize proceeds from debt issues for the purpose of repurchasing outstanding debt through a variety of methods, including public auctions and repurchases of debt securities in the open markets.

While there have been a number of reschedulings of the Republic's debt to its bilateral creditors in the past few years, the Republic has not defaulted on, and has not attempted to restructure, the payment of principal or interest on any of its external securities in the last 20 years.

Brady Bonds. In 1992, the Philippines issued approximately $3.3 billion of Brady Bonds, maturing between 2007 and 2018, in exchange for commercial bank debt, and secured, as to repayment of principal at stated maturity, $1.9 billion of the bonds with zero-coupon bonds purchased by the Republic in the open market. As of year-end 1997, cash and short-term investment grade securities deposited with the Federal Reserve Bank of New York, as collateral agent, secured the payment of approximately 12 to 14 months of interest on $1.6 billion of the Brady Bonds.

In October 1996, the Government exchanged $6.5 million of Series A Principal Collateralized Interest Reduction Bonds due 2018 and approximately $628 million of Series B Principal Collateralized Interest Reduction Bonds due 2017 for $551 million of its $690 million 8.75% Bonds due 2016. After the exchange, approximately $2.3 billion of the Brady Bonds remained outstanding. The exchange generated significant savings in debt service and the release of the US Treasury securities held as collateral with respect to the exchanged bonds and established a liquid and long-term sovereign benchmark extending the maturity of the Philippine debt profile. The exchange resulted in the redemption, at a discount, of approximately $635 million of Brady Bonds. In addition, the Brady Bond exchange freed more than $124 million in cash from the collateral released in the retirement of the Brady Bonds.

In October 1999, the Government exchanged approximately $401 million of its Principal Collateralized Interest Reduction Bonds, $165 million of its Interest Reduction Bonds and $54 million of its Floating Rate Debt Conversion Bonds for approximately $544 million of 9.50% Global Bonds due 2024. After the exchange, approximately $1.5 billion of the Brady Bonds remained outstanding. Similar to the October 1996 exchange, this exchange generated significant savings in debt service and the release of the US Treasury securities held as collateral with respect to the exchanged bonds and established a sovereign benchmark extending the maturity of the Philippine debt profile. The exchange freed approximately $149 million in cash from the collateral released in the retirement of the Brady Bonds.

The following table sets out the foreign currency bonds issued by the Republic.

FOREIGN CURRENCY BONDS ISSUED BY THE REPUBLIC

	Outstanding Balance as of Issue Date	Outstanding Balance as of March 31, 2003
	(in millions)	
Brady Bonds[1]		
Interest Reduction Bonds	$ 757	$ 250
Principal Collateralized Interest Reduction Bonds	1,894	583
Debt Conversion Bonds	697	357
Total	$ 3,348	$ 1,190
Japanese Yen Bonds[2]		
Fifth Series	84	—
Sixth Series	251	251
Seventh Series	292	292
Shibosai Series A	418	418
Total	$ 1,044	$ 960
Notes	1,010	400
Global bonds	8,746	8,746
Eurobonds[2]	1,421	1,421
T-Bills	325	200
Total foreign bonds	$15,894	$12,917[3]

Source: Bureau of the Treasury, Department of Finance.

(1) The difference between the amount of the Brady Bonds originally issued and the amount currently outstanding represents repurchases of such Bonds by the Republic in the secondary market (or their acquisition in connection with debt for equity and similar transactions), the 1998 Brady Bond exchange, the cancellation of such acquired Bonds and principal repayments.

(2) Yen and Euro denominated bonds were converted to US dollars using Bangko Sentral's reference exchange rate as of March 31, 2003.

(3) The Government has incurred an aggregate of $925 million of external debt since March 31, 2003.

DESCRIPTION OF THE SECURITIES

Description of the Debt Securities

The Philippines may issue debt securities in separate series at various times. The description below summarizes the material provisions of the debt securities that are common to all series and the Fiscal Agency Agreement. Each series of the debt securities will be issued pursuant to a fiscal agency agreement (each, as applicable to a series of debt securities, the "Fiscal Agency Agreement"). Since it is only a summary, the description may not contain all of the information that is important to you as a potential investor in the debt securities. Therefore, the Philippines urges you to read the form of the Fiscal Agency Agreement and the form of global bond before deciding whether to invest in the debt securities. The Philippines has filed a copy of these documents with the Securities and Exchange Commission as exhibits to the registration statement of which this prospectus is a part. You should refer to such exhibits for more complete information.

The financial terms and other specific terms of your debt securities are described in the prospectus supplement relating to your debt securities. The description in the prospectus supplement will supplement this description or, to the extent inconsistent with this description, replace it.

You can find the definitions of certain capitalized terms in the subsection titled "Glossary of Certain Defined Terms" located at the end of this section.

General Terms of the Bonds

The prospectus supplement that relates to your debt securities will specify the following terms:

- The aggregate principal amount and the designation;
- The currency or currencies or composite currencies of denomination and payment;
- Any limitation on principal amount and authorized denominations;
- The percentage of their principal amount at which the debt securities will be issued;
- The maturity date or dates;
- The interest rate or rates, if any, for the debt securities and, if variable, the method by which the interest rate or rates will be calculated;
- Whether any amount payable in respect of the debt securities will be determined based on an index or formula, and how any such amount will be determined;
- The dates from which interest, if any, will accrue for payment of interest and the record dates for any such interest payments;
- Where and how the Philippines will pay principal and interest;
- Whether and in what circumstances the debt securities may be redeemed before maturity;
- Any sinking fund or similar provision;
- Whether any part or all of the debt securities will be in the form of a global security and the circumstances in which a global security is exchangeable for certificated securities;
- If issued in certificated form, whether the debt securities will be in bearer form with interest coupons, if any, or in registered form without interest coupons, or both forms, and any restrictions on exchanges from one form to the other; and

If the Philippines issues debt securities at an original issue discount, in bearer form or payable in a currency other than the US dollar, the prospectus supplement relating to the debt securities will also describe applicable US federal income tax and other considerations additional to the disclosure in this prospectus.

Payments of Principal, Premium and Interest

On every payment date specified in the relevant prospectus supplement, the Philippines will pay the principal, premium and/or interest due on that date to the registered holder of the relevant debt security at the close of business on the related record date. The record date will be specified in the applicable prospectus supplement. The Philippines will make all payments at the place and in the currency set out in the prospectus supplement. Unless otherwise specified in the relevant prospectus supplement or the debt securities, the Philippines will make payments in US dollars at the New York office of the fiscal agent or, outside the United States, at the office of any paying agent. Unless otherwise specified in the applicable prospectus supplement, the Philippines will pay interest by check, payable to the registered holder.

If the relevant debt security has joint holders, the check will be payable to all of them or to the person designated by the joint holders at least three business days before payment. The Philippines will mail the check to the address of the registered holder in the bond register and, in the case of joint holders, to the address of the joint holder named first in the bond register.

The Philippines will make any payment on debt securities in bearer form at the designated offices or agencies of the fiscal agent, or any other paying agent, outside of the United States. At the option of the holder of debt securities, the Philippines will pay by check or by transfer to an account maintained by the payee with a bank located outside of the United States. The Philippines will not make payments on bearer securities at the corporate trust office of the fiscal agent in the United States or at any other paying agency in the United States. In addition, the Philippines will not make any payment by mail to an address in the United States or by transfer to an account with a bank in the United States, Nevertheless, the Philippines will make payments on a bearer security denominated and payable in US dollars at an office or agency in the United States if:

- payment outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and
- the payment is then permitted under United States law, without material adverse consequences to the Philippines.

If the Philippines issues bearer securities, it will designate the offices of at least one paying agent outside the United States as the location for payment.

Repayment of Funds; Prescription

If no one claims money paid by the Philippines to the fiscal agent for the payment of principal or interest for two years after the payment was due and payable, the fiscal agent or paying agent will repay the money to the Philippines. After such repayment, the fiscal agent or paying agent will not be liable with respect to the amounts so repaid. However, the Philippines' obligations to pay the principal of, and interest on, the debt securities as they become due will not be affected by such repayment.

You will not be permitted to submit a claim to the Philippines for payment of principal or interest on any series of debt securities unless made within ten years, in the case of principal, and five years, in the case of interest, from the date on which payment was due.

Global Securities

The prospectus supplement relating to a series of debt securities will indicate whether any of that series of debt securities will be represented by a global security. The prospectus supplement will also describe any unique specific terms of the depositary arrangement with respect to that series. Unless otherwise specified in the prospectus supplement, the Philippines anticipates that the following provisions will apply to depositary arrangements.

Registered Ownership of the Global Security. The global security will be registered in the name of a depositary identified in the prospectus supplement, or its nominee, and will be deposited with the depositary, its nominee or a custodian. The depositary, or its nominee, will therefore be considered the sole owner or holder of debt securities represented by the global security for all purposes under the Fiscal Agency Agreement. Except as specified below or in the applicable prospectus supplement, beneficial owners:

- will not be entitled to have any of the debt securities represented by the global security registered in their names;
- will not receive physical delivery of any debt securities in definitive form;
- will not be considered the owners or holders of the debt securities;
- must rely on the procedures of the depositary and, if applicable, any participants (institutions that have accounts with the depositary or a nominee of the depositary, such as securities brokers and dealers) to exercise any rights of a holder of the debt securities; and
- will receive payments of principal and interest from the depositary or its participants rather than directly from the Philippines.

The Philippines understands that, under existing industry practice, the depositary and participants will allow beneficial owners to take all actions required of, and exercise all rights granted to, the registered holders of the debt securities.

The Philippines will issue certificated securities and register debt securities in the name of a person other than the depositary or its nominee only if:

- the depositary for a series of debt securities is unwilling or unable to continue as depositary or ceases to be a clearing agency registered under the Securities Exchange Act of 1934 and the Philippines does not appoint a successor depositary within 90 days;
- the Philippines determines, in its sole discretion, not to have a series of debt securities represented by a global security; or
- a default occurs that entitles the holders of the debt securities to accelerate the maturity date and such default has not been cured.

In these circumstances, an owner of a beneficial interest in a global security will be entitled to registration of a principal amount of debt securities equal to its beneficial interest in its name and to physical delivery of the debt securities in definitive form. Definitive debt securities in bearer form will not be issued in respect of a global security in registered form.

Beneficial Interests in and Payments on a Global Security. Only participants, and persons that may hold beneficial interests through participants, can own a beneficial interest in the global security. The depositary keeps records of the ownership and transfer of beneficial interests in the global security by its participants. In turn, participants keep records of the ownership and transfer of beneficial interests in the global security by other persons (such as their customers). No other records of the ownership and transfer of beneficial interests in the global security will be kept.

All payments on a global security will be made to the depositary or its nominee. When the depositary receives payment of principal or interest on the global security, the Philippines expects the depositary to credit its participants' accounts with amounts that correspond to their respective beneficial interests in the global security. The Philippines also expects that, after the participants' accounts are credited, the participants will credit the accounts of the owners of beneficial interests in the global security with amounts that correspond to the owners' respective beneficial interests in the global security.

The depositary and its participants establish policies and procedures governing payments, transfers, exchanges and other important matters that affect owners of beneficial interests in a global security. The depositary and its participants may change these policies and procedures from time to time. The Philippines has no responsibility or liability for the records of ownership of beneficial interests in the global security, or for payments made or not made to owners of such beneficial interests. The Philippines also has no responsibility or liability for any aspect of the relationship between the depositary and its participants or for any aspect of the relationship between participants and owners of beneficial interests in the global security.

Bearer Securities. The Philippines may issue debt securities of a series in the form of one or more bearer global debt securities deposited with a common depositary for the Euroclear System and Clearstream Banking, société anonyme, or with a nominee identified in the applicable Prospectus Supplement. The specific terms and procedures, including the specific terms of the depositary arrangement, with respect to any portion of a series of debt securities to be represented by a bearer global security will be described in the applicable Prospectus Supplement.

Additional Amounts

The Philippines will make all payments on the debt securities without withholding or deducting any present or future taxes imposed by the Philippines or any of its political subdivisions, unless required by law. If Philippine law requires the Philippines to deduct or withhold taxes, it will pay the holders of the debt securities such additional amounts as are necessary to ensure that they receive the same amount as they would have received without such withholding or deduction.

The Philippines will not pay, however, any additional amounts if the holder of the debt securities is liable for Philippine tax because:

- the holder of the debt securities is connected with the Philippines other than by merely owning the debt security or receiving income or payments on the bond; or
- the holder of the debt securities failed to comply with any reasonable certification, identification or other reporting requirement concerning the holder's nationality, residence, identity or connection with the Philippines, if compliance with such requirement is required by any statute or regulation of the Philippines as a precondition to exemption from withholding or deduction of taxes; or
- the holder of the debt securities failed to present its debt security for payment within 30 days of when the payment is due or when the Philippines makes available to the holder of the debt securities or the relevant fiscal or paying agent a payment of principal or interest, whichever is later. Nevertheless, the Philippines will pay additional amounts to the extent the holder would have been entitled to such amounts had it presented its debt security for payment on the last day of the 30 day period.

Status of Bonds

While outstanding, the debt securities will:

- constitute direct, unconditional and unsecured obligations of the Philippines;
- rank at least equally in right of payment with all of the Philippines' other unsecured and unsubordinated External Indebtedness, except as described below; and
- continue to be backed by the full faith and credit of the Philippines.

Under Philippine law, unsecured debt (including guarantees of debt) of a borrower in insolvency or liquidation that is documented by a public instrument, as provided in Article 2244(14) of the Civil Code of the Philippines, ranks ahead of unsecured debt that is not so documented. Debt is treated as documented by a public instrument if it is acknowledged before a notary or any person authorized to administer oaths in the Philippines. The Government maintains that debt of the Philippines is not subject to the preferences granted under Article 2244(14) or cannot be documented by a public instrument without acknowledgment of the Philippines as debtor. The Philippine courts have never addressed this matter, however, and it is uncertain whether a document evidencing the Philippines' Peso or non-Peso denominated debt (including External Indebtedness), notarized without the Philippines' participation, would be considered documented by a public instrument. If such debt were considered documented by a public instrument, it would rank ahead of the debt securities if the Philippines could not meet its debt obligations.

The Philippines has represented that it has not prepared, executed or filed any public instrument, as provided in Article 2244(14) of the Civil Code of the Philippines, relating to any External Indebtedness. It also has not consented or assisted in the preparation or filing of any such public instrument. The Philippines also agreed that it will not create any preference or priority in respect of any External Public Indebtedness pursuant to Article 2244(14) of the Civil Code of the Philippines unless its grants equal and ratable preference or priority to amounts payable under the debt securities.

Negative Pledge Covenant

If any debt securities are outstanding, the Philippines will not create or permit any Liens on its assets or revenues as security for any of its External Public Indebtedness, unless the Lien also secures the Philippines' obligations under the debt securities. In addition, the Philippines will not create any preference or priority for any of its External Public Indebtedness pursuant to Article 2244(14) of the Civil Code of the Philippines, or any successor law, unless it grants equal and ratable preference or priority to amounts due under the debt securities.

The Philippines may create or permit a Lien:

- on any property or asset (or any interest in such property or asset) incurred when the property or asset was purchased, improved, constructed, developed or redeveloped to secure payment of the cost of the activity;
- securing Refinanced External Public Indebtedness;
- arising out of the extension, renewal or replacement of any External Public Indebtedness that is permitted to be subject to a lien pursuant to either of the previous two bullet points, as long as the principal amount of the External Public Indebtedness so secured is not increased;
- arising in the ordinary course of banking transactions to secure External Public Indebtedness with a maturity not exceeding one year;
- existing on any property or asset at the time it was purchased, or arising after the acquisition under a contract entered into before and not in contemplation of the acquisition, and any extension and renewal of that Lien which is limited to the original property or asset and secures any extension or renewal of the original secured financing;
- that:

  (A) arises pursuant to any legal process in connection with court proceedings so long as the enforcement of the lien is stayed and the Philippines is contesting the claims secured in good faith; or

  (B) secures the reimbursement obligation under any surety given in connection with the release of any lien referred to in (A) above;

  if it is released or discharged within one year of imposition; or
- arising by operation of law, provided that any such Lien is not created or permitted to be created by the Philippines for the purpose of securing any External Public Indebtedness

The international reserves of Bangko Sentral represent substantially all of the official gross international reserves of the Philippines. Because Bangko Sentral is an independent entity, the Philippines and Bangko Sentral believe that the debt securities' negative pledge covenant does not apply to Bangko Sentral's international reserves. Bangko Sentral could therefore incur External Indebtedness secured by international reserves without securing amounts payable under the debt securities.

Events of Default

Each of the following constitutes an event of default with respect to any series of debt securities:

1. ***Non-Payment:*** the Philippines does not pay principal or interest on any debt securities of such series when due and such failure continues for 30 days;

2. ***Breach of Other Obligations:*** the Philippines fails to observe or perform any of the covenants in the series of debt securities (other than non-payment) for 60 days after written notice of the default is

delivered by any holder of debt securities to the Philippines at the corporate trust office of the fiscal agent in New York City;

3. ***Cross Default and Cross Acceleration:***

(a) the Philippines fails to make a payment of principal, premium, prepayment charge or interest when due on any External Public Indebtedness with a principal amount equal to or greater than $25,000,000 or its equivalent, and this failure continues beyond the applicable grace period; or

(b) any External Public Indebtedness of the Philippines or the central monetary authority in principal amount equal to or greater than $25,000,000 is accelerated, other than by optional or mandatory prepayment or redemption;

For purposes of this event of default, the US dollar equivalent for non-US dollar debt will be computed using the middle spot rate for the relevant currency against the US dollar as quoted by The Chase Manhattan Bank on the date of determination.

4. ***Moratorium:*** the Philippines declares a general moratorium on the payment of its or the central monetary authority's External Indebtedness;

5. ***Validity:***

(a) the Philippines, or any governmental body with the legal power and authority to declare such series of debt securities and the related Fiscal Agency Agreement invalid or unenforceable, challenges the validity of such series of debt securities or the related Fiscal Agency Agreement;

(b) the Philippines denies any of its obligations under such series of debt securities or the related Fiscal Agency Agreement; or

(c) any legislative executive, or constitutional measure or final judicial decision renders any material provision of such series of debt securities or the related Fiscal Agency Agreement invalid or unenforceable or prevents or delays the performance of the Philippines' obligations under such series of debt securities or the related Fiscal Agency Agreement;

6. ***Failure of Authorizations:*** any legislative, executive or constitutional authorization necessary for the Philippines to perform its material obligations under the series of debt securities or the related Fiscal Agency Agreement ceases to be in full force and effect or is modified in a manner materially prejudicial to the holders of the debt securities;

7. ***Control of Assets:*** The Philippines or the central monetary authority does not at all times exercise full control over the Philippines' International Monetary Assets; or

8. ***IMF Membership:*** The Philippines ceases to be a member of the IMF or losses its eligibility to use the general resources of the IMF.

The events described in paragraphs 2, 4, 5 and 6 will be events of default only if they materially prejudice the interests of holders of the debt securities.

If any of the above events of default occurs and is continuing, holders of the debt securities representing at least 25% in principal amount of the debt securities of that series then outstanding may declare all of the debt securities of the series to be due and payable immediately by written notice to the Philippines and the fiscal agent. In the case of an event of default described in paragraphs 1 or 4 above, any holder of the debt securities may declare the principal amount of debt securities that it holds to be immediately due and payable by written notice to the Philippines and the fiscal agent.

Investors should note that:

- despite the procedure described above, no debt securities may be declared due and payable if the Philippines cures the applicable event of default before it receives the written notice from the holder of the debt securities;

- the Philippines is not required to provide periodic evidence of the absence of defaults; and
- the Fiscal Agency Agreement does not require the Philippines to notify holders of the debt securities of an event of default or grant any holder of the debt securities a right to examine the bond register.

Modifications and Amendments; Bondholders' Meetings

Each holder of a series of debt securities must consent to any amendment or modification of the terms of that series of debt securities or the Fiscal Agency Agreement that would:

- change the stated maturity of the principal of the debt securities or any installment of interest;
- reduce the principal amount of such series of debt securities or the portion of the principal amount payable upon acceleration of such debt securities;
- change the debt securities' interest rate;
- change the currency of payment of principal or interest;
- change the obligation of the Philippines to pay additional amounts on account of withholding taxes or deductions; or
- reduce the percentage of the outstanding principal amount needed to modify or amend the related Fiscal Agency Agreement or the terms of such series of debt securities.

With respect to other types of amendment or modification, the Philippines may, with the consent of the holders of at least a majority in principal amount of the debt securities of a series that are outstanding, modify and amend that series of debt securities or, to the extent the modification or amendment affects that series of debt securities, the Fiscal Agency Agreement.

The Philippines may at any time call a meeting of the holders of a series of debt securities to seek the holders' approval of the modification, or amendment, or obtain a waiver, of any provision of that series of debt securities. The meeting will be held at the time and place in the Borough of Manhattan in New York City as determined by the Philippines. The notice calling the meeting must be given at least 30 days and not more than 60 days prior to the meeting.

While an event of default with respect to a series of debt securities is continuing, holders of at least 10% of the aggregate principal amount of that series of debt securities may compel the fiscal agent to call a meeting of all holders of debt securities of that series.

The Persons entitled to vote a majority in principal amount of the debt securities of the series that are outstanding at the time will constitute a quorum at a meeting of the holders of the debt securities. To vote at a meeting, a person must either hold outstanding debt securities of the relevant series or be duly appointed as a proxy for a holder of the debt securities. The fiscal agent will make all rules governing the conduct of any meeting.

The Fiscal Agency Agreement and a series of debt securities may be modified or amended, without the consent of the holders of the debt securities, to:

- add covenants of the Philippines that benefit holders of the debt securities;
- surrender any right or power given to the Philippines;
- secure the debt securities;
- cure any ambiguity or correct or supplement any defective provision in the Fiscal Agency Agreement or the debt securities, without materially and adversely affecting the interests of the holders of the debt securities.

Replacement of Debt Securities

If a debt security becomes mutilated, defaced, destroyed, lost or stolen, the Philippines may issue, and the fiscal agent will authenticate and deliver, a substitute debt security. The Philippines and the fiscal agent will require proof of any claim that a debt security was destroyed, lost or stolen.

The applicant for a substitute debt security must indemnify the Philippines, the fiscal agent and any other agent for any losses they may suffer relating to the debt security that was destroyed, lost or stolen. The applicant will be required to pay all expenses and reasonable charges associated with the replacement of the mutilated, defaced, destroyed, lost or stolen debt security.

Fiscal Agent

The Philippines will appoint a fiscal agent or agents in connection each series of the debt securities whose duties would be governed by the related Fiscal Agency Agreement. Different fiscal agents may be appointed for different series of debt securities. The Philippines may maintain bank accounts and a banking relationship with each fiscal agent. Each fiscal agent is the agent of the Philippines and does not act as a trustee for the holders of the debt securities.

Notices

All notices will be mailed to the registered holders of a series of debt securities. If a depositary is the registered holder of global securities, each beneficial holder must rely on the procedures of the depositary and its participants to receive notices, subject to any statutory or regulatory requirements.

If the Philippines lists a series of debt securities on the Luxembourg Stock Exchange, and the rules of that exchange so require, all notices to holders of that series of debt securities will be published in a daily newspaper of general circulation in Luxembourg. The Philippines expects that the Luxemburger Wort will be the newspaper. If notice cannot be published in an appropriate newspaper, notice will be considered validly given if made pursuant to the rules of the Luxembourg Stock Exchange.

Governing Law

The Fiscal Agency Agreement and the debt securities will be governed by the laws of the State of New York without regard to any principles of New York law requiring the application of the laws of another jurisdiction. Nevertheless, all matters governing the authorization, execution and delivery of the debt securities and the Fiscal Agency Agreement by the Philippines will be governed by the laws of the Philippines.

Further Issues of Debt Securities

The Philippines may, without the consent of the holders of the debt securities, create and issue additional debt securities with the same terms and conditions as any series of bonds (or that are the same in all respects except for the amount of the first interest payment and for the interest paid on the series of debt securities prior to the issuance of the additional debt securities). The Philippines may consolidate such additional debt securities with the outstanding debt securities to form a single series. Any further Debt Securities forming a single series with the outstanding Debt Securities of any series constituted by a Fiscal Agency Agreement shall be constituted by an agreement supplemental to such relevant Fiscal Agency Agreement.

Jurisdiction and Enforceability

The Philippines is a foreign sovereign government and your ability to collect on judgments of US courts against the Philippines may be limited.

The Philippines will irrevocably appoint the Philippine Counsel General in New York, New York as its authorized agent to receive service of process in any suit based on any series of debt securities which any holder of the debt securities may bring in any state or federal court in New York City. The Philippines submits to the jurisdiction of any state or federal court in New York City or any competent court in the Philippines in such action. The Philippines waives, to the extent permitted by law, any objection to proceedings in such courts. The Philippines also waives irrevocably any immunity from jurisdiction to which it might otherwise be entitled in any suit based on any series of debt securities.

Because of its waiver of immunity, the Philippines would be subject to suit in competent courts in the Philippines. Judgments against the Philippines in state or federal court in New York City would be recognized and enforced by the courts of the Philippines in any enforcement action without re-examining the issues if:

- such judgment were not obtained by collusion or fraud;
- the foreign court rendering such judgment had jurisdiction over the case;
- the Philippines had proper notice of the proceedings before the foreign court; and
- such judgment were not based upon a clear mistake of law or fact.

Notwithstanding any of the above, the Philippine Counsel General is not the agent for receipt of service for suits under the US federal or state securities laws, and the Philippines' waiver of immunity does not extend to those actions. In addition, the Philippines does not waive immunity relating to its:

- properties and assets used by a diplomatic or consular mission;
- properties and assets under the control of its military authority or defense agency; and
- properties and assets located in the Philippines and dedicated to a public or Governmental use.

If you bring a suit against the Philippines under federal or state securities laws, unless the Philippines waives immunity, you would be able to obtain a United States judgment against the Philippines only if a court determined that the Philippines is not entitled to sovereign immunity under the United States Foreign Sovereign Immunities Act. Even if you obtained a United States judgment in any such suit, you may not be able to enforce the judgment in the Philippines. Moreover, you may not be able to enforce a judgment obtained under the Foreign Sovereign Immunities Act against the Philippines' property located in the United States except under the limited circumstances specified in the act.

Glossary of Certain Defined Terms

Certain definitions used in the Fiscal Agency Agreement are set forth below. For a full explanation of all of these terms or any capitalized terms used in this section you should refer to the Fiscal Agency Agreement.

"External Indebtedness" means Indebtedness denominated or payable by its terms, or at the option of the holder, in a currency or currencies other than that of the Philippines.

"External Public Indebtedness" means any External Indebtedness in the form of bonds, debentures, notes or other similar instruments or other securities which is, or is eligible to be, quoted, listed or ordinarily purchased and sold on any stock exchange, automated trading system or over-the-counter or other securities market.

"Indebtedness" means any indebtedness for money borrowed or any guarantee of indebtedness for money borrowed.

"International Monetary Assets" means all (i) gold, (ii) Special Drawing Rights, (iii) Reserve Positions in the Fund and (iv) Foreign Exchange.

"Lien" means any mortgage, deed of trust, charge, pledge, lien or other encumbrance or preferential arrangement which has the practical effect of constituting a security interest.

"Refinanced External Public Indebtedness" means the US$130,760,000 Series A Interest Reduction Bonds due 2007 issued by the Republic on December 1, 1992, the US$626,616,000 Series B Interest Reduction Bonds due 2008 issued by the Republic on December 1, 1992, the US$153,490,000 Series A Principal Collateralized Interest Reduction Bonds due 2018 issued by the Republic on December 1, 1992 and the US$1,740,600,000 Series B Collateralized Interest Reduction Bonds due 2017 issued by the Republic on December 1, 1992.

"Special Drawing Rights," "Reserve Positions in the Fund" and "Foreign Exchange", have, as to the type of assets included, the meanings given to them in the IMF's publication entitled "International Financial Statistics" or any other meaning formally adopted by the IMF from time to time.

Description of the Warrants

The description below summarizes some of the provisions of warrants for the purchase of bonds that the Republic may issue from time to time and of the Warrant Agreement. Copies of the forms of warrants and the Warrant Agreement are or will be filed as exhibits to the registration statement of which this prospectus is a part. Since it is only a summary, the description may not contain all of the information that is important to you as a potential investor in the warrants.

The description of the warrants that will be contained in the prospectus supplement will supplement this description and, to the extent inconsistent with this description, replace it.

General Terms of the Warrants

Each series of warrants will be issued under a warrant agreement to be entered into between the Republic and a bank or trust company, as warrant agent. The prospectus supplement relating to the series of warrants will set forth:

- The terms of the bonds purchasable upon exercise of the warrants, as described above under "Description of Bonds — General Terms of the Bonds";
- The principal amount of bonds purchasable upon exercise of one warrant and the exercise price;
- The procedures and conditions for the exercise of the warrants;
- The dates on which the right to exercise the warrants begins and expires;
- Whether and under what conditions the warrants and any bonds issued with the warrants will be separately transferable;
- Whether the warrants will be issued in certificated or global form and, if in global form, information with respect to applicable depositary arrangements;
- If issued in certificated form, whether the warrants will be issued in registered or bearer form, whether they will be exchangeable between such forms, and, if issued in registered form, where they may be transferred and registered; and
- Other specific provisions.

The warrants will be subject to the provisions set forth under "Description of the Securities — Description of the Debt Securities," "— Governing Law" and "— Jurisdiction and Enforceability".

Limitations on Issuance of Bearer Debt Securities

Bearer securities will not be offered, sold or delivered in the United States or its possessions or to a United States person, except in certain circumstances permitted by United States tax regulations. Bearer securities will initially be represented by temporary global securities (without interest coupons) deposited with a common depositary in London for the Euroclear System and Cedel for credit to designated accounts. Unless otherwise indicated in the applicable Prospectus Supplement:

- each temporary global security will be exchangeable for definitive bearer securities on or after the date that is 40 days after issuance only upon receipt of certification of non-United States beneficial ownership of the temporary global security as provided in United States tax regulations, provided that no bearer security will be mailed or otherwise delivered to any location in the United States in connection with the exchange; and

- any interest payable on any portion of a temporary global security with respect to any interest payment date occurring prior to the issuance of definitive bearer securities will be paid only upon receipt of certification of non-United States beneficial ownership of the temporary global security as provided in United States tax regulations.

Bearer securities (other than temporary global debt securities) and any related coupons will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States federal income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code." The sections referred to in the legend provide that, with certain exceptions, a United States person who holds a bearer security, or coupon will not be allowed to deduct any loss realized on the disposition of the bearer security, and any gain (which might otherwise be characterized as capital gain) recognized on the disposition will be treated as ordinary income.

For purposes of this section, "United States person" means:

- an individual citizen or resident of the United States;
- a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if a United States court is able to exercise primary supervision over the trust's administration and one or more United States persons have the authority to control all of the trust's substantial decisions.

For purposes of this section, "United States" means United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

TAXATION

The following discussion summarizes certain Philippine and US federal income tax considerations that may be relevant to you if you invest in debt securities. This summary is based on laws, regulations, rulings and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary.

This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax advisor about the tax consequences of holding debt securities, including the relevance to your particular situation of the considerations discussed below, as well as of state, local or other tax laws.

Philippine Taxation

The following is a summary of certain Philippine tax consequences that may be relevant to non-Philippine holders of the global bonds in connection with the holding and disposition of the global bonds. The Republic uses the term "non-Philippine holders" to refer to (i) non-residents of the Philippines who are neither citizens of the Philippines nor are engaged in trade or business within the Philippines or (ii) non-Philippine corporations not engaged in trade or business in the Philippines.

This summary is based on Philippine laws, rules, and regulations now in effect, all of which are subject to change. It is not intended to constitute a complete analysis of the tax consequences under Philippine law of the receipt, ownership, or disposition of the global bonds, in each case by non-Philippine holders, nor to describe any of the tax consequences that may be applicable to residents of the Republic.

Effect of Holding Global Bonds. Payments by the Republic of principal of and interest on the global bonds to a non-Philippine holder will not subject such non-Philippine holder to taxation in the Philippines by reason solely of the holding of the global bonds or the receipt of principal or interest in respect thereof.

Taxation of Interest on the Global Bonds. When the Republic makes payments of principal and interest to you on the global bonds, no amount will be withheld from such payments for, or on account of, any taxes of any kind imposed, levied, withheld or assessed by the Philippines or any political subdivision or taxing authority thereof or therein.

Taxation of Capital Gains. Non-Philippine holders of the global bonds will not be subject to Philippine income or withholding tax in connection with the sale, exchange, or retirement of a global bond if such sale, exchange or retirement is made outside the Philippines or an exemption is available under an applicable tax treaty in force between the Philippines and the country of domicile of the non-Philippine holder.

Documentary Stamp Taxes. No documentary stamp tax is imposed upon the transfer of the global bonds. A documentary stamp tax is payable upon the issuance of the global bonds and will be for the account of the Republic.

Estate and Donor's Taxes. The transfer of a global bond by way of succession upon the death of a non-Philippine holder will be subject to Philippine estate tax at progressive rates ranging from 5% to 20% if the value of the net estate of properties located in the Philippines is over ₱200,000.

The transfer of a global bond by gift to an individual who is related to the nonresident holder will generally be subject to a Philippine donor's tax at progressive rates ranging from 2% to 15% if the value of the net gifts of properties located in the Philippines exceed ₱100,000 during the relevant calendar year. Gifts to unrelated donees are generally subject to tax at a flat rate of 30%. An unrelated donee is a person who is not a (i) brother, sister (whether by whole or half blood), spouse, ancestor, or lineal descendant or (ii) relative by consanguinity in the collateral line within the fourth degree of relationship.

The foregoing apply even if the holder is a nonresident holder. However, the Republic will not collect estate and donor's taxes on the transfer of the global bonds by gift or succession if the deceased at the time of death, or the donor at the time of donation, was a citizen and resident of a foreign country that provides certain reciprocal rights to citizens of the Philippines (a "Reciprocating Jurisdiction"). For these purposes, a

Reciprocating Jurisdiction is a foreign country which at the time of death or donation (i) did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country or (ii) allowed a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

United States Tax Considerations

The following discussion summarizes certain US federal income tax considerations that may be relevant to you if you invest in debt securities. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), applicable US Treasury Regulations, published rulings, administrative pronouncements, and court decisions in effect on the date of this prospectus, all of which are subject to change, possibly with retroactive effect. Any such change could affect the tax consequences described below. This summary deals only with US holders that hold debt securities as capital assets. It does not address considerations that may be relevant to you if you are an investor that is subject to special tax rules, such as a bank, thrift, real estate investment trust, regulated investment company, insurance company, dealer in securities or currencies, trader in securities or commodities that elects mark to market treatment, a person that will hold debt securities as a hedge against currency risk or as a position in a "straddle" or conversion transaction, tax exempt organization or a person whose "functional currency" is not the US dollar.

You will be a US holder if you are (i) an individual who is a citizen or resident of the United States, (ii) a corporation for US federal income tax purposes created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), (iii) an estate the income of which is subject to US federal income taxation regardless of its source or (iv) a trust if a court within the United States is able to execute primary supervision over its administration and one or more US persons have authority to control the substantial decisions of such trust. Notwithstanding the preceding sentence, to the extent provided in US Treasury Regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to such date, that elected to be treated as a United States person shall also be considered US Holders. If you are a partner in a partnership that holds debt securities, the tax consequences of an investment in debt securities will generally depend on the status of the partners and the activities of the partnership. If you are not a US holder, consult the discussions below under the captions "Non-US Holders" and "Information Reporting and Backup Withholding."

You should consult your own tax advisor concerning the particular US federal income tax consequences to you of ownership and disposition of debt securities, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

United States Holders

Payments or Accruals of Interest

Payments or accruals of "qualified stated interest" (as defined below) on a debt security will be taxable to you as ordinary interest income at the time that you receive or accrue such amounts (in accordance with your regular method of tax accounting). If you use the cash method of tax accounting and you receive payments of interest pursuant to the terms of a debt security in a currency other than US dollars (a "foreign currency"), the amount of interest income you will realize will be the US dollar value of the foreign currency payment based on the exchange rate in effect on the date you receive the payment regardless of whether you convert the payment into US dollars. If you are an accrual basis US holder, the amount of interest income you will realize will be based on the average exchange rate in effect during the interest accrual period (or with respect to an interest accrual period that spans two taxable years, at the average exchange rate for the partial period within the taxable year). Alternatively, as an accrual basis US holder, you may elect to translate all interest income on foreign currency denominated debt securities at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year, in the case of an accrual period that spans more than one taxable year) or on the date that you receive the interest payment if that date is within five business days of the end of the accrual period. If you make this election you must apply it consistently to all debt instruments from year to year and you cannot change the election without the consent of the Internal Revenue Service (the "IRS"). If you use the accrual method of accounting for tax purposes you will recognize foreign currency gain or loss on the receipt of a foreign currency interest payment if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. This foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the debt security.

Payments of interest on the debt securities will be treated as foreign source income for US federal income tax purposes. For US foreign tax credit purposes, interest on the debt securities will generally constitute "passive income," or in the case of certain US holders, "financial services income".

The Purchase, Sale and Retirement of Debt Securities

Initially, your tax basis in a debt security generally will equal the cost of the debt security to you. Your basis will increase by any amounts that you are required to include in income under the rules governing original issue discount and market discount, and will decrease by the amount of any amortized premium and any payments other than qualified stated interest made on the debt security. The rules for determining these amounts are discussed below. If you purchase a debt security that is denominated in a foreign currency, the cost to you (and therefore generally your initial tax basis) will be the US dollar value of the foreign currency purchase price on the date of purchase calculated at (i) the exchange rate in effect on that date or (ii) if the foreign currency debt security is traded on an established securities market and you are a cash basis taxpayer, or if you are an accrual basis taxpayer that makes a special election, the spot rate of exchange on the settlement date of your purchase. The amount of any subsequent adjustments to your tax basis in a debt security in respect of foreign currency denominated original issue discount, market discount and premium will be determined in the manner described below. If you convert US dollars into a foreign currency and then immediately use that foreign currency to purchase a debt security, you generally will not have any taxable gain or loss as a result of the conversion or purchase.

When you sell or exchange a debt security, or if a debt security is retired, you generally will recognize gain or loss equal to the difference between the amount you realize on the transaction (less any accrued but unpaid interest not previously included in income, which will be subject to tax in the manner described above under "Payments or Accruals of Interest") and your tax basis in the debt security. If you sell or exchange a debt security for a foreign currency, or receive foreign currency on the retirement of a debt security, the amount you will realize for US tax purposes generally will be the US dollar value of the foreign currency that you receive calculated at (i) the exchange rate in effect on the date the foreign currency debt security is disposed of or retired or (ii) if you dispose of a foreign currency debt security that is traded on an established securities market and you are a cash basis US holder, or if you are an accrual basis holder that makes a special election, the spot rate of exchange on the settlement date of the sale, exchange or retirement.

The special election available to you if you are an accrual basis taxpayer in respect of the purchase and sale of foreign currency debt securities traded on an established securities market, which is discussed in the two preceding paragraphs, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as discussed below with respect to market discount and foreign currency gain or loss, the gain or loss that you recognize on the sale, exchange or retirement of a debt security generally will be long-term capital gain or loss if you have held the debt security for more than one year. The Code provides preferential treatment under certain circumstances for net long-term capital gains recognized by individual non-corporate investors. Capital gain or loss, if any, recognized by a US holder generally will be treated as US source income or loss for US foreign tax credit purposes. The ability of US holders to offset capital losses against income is limited.

Despite the foregoing, the gain or loss that you recognize on the sale, exchange or retirement of a foreign currency debt security generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which you held the debt security. This foreign currency gain or loss will not be treated as an adjustment to interest income that you receive on the debt security.

Original Issue Discount

If the Republic issues debt securities at a discount from their stated redemption price at maturity, and the discount is equal to or more than the product of one-fourth of one percent (0.25%) of the stated redemption price at maturity of the debt securities multiplied by the number of full years to their maturity, the debt securities will be "OID debt securities". The difference between the issue price and the stated redemption price at maturity of the debt securities will be the "original issue discount" or "OID". The "issue price" of the debt securities will be the first price at which a substantial amount of the debt securities are sold to the public (*i.e.*, excluding sales of debt securities to underwriters, placement agents, wholesalers, or similar persons). The "stated redemption price at maturity" will include all payments under the debt securities other than payments of qualified stated interest. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments issued by the Republic) at least annually during the entire term of a debt security at a single fixed interest rate or, subject to certain conditions, based on one or more interest indices.

If you invest in OID debt securities you generally will be subject to the special tax accounting rules for OID obligations provided by the Code and certain US Treasury Regulations. You should be aware that, as described in greater detail below, if you invest in an OID debt security you generally will be required to include OID in ordinary gross income for US federal income tax purposes as it accrues, although you may not yet have received the cash attributable to that income.

In general, and regardless of whether you use the cash or the accrual method of tax accounting, if you are the holder of an OID debt security with a maturity greater than one year, you will be required to include in ordinary gross income the sum of the "daily portions" of OID on that debt security for all days during the taxable year that you own the debt security. The daily portions of OID on an OID debt security are determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that period. Accrual periods may be any length and may vary in length over the term of an OID debt security, so long as no accrual period is longer than one year and each scheduled payment of principal or interest occurs on the first or last day of an accrual period. If you are the initial holder of the debt security, the amount of OID on an OID debt security allocable to each accrual period is determined by:

(i) multiplying the "adjusted issue price" (as defined below) of the debt security at the beginning of the accrual period by a fraction, the numerator of which is the annual yield to maturity of the debt security and the denominator of which is the number of accrual periods in a year; and

(ii) subtracting from that product the amount (if any) of qualified stated interest payments allocable to that accrual period.

An OID debt security that is a floating rate debt security will be subject to special rules. Generally, if a floating rate debt security qualifies as a "variable rate debt instrument" (as defined in applicable US Treasury Regulations), then (i) all stated interest with respect to such floating rate debt security will be qualified stated interest and hence included in a US holder's income in accordance with such US holder's normal method of accounting for US federal income tax purposes, and (ii) the amount of OID, if any, will be determined under the general OID rules (as described above) by assuming that the variable rate is a fixed rate equal, in general, to the value, as of the issue date, of the floating rate.

If a floating rate debt security does not qualify as a "variable rate debt instrument", such floating rate debt security will be classified as a contingent payment debt instrument and will be subject to special rules for calculating the accrual of stated interest and original issue discount.

Any special considerations with respect to the tax consequences of holding a floating rate debt security will be provided in the applicable prospectus supplement.

The "adjusted issue price" of an OID debt security at the beginning of any accrual period will generally be the sum of its issue price (including any accrued interest) and the amount of OID previously includable in the gross income of the holder, reduced by the amount of all payments other than any qualified stated interest payments on the debt security in all prior accrual periods. All payments on an OID debt security, other than qualified stated interest, generally will be viewed first as payments of previously accrued OID (to the extent of the previously accrued discount), with payments considered made from the earliest accrual periods first, and then as a payment of principal. The "annual yield to maturity" of a debt security is the discount rate (appropriately adjusted to reflect the length of accrual periods) that causes the present value on the issue date of all payments on the debt security to equal the issue price. As a result of this "constant yield" method of including OID income, you will generally be required to include in your gross income increasingly greater amounts of OID over the life of OID debt security.

You generally may make an irrevocable election to include in income your entire return on a debt security (*i.e.*, the excess of all remaining payments to be received on the debt security, including payments of qualified stated interest, over the amount you paid for the debt security) under the constant yield method described above. For debt securities purchased at a premium or bearing market discount in your hands, if you make this election you will also be deemed to have made the election (discussed below under the caption "Premium and Market Discount") to amortize premium or to accrue market discount in income currently on a constant yield basis.

In the case of an OID debt security that is also a foreign currency debt security, you should determine the US dollar amount includible as OID for each accrual period by (i) calculating the amount of OID allocable to each accrual period in the foreign currency using the constant yield method, and (ii) translating the foreign currency amount so determined at the average exchange rate in effect during that accrual period (or, with respect to an interest accrual period that spans two taxable years, at the average exchange rate for the partial period within the taxable year). Alternatively, you may translate the foreign currency amount so determined at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year, for an accrual period that spans two taxable years) or at the spot rate of exchange on the date of receipt, if that date is within five business days of the last day of the accrual period, provided that you have made the election described under the caption "Payment or Accruals of Interest" above. Because exchange rates may fluctuate, if you are the holder of an OID debt security that is also a foreign currency debt security you may recognize a different amount of OID income in each accrual period than would be the case if you were the holder of an otherwise similar OID debt security denominated in US dollars. Upon the receipt of an amount attributable to OID (whether in connection with a payment of an amount that is not qualified stated interest or the sale or retirement of the OID debt security), you will recognize ordinary income or loss measured by the difference between the amount received, translated into US dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the OID debt security, as the case may be, and the amount accrued, using the exchange rate applicable to such previous accrual.

If you purchase an OID debt security outside of the initial offering at a cost less than its "remaining redemption amount", or if you purchase an OID debt security in the initial offering at a price other than the debt security's issue price, you will also generally be required to include in gross income the daily portions of OID, calculated as described above. However, if you acquire an OID debt security at a price (i) less than or equal to the remaining redemption amount but (ii) greater than its adjusted issue price, you will be entitled to reduce your periodic inclusions to reflect the premium paid over the adjusted issue price. (As discussed under "Premium and Market Discount" below, if you purchase an OID debt security at a price greater than its remaining redemption amount, the OID rules described in this section will not apply.) The "remaining redemption amount" for an OID debt security is the total of all future payments to be made on the debt security other than qualified stated interest.

Certain of the OID debt securities may be redeemed prior to maturity, either at the option of the Republic or at the option of the holder, or may have special repayment or interest rate reset features as indicated in the pricing supplement. OID debt securities containing these features may be subject to rules that differ from the general rules discussed above. If you purchase OID debt securities with these features, you should carefully examine the pricing supplement and consult your tax advisor about their treatment since the tax consequences of OID will depend, in part, on the particular terms and features of the debt securities.

OID accrued with respect to an OID debt security will be treated as foreign source income for US federal income tax purposes. For US foreign tax credit purposes, OID accrued with respect to an OID debt security will generally constitute "passive income," or in the case of certain US holders, "financial services income".

Short-Term Debt Securities

Special rules may apply to a debt security with a maturity of one year or less ("a short-term debt security"). If you are an accrual basis holder, you will be required to accrue OID on the short-term debt security on either a straight line basis or, at the election of the holder, under a constant yield method (based on daily compounding). No interest payments on a short-term debt security will be qualified stated interest. Consequently, such interest payments are included in the short-term debt security's stated redemption price at maturity. Since the amount of OID is calculated in the same manner as described above under "Original Issue Discount," such interest payments may give rise to OID (or acquisition discount, as defined below) even if the short-term debt securities are not actually issued at a discount. If you are a cash basis holder and do not elect to include OID in income as it accrues, you will not be required to include OID in income until you actually receive payments on the debt security. However, you will be required to treat any gain upon the sale, exchange or retirement of the debt security as ordinary income to the extent of the accrued OID on the debt security that you have not yet taken into income at the time of the sale. Also, if you borrow money (or do not repay outstanding debt) to acquire or hold the debt security, you may not be allowed to deduct interest on the borrowing that corresponds to accrued OID on the debt security until you include the OID in your income.

Alternatively, regardless of whether you are a cash basis or accrual basis holder, you can elect to accrue any "acquisition discount" with respect to the short-term debt security on a current basis. Acquisition discount is the excess of the stated redemption price at maturity of the debt security over the purchase price. Acquisition discount will be treated as accruing rateably or, at the election of the holder, under a constant yield method (based on daily compounding). If you elect to accrue acquisition discount, the OID rules will not apply. US holders should consult their own tax advisors as to the application of these rules.

As described above, certain of the debt securities may be subject to special redemption features. These features may affect the determination of whether a debt security has a maturity of one year or less and thus is a short-term debt security. If you purchase a debt security, you should carefully examine the pricing supplement and consult your tax advisor about these features.

Premium and Market Discount

If you purchase a debt security at a cost greater than the debt security's remaining redemption amount, you will be considered to have purchased the debt security at a premium, and you may elect to amortize the premium as an offset to interest income, using a constant yield method, over the remaining term of the debt security. If you make this election, it generally will apply to all debt instruments that you hold at the time of the election, as well as any debt instruments that you subsequently acquire. In addition, you may not revoke the election without the consent of the IRS. If you elect to amortize the premium you will be required to reduce your tax basis in the debt security by the amount of the premium amortized during your holding period. In the case of premium on a foreign currency debt security, you should calculate the amortization of the premium in the foreign currency. Amortization deductions attributable to a period reduce interest payments in respect of that period, and therefore are translated into US dollars at the rate that you use for those interest payments. Exchange gain or loss will be realized with respect to amortized premium on a foreign currency debt security based on the difference between the exchange rate computed on the date or dates the premium is amortized against interest payments on the debt security and the exchange rate on the date when the holder acquired the debt security. For a US holder that does not elect to amortize premium, the amount of premium will be included in your tax basis when the debt security matures or is disposed of. Therefore, if you do not elect to amortize premium and you hold the debt security to maturity, you generally will be required to treat the premium as capital loss when the debt security matures.

A debt security, other than a short-term debt security, will be treated as purchased at a market discount (a "market discount debt security") if the debt security's stated redemption price at maturity or, in the case of OID debt security, the debt security's "revised issue price", exceeds the amount for which the US Holder purchased the debt security by at least one-fourth of one per cent (0.25%) of such debt security's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the debt security's maturity. For these purposes, the "revised issue price" of a debt security generally equals its issue price, increased by the amount of any OID that has accrued on the debt security.

Any gain recognized on the maturity or disposition of a market discount debt security will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such debt security. Alternatively, a US holder of a market discount debt security may elect to include market discount in income currently over the life of the debt security. Such an election shall apply to all debt instruments with market discount acquired by the electing US holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the Internal Revenue Service.

Market discount on a market discount debt security will accrue on a straight line basis unless the US holder elects to accrue such market discount on a constant yield method. Such an election shall apply only to the debt security with respect to which it is made and may not be revoked. A US holder of a market discount debt security that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to such debt security in an amount not exceeding the accrued market discount on such debt security until the maturity or disposition of such debt security. Any accrued market discount on a foreign currency debt security that is currently includable in income will generally be translated into US dollars at the average rate for the accrual periods (or portion thereof within the holder's taxable year).

Warrants

A description of the tax consequences of an investment in warrants will be provided in the applicable prospectus supplement.

Indexed Debt Securities and Other Debt Securities Providing for Contingent Payment

Special rules govern the tax treatment of debt obligations that provide for contingent payments ("contingent debt obligations"). These rules generally require accrual of interest income on a constant yield basis in respect of contingent debt obligations at a yield determined at the time of issuance of the obligation, and may require adjustments to these accruals when any contingent payments are made. In addition, special rules may apply to floating rate debt securities if the interest payable on the debt securities is based on more than one interest rate index. We will provide a detailed description of the tax considerations relevant to US holders of any debt securities that are subject to the special rules discussed in this paragraph in the relevant prospectus supplement.

Non-US Holders

The following summary applies to you if you are not a US holder, as defined above.

Subject to the discussion below under the caption "Information Reporting and Backup Withholding", the interest income that you derive in respect of the debt securities generally will be exempt from US federal income taxes, including US withholding tax on payments of interest (including OID) unless such income is effectively connected with the conduct of a trade or business within the United States. Further, any gain you realize on a sale or exchange of debt securities generally will be exempt from US federal income tax, including US withholding tax, unless:

- your gain is effectively connected with your conduct of a trade or business within the United States; or
- you are an individual holder and are present in the United States for 183 days or more in the taxable year of the sale, and either (i) your gain is attributable to an office or other fixed place of business that you maintain in the United States or (ii) you have a tax home in the United States.

Information Reporting and Backup Withholding

In general, information reporting requirements may apply to certain payments made within the United States of interest on a debt security, including payments made by the US office of a paying agent, broker or other intermediary, and to proceeds of a sale, exchange, or retirement of debt security effected at the US office of a US or foreign broker. A "backup withholding" tax may apply to such payments or proceeds if the beneficial owner fails to provide a correct taxpayer identification number or to otherwise comply with the applicable backup withholding rules. Certain persons (including, among others, corporations) and non-US holders which provide an appropriate certification or otherwise qualify for exemption are not subject to the backup withholding and information reporting requirements.

The proceeds of the sale, exchange, retirement or other disposition of debt securities effected through a foreign office of a broker that is a US controlled person will be subject to information reporting, but are not generally subject to backup withholding. A "US controlled person" is (i) a United States person, (ii) a controlled foreign corporation for United States federal income tax purposes, (iii) a foreign person for which 50% or more of its gross income from all sources, over as specified three year period, is effectively connected with a United States trade or business or (iv) a foreign partnership that, at any time in its taxable year, is 50% or more (by income or capital interest) owned by a United States person or is engaged in the conduct of a United States trade or business.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment made to a US holder generally may be claimed as a credit against such holder's US federal income tax liability provided the appropriate information is furnished to the IRS.

PLAN OF DISTRIBUTION

The Republic may sell the debt securities or warrants in any of three ways:

- through underwriters or dealers;
- directly to one or more purchasers; or
- through agents.

The prospectus supplement relating to a particular series of debt securities or warrants will set out:

- the names of any underwriters or agents;
- the purchase price of the securities;
- the proceeds to the Republic from the sale;
- any underwriting discounts and other compensation;
- the initial public offering price;
- any discounts or concessions allowed, reallowed or paid to dealers; and
- any securities exchanges on which the securities will be listed.

Any underwriter involved in the sale of securities will acquire the securities for its own account. The underwriters may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices to be determined at the time of sale. The securities may be offered to the public either by underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. Unless the prospectus supplement states otherwise, the underwriters will benefit from certain conditions that must be satisfied before they are obligated to purchase such securities and they will be obligated to purchase all of the securities if any are purchased. The underwriters may change any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers.

If the Republic sells debt securities or warrants through agents, the prospectus supplement will identify the agent and indicate any commissions payable by the Republic. Unless the prospectus supplement states otherwise, all agents will act on a best efforts basis.

The Republic may authorize agents, underwriters or dealers to solicit offers by certain specified entities to purchase the securities from the Republic at the public offering price set forth in a prospectus supplement pursuant to delayed delivery contracts. The prospectus supplement will set out the conditions of the delayed delivery contracts and the commission receivable by the agents, underwriters or dealers for soliciting the contracts.

The Republic may offer securities as full, partial or alternative consideration for the purchase of other securities of the Republic, either in connection with a publicly announced tender, exchange or other offer for such securities or in privately negotiated transactions. The offer may be in addition to or in lieu of sales of securities directly or through underwriters or agents.

Agents and underwriters may be entitled to indemnification by the Republic against certain liabilities, including liabilities under the United States Securities Act of 1933, or to contribution from the Republic with respect to certain payments which the agents or underwriters may be required to make. Agents and underwriters may be customers of, engage in transactions with, or perform services (including commercial and investment banking services) for, the Republic in the ordinary course of business.

Unless otherwise specified in the applicable prospectus supplement, if the Republic offers and sells securities outside the United States, each underwriter or dealer will acknowledge that:

- the securities offered have not been and will not be registered under the US Securities Act of 1933; and

- may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act of 1933. Each participating underwriter or dealer will agree that it has not offered or sold, and will not offer or sell, any debt securities constituting part of its allotment in the United States except in accordance with Rule 903 of Regulation S under the US Securities Act of 1933. Accordingly, each underwriter or dealer will agree that neither the underwriter nor dealer nor its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the securities.

VALIDITY OF THE SECURITIES

The Secretary of the Department of Justice of the Republic will provide an opinion on behalf of the Republic as to the validity of the securities under Philippine law. Allen & Overy, United States counsel for the Republic, will provide an opinion on behalf of the Republic as to the validity of the securities under US and New York State law. US and Philippine counsel named in the applicable prospectus supplement will provide an opinion as to certain legal matters on behalf of the underwriters named in the applicable prospectus supplement.

AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

The authorized agent of the Republic in the United States is Hon. Linglingay Lacanlale, Consul General, the Philippine Consulate General, 556 Fifth Avenue, New York, New York 10036-5095.

EXPERTS; OFFICIAL STATEMENTS AND DOCUMENTS

Jose Isidro N. Camacho, in his official capacity as Secretary of the Department of Finance of the Republic, reviewed the information set forth in the prospectus relating to the Republic, which information is included in the prospectus on his authority.

FURTHER INFORMATION

The Republic filed a registration statement with respect to the securities with the Securities and Exchange Commission under the US Securities Act of 1933, as amended, and its related rules and regulations. You can find additional information concerning the Republic and the securities in the registration statement and any pre- or post-effective amendment, including its various exhibits, which may be inspected at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street N.W., Washington, D.C. 20549.

DEBT TABLES OF THE REPUBLIC OF THE PHILIPPINES

GUARANTEED EXTERNAL DEBTS OF THE REPUBLIC OF THE PHILIPPINES
AS OF DECEMBER 31, 2002
IN MILLIONS OF CURRENCY INDICATED

CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIGINAL CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR) [2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIGINAL CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR) [2]
GRAND TOTAL						**16,064.63**		**10,757.27**
I. NATIONAL GOVERNMENT DIRECT GUARANTEE ON GOCC LOANS						**15,641.70**		**10,459.05**
A. LOANS						**12,366.46**		**6,816.13**
CANADIAN DOLLAR	FIXED RATE	9.2000%	1991	2003	**23.54**	**15.11**	**1.18**	**0.76**
SWISS FRANC					**81.84**	**58.36**	**17.55**	**12.51**
	FIXED RATE	8.8750%	1992	2004	34.31	24.47	5.15	3.67
	SWISS EXPORT BASE RATE	1.3750%	1990	2003	0.23	0.17	0.01	0.01
	SWISS EXPORT BASE RATE	1.3750%	1990	2003	0.15	0.11	0.09	0.06
	SWISS EXPORT BASE RATE	1.3750%	1993	2004	6.50	4.64	1.34	0.95
	SWISS EXPORT BASE RATE	1.3750%	1993	2004	40.65	28.99	10.96	7.82
DEUTSCHE MARK					**850.93**	**451.61**	**400.71**	**212.66**
	FIXED RATE	7.0000%	1995	2035	30.70	16.29	26.70	14.17
	FIXED RATE	2.0000%	1990	2020	150.00	79.61	26.71	14.17
	FIXED RATE	2.0000%	1988	2018	46.00	24.41	35.65	18.92
	FIXED RATE	9.0000%	1992	2032	60.00	31.84	70.83	37.59
	FIXED RATE	9.0000%	1993	2033	60.00	31.84	59.95	31.82
	FIXED RATE	9.0000%	1993	2023	30.40	16.13	30.40	16.13
	FIXED RATE	2.0000%	1981	2016	15.50	8.23	6.68	3.55
	FIXED RATE	2.0000%	1981	2011	0.60	0.32	0.27	0.14
	FIXED RATE	7.5000%	1995	2035	14.75	7.83	14.75	7.83
	FIXED RATE	2.0000%	1981	2011	4.70	2.49	2.10	1.11
	FIXED RATE	2.0000%	1979	2009	7.00	3.72	2.28	1.21
	FIXED RATE	2.0000%	1979	2015	35.80	19.00	14.98	7.95
	FIXED RATE	7.5000%	1995	2035	50.10	26.59	44.70	23.72
	FIXED RATE	2.0000%	1979	2009	2.80	1.49	0.91	0.48
	FIXED RATE	9.0000%	1993	2033	145.00	76.95	9.20	4.88
	FIXED RATE	9.0000%	1995	2036	12.80	6.79	6.86	3.64
	FIXED RATE	6.5000%	1996	2036	9.30	4.94	6.76	3.59
	GERMAN CAPITAL MARKET RATE	0.0000%	1991	2031	17.25	9.15	2.61	1.39
	GERMAN CAPITAL MARKET RATE	0.0000%	1992	2005	26.00	13.80	4.41	2.34
	GERMAN CAPITAL MARKET RATE	0.0000%	1993	2005	39.60	21.02	16.63	8.83
	GERMAN CAPITAL MARKET RATE	0.0000%	1993	2005	15.00	7.96	7.94	4.21
	LIBOR-6 MOS. DEPOSIT	1.0000%	1992	2004	18.70	9.92	2.81	1.49
	LIBOR-6 MOS. DEPOSIT	0.0000%	1994	2004	43.93	23.32	6.59	3.50
EURO					**17.16**	**17.81**	**6.37**	**6.61**
	INTEREST FREE	0.0000%	2000	2013	7.81	8.11	5.67	5.88
	FIXED RATE		2001	2040	9.35	9.71	0.70	0.73
SPANISH PESETA					**1,262.24**	**7.87**	**698.38**	**4.36**
	FIXED RATE	2.5000%	1993	2013	631.12	3.94	549.63	3.43
	ORGANIZATION FOR ECONOMIC COOPERATION DEVELOPMENT RATE	0.0000%	1993	2004	631.12	3.94	148.74	0.93
FRENCH FRANC					**469.61**	**74.31**	**319.20**	**50.51**
	FIXED RATE	6.8500%	1994	2006	9.42	1.49	4.68	0.74
	FIXED RATE	3.0000%	1990	2021	4.86	0.77	4.62	0.73
	FIXED RATE	3.0000%	1990	2021	0.38	0.06	0.37	0.06
	FIXED RATE	3.5000%	1979	2005	80.00	12.66	10.00	1.58
	FIXED RATE	3.0000%	1990	2021	1.68	0.27	1.60	0.25
	FIXED RATE	3.1000%	1994	2014	10.09	1.60	9.25	1.46
	FIXED RATE	3.3000%	1994	2014	4.94	0.78	4.41	0.70
	FIXED RATE	3.0000%	1990	2021	1.45	0.23	1.27	0.20
	FIXED RATE	2.5000%	1991	2022	6.44	1.02	6.28	0.99
	FIXED RATE	3.1000%	1994	2014	9.90	1.57	9.07	1.43
	FIXED RATE	3.0000%	1990	2022	0.76	0.12	0.76	0.12
	FIXED RATE	8.1000%	1994	2005	1.69	0.27	0.42	0.07
	FIXED RATE	3.0000%	1988	2021	45.88	7.26	37.85	5.99
	FIXED RATE	3.0000%	1990	2021	6.26	0.99	5.79	0.92
	FIXED RATE	3.0000%	1990	2021	1.41	0.22	1.34	0.21
	FIXED RATE	3.0000%	1990	2021	1.69	0.27	1.52	0.24
	FIXED RATE	5.4500%	1990	2016	120.00	18.99	84.00	13.29
	FIXED RATE	2.5000%	1991	2022	8.06	1.28	7.66	1.21
	FIXED RATE	3.0000%	1990	2022	1.22	0.19	1.19	0.19
	FIXED RATE	3.0000%	1990	2022	6.12	0.97	5.96	0.94
	FIXED RATE	3.0000%	1990	2021	4.73	0.75	4.14	0.66

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CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIGINAL CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR) (2)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIGINAL CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR) (2)
	FIXED RATE	3.0000%	1990	2022	0.36	0.06	0.35	0.05
	FIXED RATE	3.0000%	1990	2022	2.25	0.36	2.02	0.32
	FIXED RATE	3.0000%	1988	2021	4.12	0.65	3.60	0.57
	FIXED RATE	8.1000%	1994	2006	5.00	0.79	1.73	0.27
	FIXED RATE	3.1000%	1994	2014	42.62	6.74	35.66	5.64
	FIXED RATE	6.8700%	1996	2017	24.65	3.90	13.56	2.15
	FIXED RATE	1.5000%	1996	2022	8.42	1.33	8.42	1.33
	FIXED RATE	1.5000%	1996	2022	4.46	0.71	4.46	0.71
	FIXED RATE	1.5000%	1996	2022	7.49	1.18	7.49	1.18
	FIXED RATE	1.5000%	1996	2022	10.46	1.66	10.46	1.66
	FIXED RATE	1.5000%	1996	2026	0.45	0.07	2.99	0.47
	FIXED RATE	5.4500%	1991	2018	30.00	4.75	24.15	3.82
	FIXED RATE	3.3000%	1994	2014	1.14	0.18	0.98	0.15
	FIXED RATE	3.0000%	1990	2022	0.48	0.08	0.45	0.07
	FIXED RATE	3.0000%	1990	2022	0.70	0.11	0.70	0.11
KOREAN WON					**8,249.00**	**6.87**	**13,577.06**	**11.31**
	FIXED RATE	3.5000%	1995	2015	8,249.00	6.87	7,109.12	5.92
	FIXED RATE	3.5000%	1995	2015	8,645.00	7.20	6,467.94	5.39
POUND STERLING					**7.74**	**12.39**	**3.87**	**6.20**
	FIXED RATE	5.9500%	1995	2007	7.74	12.39	3.87	6.20
JAPANESE YEN					**694,868.21**	**5,794.51**	**397,441.45**	**3,314.26**
	FIXED RATE	2.5000%	1992	2022	6,686.00	55.75	6,359.85	53.03
	FIXED RATE	6.5000%	1991	2003	13,214.97	110.20	1,319.30	11.00
	FIXED RATE	3.0000%	1994	2024	15,000.00	125.09	12,699.81	105.90
	FIXED RATE	2.5000%	1989	2006	5,003.68	41.73	3,707.76	30.92
	FIXED RATE	2.5000%	1991	2021	30,084.00	250.87	27,148.97	226.40
	FIXED RATE	2.7000%	1988	2004	1,936.96	16.15	1,291.30	10.77
	FIXED RATE	6.5000%	1991	2011	12,215.94	101.87	7,145.10	59.58
	FIXED RATE	3.0000%	1994	2024	22,500.00	187.63	22,500.00	187.63
	FIXED RATE	5.5000%	1992	2010	20,550.00	171.37	4,046.94	33.75
	FIXED RATE	4.7000%	1993	2009	17,812.50	148.54	6,348.55	52.94
	FIXED RATE	5.8000%	1992	2004	27,885.85	232.54	4,769.59	39.77
	FIXED RATE	2.5000%	1995	2025	5,283.00	44.05	329.13	2.74
	FIXED RATE	2.1000%	1995	2025	848.00	7.07	403.73	3.37
	FIXED RATE	2.5000%	1995	2025	1,104.00	9.21	1,021.72	8.52
	FIXED RATE	2.1000%	1995	2025	248.00	2.07	328.78	2.74
	FIXED RATE	2.7000%	1995	2025	11,394.00	95.01	9,885.69	82.44
	FIXED RATE	2.3000%	1995	2025	921.00	7.68	1,232.32	10.28
	FIXED RATE	2.7000%	1995	2025	2,224.00	18.55	1,366.30	11.39
	FIXED RATE	2.7000%	1996	2026	22,837.00	190.44	11,022.74	91.92
	FIXED RATE	2.3000%	1996	2026	1,875.00	15.64	4,301.65	35.87
	FIXED RATE	2.7000%	1996	2026	10,184.00	84.92	10,240.00	85.39
	FIXED RATE	2.3000%	1996	2026	310.00	2.59	250.04	2.09
	FIXED RATE	2.5000%	1996	2026	5,000.00	41.70	4,900.47	40.87
	FIXED RATE	2.1000%	1996	2026	158.00	1.32	157.99	1.32
	FIXED RATE	2.3000%	1997	2027	8,760.00	73.05	502.89	4.19
	FIXED RATE	2.7000%	1997	2027	14,011.00	116.84	1,337.04	11.15
	FIXED RATE	2.3000%	1997	2027	449.00	3.74	40.28	0.34
	FIXED RATE	2.7000%	1997	2027	7,747.00	64.60	5,734.96	47.82
	FIXED RATE	2.3000%	1997	2027	339.00	2.83	284.70	2.37
	FIXED RATE	2.7000%	1997	2027	14,638.00	122.07	8,201.74	68.39
	FIXED RATE	2.3000%	1997	2027	334.00	2.79	259.24	2.16
	FIXED RATE	2.5000%	1997	2027	5,903.00	49.23	262.31	2.19
	FIXED RATE	2.1000%	1997	2027	1,325.00	11.05	842.32	7.02
	FIXED RATE	2.5000%	1997	2027	386.00	3.22	291.91	2.43
	FIXED RATE	2.1000%	1997	2027	648.00	5.40	505.95	4.22
	FIXED RATE	2.5000%	1997	2027	1,927.00	16.07	0.00	0.00
	FIXED RATE	2.1000%	1997	2027	819.00	6.83	144.39	1.20
	FIXED RATE	2.2000%	1998	2028	13,788.00	114.98	1,347.91	11.24
	FIXED RATE	0.7500%	1998	2038	767.00	6.40	232.24	1.94
	FIXED RATE	2.2000%	1998	2028	19,532.00	162.88	4,179.83	34.86
	FIXED RATE	0.7500%	1998	2038	458.00	3.82	298.80	2.49
	FIXED RATE	2.2000%	1998	2028	3,064.00	25.55	388.53	3.24
	FIXED RATE	1.7000%	1998	2028	2,193.00	18.29	292.16	2.44
	FIXED RATE	0.7500%	1998	2038	815.00	6.80	197.26	1.64
	FIXED RATE	2.2000%	1999	2028	3,064.00	25.55	12,314.44	102.69
	FIXED RATE	1.7000%	1999	2028	2,193.00	18.29	1,872.49	15.61

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CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIGINAL CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR) (2)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIGINAL CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR) (2)
	FIXED RATE	2.2000%	1999	2040	16,450.00	137.18	539.81	4.50
	FIXED RATE	0.9500%	2001	2041	39,455.00	329.02	0.00	0.00
	FIXED RATE	0.7500%	2001	2041	2,476.00	20.65	0.00	0.00
	JAPAN LONG TERM PRIME	1.2500%	1994	2003	26,840.00	223.82	15,698.91	130.91
	JAPAN LONG TERM PRIME	1.2500%	1994	2003	31,500.00	262.68	24,779.68	206.64
	JAPAN LONG TERM PRIME LENDING RATE	1.2500%	1994	2005	2,163.65	18.04	509.80	4.25
	JAPAN LONG TERM PRIME LENDING RATE	0.0000%	1994	2014	12,400.00	103.40	4,733.90	39.48
	JAPAN LONG TERM PRIME LENDING RATE	1.2500%	1994	2005	297.84	2.48	59.57	0.50
	JAPAN LONG TERM PRIME LENDING RATE	0.0000%	1992	2014	6,100.00	50.87	4,389.38	36.60
	JAPAN LONG TERM PRIME LENDING RATE	0.0000%	1992	2015	18,600.00	155.11	13,126.45	109.46
	JAPAN LONG TERM PRIME LENDING RATE	0.0000%	1999	2019	60,000.00	500.34	55,714.29	464.60
	JAPAN LONG TERM PRIME LENDING RATE	0.0000%	2001	2011	12,500.00	104.24	12,500.00	104.24
	JAPAN LONG TERM PRIME LENDING RATE	0.0000%	2000	2007	5,370.68	44.79	3,836.20	31.99
	JAPAN LONG TERM PRIME LENDING RATE	-0.2000%	1999	2014	26,000.00	216.81	19,050.50	158.86
	JAPAN SWAP RATE	1.6000%	1999	2009	20,800.00	173.45	20,800.00	173.45
	LIBOR 6MOS DEPOSIT	1.6000%	1999	2009	27,200.00	226.82	27,200.00	226.82
	LIBOR 6MOS DEPOSIT	0.0000%	1999	2003	8,469.00	70.62	2,117.27	17.66
	LIBOR 6MOS DEPOSIT	0.0000%	1999	2004	13,537.00	112.89	4,512.18	37.63
	ADB FLOATING RATE	0.0000%	1998	2013	3,057.00	25.49	620.18	5.17
	ADB FLOATING RATE	0.5000%	1996	2015	2,166.70	18.07	274.44	2.29
	LIBOR BASE RATE	0.0000%	2000	2014	3,676.05	30.65	9.80	0.08
	LIBOR BASE RATE	0.0000%	2002	2021	2,166.00	18.06	36.76	0.31
	CQB	0.1000%	2001	2011	3,717.00	31.00	37.18	0.31
	LIBOR BASE RATE	0.5000%	1996	2016	9,090.39	75.80	2,186.04	18.23
	US LIBOR	0.0000%	2001	2020	2,400.00	20.01	2,400.00	20.01
SPECIAL DRAWING RIGHT					**13.50**	**18.23**	**11.37**	**15.35**
	INTEREST FREE	0.7500%	1992	2032	3.00	4.05	2.33	3.14
	LIBOR 6MOS. DEPOSIT	0.8000%	1995	2034	3.50	4.73	3.48	4.70
	LIBOR 6MOS. DEPOSIT	0.8000%	1995	2014	7.00	9.45	5.56	7.51
UNITED STATES DOLLAR					**5,719.09**	**5,919.09**	**3,181.59**	**3,181.59**
	ADB FLOATING RATE	0.0000%	1993	2018	43.20	43.20	18.71	18.71
	ADB FLOATING RATE	0.0000%	1989	2004	130.00	130.00	85.61	85.61
	ADB FLOATING RATE	0.0000%	1991	2009	25.00	25.00	10.50	10.50
	ADB FLOATING RATE	0.0000%	1992	2007	2.60	2.60	0.96	0.96
	ADB FLOATING RATE	0.0000%	1989	2012	26.40	26.40	19.17	19.17
	ADB FLOATING RATE	0.0000%	1988	2012	43.50	43.50	31.27	31.27
	ADB FLOATING RATE	0.0000%	1991	2006	100.00	100.00	15.21	15.21
	ADB FLOATING RATE	0.0000%	1986	2006	92.00	92.00	37.63	37.63
	ADB FLOATING RATE	0.0000%	1995	2020	92.00	92.00	83.15	83.15
	ADB FLOATING RATE	0.0000%	1993	2012	138.00	138.00	98.15	98.15
	ADB FLOATING RATE	0.0000%	1991	2015	200.00	200.00	164.66	164.66
	ADB FLOATING RATE	0.0000%	1988	2008	120.00	120.00	61.25	61.25
	ADB FLOATING RATE	0.0000%	1989	2009	160.00	160.00	100.03	100.03
	ADB FLOATING RATE	0.0000%	1995	2019	244.00	244.00	151.92	151.92
	ADB FLOATING RATE	0.0000%	1992	2012	75.00	75.00	60.80	60.80
	ADB FLOATING RATE	0.0000%	1992	2016	31.40	31.40	7.99	7.99
	ADB FLOATING RATE	0.0000%	1993	2013	164.00	164.00	96.65	96.65
	ADB FLOATING RATE	0.0000%	1998	2021	50.00	50.00	7.67	7.67
	ADB FLOATING RATE	0.0000%	1996	2011	5.35	5.35	4.12	4.12
	ADB FLOATING RATE	0.0000%	1998	2017	20.22	20.22	31.61	31.61
	FIXED RATE	1.5000%	1990	2010	0.17	0.17	0.14	0.14
	FIXED RATE	1.5000%	1990	2010	0.03	0.03	0.02	0.02
	FIXED RATE	10.5000%	1984	2007	39.30	39.30	12.07	12.07
	FIXED RATE	1.5000%	1990	2010	0.08	0.08	0.06	0.06
	FIXED RATE	1.5000%	1990	2010	0.05	0.05	0.04	0.04
	FIXED RATE	3.0000%	1995	2006	0.50	0.50	0.37	0.37
	FIXED RATE	8.1000%	1980	2005	42.80	42.80	6.30	6.30

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	FIXED RATE	7.6000%	1979	2004	60.70	60.70	9.72	9.72
	FIXED RATE	1.5000%	1990	2010	0.41	0.41	0.33	0.33
	FIXED RATE	7.7000%	1978	2003	49.00	49.00	4.41	4.41
	FIXED RATE	1.5000%	1990	2010	0.04	0.04	0.03	0.03
	FIXED RATE	1.5000%	1990	2010	15.67	15.67	12.54	12.54
	FIXED RATE	1.5000%	1990	2010	9.34	9.34	7.47	7.47
	FIXED RATE	1.5000%	1990	2010	11.56	11.56	9.25	9.25
	FIXED RATE	1.5000%	1990	2010	0.09	0.09	0.07	0.07
	FIXED RATE	2.0000%	1993	2013	19.30	19.30	19.30	19.30
	FIXED RATE	3.5750%	1995	2012	37.90	37.90	36.01	36.01
	FIXED RATE	1.5000%	1990	2010	0.03	0.03	0.02	0.02
	FIXED RATE	8.3000%	1989	2003	2.24	2.24	0.22	0.22
	FIXED RATE	1.5000%	1990	2010	0.10	0.10	0.08	0.08
	FIXED RATE	1.5000%	1990	2010	0.20	0.20	0.16	0.16
	FIXED RATE	1.5000%	1990	2010	3.38	3.38	2.71	2.71
	FIXED RATE	1.5000%	1990	2010	0.17	0.17	0.14	0.14
	FIXED RATE	10.1000%	1981	2006	87.50	87.50	19.40	19.40
	FIXED RATE	1.5000%	1990	2010	11.21	11.21	8.97	8.97
	FIXED RATE	1.5000%	1990	2010	0.15	0.15	0.12	0.12
	FIXED RATE	10.2500%	1984	2004	33.00	33.00	5.41	5.41
	FIXED RATE	1.5000%	1990	2010	0.04	0.04	0.03	0.03
	FIXED RATE	3.0000%	1995	2006	9.50	9.50	2.91	2.91
	FIXED RATE	1.5000%	1990	2010	0.18	0.18	0.14	0.14
	FIXED RATE	1.5000%	1990	2010	0.91	0.91	0.73	0.73
	FIXED RATE	1.5000%	1990	2010	0.12	0.12	0.10	0.10
	FIXED RATE	1.5000%	1990	2010	0.63	0.63	0.51	0.51
	FIXED RATE	1.2500%	1993	2025	24.50	24.50	24.50	24.50
	FIXED RATE	1.5000%	1990	2010	0.51	0.51	0.41	0.41
	FIXED RATE	10.5000%	1984	2007	43.80	43.80	2.75	2.75
	FIXED RATE	1.5000%	1990	2010	0.99	0.99	0.79	0.79
	FIXED RATE	1.5000%	1990	2010	0.38	0.38	0.30	0.30
	FIXED RATE	1.5000%	1990	2010	4.99	4.99	3.99	3.99
	FIXED RATE	1.5000%	1990	2010	0.23	0.23	0.19	0.19
	FIXED RATE	1.5000%	1990	2010	1.35	1.35	0.89	0.89
	FIXED RATE	1.5000%	1990	2010	11.70	11.70	9.36	9.36
	FIXED RATE	6.6000%	1995	2008	25.00	25.00	0.61	0.61
	FIXED RATE	7.6500%	1996	2009	25.00	25.00	1.85	1.85
	FIXED RATE	3.0000%	1994	2007	5.00	5.00	0.52	0.52
	FIXED RATE	4.0000%	1995	2018	15.00	15.00	13.44	13.44
	FIXED RATE	6.5000%	1997	2010	11.10	11.10	3.09	3.09
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1989	2009	65.50	65.50	35.82	35.82
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1994	2014	113.00	113.00	84.32	84.32
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1993	2012	134.00	134.00	28.90	28.90
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1994	2014	114.00	114.00	46.66	46.66
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1993	2013	110.00	110.00	41.89	41.89
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1989	2009	65.00	65.00	39.42	39.42
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1994	2014	127.35	127.35	108.10	108.10
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1994	2014	19.65	19.65	10.63	10.63
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1995	2002	50.00	50.00	45.95	45.95
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1994	2013	64.00	64.00	43.99	43.99
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1991	2011	175.00	175.00	122.36	122.36
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1994	2014	40.00	40.00	33.05	33.05
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1995	2011	50.00	50.00	40.06	40.06
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1992	2012	91.30	91.30	39.63	39.63

GUARANTEED EXTERNAL DEBTS OF THE REPUBLIC OF THE PHILIPPINES — (Continued)
AS OF DECEMBER 31, 2002
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CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIGINAL CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIGINAL CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[2]
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1988	2008	41.00	41.00	22.06	22.06
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1988	2008	59.00	59.00	27.82	27.82
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1991	2011	150.00	150.00	109.22	109.22
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1990	2010	150.00	150.00	88.85	88.85
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1990	2010	200.00	200.00	127.74	127.74
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1985	2005	100.00	100.00	19.96	19.96
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1991	2011	15.00	15.00	1.05	1.05
	IBRD COST OF QUALIFIED BORROWINGS	0.5000%	1989	2009	40.00	40.00	22.71	22.71
	INTEREST FREE	0.0000%	2000	2013	7.50	7.50	3.89	3.89
	LIBOR 6 MOS DEPOSITS	0.6250%	1992	2003	19.52	19.52	1.95	1.95
	LIBOR 6 MOS DEPOSITS	0.6250%	1992	2003	4.87	4.87	0.22	0.22
	LIBOR 6 MOS DEPOSITS	0.6250%	1991	2003	19.52	19.52	0.98	0.98
	LIBOR 6 MOS DEPOSITS	0.6250%	1992	2003	6.21	6.21	0.62	0.62
	LIBOR 6 MOS DEPOSITS	0.6250%	1992	2003	4.52	4.52	0.23	0.23
	LIBOR 6MOS. DEPOSIT	0.0000%	1992	2004	25.50	25.50	5.10	5.10
	LIBOR 6MOS. DEPOSIT	0.0000%	1992	2004	17.44	17.44	2.46	2.46
	LIBOR 6MOS. DEPOSIT	0.0000%	1992	2004	18.77	18.77	2.48	2.48
	LIBOR BASE RATE	0.5000%	1996	2016	100.00	100.00	31.86	31.86
	LIBOR BASE RATE	0.5000%	1996	2016	57.00	57.00	6.10	6.10
	LIBOR BASE RATE	0.5000%	1996	2016	150.00	150.00	94.03	94.03
	LIBOR BASE RATE	0.5000%	1995	2015	50.00	50.00	43.34	43.34
	US CONCESSIONARY INTEREST RELENDING RATE	0.0000%	1993	2004	2.13	2.13	0.02	0.02
	LIBOR BASE RATE	0.5000%	1996	2017	60.00	60.00	21.07	21.07
	LIBOR BASE RATE	0.5000%	1997	2017	54.50	54.50	7.63	7.63
	LIBOR BASE RATE	0.5000%	1998	2018	150.00	150.00	65.03	65.03
	LIBOR BASE RATE	0.5000%	1998	2019	23.30	23.30	5.57	5.57
	LIBOR 6MOS. DEPOSIT	0.0000%	1998	2014	160.00	160.00	65.56	65.56
	LIBOR 6MOS. DEPOSIT	0.0000%	1998	2008	25.00	25.00	18.75	18.75
	US FLOATING RATE	0.9000%	1999	2014	200.00	200.00	180.00	180.00
	US FLOATING RATE	0.3000%	2000	2003	200.00	200.00	175.00	175.00
B. BONDS						**3,275.24**		**3,642.92**
UNITED STATES DOLLAR					**2,310.00**	**2,310.00**	**2,158.68**	**2,158.68**
	FIXED RATE	9.7500%	1994	2009	100.00	100.00	100.00	100.00
	FIXED RATE	7.8750%	1996	2006	200.00	200.00	200.00	200.00
	FIXED RATE	8.4000%	1996	2016	160.00	160.00	160.00	160.00
	FIXED RATE	9.6250%	1998	2028	300.00	300.00	300.00	300.00
	FIXED RATE	9.8750%	2000	2010	500.00	500.00	500.00	500.00
	FIXED RATE	9.5750%	2000	2012	250.00	250.00	250.00	250.00
	FIXED RATE	8.4750%	2000	2009	500.00	500.00	500.00	500.00
	FIXED RATE	0.0000%	2002	2010	300.00	300.00	148.68	148.68
JAPANESE YEN					**115,750.00**	**965.24**	**115,750.00**	**965.24**
	FIXED RATE	4.6500%	1995	2015	12,000.00	100.07	12,000.00	100.07
	FIXED RATE	3.1500%	1997	2003	20,000.00	166.78	20,000.00	166.78
	FIXED RATE	2.3500%	2000	2010	22,000.00	183.46	22,000.00	183.46
	FIXED RATE	3.2000%	2002	2020	24,750.00	206.39	24,750.00	206.39
	FIXED RATE	3.5000%	2002	2022	37,000.00	308.54	37,000.00	308.54
EURO					**500.00**	**519.00**	**500.00**	**519.00**
	FIXED RATE	9.5750%	2001	2006	**500.00**	**519.00**	**500.00**	**519.00**
II. GFI GUARANTEE ASSUMED BY NATIONAL GOVERNMENT						**422.92**		**298.22**
BELGIAN FRANC					**1,005.34**	**25.87**	**646.29**	**16.63**
	BIBOR 6 MOS.	0.6000%	1992	2007	158.97	4.09	102.19	2.63
	BIBOR 6 MOS.	0.6000%	1992	2007	722.14	18.58	464.24	11.95
	BIBOR 6 MOS.	0.6000%	1992	2007	124.23	3.20	79.86	2.05
CANADIAN DOLLAR	INTEREST FREE	0.0000%	1986	Upon Demand	**0.27**	**0.17**	**0.27**	**0.17**
DEUTSCHE MARK					**3.84**	**2.04**	**1.93**	**1.02**

GUARANTEED EXTERNAL DEBTS OF THE REPUBLIC OF THE PHILIPPINES — (Continued)
AS OF DECEMBER 31, 2002
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CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIGINAL CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIGINAL CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[2]
	DM LIBOR	0.8125%	1986	2003	0.33	0.18	0.03	0.02
	DM LIBOR	0.8125%	1986	2003	0.33	0.18	0.03	0.02
	DM LIBOR	0.8125%	1986	2003	0.33	0.18	0.03	0.02
	FIXED RATE	8.6000%	1992	2007	2.84	1.51	1.83	0.97
SPANISH PESETA					**6,989.98**	**43.61**	**4,493.56**	**28.03**
	FIXED RATE	11.0000%	1991	2007	6,989.98	43.61	4,493.56	28.03
FRENCH FRANC					**21.86**	**3.46**	**15.17**	**2.40**
	INTEREST FREE	0.0000%	1986	Upon Demand	3.13	0.50	3.13	0.50
	TAUX DU MARCHE OBLIGATAIRE	0.4000%	1991	2007	4.36	0.69	2.80	0.44
	TAUX DU MARCHE OBLIGATAIRE	0.4000%	1991	2007	0.11	0.02	0.07	0.01
	TAUX DU MARCHE OBLIGATAIRE	0.4000%	1989	2007	13.01	2.06	8.36	1.32
	TAUX DU MARCHE OBLIGATAIRE	0.4000%	1989	2007	1.24	0.20	0.80	0.13
POUND STERLING					**1.03**	**1.65**	**0.66**	**1.06**
		0.0000%	1986	Upon Demand	0.00	0.00	0.00	0.00
	GBP LIBOR	0.5000%	1991	2007	1.03	1.65	0.66	1.06
JAPANESE YEN					**26,248.48**	**218.89**	**16,875.01**	**140.72**
	LONG TERM PRIME RATE	0.1000%	1992	2007	4,968.73	41.43	3,194.18	26.64
	LONG TERM PRIME RATE	0.1000%	1992	2007	16,886.81	140.82	10,855.81	90.53
	LONG TERM PRIME RATE	0.1000%	1992	2007	216.83	1.81	139.39	1.16
	INTEREST FREE	0.0000%	1986	Upon Demand	2.74	0.02	2.74	0.02
	LONG TERM PRIME RATE	0.1000%	1992	2007	412.07	3.44	264.90	2.21
	LONG TERM PRIME RATE	0.1000%	1992	2007	701.63	5.85	451.05	3.76
	LONG TERM PRIME RATE	0.1000%	1992	2007	1,194.42	9.96	767.84	6.40
	LONG TERM PRIME RATE	0.1000%	1992	2007	158.65	1.32	101.99	0.85
	LONG TERM PRIME RATE	0.1000%	1992	2007	747.41	6.23	480.48	4.01
	LONG TERM PRIME RATE	0.1000%	1992	2007	801.78	6.69	515.43	4.30
	LONG TERM PRIME RATE	0.1000%	1992	2000	157.43	1.31	101.20	0.84
SAUDI RIAL					**27.34**	**7.29**	**27.34**	**7.29**
	INTEREST FREE	0.0000%	1986	Upon Demand	5.92	1.58	5.92	1.58
	INTEREST FREE	0.0000%	1986	Upon Demand	18.46	4.92	18.46	4.92
	INTEREST FREE	0.0000%	1986	Upon Demand	2.96	0.79	2.96	0.79
UNITED STATES DOLLAR					**119.95**	**119.95**	**100.89**	**100.89**
	INTEREST FREE	0.0000%	1986	Upon Demand	0.97	0.97	0.97	0.97
	INTEREST FREE	0.0000%	1986	Upon Demand	8.33	8.33	8.33	8.33
	INTEREST FREE	0.0000%	1986	Upon Demand	33.09	33.09	33.09	33.09
	INTEREST FREE	0.0000%	1986	Upon Demand	18.60	18.60	18.60	18.60
	INTEREST FREE	0.0000%	1986	Upon Demand	0.72	0.72	0.72	0.72
	INTEREST FREE	0.0000%	1986	Upon Demand	0.51	0.51	0.51	0.51
	INTEREST FREE	0.0000%	1986	Upon Demand	2.18	2.18	2.18	2.18
	INTEREST FREE	0.0000%	1986	Upon Demand	5.22	5.22	5.22	5.22
	INTEREST FREE	0.0000%	1986	Upon Demand	0.51	0.51	0.51	0.51
	INTEREST FREE	0.0000%	1986	Upon Demand	4.40	4.40	4.40	4.40
	INTEREST FREE	0.0000%	1988	Upon Demand	11.55	11.55	7.51	7.51
	FIXED RATE	3.4750%	1992	2007	11.25	11.25	7.23	7.23
	FIXED RATE	3.4750%	1992	2007	5.28	5.28	3.39	3.39
	FIXED RATE	3.4750%	1992	2007	0.80	0.80	0.51	0.51
	LIBOR 6 MOS	0.8125%	1986	2003	0.09	0.09	0.01	0.01
	LIBOR 6 MOS	0.8125%	1986	2003	0.05	0.05	0.00	0.00

GUARANTEED EXTERNAL DEBTS OF THE REPUBLIC OF THE PHILIPPINES — (Continued)
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IN MILLIONS OF CURRENCY INDICATED

CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIGINAL CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIGINAL CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[2]
	LIBOR 6 MOS	0.8125%	1991	2007	0.32	0.32	0.20	0.20
	LIBOR 6 MOS	0.8125%	1986	2003	0.59	0.59	0.06	0.06
	LIBOR 6 MOS	0.8125%	1992	2007	0.11	0.11	0.07	0.07
	LIBOR 6 MOS	0.8125%	1991	2007	1.22	1.22	0.79	0.79
	LIBOR 6 MOS	0.8125%	1986	2003	4.66	4.66	0.47	0.47
	LIBOR 6 MOS	0.8125%	1991	2007	0.19	0.19	0.12	0.12
	NEW SHORT TERM EXIMBANK BORROWING	0.5000%	1992	2007	5.61	5.61	3.60	3.60
	NEW SHORT TERM EXIMBANK BORROWING	0.5000%	1992	2007	0.10	0.10	0.06	0.06
	NEW SHORT TERM EXIMBANK BORROWING	0.5000%	1991	2007	3.63	3.63	2.33	2.33

(1) Includes government guarantee on GOCC (loans and bonds) GFI guarantee assumed by the government per Proc. 50.

(2) Amounts in original currencies were converted to US Dollars using reference rate on December 27, 2002.

EXTERNAL DEBT OF THE REPUBLIC OF THE PHILIPPINES[1]
AS OF DECEMBER 31, 2002
IN MILLIONS OF CURRENCY INDICATED

CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIG. CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIG. CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[2]
GRAND TOTAL						40,764.03		25,339.61
I. DIRECT DEBT OF THE REPUBLIC						26,430.22		13,297.15
A. AVAILED OF BY GOVERNMENT AGENCIES						22,866.43		11,560.63
AUSTRIAN SCHILLING					102.27	7.71	1,287.43	97.12
	FIXED RATE	4.0000%	31/03/1997	30/06/2014	14.53	1.10	183.21	13.82
	FIXED RATE	4.5000%	02/03/2002	30/12/2019	15.06	1.14	207.26	15.63
	FIXED RATE	4.5000%	23/07/1999	31/12/2022	72.67	5.48	896.96	67.66
BELGIAN FRANC					200.00	5.15	25.00	0.64
	INTEREST FREE	0.0000%	06/04/1977	31/12/2006	50.00	1.29	10.00	0.26
	INTEREST FREE	0.0000%	11/06/1976	31/12/2005	50.00	1.29	7.50	0.19
	FIXED RATE	2.0000%	15/12/1975	31/12/2004	50.00	1.29	5.00	0.13
	FIXED RATE	2.0000%	21/08/1974	31/12/2003	50.00	1.29	2.50	0.06
CANADIAN DOLLAR					3.89	2.50	2.14	1.37
	INTEREST FREE	0.0000%	12/11/1974	03/09/2024	3.89	2.50	2.14	1.37
SWISS FRANC					103.98	74.15	46.27	32.99
	FIXED RATE	0.0125%	01/01/1998	30/04/2005	6.64	4.73	3.32	2.37
	FIXED RATE	0.0125%	01/05/1990	31/12/2003	1.71	1.22	0.14	0.10
	FIXED RATE	4.6300%	01/01/1998	30/04/2014	37.60	26.81	19.92	14.20
	CHF LIBOR	0.0125%	14/09/1998	15/11/2005	1.62	1.15	0.92	0.66
	CHF LIBOR	0.0000%	25/09/2001	20/09/2014	22.77	16.24	18.34	13.08
	CHF LIBOR	0.0000%	25/09/2001	20/09/2008	22.77	16.24	3.64	2.59
	LIBOR 6 MONTHS DEPOSIT	0.0138%	10/03/1989	31/12/2008	10.87	7.75	0.00	0.00
DEUTSCHE MARK					67.33	35.73	30.99	16.44
	FIXED RATE	2.0000%	03/08/1984	31/12/2014	13.50	7.16	7.91	4.20
	FIXED RATE	2.0000%	03/08/1984	31/12/2014	16.50	8.76	9.67	5.13
	FIXED RATE	2.0000%	12/10/1990	31/12/2020	6.60	3.50	5.94	3.15
	FIXED RATE	2.0000%	12/05/1982	31/12/2012	2.73	1.45	1.34	0.71
	FIXED RATE	2.0000%	10/04/1981	30/06/2011	3.00	1.59	1.28	0.68
	FIXED RATE	2.0000%	20/06/1974	30/06/2004	10.00	5.31	0.73	0.39
	FIXED RATE	2.0000%	23/06/1978	30/06/2008	15.00	7.96	4.13	2.19
DANISH KRONE					80.00	11.18	18.67	2.61
	INTEREST FREE	0.0000%	26/06/1981	01/04/2006	65.00	9.08	12.80	1.79
	INTEREST FREE	0.0000%	20/02/1985	01/10/2009	15.00	2.10	5.87	0.82
EURO					154.37	160.23	63.06	65.46
	INTEREST FREE	0.0000%	29/03/2000	21/03/2016	8.48	8.80	8.48	8.80
	INTEREST FREE	0.0000%	22/09/2000	15/10/2017	1.84	1.91	1.84	1.91
	FIXED RATE	0.4700%	22/01/1998	30/09/2030	0.74	0.77	0.74	0.77
	FIXED RATE	0.4700%	22/01/1998	30/09/2030	3.20	3.32	3.24	3.36
	FIXED RATE	0.7500%	14/02/2002	30/06/2042	7.39	7.67	0.00	0.00
	FIXED RATE	0.7500%	14/02/2002	30/06/2042	10.69	11.09	0.00	0.00
	FIXED RATE	1.5000%	17/02/1995	29/11/2014	8.12	8.42	8.08	8.39
	FIXED RATE	3.4500%	28/02/2002	31/03/2012	18.17	18.86	3.09	3.21
	FIXED RATE	3.6500%	28/02/2002	31/03/2025	36.34	37.72	7.66	7.95
	FIXED RATE	4.0000%	16/11/2000	30/06/2023	31.25	32.44	14.15	14.68
	FIXED RATE	4.4000%	11/12/2001	31/12/2024	23.99	24.90	12.11	12.57
	FIXED RATE	4.9400%	17/08/1999	30/04/2010	3.40	3.53	3.06	3.18
	FIXED RATE	4.9400%	17/08/1999	30/04/2010	0.77	0.80	0.61	0.64
FRENCH FRANC					1,581.90	250.32	824.29	130.44
	FIXED RATE	1.4000%	31/12/1994	31/12/2016	102.36	16.20	96.73	15.31
	FIXED RATE	1.4000%	31/12/1994	31/12/2016	17.65	2.79	17.64	2.79
	FIXED RATE	1.5000%	18/12/1995	31/12/2018	24.00	3.80	8.56	1.35
	FIXED RATE	1.5000%	18/12/1995	31/12/2023	12.60	1.99	12.60	1.99
	FIXED RATE	1.5000%	18/12/1995	31/12/2022	3.20	0.51	1.95	0.31
	FIXED RATE	1.5000%	18/12/1995	31/12/2022	4.80	0.76	4.88	0.77
	FIXED RATE	1.5000%	15/01/1997	30/09/2023	36.06	5.71	36.06	5.71
	FIXED RATE	1.5000%	15/01/1997	30/09/2023	98.98	15.66	47.07	7.45
	FIXED RATE	2.0000%	20/05/1992	31/12/2024	4.86	0.77	4.78	0.76
	FIXED RATE	2.0000%	20/05/1992	01/09/2003	3.24	0.51	0.16	0.03
	FIXED RATE	2.0000%	20/05/1992	31/12/2023	18.90	2.99	18.90	2.99
	FIXED RATE	2.0000%	17/01/1992	31/12/2024	69.00	10.92	68.35	10.82
	FIXED RATE	2.0000%	07/12/1990	31/12/2023	14.22	2.25	14.22	2.25
	FIXED RATE	2.0000%	20/05/1992	31/12/2022	4.98	0.79	4.98	0.79
	FIXED RATE	2.5000%	09/02/1990	31/12/2022	27.25	4.31	26.91	4.26
	FIXED RATE	2.5000%	09/02/1990	31/12/2022	29.07	4.60	28.51	4.51

EXTERNAL DEBT OF THE REPUBLIC OF THE PHILIPPINES[(1)] — (Continued)
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CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIG. CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[(2)]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIG. CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[(2)]
	FIXED RATE	2.5000%	09/02/1990	31/12/2022	17.40	2.75	17.18	2.72
	FIXED RATE	2.5000%	22/01/1992	31/12/2023	6.67	1.06	6.58	1.04
	FIXED RATE	3.0000%	10/10/1989	31/12/2023	28.50	4.51	25.56	4.04
	FIXED RATE	3.0000%	31/07/1989	21/03/2020	9.50	1.50	8.41	1.33
	FIXED RATE	3.1000%	08/12/1993	31/12/2014	80.00	12.66	73.51	11.63
	FIXED RATE	3.1000%	08/12/1993	31/12/2014	42.40	6.71	38.41	6.08
	FIXED RATE	3.1000%	08/12/1993	31/12/2014	8.00	1.27	7.66	1.21
	FIXED RATE	3.3000%	05/11/1993	30/06/2013	10.40	1.65	8.83	1.40
	FIXED RATE	3.3000%	05/11/1993	30/06/2013	18.40	2.91	15.77	2.49
	FIXED RATE	3.3000%	04/08/1993	31/12/2013	73.42	11.62	64.10	10.14
	FIXED RATE	3.3000%	05/11/1993	30/06/2013	21.60	3.42	0.00	0.00
	FIXED RATE	3.5000%	21/12/1992	30/09/2015	21.60	3.42	0.00	0.00
	FIXED RATE	3.5000%	21/12/1992	30/09/2015	128.00	20.25	0.00	0.00
	FIXED RATE	3.5000%	21/12/1993	30/09/2016	15.00	2.37	0.00	0.00
	FIXED RATE	3.5000%	21/12/1994	30/09/2017	55.20	8.73	0.00	0.00
	FIXED RATE	3.5000%	21/12/1992	30/09/2015	53.36	8.44	0.00	0.00
	FIXED RATE	3.5000%	21/12/1995	30/09/2015	15.00	2.37	11.85	1.87
	FIXED RATE	3.5000%	21/12/1995	31/12/2017	5.00	0.79	4.14	0.65
	FIXED RATE	3.5000%	21/12/1996	30/09/2018	49.70	7.86	6.31	1.00
	FIXED RATE	3.5000%	21/12/1997	30/12/2019	24.00	3.80	23.98	3.80
	FIXED RATE	5.6800%	15/01/1997	08/02/2010	39.99	6.33	21.39	3.38
	FIXED RATE	5.8200%	08/05/1997	30/12/2010	24.04	3.80	16.25	2.57
	FIXED RATE	6.9100%	31/12/1995	30/12/2008	8.40	1.33	4.20	0.66
	FIXED RATE	7.3500%	31/12/1995	31/12/2017	21.16	3.35	0.00	0.00
	FIXED RATE	7.3500%	31/12/1994	31/12/2016	7.35	1.16	4.41	0.70
	FIXED RATE	7.3500%	31/12/1994	31/12/2016	42.64	6.75	25.80	4.08
	FIXED RATE	7.3500%	31/12/1995	31/12/2017	8.37	1.32	0.00	0.00
	FIXED RATE	7.5000%	31/12/1995	31/12/2017	34.45	5.45	22.03	3.49
	FIXED RATE	7.5000%	31/12/1992	30/09/2008	32.00	5.06	0.00	0.00
	FIXED RATE	7.5000%	31/12/1992	30/09/2008	13.34	2.11	0.00	0.00
	FIXED RATE	7.5000%	31/12/1992	30/09/2008	5.40	0.85	0.00	0.00
	FIXED RATE	7.5500%	23/06/1993	05/07/2004	5.40	0.85	0.00	0.00
	FIXED RATE	7.5500%	08/12/1993	31/12/2004	20.00	3.16	6.99	1.11
	FIXED RATE	7.5500%	08/12/1993	31/12/2004	2.00	0.32	0.80	0.13
	FIXED RATE	7.5500%	23/06/1992	05/07/2004	4.60	0.73	1.15	0.18
	FIXED RATE	7.5500%	23/06/1992	05/05/2004	2.60	0.41	0.65	0.10
	FIXED RATE	7.5500%	08/12/1993	31/12/2004	10.60	1.68	3.70	0.59
	FIXED RATE	8.3000%	28/04/1989	31/12/2003	28.50	4.51	0.00	0.00
	FIXED RATE	9.2000%	07/12/1990	09/11/2004	9.48	1.50	0.47	0.07
	FIXED RATE	9.2000%	17/01/1991	09/06/2004	12.60	1.99	1.26	0.20
	FIXED RATE	9.2000%	09/02/1990	01/11/2003	19.73	3.12	0.00	0.00
	FIXED RATE	9.2000%	23/06/1992	30/06/2005	18.35	2.90	5.51	0.87
	FIXED RATE	9.2000%	22/01/1992	01/12/2003	4.83	0.76	0.71	0.11
	FIXED RATE	9.2000%	17/01/1992	19/07/2003	51.77	8.19	4.40	0.70
POUND STERLING					186.32	298.31	13.61	21.80
	FIXED RATE	5.9500%	14/07/1995	01/06/2008	69.23	110.85	0.00	0.00
	FIXED RATE	6.6000%	05/07/1996	01/08/2007	13.34	21.36	8.26	13.22
	FIXED RATE	6.7400%	31/03/2001	28/02/2013	16.25	26.02	2.37	3.79
	FIXED RATE	8.1000%	30/07/1992	31/01/2005	11.95	19.14	2.99	4.78
	LIBOR 6 MONTHS DEPOSIT	0.0000%	31/12/1997	31/07/2012	75.54	120.95	0.00	0.00
ITALIAN LIRA					10,185.74	5.46	8,717.61	4.67
	LIBOR 6 MONTHS DEPOSIT	1.5000%	30/06/1990	25/05/2011	10,185.74	5.46	8,717.61	4.67
JAPANESE YEN					1,354,861.96	11,298.19	676,786.57	5,643.72
	LONG TERM PRIME LENDING RATE	-0.0200%	17/02/1999	15/09/2018	43,800.00	365.25	12,080.00	100.74
	LONG TERM PRIME LENDING RATE	-0.0200%	17/02/2000	15/09/2019	43,800.00	365.25	35,553.75	296.48
	LONG TERM PRIME LENDING RATE	0.5000%	23/06/1997	15/05/2021	20,800.00	173.45	7,183.29	59.90
	FIXED RATE	0.7500%	10/03/1999	20/03/2039	36,300.00	302.71	24,200.00	201.80
	FIXED RATE	0.7500%	28/12/1999	20/12/2039	813.00	6.78	0.00	0.00
	FIXED RATE	0.7500%	28/12/1999	20/12/2039	432.00	3.60	221.31	1.85
	FIXED RATE	0.7500%	28/12/1999	20/12/2039	722.00	6.02	142.70	1.19
	FIXED RATE	0.7500%	28/12/1999	20/12/2039	2,828.00	23.58	817.69	6.82
	FIXED RATE	0.7500%	28/12/1999	20/12/2039	967.00	8.06	282.15	2.35
	FIXED RATE	0.7500%	28/12/1999	20/12/2039	844.00	7.04	176.59	1.47
	FIXED RATE	0.7500%	28/12/1999	20/12/2039	747.00	6.23	250.29	2.09

EXTERNAL DEBT OF THE REPUBLIC OF THE PHILIPPINES[1] — (Continued)
AS OF DECEMBER 31, 2002
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CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIG. CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIG. CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[2]
	FIXED RATE	0.7500%	28/12/1999	20/12/2039	444.00	3.70	185.42	1.55
	FIXED RATE	0.7500%	28/12/1999	20/12/2039	1,221.00	10.18	626.35	5.22
	FIXED RATE	0.7500%	28/12/1999	20/12/2039	1,022.00	8.52	769.00	6.41
	FIXED RATE	0.7500%	07/04/2000	20/04/2040	1,071.00	8.93	451.73	3.77
	FIXED RATE	0.7500%	31/08/2000	20/08/2040	14,724.00	122.78	425.86	3.55
	FIXED RATE	0.7500%	31/08/2000	20/08/2040	3,549.00	29.60	270.74	2.26
	FIXED RATE	0.7500%	10/09/1998	20/09/2038	894.00	7.46	507.14	4.23
	FIXED RATE	0.7500%	10/09/1998	20/09/2038	3,077.00	25.66	1,191.28	9.93
	FIXED RATE	0.7500%	10/09/1998	20/09/2038	580.00	4.84	290.78	2.42
	FIXED RATE	0.7500%	10/09/1998	20/09/2038	1,041.00	8.68	281.29	2.35
	FIXED RATE	0.7500%	10/09/1998	20/09/2038	54.00	0.45	26.23	0.22
	FIXED RATE	0.7500%	10/09/1998	20/09/2038	404.00	3.37	312.52	2.61
	FIXED RATE	0.7500%	10/09/1998	20/09/2038	5,349.00	44.61	711.82	5.94
	FIXED RATE	0.7500%	10/09/1998	20/09/2038	2,910.00	24.27	399.59	3.33
	FIXED RATE	0.7500%	10/09/1998	20/09/2038	2,252.00	18.78	841.79	7.02
	FIXED RATE	0.7500%	10/09/1998	20/09/2038	393.00	3.28	203.57	1.70
	FIXED RATE	0.7500%	20/05/2001	20/05/2041	1,346.00	11.22	326.39	2.72
	FIXED RATE	0.7500%	20/05/2001	20/05/2041	856.00	7.14	0.00	0.00
	FIXED RATE	0.7500%	20/05/2001	20/05/2041	1,098.00	9.16	0.00	0.00
	FIXED RATE	0.7500%	20/05/2001	20/05/2041	1,070.00	8.92	0.00	0.00
	FIXED RATE	0.7500%	20/05/2001	20/05/2041	1,080.00	9.01	141.30	1.18
	FIXED RATE	0.7500%	20/05/2001	20/05/2041	992.00	8.27	1,028.43	8.58
	FIXED RATE	0.7500%	20/05/2001	20/05/2041	233.00	1.94	0.00	0.00
	FIXED RATE	0.7500%	20/05/2001	20/05/2041	1,134.00	9.46	382.02	3.19
	FIXED RATE	0.7500%	20/05/2001	20/05/2041	2,034.00	16.96	199.59	1.66
	FIXED RATE	0.9500%	31/08/2000	20/08/2040	14,724.00	122.78	0.00	0.00
	FIXED RATE	0.9500%	31/08/2000	20/08/2040	3,549.00	29.60	0.00	0.00
	FIXED RATE	1.0000%	07/04/2000	20/04/2040	7,858.00	65.53	0.00	0.00
	FIXED RATE	1.3000%	28/12/1999	20/12/2029	519.00	4.33	46.48	0.39
	FIXED RATE	1.3000%	28/12/1999	20/12/2029	255.00	2.13	33.41	0.28
	FIXED RATE	1.3000%	28/12/1999	20/12/2029	1,436.00	11.97	531.45	4.43
	FIXED RATE	1.3000%	28/12/1999	20/12/2029	7,792.00	64.98	2,460.96	20.52
	FIXED RATE	1.3000%	28/12/1999	20/12/2029	145.00	1.21	0.00	0.00
	FIXED RATE	1.7000%	10/09/1998	20/09/2028	6,734.00	56.15	193.72	1.62
	FIXED RATE	1.7000%	10/09/1998	20/09/2028	291.00	2.43	0.00	0.00
	FIXED RATE	1.7000%	10/09/1998	20/09/2028	2,428.00	20.25	619.81	5.17
	FIXED RATE	1.7000%	20/05/2001	20/05/2041	2,556.00	21.31	266.70	2.22
	FIXED RATE	1.7000%	20/05/2001	20/05/2041	5,175.00	43.15	0.00	0.00
	FIXED RATE	1.8000%	28/12/1999	20/12/2029	6,397.00	53.34	166.69	1.39
	FIXED RATE	1.8000%	28/12/1999	20/12/2029	5,356.00	44.66	81.95	0.68
	FIXED RATE	1.8000%	28/12/1999	20/12/2029	15,299.00	127.58	3,794.81	31.64
	FIXED RATE	1.8000%	28/12/1999	20/12/2029	12,556.00	104.70	585.18	4.88
	FIXED RATE	1.8000%	28/12/1999	20/12/2029	4,885.00	40.74	0.00	0.00
	FIXED RATE	1.8000%	28/12/1999	20/12/2029	6.59	0.05	0.00	0.00
	FIXED RATE	1.8000%	28/12/1999	20/12/2029	4,321.00	36.03	233.34	1.95
	FIXED RATE	1.8000%	28/12/1999	20/12/2029	4,270.00	35.61	0.00	0.00
	FIXED RATE	1.9500%	22/09/2000	14/10/2013	16,600.00	138.43	12,957.70	108.05
	FIXED RATE	2.1000%	25/03/1999	15/12/2011	20,308.18	169.35	5,727.58	47.76
	FIXED RATE	2.1000%	25/08/1999	15/06/2011	9,697.89	80.87	8,494.47	70.84
	FIXED RATE	2.1000%	30/08/1995	20/08/2025	789.00	6.58	638.37	5.32
	FIXED RATE	2.1000%	29/03/1996	20/03/2026	1,048.00	8.74	954.78	7.96
	FIXED RATE	2.1000%	18/03/1997	20/03/2027	1,192.00	9.94	505.76	4.22
	FIXED RATE	2.1000%	18/03/1997	20/03/2027	1,226.00	10.22	640.44	5.34
	FIXED RATE	2.2000%	10/09/1998	20/09/2028	4,955.00	41.32	2,368.30	19.75
	FIXED RATE	2.2000%	10/09/1998	20/09/2028	10,487.00	87.45	2,153.42	17.96
	FIXED RATE	2.2000%	10/09/1998	20/09/2028	5,148.00	42.93	104.11	0.87
	FIXED RATE	2.2000%	10/09/1999	20/09/2028	2,387.00	19.91	0.00	0.00
	FIXED RATE	2.2000%	10/09/1998	20/09/2028	11,884.00	99.10	2,126.81	17.74
	FIXED RATE	2.2000%	20/05/2001	20/05/2041	6,948.00	57.94	0.00	0.00
	FIXED RATE	2.2000%	20/05/2001	20/05/2041	4,687.00	39.08	0.00	0.00
	FIXED RATE	2.2000%	20/05/2001	20/05/2041	10,645.00	88.77	0.00	0.00
	FIXED RATE	2.2000%	20/05/2001	20/05/2041	5,135.00	42.82	0.00	0.00
	FIXED RATE	2.2000%	20/05/2001	20/05/2041	4,130.00	34.44	0.00	0.00
	FIXED RATE	2.2000%	20/05/2001	20/05/2041	5,523.00	46.06	0.00	0.00
	FIXED RATE	2.3000%	30/08/1995	20/08/2025	795.00	6.63	785.96	6.55
	FIXED RATE	2.3000%	30/08/1995	20/08/2025	586.00	4.89	479.62	4.00
	FIXED RATE	2.3000%	30/08/1995	20/08/2025	1,327.00	11.07	1,493.54	12.45
	FIXED RATE	2.3000%	30/08/1995	20/08/2025	597.00	4.98	568.85	4.74

EXTERNAL DEBT OF THE REPUBLIC OF THE PHILIPPINES[1] — (Continued)
AS OF DECEMBER 31, 2002
IN MILLIONS OF CURRENCY INDICATED

					ORIGINAL AMOUNT CONTRACTED		OUTSTANDING BALANCE AS OF DECEMBER 31, 2002	
CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	(IN ORIG. CURR)	(IN US DOLLAR)[2]	(IN ORIG. CURR)	(IN US DOLLAR)[2]
	FIXED RATE	2.3000%	30/08/1995	20/08/2025	640.00	5.34	662.32	5.52
	FIXED RATE	2.3000%	30/08/1995	20/08/2025	1,792.00	14.94	1,313.38	10.95
	FIXED RATE	2.3000%	30/08/1995	20/08/2025	490.00	4.09	455.48	3.80
	FIXED RATE	2.3000%	30/08/1995	20/08/2025	1,658.00	13.83	2,292.06	19.11
	FIXED RATE	2.3000%	30/08/1995	20/08/2025	569.00	4.74	559.10	4.66
	FIXED RATE	2.3000%	29/03/1996	20/03/2026	305.00	2.54	227.20	1.89
	FIXED RATE	2.3000%	18/03/1997	20/03/2027	902.00	7.52	593.34	4.95
	FIXED RATE	2.3000%	18/03/1997	20/03/2027	985.00	8.21	885.94	7.39
	FIXED RATE	2.3000%	18/03/1997	20/03/2027	821.00	6.85	473.93	3.95
	FIXED RATE	2.3000%	18/03/1997	20/03/2027	4,019.00	33.51	1,627.17	13.57
	FIXED RATE	2.5000%	30/08/1995	20/08/2025	7,523.00	62.73	4,611.39	38.45
	FIXED RATE	2.5000%	29/03/1996	20/03/2026	5,863.00	48.89	5,956.00	49.67
	FIXED RATE	2.5000%	18/03/1997	20/03/2027	8,219.00	68.54	1,675.99	13.98
	FIXED RATE	2.5000%	18/03/1997	20/03/2027	6,753.00	56.31	1,626.60	13.56
	FIXED RATE	2.7000%	28/03/1991	20/03/2016	10,575.00	88.18	7,716.87	64.35
	FIXED RATE	2.7000%	16/07/1991	20/06/2021	20,020.00	166.95	18,066.77	150.66
	FIXED RATE	2.7000%	26/12/1988	20/12/2013	15,000.00	125.09	8,918.91	74.37
	FIXED RATE	2.7000%	26/12/1988	20/12/2013	25,000.00	208.48	14,864.85	123.96
	FIXED RATE	2.7000%	26/12/1988	20/12/2013	12,500.00	104.24	7,432.41	61.98
	FIXED RATE	2.7000%	23/11/1989	20/11/2014	40,000.00	333.56	25,945.94	216.36
	FIXED RATE	2.7000%	21/12/1990	20/12/2020	28,200.00	235.16	24,760.94	206.48
	FIXED RATE	2.7000%	28/03/1991	20/03/2016	13,219.00	110.23	9,646.29	80.44
	FIXED RATE	2.7000%	16/07/1991	20/06/2016	13,219.00	110.23	9,646.29	80.44
	FIXED RATE	2.7000%	26/05/1989	20/05/2019	2,130.40	17.77	1,714.68	14.30
	FIXED RATE	2.7000%	09/02/1990	20/02/2020	2,304.00	19.21	1,942.71	16.20
	FIXED RATE	2.7000%	09/02/1990	20/02/2020	4,238.00	35.34	3,119.73	26.02
	FIXED RATE	2.7000%	09/02/1990	20/02/2020	2,079.00	17.34	1,724.52	14.38
	FIXED RATE	2.7000%	09/02/1990	20/02/2020	5,708.00	47.60	4,591.16	38.29
	FIXED RATE	2.7000%	09/02/1990	20/02/2020	8,634.00	72.00	6,332.90	52.81
	FIXED RATE	2.7000%	09/02/1990	20/02/2020	316.25	2.64	269.96	2.25
	FIXED RATE	2.7000%	09/02/1990	20/02/2020	4,986.00	41.58	4,243.61	35.39
	FIXED RATE	2.7000%	09/02/1990	20/02/2020	5,080.00	42.36	2,711.00	22.61
	FIXED RATE	2.7000%	09/02/1990	20/02/2020	10,560.00	88.06	5,360.88	44.70
	FIXED RATE	2.7000%	09/02/1990	20/02/2020	21,752.00	181.39	13,953.80	116.36
	FIXED RATE	2.7000%	09/02/1990	20/02/2020	4,867.00	40.59	3,279.99	27.35
	FIXED RATE	2.7000%	09/02/1990	20/02/2020	4,301.00	35.87	3,671.15	30.61
	FIXED RATE	2.7000%	16/07/1991	20/06/2021	2,065.00	17.22	1,638.29	13.66
	FIXED RATE	2.7000%	16/07/1991	20/06/2021	1,663.00	13.87	1,364.49	11.38
	FIXED RATE	2.7000%	16/07/1991	20/06/2021	1,795.00	14.97	1,135.46	9.47
	FIXED RATE	2.7000%	16/07/1991	20/06/2021	5,266.00	43.91	4,355.90	36.32
	FIXED RATE	2.7000%	16/07/1991	20/06/2021	10,790.00	89.98	9,546.07	79.60
	FIXED RATE	2.7000%	16/07/1991	20/06/2021	3,516.00	29.32	3,146.41	26.24
	FIXED RATE	2.7000%	16/07/1991	20/06/2021	9,427.00	78.61	8,386.16	69.93
	FIXED RATE	2.7000%	20/03/1992	20/03/2022	7,655.00	63.84	4,432.35	36.96
	FIXED RATE	2.7000%	30/08/1995	20/08/2025	5,356.00	44.66	5,030.11	41.95
	FIXED RATE	2.7000%	30/08/1995	20/08/2025	3,454.00	28.80	2,836.65	23.65
	FIXED RATE	2.7000%	30/08/1995	20/08/2025	17,064.00	142.30	11,368.72	94.80
	FIXED RATE	2.7000%	30/08/1995	20/08/2025	4,982.00	41.54	4,693.66	39.14
	FIXED RATE	2.7000%	30/08/1995	20/08/2025	5,746.00	47.92	3,114.35	25.97
	FIXED RATE	2.7000%	30/08/1995	20/08/2025	11,103.00	92.59	6,110.79	50.96
	FIXED RATE	2.7000%	30/08/1995	20/08/2025	4,275.00	35.65	3,388.18	28.25
	FIXED RATE	2.7000%	30/08/1995	20/08/2025	7,893.00	65.82	5,777.11	48.18
	FIXED RATE	2.7000%	30/08/1995	20/08/2025	2,303.00	19.20	1,256.70	10.48
	FIXED RATE	2.7000%	18/03/1997	20/03/2027	4,844.00	40.39	2,133.19	17.79
	FIXED RATE	2.7000%	18/03/1997	20/03/2027	6,698.00	55.85	2,610.98	21.77
	FIXED RATE	2.7000%	18/03/1997	20/03/2027	5,772.00	48.13	4,385.39	36.57
	FIXED RATE	2.7000%	18/03/1997	20/03/2027	7,103.00	59.23	1,647.01	13.73
	FIXED RATE	2.7000%	26/05/1989	20/05/2019	2,063.00	17.20	1,631.65	13.61
	FIXED RATE	2.7000%	26/05/1989	20/05/2019	4,776.00	39.83	2,653.00	22.12
	FIXED RATE	2.7000%	26/05/1989	20/05/2019	2,500.00	20.85	2,012.18	16.78
	FIXED RATE	2.7000%	26/05/1989	20/05/2019	2,633.00	21.96	1,572.85	13.12
	FIXED RATE	2.7000%	26/05/1989	20/05/2019	5,500.00	45.86	4,057.35	33.83
	FIXED RATE	3.0000%	17/12/1987	20/12/2012	30,000.00	250.17	16,216.20	135.23
	FIXED RATE	3.0000%	03/09/1992	20/09/2017	25,380.00	211.64	20,578.35	171.60
	FIXED RATE	3.0000%	19/08/1993	20/08/2023	6,872.00	57.31	6,665.85	55.59
	FIXED RATE	3.0000%	19/08/1993	20/08/2023	4,633.00	38.63	3,967.75	33.09
	FIXED RATE	3.0000%	19/08/1993	20/08/2023	3,803.00	31.71	3,557.21	29.66
	FIXED RATE	3.0000%	19/08/1993	20/08/2023	3,055.00	25.48	3,054.99	25.48

EXTERNAL DEBT OF THE REPUBLIC OF THE PHILIPPINES[(1)] — (Continued)
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CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIG. CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[(2)]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIG. CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[(2)]
	FIXED RATE	3.0000%	19/08/1993	20/08/2023	9,294.00	77.50	4,407.96	36.76
	FIXED RATE	3.0000%	20/12/1994	20/12/2024	9,620.00	80.22	9,471.92	78.99
	FIXED RATE	3.0000%	20/12/1994	20/12/2024	11,754.00	98.02	11,753.90	98.02
	FIXED RATE	3.0000%	20/06/1980	20/06/2010	5,400.00	45.03	1,975.59	16.47
	FIXED RATE	3.0000%	20/06/1980	20/06/2010	62.28	0.52	22.77	0.19
	FIXED RATE	3.0000%	20/06/1980	20/06/2010	577.55	4.82	211.28	1.76
	FIXED RATE	3.0000%	20/06/1980	20/06/2010	1,860.00	15.51	680.48	5.67
	FIXED RATE	3.0000%	20/06/1980	20/06/2010	85.18	0.71	31.16	0.26
	FIXED RATE	3.0000%	20/06/1980	20/06/2010	149.90	1.25	54.83	0.46
	FIXED RATE	3.0000%	20/06/1980	20/06/2010	5,410.00	45.11	1,979.27	16.51
	FIXED RATE	3.0000%	20/06/1980	20/06/2010	810.07	6.76	296.36	2.47
	FIXED RATE	3.0000%	20/06/1980	20/06/2010	979.81	8.17	358.46	2.99
	FIXED RATE	3.0000%	16/06/1981	20/06/2011	5,000.00	41.70	1,976.57	16.48
	FIXED RATE	3.0000%	16/06/1981	20/06/2011	3,825.52	31.90	1,586.17	13.23
	FIXED RATE	3.0000%	16/06/1981	20/06/2011	7,571.84	63.14	3,139.53	26.18
	FIXED RATE	3.0000%	31/05/1982	20/05/2012	3,985.19	33.23	1,846.76	15.40
	FIXED RATE	3.0000%	31/05/1982	20/05/2012	2,765.83	23.06	1,281.70	10.69
	FIXED RATE	3.0000%	31/05/1982	20/05/2012	301.37	2.51	139.63	1.16
	FIXED RATE	3.0000%	31/05/1982	20/05/2012	3,420.92	28.53	1,585.28	13.22
	FIXED RATE	3.0000%	31/05/1982	10/05/2012	3,773.45	31.47	1,748.67	14.58
	FIXED RATE	3.0000%	09/09/1983	20/09/2013	2,943.82	24.55	1,579.60	13.17
	FIXED RATE	3.0000%	09/09/1983	20/09/2013	2,123.40	17.71	1,095.42	9.13
	FIXED RATE	3.0000%	09/09/1983	20/09/2013	1,140.00	9.51	554.25	4.62
	FIXED RATE	3.0000%	09/09/1983	20/09/2013	4,600.00	38.36	2,411.11	20.11
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	2,254.00	18.80	119.75	1.00
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	4,837.00	40.34	3,362.23	28.04
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	10,818.00	90.21	6,815.72	56.84
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	2,090.00	17.43	1,547.15	12.90
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	5,735.00	47.82	4,302.65	35.88
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	3,193.00	26.63	2,047.36	17.07
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	4,611.00	38.45	3,397.35	28.33
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	3,372.00	28.12	2,055.21	17.14
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	2,000.00	16.68	1,057.81	8.82
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	707.00	5.90	457.06	3.81
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	313.93	2.62	237.34	1.98
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	300.44	2.51	227.14	1.89
	FIXED RATE	3.0000%	31/05/1988	20/05/2018	14,003.00	116.77	10,543.04	87.92
	FIXED RATE	3.0000%	20/12/1994	20/12/2024	4,616.00	38.49	4,323.47	36.05
	FIXED RATE	3.2500%	14/01/1978	20/01/2003	329.75	2.75	8.91	0.07
	FIXED RATE	3.2500%	14/01/1978	20/01/2003	1,773.53	14.79	47.93	0.40
	FIXED RATE	3.2500%	14/01/1978	20/01/2003	2,986.50	24.90	80.72	0.67
	FIXED RATE	3.2500%	09/11/1978	20/11/2008	4,554.10	37.98	1,332.90	11.12
	FIXED RATE	3.2500%	09/11/1978	20/11/2008	1,257.12	10.48	367.93	3.07
	FIXED RATE	3.2500%	09/11/1978	20/11/2008	2,913.08	24.29	852.60	7.11
	FIXED RATE	3.2500%	09/11/1978	20/11/2008	5,263.39	43.89	1,540.49	12.85
	FIXED RATE	3.2500%	09/11/1978	20/05/2008	8,128.00	67.78	2,368.27	19.75
	FIXED RATE	3.2500%	09/11/1978	20/11/2008	290.07	2.42	84.89	0.71
	FIXED RATE	3.2500%	09/11/1978	20/11/2008	176.78	1.47	51.73	0.43
	FIXED RATE	3.2500%	09/11/1978	20/11/2008	155.99	1.30	45.65	0.38
	FIXED RATE	3.2500%	09/11/1978	20/11/2008	2,185.29	18.22	639.58	5.33
	FIXED RATE	3.5000%	22/12/1994	31/05/2007	48,000.00	400.27	19,399.25	161.77
	FIXED RATE	3.5000%	26/11/1986	20/11/2006	32,895.00	274.31	8,489.03	70.79
	FIXED RATE	3.5000%	07/05/1984	20/05/2014	2,997.01	24.99	1,681.23	14.02
	FIXED RATE	3.5000%	07/05/1984	20/05/2014	1,381.00	11.52	314.64	2.62
	FIXED RATE	3.5000%	30/05/1986	20/05/2016	102.06	0.85	67.18	0.56
	FIXED RATE	3.5000%	30/05/1986	20/05/2016	457.38	3.81	301.19	2.51
	FIXED RATE	3.5000%	30/05/1986	20/05/2016	7,595.00	63.33	4,809.67	40.11
	FIXED RATE	3.5000%	30/05/1986	20/05/2016	3,979.50	33.19	2,620.62	21.85
	FIXED RATE	3.5000%	30/05/1986	20/05/2016	1,439.00	12.00	634.96	5.29
	FIXED RATE	3.5000%	30/05/1986	20/05/2016	1,457.60	12.15	959.88	8.00
	FIXED RATE	4.2500%	26/03/1979	20/03/2004	10,855.20	90.52	880.15	7.34
	FIXED RATE	5.0000%	01/10/1987	20/06/2003	39,120.00	326.22	3,401.73	28.37
	FIXED RATE	6.0000%	11/03/1993	01/02/2013	25,000.00	208.48	14,851.58	123.85
	FIXED RATE	6.0000%	27/04/1990	15/06/2009	48,000.00	400.27	17,052.75	142.20
	LIBOR 6 MONTHS	2.2500%	22/09/2000	25/04/2015	2,940.00	24.52	2,940.00	24.52
	LIBOR 6 MONTHS	2.5000%	13/09/2001	12/12/2006	3,583.80	29.89	3,583.80	29.89

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CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIG. CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIG. CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[2]
KOREAN WON					24,961.98	20.79	4,223.42	3.52
	FIXED RATE	2.5000%	24/02/1998	20/02/2028	21,172.00	17.64	2,075.81	1.73
	FIXED RATE	3.5000%	12/03/1991	20/03/2011	3,789.98	3.16	2,147.61	1.79
KUWAIT DINAR					11.05	38.26	2.00	6.91
	FIXED RATE	3.5000%	06/05/1998	15/08/2018	6.15	21.29	0.16	0.56
	FIXED RATE	4.5000%	26/12/1984	15/02/2008	4.90	16.97	1.84	6.36
NETHERLANDS GUILDER					2.30	1.08	0.00	0.00
	FIXED RATE	2.5000%	27/04/1984	31/12/2014	2.30	1.08	0.00	0.00
SWEDISH KRONA					18.31	2.08	18.21	2.07
	INTEREST FREE	0.0000%	13/02/1998	30/12/2008	18.31	2.08	18.21	2.07
SPECIAL DRAWING RIGHT					909.36	1,228.00	670.08	904.87
	INTEREST FREE	1.0000%	22/11/1990	15/08/2025	16.73	22.59	11.61	15.68
	INTEREST FREE	1.0000%	27/12/1988	15/11/2023	5.91	7.98	5.32	7.18
	INTEREST FREE	1.0000%	09/11/1990	15/11/2025	35.87	48.45	34.08	46.02
	INTEREST FREE	1.0000%	11/07/1991	15/02/2026	50.00	67.52	48.13	64.99
	INTEREST FREE	1.0000%	06/03/1992	01/06/2027	26.40	35.65	24.09	32.53
	INTEREST FREE	1.0000%	27/12/1988	15/10/2023	18.68	25.22	14.43	19.49
	INTEREST FREE	1.0000%	25/01/1991	15/08/2025	24.19	32.67	22.98	31.04
	INTEREST FREE	1.0000%	24/06/1992	15/11/2026	27.16	36.68	22.65	30.59
	INTEREST FREE	1.0000%	22/11/1990	15/08/2025	69.70	94.12	64.81	87.52
	INTEREST FREE	1.0000%	18/12/1989	01/10/2024	25.04	33.82	14.53	19.62
	INTEREST FREE	1.0000%	20/01/1995	15/10/2029	11.93	16.10	7.05	9.52
	INTEREST FREE	1.0000%	25/10/1990	15/09/2025	18.25	24.64	17.00	22.95
	INTEREST FREE	1.0000%	12/09/1988	15/05/2023	53.41	72.12	41.66	56.25
	INTEREST FREE	1.0000%	17/02/1989	15/11/2023	14.77	19.95	13.09	17.67
	INTEREST FREE	1.0000%	05/11/1993	15/06/2028	18.02	24.34	14.25	19.24
	INTEREST FREE	1.0000%	17/02/1989	15/10/2023	25.85	34.91	23.27	31.42
	INTEREST FREE	1.0000%	04/07/1988	01/04/2023	43.44	58.66	38.55	52.06
	INTEREST FREE	1.0000%	05/10/1989	15/08/2024	39.77	53.70	36.79	49.68
	INTEREST FREE	1.0000%	28/11/1991	15/11/2026	35.25	47.59	28.35	38.29
	INTEREST FREE	1.0000%	20/01/1995	15/10/2029	36.80	49.69	21.88	29.54
	INTEREST FREE	1.0000%	21/04/1988	01/02/2023	11.61	15.68	9.30	12.56
	INTEREST FREE	1.0000%	28/11/1991	15/11/2026	22.03	29.75	21.48	29.00
	INTEREST FREE	1.0000%	22/11/1993	01/06/2028	50.50	68.20	25.28	34.14
	INTEREST FREE	1.0000%	11/01/1996	15/09/2029	15.65	21.13	4.24	5.72
	INTEREST FREE	1.0000%	22/11/1990	15/11/2025	14.36	19.39	12.80	17.29
	INTEREST FREE	1.0000%	24/12/1992	01/10/2027	34.65	46.79	12.43	16.79
	INTEREST FREE	1.0000%	24/04/1986	15/05/2026	43.40	58.60	37.75	50.98
	INTEREST FREE	1.0000%	27/11/1995	15/05/2030	9.63	13.00	7.34	9.91
	INTEREST FREE	1.0000%	27/11/1995	15/04/2030	17.64	23.82	9.47	12.79
	INTEREST FREE	1.0000%	04/06/1996	15/03/2021	12.76	17.23	5.85	7.89
	INTEREST FREE	1.0000%	23/07/1997	15/05/2021	13.84	18.69	1.96	2.65
	INTEREST FREE	1.0000%	21/01/1998	01/09/2032	11.02	14.88	3.37	4.55
	INTEREST FREE	1.0000%	15/04/1998	15/11/2032	6.49	8.76	1.76	2.37
	INTEREST FREE	0.0000%	29/11/2000	15/01/2040	4.50	6.08	0.00	0.00
	INTEREST FREE	0.0000%	25/09/2000	15/01/2040	6.00	8.10	0.00	0.00
	FIXED RATE	0.7500%	06/03/1996	15/03/2030	6.15	8.30	2.73	3.69
	FIXED RATE	0.7500%	29/04/1998	15/03/2038	11.00	14.85	3.19	4.31
	FIXED RATE	4.0000%	18/05/1992	01/04/2012	11.00	14.85	5.56	7.50
	FIXED RATE	4.0000%	16/11/1982	01/08/2002	6.95	9.38	0.18	0.24
	FIXED RATE	4.0000%	22/04/1987	01/03/2007	3.02	4.08	0.87	1.17
UNITED STATES DOLLAR					9,427.26	9,427.26	4,625.99	4,625.99
	ADB FLOATING RATE	0.0000%	22/11/1990	15/11/2015	9.00	9.00	6.84	6.84
	ADB FLOATING RATE	0.0000%	17/02/1989	15/10/2003	65.00	65.00	8.76	8.76
	ADB FLOATING RATE	0.0000%	25/10/1990	15/09/2020	33.00	33.00	29.91	29.91
	ADB FLOATING RATE	0.0000%	23/12/1986	01/04/2012	82.00	82.00	57.75	57.75
	ADB FLOATING RATE	0.0000%	27/11/1995	15/05/2022	15.00	15.00	7.92	7.92
	ADB FLOATING RATE	0.0000%	20/01/1995	15/10/2019	41.00	41.00	32.45	32.45
	ADB FLOATING RATE	0.0000%	23/12/1986	15/06/2016	18.80	18.80	14.77	14.77
	ADB FLOATING RATE	0.0000%	05/10/1989	15/08/2004	30.00	30.00	7.71	7.71
	ADB FLOATING RATE	0.0000%	04/07/1988	01/04/2003	60.00	60.00	4.14	4.14
	ADB FLOATING RATE	0.0000%	23/12/1986	01/10/2010	24.00	24.00	14.21	14.21
	ADB FLOATING RATE	0.0000%	09/11/1990	15/11/2005	50.00	50.00	18.39	18.39
	ADB FLOATING RATE	0.0000%	11/01/1996	15/09/2021	9.50	9.50	5.54	5.54
	ADB FLOATING RATE	0.0000%	04/02/1991	15/08/2015	150.00	150.00	120.55	120.55
	ADB FLOATING RATE	0.0000%	27/11/1995	15/04/2020	30.00	30.00	8.37	8.37

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CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIG. CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIG. CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[2]
	ADB FLOATING RATE	0.0000%	20/01/1995	01/10/2016	23.50	23.50	19.19	19.19
	ADB FLOATING RATE	0.0000%	24/12/1992	01/10/2017	50.00	50.00	16.45	16.45
	ADB FLOATING RATE	0.0000%	02/05/1996	01/05/2010	150.00	150.00	52.12	52.12
	ADB FLOATING RATE	0.0000%	03/06/1997	15/03/2021	18.50	18.50	7.73	7.73
	ADB FLOATING RATE	0.0000%	23/06/1997	15/05/2021	167.00	167.00	66.14	66.14
	ADB FLOATING RATE	0.0000%	24/04/1986	15/05/2006	50.00	50.00	18.56	18.56
	ADB FLOATING RATE	0.0000%	21/12/1998	15/08/2013	300.00	300.00	286.18	286.18
	ADB FLOATING RATE	0.0000%	21/12/1998	01/08/2013	200.00	200.00	90.79	90.79
	ADB FLOATING RATE	0.0000%	21/01/1998	01/09/2022	93.00	93.00	10.18	10.18
	ADB FLOATING RATE	0.0000%	21/01/1998	01/09/2022	20.22	20.22	5.07	5.07
	ADB FLOATING RATE	0.0000%	15/04/1998	15/11/2022	15.70	15.70	4.27	4.27
	ADB FLOATING RATE	0.0000%	21/01/1998	15/11/2022	22.00	22.00	1.24	1.24
	ADB FLOATING RATE	0.0000%	21/12/1998	01/08/2022	71.00	71.00	6.45	6.45
	ADB FLOATING RATE	0.0000%	01/03/1999	01/08/2025	53.00	53.00	3.28	3.28
	ADB FLOATING RATE	0.0000%	01/03/1999	01/12/2023	24.30	24.30	2.40	2.40
	ADB FLOATING RATE	0.0000%	01/03/1999	15/12/2023	93.16	93.16	18.56	18.56
	ADB FLOATING RATE	0.0000%	01/03/1999	15/08/2023	60.00	60.00	8.30	8.30
	ADB FLOATING RATE	0.0000%	18/07/2000	15/08/2014	100.00	100.00	30.00	30.00
	ADB FLOATING RATE	0.0000%	18/07/2000	15/08/2024	75.00	75.00	2.50	2.50
	ADB FLOATING RATE	0.0000%	21/07/2000	15/02/2015	100.00	100.00	40.00	40.00
	ADB FLOATING RATE	0.0000%	21/07/2000	15/02/2015	75.00	75.00	1.49	1.49
	ADB FLOATING RATE	0.0000%	16/11/2000	15/08/2025	25.00	25.00	1.46	1.46
	ADB FLOATING RATE	0.0000%	19/11/2001	15/08/2016	75.00	75.00	75.00	75.00
	ADB FLOATING RATE	0.0000%	22/10/2001	15/09/2025	75.00	75.00	1.81	1.81
	COST QUA. BOR. IBRD 6M	0.5000%	22/12/1989	15/03/2010	200.00	200.00	126.52	126.52
	COST QUA. BOR. IBRD 6M	0.5000%	04/06/1984	01/07/2004	90.95	90.95	11.52	11.52
	COST QUA. BOR. IBRD 6M	0.5000%	19/01/1990	01/02/2010	40.00	40.00	26.35	26.35
	COST QUA. BOR. IBRD 6M	0.5000%	31/05/1989	15/06/2009	300.00	300.00	171.44	171.44
	COST QUA. BOR. IBRD 6M	0.5000%	26/09/1984	01/10/2004	150.00	150.00	20.00	20.00
	COST QUA. BOR. IBRD 6M	0.5000%	09/11/1989	15/09/2009	70.10	70.10	41.02	41.02
	COST QUA. BOR. IBRD 6M	0.5000%	10/08/1984	15/08/2004	35.81	35.81	4.46	4.46
	COST QUA. BOR. IBRD 6M	0.5000%	16/03/1990	15/04/2010	40.00	40.00	19.84	19.84
	COST QUA. BOR. IBRD 6M	0.5000%	09/06/1993	01/08/2013	28.36	28.36	23.53	23.53
	COST QUA. BOR. IBRD 6M	0.5000%	09/06/1993	01/08/2013	22.94	22.94	15.29	15.29
	COST QUA. BOR. IBRD 6M	0.5000%	23/12/1992	01/02/2013	200.00	200.00	161.31	161.31
	COST QUA. BOR. IBRD 6M	0.5000%	05/02/1992	15/03/2012	90.79	90.79	66.90	66.90
	COST QUA. BOR. IBRD 6M	0.5000%	05/02/1992	15/03/2012	59.21	59.21	46.47	46.47
	COST QUA. BOR. IBRD 6M	0.5000%	15/07/1993	01/03/2013	37.54	37.54	30.17	30.17
	COST QUA. BOR. IBRD 6M	0.5000%	15/07/1993	01/03/2013	25.46	25.46	16.36	16.36
	COST QUA. BOR. IBRD 6M	0.5000%	19/06/1986	01/01/2006	82.00	82.00	21.78	21.78
	COST QUA. BOR. IBRD 6M	0.5000%	01/09/1988	01/08/2008	200.00	200.00	107.60	107.60
	COST QUA. BOR. IBRD 6M	0.5000%	09/07/1990	15/09/2010	200.00	200.00	116.91	116.91
	COST QUA. BOR. IBRD 6M	0.5000%	07/02/1984	01/02/2004	24.97	24.97	2.06	2.06
	COST QUA. BOR. IBRD 6M	0.5000%	13/06/1988	15/08/2008	45.00	45.00	12.63	12.63
	COST QUA. BOR. IBRD 6M	0.5000%	28/04/1995	01/04/2015	1.30	1.30	1.17	1.17
	COST QUA. BOR. IBRD 6M	0.5000%	28/04/1995	01/04/2015	16.70	16.70	8.99	8.99
	COST QUA. BOR. IBRD 6M	0.5000%	10/06/1983	01/06/2003	35.92	35.92	1.08	1.08
	COST QUA. BOR. IBRD 6M	0.5000%	30/03/1987	01/01/2007	300.00	300.00	90.00	90.00
	COST QUA. BOR. IBRD 6M	0.5000%	11/07/1991	15/08/2011	139.44	139.44	100.71	100.71
	COST QUA. BOR. IBRD 6M	0.5000%	11/07/1991	15/08/2011	18.56	18.56	3.99	3.99
	COST QUA. BOR. IBRD 6M	0.5000%	02/04/1985	01/05/2005	3.95	3.95	0.62	0.62
	COST QUA. BOR. IBRD 6M	0.5000%	01/09/1988	15/08/2008	125.26	125.26	67.38	67.38
	COST QUA. BOR. IBRD 6M	0.5000%	27/04/1983	15/05/2003	302.25	302.25	10.08	10.08
	INTEREST FREE	1.0000%	20/12/1974	01/10/2014	5.77	5.77	2.77	2.77
	INTEREST FREE	1.0000%	10/11/1978	01/10/2018	14.00	14.00	8.96	8.96
	INTEREST FREE	1.0000%	27/08/1979	01/02/2019	12.34	12.34	8.14	8.14
	INTEREST FREE	1.0000%	22/10/1980	15/09/2020	12.20	12.20	8.75	8.75
	INTEREST FREE	1.0000%	12/10/1981	01/09/2021	12.11	12.11	9.20	9.20
	INTEREST FREE	1.0000%	05/01/1973	01/09/2022	12.70	12.70	7.62	7.62
	INTEREST FREE	1.0000%	05/04/1974	15/04/2024	9.50	9.50	6.13	6.13
	INTEREST FREE	1.0000%	21/04/1978	15/12/2027	21.52	21.52	16.14	16.14
	INTEREST FREE	1.0000%	27/06/1979	01/06/2029	32.22	32.22	25.62	25.62
	FIXED RATE	0.3000%	28/05/2002	30/11/2032	4.40	4.40	1.95	1.95
	FIXED RATE	0.3000%	28/05/2002	30/11/2032	6.78	6.78	2.12	2.12
	FIXED RATE	0.3000%	28/05/2002	30/11/2032	18.56	18.56	5.96	5.96
	FIXED RATE	1.0000%	22/09/2000	04/10/2030	7.01	7.01	6.91	6.91
	FIXED RATE	1.0000%	03/08/2001	31/12/2031	40.00	40.00	39.73	39.73
	FIXED RATE	1.5000%	11/07/1996	17/03/2026	25.18	25.18	25.75	25.75

IN MILLIONS OF CURRENCY INDICATED

CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIG. CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIG. CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[2]
	FIXED RATE	1.7500%	06/08/2000	15/12/2016	10.00	10.00	1.65	1.65
	FIXED RATE	2.0000%	24/12/1980	01/10/2021	4.87	4.87	3.52	3.52
	FIXED RATE	2.0000%	23/07/1982	15/04/2023	4.15	4.15	4.20	4.20
	FIXED RATE	2.0000%	03/04/1984	19/08/2021	0.04	0.04	0.03	0.03
	FIXED RATE	2.0000%	24/03/1975	31/05/2017	15.00	15.00	8.81	8.81
	FIXED RATE	2.0000%	29/07/1975	16/02/2017	3.47	3.47	2.04	2.04
	FIXED RATE	2.0000%	22/12/1975	13/09/2017	4.84	4.84	2.92	2.92
	FIXED RATE	2.0000%	11/03/1974	07/12/2016	1.38	1.38	0.79	0.79
	FIXED RATE	2.0000%	28/04/1976	25/04/2017	8.90	8.90	5.23	5.23
	FIXED RATE	2.0000%	27/06/1977	27/04/2018	2.93	2.93	1.82	1.82
	FIXED RATE	2.0000%	13/01/1978	18/05/2019	4.86	4.86	3.08	3.08
	FIXED RATE	2.0000%	13/01/1978	09/11/2018	1.46	1.46	0.92	0.92
	FIXED RATE	2.0000%	18/08/1978	14/10/2018	0.68	0.68	0.45	0.45
	FIXED RATE	2.0000%	23/02/1979	08/04/2020	10.61	10.61	7.22	7.22
	FIXED RATE	2.0000%	28/03/1980	05/03/2021	6.36	6.36	4.52	4.52
	FIXED RATE	2.0000%	15/02/1979	28/04/2021	4.13	4.13	2.93	2.93
	FIXED RATE	2.0000%	15/02/1978	15/05/2021	3.98	3.98	2.83	2.83
	FIXED RATE	2.0000%	16/07/1979	15/09/2020	3.63	3.63	2.52	2.52
	FIXED RATE	2.0000%	01/08/1979	11/01/2022	0.83	0.83	0.61	0.61
	FIXED RATE	2.0000%	01/08/1978	06/01/2024	0.44	0.44	0.35	0.35
	FIXED RATE	2.0000%	29/08/1980	13/10/2021	0.39	0.39	0.28	0.28
	FIXED RATE	2.0000%	06/11/1981	06/11/2021	9.65	9.65	6.98	6.98
	FIXED RATE	2.0000%	28/05/1981	26/08/2022	0.91	0.91	0.68	0.68
	FIXED RATE	2.0000%	29/08/1980	01/06/2021	2.09	2.09	1.48	1.48
	FIXED RATE	2.0000%	25/09/1981	15/03/2022	3.04	3.04	2.24	2.24
	FIXED RATE	2.0000%	30/09/1981	17/08/2021	0.82	0.82	0.61	0.61
	FIXED RATE	2.0000%	31/08/1982	14/06/2023	0.81	0.81	0.62	0.62
	FIXED RATE	2.0000%	29/09/1982	28/04/2023	0.21	0.21	0.16	0.16
	FIXED RATE	2.0000%	23/05/1984	02/06/2023	0.04	0.04	0.03	0.03
	FIXED RATE	2.0000%	31/08/1983	16/11/2024	0.18	0.18	0.15	0.15
	FIXED RATE	2.0000%	24/08/1979	20/02/2021	1.05	1.05	0.74	0.74
	FIXED RATE	2.0000%	28/10/1980	16/12/2023	3.74	3.74	2.92	2.92
	FIXED RATE	2.0000%	04/12/1980	28/10/2023	0.49	0.49	0.40	0.40
	FIXED RATE	2.0000%	21/07/1982	12/09/2023	0.29	0.29	0.23	0.23
	FIXED RATE	2.0000%	30/07/1983	16/04/2025	0.98	0.98	0.81	0.81
	FIXED RATE	2.0000%	29/07/1983	01/10/2024	0.06	0.06	0.05	0.05
	FIXED RATE	2.0000%	26/03/1984	10/10/2024	0.35	0.35	0.29	0.29
	FIXED RATE	2.0000%	15/02/1979	22/11/2022	0.74	0.74	0.55	0.55
	FIXED RATE	2.0000%	30/06/1980	14/02/2023	2.30	2.30	1.76	1.76
	FIXED RATE	2.0000%	01/06/1994	23/11/2019	14.97	14.97	12.12	12.12
	FIXED RATE	2.0000%	20/06/1986	13/10/2016	31.99	31.99	17.22	17.22
	FIXED RATE	2.0000%	19/05/1988	03/07/2018	29.99	29.99	18.45	18.45
	FIXED RATE	2.0000%	31/07/1990	25/10/2020	21.00	21.00	14.54	14.54
	FIXED RATE	2.0000%	02/08/1999	30/12/2019	15.13	15.13	15.13	15.13
	FIXED RATE	2.0000%	02/08/1999	11/02/2020	14.87	14.87	14.87	14.87
	FIXED RATE	2.0000%	04/05/1972	26/12/2002	9.64	9.64	0.00	0.00
	FIXED RATE	2.0000%	08/07/1985	25/10/2015	40.00	40.00	20.00	20.00
	FIXED RATE	2.0000%	12/07/2000	19/01/2021	23.35	23.35	23.35	23.35
	FIXED RATE	2.0000%	12/07/2000	19/01/2021	16.65	16.65	16.64	16.64
	FIXED RATE	2.5000%	30/06/1997	28/04/2014	9.48	9.48	9.01	9.01
	FIXED RATE	3.0000%	29/06/1973	01/05/2003	6.00	6.00	0.18	0.18
	FIXED RATE	3.0000%	04/12/1980	06/04/2022	2.30	2.30	1.67	1.67
	FIXED RATE	3.0000%	06/07/1989	06/07/2007	100.00	100.00	42.22	42.22
	FIXED RATE	3.0000%	17/05/1991	01/10/2021	15.00	15.00	11.87	11.87
	FIXED RATE	3.0000%	30/01/1992	05/04/2022	20.00	20.00	16.67	16.67
	FIXED RATE	3.0000%	30/04/1993	26/11/2023	20.00	20.00	17.50	17.50
	FIXED RATE	3.0000%	30/10/2001	30/10/2011	35.00	35.00	0.00	0.00
	FIXED RATE	3.0000%	19/09/2002	01/12/2016	41.25	41.25	41.25	41.25
	FIXED RATE	3.0250%	30/03/1988	15/10/2004	6.50	6.50	1.08	1.08
	FIXED RATE	3.2500%	27/09/1990	15/04/2006	4.89	4.89	1.71	1.71
	FIXED RATE	3.2500%	22/09/1997	22/03/2014	10.00	10.00	1.69	1.69
	FIXED RATE	3.4000%	01/03/1996	15/12/2012	22.95	22.95	22.95	22.95
	FIXED RATE	3.4000%	06/06/1997	15/12/2014	36.82	36.82	27.81	27.81
	FIXED RATE	3.4000%	01/05/1998	15/05/2014	38.51	38.51	38.51	38.51
	FIXED RATE	3.9500%	23/12/1994	28/01/2006	6.13	6.13	0.00	0.00
	FIXED RATE	4.0000%	16/07/1998	05/11/2018	10.00	10.00	10.00	10.00
	FIXED RATE	4.5500%	28/05/2002	31/01/2009	4.40	4.40	0.00	0.00
	FIXED RATE	4.5500%	28/05/2002	30/11/2008	6.78	6.78	0.00	0.00

EXTERNAL DEBT OF THE REPUBLIC OF THE PHILIPPINES[1] — (Continued)
AS OF DECEMBER 31, 2002
IN MILLIONS OF CURRENCY INDICATED

CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIG. CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIG. CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[2]
	FIXED RATE	4.5500%	28/05/2002	30/09/2008	18.56	18.56	0.56	0.56
	FIXED RATE	5.2000%	05/03/1998	15/10/2010	24.99	24.99	12.72	12.72
	FIXED RATE	5.2000%	08/11/1999	15/11/2012	99.45	99.45	86.13	86.13
	FIXED RATE	5.9500%	23/12/1994	01/03/2006	34.75	34.75	15.50	15.50
	FIXED RATE	7.1800%	22/09/2000	05/04/2008	7.01	7.01	6.32	6.32
	FIXED RATE	7.5000%	29/06/1973	01/05/2003	3.59	3.59	0.16	0.16
	FIXED RATE	7.5000%	26/11/1973	01/09/2003	4.20	4.20	0.37	0.37
	FIXED RATE	7.6000%	07/11/1979	01/09/2009	39.65	39.65	19.63	19.63
	FIXED RATE	7.7000%	09/06/1978	15/04/2008	23.50	23.50	9.70	9.70
	FIXED RATE	7.7300%	06/04/1990	15/07/2010	40.88	40.88	19.71	19.71
	FIXED RATE	7.7300%	06/04/1990	15/07/2010	80.92	80.92	50.64	50.64
	FIXED RATE	7.7300%	09/07/1990	15/09/2010	85.00	85.00	29.24	29.24
	FIXED RATE	7.7300%	08/11/1990	01/08/2010	18.63	18.63	6.40	6.40
	FIXED RATE	7.7300%	08/11/1990	01/08/2010	27.57	27.57	17.09	17.09
	FIXED RATE	7.7300%	08/11/1990	01/11/2010	125.00	125.00	72.53	72.53
	FIXED RATE	7.7300%	05/02/1992	15/04/2012	61.00	61.00	41.71	41.71
	FIXED RATE	7.7300%	31/03/1992	15/06/2012	33.25	33.25	20.97	20.97
	FIXED RATE	7.7300%	31/03/1992	15/06/2012	34.75	34.75	25.29	25.29
	FIXED RATE	7.7500%	31/05/1989	01/03/2009	60.00	60.00	34.28	34.28
	FIXED RATE	8.0000%	23/07/1996	20/10/2006	25.75	25.75	13.63	13.63
	FIXED RATE	8.0000%	20/06/1997	30/05/2013	9.48	9.48	5.56	5.56
	FIXED RATE	8.0600%	14/09/1994	15/04/2006	20.42	20.42	6.28	6.28
	FIXED RATE	8.3000%	06/09/1977	15/04/2007	17.53	17.53	6.21	6.21
	FIXED RATE	8.6000%	31/12/1991	30/11/2004	51.95	51.95	0.00	0.00
	FIXED RATE	8.7500%	07/07/1975	01/05/2005	12.80	12.80	2.87	2.87
	FIXED RATE	8.7500%	18/12/1975	01/11/2005	25.98	25.98	6.73	6.73
	FIXED RATE	8.9000%	15/12/1976	15/07/2006	14.60	14.60	4.95	4.95
	FIXED RATE	9.0000%	06/11/1980	15/07/2004	30.00	30.00	5.85	5.85
	FIXED RATE	9.2000%	07/11/1989	15/10/2003	8.76	8.76	1.34	1.34
	FIXED RATE	10.0000%	12/10/1981	01/09/2011	20.79	20.79	13.59	13.59
	FIXED RATE	10.1000%	17/11/1981	01/08/2006	20.17	20.17	7.58	7.58
	FIXED RATE	10.1000%	04/12/1981	01/09/2006	2.48	2.48	0.92	0.92
	FIXED RATE	10.2500%	28/12/1984	15/04/2008	20.63	20.63	9.96	9.96
	FIXED RATE	10.5000%	23/12/1983	15/11/2013	38.30	38.30	27.16	27.16
	FIXED RATE	10.5000%	23/12/1983	01/10/2003	4.17	4.17	0.53	0.53
	FIXED RATE	10.5000%	23/12/1983	15/10/2013	25.15	25.15	17.86	17.86
	FIXED RATE	11.0000%	03/11/1982	01/09/2012	18.80	18.80	12.31	12.31
	FIXED RATE	11.0000%	01/12/1982	01/05/2006	47.39	47.39	16.20	16.20
	FIXED RATE	11.0000%	20/05/1983	01/01/2010	21.77	21.77	13.28	13.28
	LIBOR 6 MONTHS DEPOSIT	0.0000%	03/06/1994	01/06/2024	5.00	5.00	5.00	5.00
	LIBOR 6 MONTHS DEPOSIT	0.0000%	03/06/1994	01/06/2024	10.00	10.00	19.50	19.50
	LIBOR 6 MONTHS DEPOSIT	0.0000%	05/02/1992	01/02/2022	50.00	50.00	10.00	10.00
	LIBOR 6 MONTHS DEPOSIT	0.0000%	10/03/1995	10/03/2015	26.50	26.50	14.35	14.35
	LIBOR 6 MONTHS DEPOSIT	0.0000%	14/12/1999	15/12/2019	27.50	27.50	5.69	5.69
	LIBOR 6 MONTHS DEPOSIT	0.0000%	25/02/2000	04/15/2020	10.00	10.00	63.52	63.52
	LIBOR 6 MONTHS DEPOSIT	0.0000%	10/04/2000	15/02/2020	150.00	150.00	37.35	37.35
	LIBOR 6 MONTHS DEPOSIT	0.0000%	20/10/2000	09/01/2020	4.79	4.79	1.26	1.26
	LIBOR 6 MONTHS DEPOSIT	0.0000%	08/08/2001	01/05/2021	60.00	60.00	3.31	3.31
	LIBOR 6 MONTHS DEPOSIT	0.5000%	20/12/1996	15/01/2017	113.40	113.40	30.76	30.76
	LIBOR 6 MONTHS DEPOSIT	0.5000%	20/12/1996	15/01/2018	50.00	50.00	46.15	46.15
	LIBOR 6 MONTHS DEPOSIT	0.5000%	20/12/1997	15/01/2019	58.00	58.00	26.77	26.77
	LIBOR 6 MONTHS DEPOSIT	0.5000%	09/09/1997	15/06/2018	50.00	50.00	12.67	12.67
	LIBOR 6 MONTHS DEPOSIT	0.5000%	08/04/1998	15/06/2018	10.00	10.00	9.83	9.83
	LIBOR 6 MONTHS DEPOSIT	0.5000%	08/04/1998	15/06/2018	19.00	19.00	8.22	8.22
	LIBOR 6 MONTHS DEPOSIT	0.5000%	12/09/2002	15/04/2019	100.00	100.00	1.00	1.00
	LIBOR 6 MONTHS DEPOSIT	0.5000%	07/10/2002	15/04/2022	100.00	100.00	0.00	0.00
	LIBOR 6 MONTHS DEPOSIT	0.6250%	18/03/1992	15/12/2003	9.39	9.39	1.41	1.41
	LIBOR 6 MONTHS DEPOSIT	0.6250%	01/04/1992	15/06/2003	4.29	4.29	0.43	0.43
	LIBOR 6 MONTHS DEPOSIT	0.6250%	06/08/1992	15/06/2003	0.99	0.99	0.10	0.10
	LIBOR 6 MONTHS DEPOSIT	0.7500%	11/12/1998	15/09/2018	300.00	300.00	100.00	100.00
	LIBOR 6 MONTHS DEPOSIT	0.7500%	23/03/1999	15/05/2019	100.00	100.00	4.62	4.62
	LIBOR 6 MONTHS DEPOSIT	1.1000%	19/10/2000	24/10/2003	100.00	100.00	100.00	100.00
	LIBOR 6 MONTHS DEPOSIT	1.6000%	19/10/2000	24/10/2005	300.00	300.00	300.00	300.00
	LIBOR 6 MONTHS DEPOSIT	2.9000%	04/07/2001	15/12/2003	100.00	100.00	100.00	100.00
B. RELENT TO GOCC's						3,563.79		1,736.52
BELGIAN FRANC					1,231.67	31.69	664.71	17.10
	INTEREST FREE	0.0000%	30/10/1992	31/12/2022	150.00	3.86	140.13	3.61

EXTERNAL DEBT OF THE REPUBLIC OF THE PHILIPPINES[1] — (Continued)
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CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIG. CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIG. CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[2]
	INTEREST FREE	0.0000%	23/12/1983	31/12/2013	100.00	2.57	41.25	1.06
	INTEREST FREE	0.0000%	29/11/1982	31/12/2012	100.00	2.57	37.50	0.96
	INTEREST FREE	0.0000%	04/11/1981	31/12/2011	300.00	7.72	135.00	3.47
	INTEREST FREE	0.0000%	11/08/1980	31/12/2010	450.00	11.58	180.00	4.63
	INTEREST FREE	0.0000%	11/03/1996	31/12/2025	131.67	3.39	130.83	3.37
SWISS FRANC					12.07	8.61	0.08	0.05
	FIXED RATE	8.3000%	10/03/1989	31/12/2003	12.07	8.61	0.08	0.05
DEUTSCHE MARK					131.93	70.02	89.42	47.45
	FIXED RATE	2.0000%	10/07/1989	31/12/2019	32.40	17.20	14.93	7.92
	FIXED RATE	2.0000%	22/03/1982	30/06/2012	9.70	5.15	4.74	2.52
	FIXED RATE	2.0000%	10/07/1989	31/12/2019	14.40	7.64	11.94	6.34
	FIXED RATE	2.0000%	10/07/1989	31/12/2019	62.80	33.33	52.30	27.76
	FIXED RATE	2.0000%	10/04/1981	31/12/2015	12.63	6.70	5.51	2.92
DANISH KRONE					110.00	15.37	38.76	5.42
	INTEREST FREE	0.0000%	20/02/1985	01/04/2009	95.00	13.28	32.89	4.60
	INTEREST FREE	0.0000%	20/02/1985	01/10/2009	15.00	2.10	5.87	0.82
POUNDS STERLING					5.49	8.78	0.33	0.52
	FIXED RATE	2.0000%	12/03/1980	12/03/2005	3.52	5.64	0.00	0.00
	FIXED RATE	2.0000%	23/09/1980	23/09/2005	1.97	3.15	0.33	0.52
JAPANESE YEN					378,891.88	3,159.58	183,955.70	1,534.01
	FIXED RATE	0.7500%	07/04/2000	20/04/2040	1,587.00	13.23	510.65	4.26
	FIXED RATE	0.7500%	07/04/2000	20/04/2040	821.00	6.85	513.51	4.28
	FIXED RATE	0.7500%	10/09/1998	20/09/2038	23,668.00	197.37	1,140.33	9.51
	FIXED RATE	1.0000%	07/04/2000	20/04/2040	20,675.00	172.41	435.79	3.63
	FIXED RATE	1.0000%	07/04/2000	20/04/2040	7,445.00	62.08	2,074.35	17.30
	FIXED RATE	2.0000%	05/09/1973	31/08/2003	4,513.55	37.64	225.68	1.88
	FIXED RATE	2.0000%	16/08/1995	31/07/2025	545.40	4.55	541.35	4.51
	FIXED RATE	2.7000%	26/05/1989	20/05/2019	6,300.00	52.54	3,998.61	33.34
	FIXED RATE	2.7000%	28/06/1990	15/11/2010	5,066.00	42.25	4,224.01	35.22
	FIXED RATE	2.7000%	16/07/1991	20/04/2021	2,005.00	16.72	1,673.70	13.96
	FIXED RATE	2.7000%	16/07/1991	20/06/2021	5,788.00	48.27	4,960.70	41.37
	FIXED RATE	2.7000%	26/05/1992	20/05/2022	1,094.00	9.12	750.13	6.26
	FIXED RATE	2.7000%	16/07/1991	20/06/2021	8,283.00	69.07	6,690.67	55.79
	FIXED RATE	2.7000%	16/07/1991	20/06/2021	4,028.00	33.59	3,018.68	25.17
	FIXED RATE	2.7000%	18/03/1997	20/03/2027	25,665.00	214.02	17,363.11	144.79
	FIXED RATE	2.7000%	18/03/1997	20/03/2027	679.00	5.66	0.00	0.00
	FIXED RATE	2.7000%	26/05/1989	20/05/2019	5,054.00	42.15	4,053.89	33.81
	FIXED RATE	3.0000%	29/01/1993	20/07/2022	3,563.90	29.72	3,155.77	26.32
	FIXED RATE	3.0000%	31/03/1993	20/03/2023	6,112.00	50.97	2,987.05	24.91
	FIXED RATE	3.0000%	19/08/1993	20/08/2023	18,120.00	151.10	18,014.15	150.22
	FIXED RATE	3.0000%	19/08/1993	20/08/2023	1,259.00	10.50	1,195.84	9.97
	FIXED RATE	3.0000%	12/08/1994	20/08/2024	11,433.00	95.34	9,739.81	81.22
	FIXED RATE	3.0000%	07/12/1994	20/12/2024	7,056.00	58.84	1,369.25	11.42
	FIXED RATE	3.0000%	07/12/1994	20/12/2024	6,630.00	55.29	696.63	5.81
	FIXED RATE	3.0000%	20/12/1994	20/12/2024	5,513.00	45.97	5,164.02	43.06
	FIXED RATE	3.0000%	20/12/1994	20/12/2024	10,756.00	89.69	320.15	2.67
	FIXED RATE	3.0000%	20/12/1994	20/12/2024	2,896.00	24.15	1,218.99	10.17
	FIXED RATE	3.0000%	20/12/1994	20/12/2024	457.00	3.81	213.91	1.78
	FIXED RATE	3.0000%	20/12/1994	20/12/2024	9,795.00	81.68	9,325.00	77.76
	FIXED RATE	3.0000%	20/12/1994	20/12/2024	6,212.00	51.80	1,524.35	12.71
	FIXED RATE	3.0000%	20/06/1980	20/06/2010	14,832.73	123.69	5,426.60	45.25
	FIXED RATE	3.0000%	20/06/1980	20/06/2010	1,529.75	12.76	559.65	4.67
	FIXED RATE	3.0000%	16/06/1981	20/06/2011	8,516.35	71.02	3,531.16	29.45
	FIXED RATE	3.0000%	16/06/1981	20/06/2011	7,554.76	63.00	3,132.45	26.12
	FIXED RATE	3.0000%	16/06/1981	20/06/2011	4,507.27	37.59	1,868.86	15.58
	FIXED RATE	3.0000%	16/06/1981	20/06/2011	136.58	1.14	56.61	0.47
	FIXED RATE	3.0000%	31/05/1982	20/05/2012	25,489.96	212.56	11,812.40	98.50
	FIXED RATE	3.0000%	31/05/1982	20/05/2012	467.92	3.90	216.83	1.81
	FIXED RATE	3.0000%	31/05/1982	20/05/2012	149.16	1.24	69.10	0.58
	FIXED RATE	3.0000%	09/09/1983	20/09/2013	6,510.19	54.29	3,493.25	29.13
	FIXED RATE	3.0000%	09/09/1983	20/09/2013	4,500.00	37.53	2,412.63	20.12
	FIXED RATE	3.0000%	09/09/1983	20/09/2013	169.79	1.42	91.08	0.76
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	1,272.00	10.61	714.71	5.96
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	6,015.00	50.16	4,487.16	37.42
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	2,478.00	20.66	46.41	0.39
	FIXED RATE	3.0000%	27/01/1988	20/01/2018	192.00	1.60	127.84	1.07

EXTERNAL DEBT OF THE REPUBLIC OF THE PHILIPPINES[1] — (Continued)
AS OF DECEMBER 31, 2002
IN MILLIONS OF CURRENCY INDICATED

CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIG. CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIG. CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[2]
	FIXED RATE	3.2500%	14/01/1978	20/01/2003	10,404.52	86.76	281.20	2.34
	FIXED RATE	3.2500%	14/01/1978	20/01/2003	3,957.73	33.00	106.97	0.89
	FIXED RATE	3.2500%	09/11/1978	20/11/2008	4,433.24	36.97	1,297.52	10.82
	FIXED RATE	3.2500%	02/02/1979	20/02/2009	6,999.93	58.37	2,219.49	18.51
	FIXED RATE	3.2500%	14/01/1978	20/01/2003	3,013.92	25.13	81.46	0.68
	FIXED RATE	3.5000%	07/05/1984	20/05/2014	2,900.51	24.19	1,627.09	13.57
	FIXED RATE	3.5000%	30/05/1986	20/05/2016	142.80	1.19	94.01	0.78
	FIXED RATE	4.0000%	09/09/1983	20/09/2013	9,297.91	77.54	4,989.09	41.60
	FIXED RATE	4.0000%	25/09/1987	20/09/2017	40,400.00	336.90	28,112.07	234.43
SPECIAL DRAWING RIGHT					35.17	47.50	31.17	42.10
	INTEREST FREE	0.7500%	08/05/1996	01/01/2036	10.15	13.71	8.39	11.33
	INTEREST FREE	1.0000%	04/06/1991	15/08/2025	11.18	15.10	9.41	12.71
	INTEREST FREE	1.0000%	08/05/1997	01/01/2031	13.84	18.69	13.37	18.06
UNITED STATES DOLLAR					222.23	222.23	89.86	89.86
	ADB FLOATING RATE	0.0000%	04/06/1991	15/08/2014	6.00	6.00	2.03	2.03
	COST QUA. BOR. IBRD 6M	0.5000%	30/06/1987	01/06/2007	32.00	32.00	8.96	8.96
	COST QUA. BOR. IBRD 6M	0.5000%	10/04/1986	15/11/2006	38.00	38.00	8.08	8.08
	LIBOR 6 MONTHS DEPOSIT	0.5000%	09/09/1997	15/09/2017	2.30	2.30	1.81	1.81
	INTEREST FREE	1.0000%	03/04/1972	01/03/2022	10.02	10.02	5.86	5.86
	INTEREST FREE	1.0000%	27/06/1979	15/02/2029	19.22	19.22	15.28	15.28
	FIXED RATE	2.0000%	24/03/1975	24/03/2016	19.88	19.88	11.03	11.03
	FIXED RATE	2.0000%	06/08/1976	13/04/2017	14.95	14.95	8.79	8.79
	FIXED RATE	2.0000%	09/01/1988	30/06/2014	10.00	10.00	3.08	3.08
	FIXED RATE	2.0000%	06/08/1976	11/04/2017	19.93	19.93	11.71	11.71
	FIXED RATE	2.0000%	21/07/1989	21/07/2014	2.63	2.63	1.68	1.68
	FIXED RATE	3.0000%	07/10/1994	18/04/2011	6.00	6.00	1.55	1.55
	FIXED RATE	7.6000%	07/11/1979	01/10/2003	16.81	16.81	1.54	1.54
	FIXED RATE	10.1000%	04/12/1981	01/09/2006	24.50	24.50	8.47	8.47
II. NG ASSUMED DEBT (REAL)					2,087.23	317.88	1,319.15	185.01
AUSTRIAN SCHILLING					21.81	1.65	14.02	1.06
	AUSTRIAN STATUTORY EXPORT PROMO SCHEME	0.6000%	1992	2007	21.81	1.65	14.02	1.06
BELGIAN FRANC					50.00	1.29	28.75	0.74
	FREE	0.0000%	1986	2012	25.00	0.64	13.75	0.35
	FREE	0.0000%	1986	2013	25.00	0.64	15.00	0.39
DEUTSCHE MARK					0.29	0.15	0.19	0.10
	FIXED RATE	8.6000%	1992	2007	0.29	0.15	0.19	0.10
FRENCH FRANC					2.57	0.41	1.65	0.26
	TAUX DU MARCHE OBLIGATAIRE	0.4000%	1991	2007	2.57	0.41	1.65	0.26
POUND STERLING					0.17	0.27	0.11	0.18
	LIBOR 6 MONTHS DEPOSIT	0.0000%	1992	2007	0.17	0.27	0.11	0.18
JAPANESE YEN					1,712.56	14.28	1,100.93	9.18
	FIXED RATE	6.3000%	1993	2007	1,296.62	10.81	833.54	6.95
	LONG TERM PRIME RATE	0.1000%	1992	2007	415.94	3.47	267.39	2.23
UNITED STATES DOLLAR					299.83	299.83	173.50	173.50
	FIXED RATE	3.0000%	1992	2007	0.23	0.23	0.22	0.22
	FIXED RATE	3.0000%	1992	2007	0.40	0.40	0.38	0.38
	FIXED RATE	3.0000%	1992	2007	0.25	0.25	0.24	0.24
	FIXED RATE	3.5000%	1992	2007	1.06	1.06	1.01	1.01
	FIXED RATE	3.5000%	1992	2007	0.60	0.60	0.57	0.57
	FIXED RATE	5.0000%	1981	2004	5.49	5.49	0.92	0.92
	FIXED RATE	5.0000%	1981	2006	5.49	5.49	1.83	1.83
	FIXED RATE	5.0000%	1981	2004	5.49	5.49	1.37	1.37
	LIBOR 6 MONTHS DEPOSIT	0.2000%	1992	2007	25.47	25.47	1.69	1.69
	LIBOR 6 MONTHS DEPOSIT	0.2000%	1992	2007	2.63	2.63	16.37	16.37
	LIBOR 6 MONTHS DEPOSIT	0.2000%	1992	2007	0.58	0.58	0.37	0.37
	LIBOR 6 MONTHS DEPOSIT	0.2500%	1990	2007	2.01	2.01	1.29	1.29
	LIBOR 6 MONTHS DEPOSIT	0.5000%	1991	2007	3.13	3.13	2.01	2.01
	LIBOR 6 MONTHS DEPOSIT	0.5000%	1991	2007	1.24	1.24	0.80	0.80
	LIBOR 6 MONTHS DEPOSIT	0.8125%	1986	2003	1.29	1.29	0.13	0.13
	LIBOR 6 MONTHS DEPOSIT	0.8125%	1986	2003	2.10	2.10	0.21	0.21
	LIBOR 6 MONTHS DEPOSIT	0.8125%	1986	2003	8.73	8.73	1.15	1.15
	LIBOR 6 MONTHS DEPOSIT	0.8125%	1986	2003	11.50	11.50	0.09	0.09

EXTERNAL DEBT OF THE REPUBLIC OF THE PHILIPPINES[1] — (Continued)
AS OF DECEMBER 31, 2002
IN MILLIONS OF CURRENCY INDICATED

CURRENCY	INTEREST RATE BASIS	INTEREST RATE/ SPREAD/ SERVICE CHARGE (Per Annum)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED (IN ORIG. CURR)	ORIGINAL AMOUNT CONTRACTED (IN US DOLLAR)[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN ORIG. CURR)	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002 (IN US DOLLAR)[2]
	NEW SHORT TERM EXIMBANK BORROWING	0.3750%	1991	2007	0.31	0.31	0.25	0.25
	NEW SHORT TERM EXIMBANK BORROWING	0.3750%	1991	2007	0.30	0.30	0.19	0.19
	NEW SHORT TERM EXIMBANK BORROWING	0.3750%	1991	2007	0.00	0.00	0.00	0.00
	NEW SHORT TERM EXIMBANK BORROWING	0.5000%	1992	2007	151.35	151.35	97.30	97.30
	NEW SHORT TERM EXIMBANK BORROWING	0.5000%	1992	2007	32.99	32.99	21.21	21.21
	NEW SHORT TERM EXIMBANK BORROWING	0.5000%	1992	2007	14.16	14.16	9.10	9.10
	NEW SHORT TERM EXIMBANK BORROWING	0.5000%	1992	2007	23.02	23.02	14.80	14.80
III. NG SECURITIZED LOANS (BRADY BONDS)						14,015.94		11,857.44
UNITED STATES DOLLAR					11,994.53	11,994.53	9,836.03	9,836.03
OPTION I — IRB					757.38	757.38	250.04	250.04
SERIES A	STEP UP	4.00% - 7.50%	1992	2007	130.76	130.76	49.15	49.15
SERIES B	STEP UP	4.00% - 7.50%	1992	2008	626.62	626.62	200.89	200.89
OPTION II — PCIRB					1,894.09	1,894.09	582.68	582.68
SERIES A	STEP UP	4.25% - 7.50%	1992	2018	153.49	153.49	127.52	127.52
SERIES B	STEP UP	4.25% - 7.50%	1992	2017	1,740.60	1,740.60	455.16	455.16
OPTION III — DEBT CONVERSION BONDS					696.78	696.78	357.03	357.03
SERIES A	STEP UP	4.00% - 7.50%	1992	2010	5.31	5.31	3.07	3.07
SERIES B	STEP UP	4.00% - 7.50%	1992	2009	691.47	691.47	353.96	353.96
FIXED RATE BONDS	FIXED	8.7500%	1996	2016	690.00	690.00	690.00	690.00
JAPANESE YEN BONDS (SAMURAI)					86,600.00	1,139.11	136,600.00	1,139.11
JAPANESE YEN					86,600.00	1,139.11	136,600.00	1,139.11
	FIXED	1.8850%	2001	2011	50,000.00	416.95	50,000.00	416.95
	FIXED	3.2000%	2000	2005	35,000.00	291.87	35,000.00	291.87
	FIXED	4.3000%	2002	2011	21,600.00	180.12	21,600.00	180.12
	FIXED	5.0000%	1996	2003	30,000.00	250.17	30,000.00	250.17
GLOBAL BONDS						8,838.59		8,838.59
UNITED STATES DOLLAR					7,956.29	7,956.29	7,956.29	7,956.29
	FIXED	7.5000%	2002	2007	300.00	300.00	300.00	300.00
	FIXED	8.3750%	2002	2009	1,000.00	1,000.00	1,000.00	1,000.00
	FIXED	8.3750%	2002	2009	300.00	300.00	300.00	300.00
	FIXED	8.8750%	1998	2008	500.00	500.00	500.00	500.00
	FIXED	8.8750%	1998	2008	500.00	500.00	500.00	500.00
	FIXED	9.0000%	2002	2013	500.00	500.00	500.00	500.00
	FIXED	9.3750%	2002	2017	750.00	750.00	750.00	750.00
	FIXED	9.5000%	1999	2024	1,006.29	1,006.29	1,006.29	1,006.29
	FIXED	9.8750%	1999	2019	500.00	500.00	500.00	500.00
	FIXED	9.8750%	1999	2019	200.00	200.00	200.00	200.00
	FIXED	9.8750%	1999	2019	400.00	400.00	400.00	400.00
	FIXED	9.8750%	2000	2010	600.00	600.00	600.00	600.00
	FIXED	10.6250%	2000	2025	1,000.00	1,000.00	1,000.00	1,000.00
	LIBOR 6 MONTHS DEPOSIT	4.2000%	2000	2003	200.00	200.00	200.00	200.00
	LIBOR 6 MONTHS DEPOSIT	3.0500%	2001	2004	200.00	200.00	200.00	200.00
EURO					850.00	882.30	850.00	882.30
	FIXED	8.0000%	1999	2004	350.00	363.30	350.00	363.30
	FIXED	9.3750%	2001	2006	500.00	519.00	500.00	519.00

(1) Excludes external debt guaranteed by the Republic.

(2) Amounts in original currencies converted into US Dollars using BSP reference rate as of December 27, 2002.

DOMESTIC GOVERNMENT SECURITIES[1]
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
TOTAL (I + II)					**1,466,145.27**
I. ACTUAL OBLIGATIONS					**1,447,341.91**
A. TREASURY BILLS					**405,226.40**
ADAPS	Various		2002-2003		74,055.00
TAP	Various		2002-2003		2,567.00
GOCC Series	Various		2002-2003		124,539.60
LGUs	Various		2002-2003		333.30
TEIs	Various		2002-2003		29,163.20
CB-BOL	Floating Rate		2002-2003		174,568.30
B. TREASURY NOTES RA 245				**2,438.06**	**2,415.55**
Fixed Rate	3.500%	1984	2005	337.59	334.31
Fixed Rate	3.500%	1984	2005	153.43	153.43
Fixed Rate	3.500%	1984	2005	55.81	55.81
Fixed Rate	3.500%	1985	2005	145.99	145.99
Fixed Rate	3.500%	1985	2005	91.85	91.85
Fixed Rate	3.500%	1985	2005	8.92	8.92
Fixed Rate	3.500%	1985	2005	1.40	1.40
Fixed Rate	3.500%	1985	2005	51.65	42.88
Fixed Rate	3.500%	1985	2005	2.44	2.44
Fixed Rate	3.500%	1985	2006	4.44	4.44
Fixed Rate	3.500%	1985	2006	70.00	70.00
Fixed Rate	3.500%	1985	2006	37.86	37.86
Fixed Rate	3.500%	1985	2006	0.52	0.52
Fixed Rate	3.500%	1985	2006	1.57	1.57
Fixed Rate	3.500%	1985	2006	0.72	0.72
Fixed Rate	3.500%	1985	2006	2.26	2.26
Fixed Rate	3.500%	1985	2006	31.12	31.12
Fixed Rate	3.500%	1986	2006	39.93	39.93
Fixed Rate	3.500%	1986	2006	188.86	188.86
Fixed Rate	3.500%	1986	2006	126.90	126.90
Fixed Rate	3.500%	1986	2006	26.67	26.67
Fixed Rate	3.500%	1986	2006	200.84	200.84
Fixed Rate	3.500%	1986	2006	139.64	139.64
Fixed Rate	3.500%	1986	2006	13.47	3.01
Fixed Rate	3.500%	1986	2006	295.60	295.60
Fixed Rate	3.500%	1986	2006	26.68	26.68
Fixed Rate	3.500%	1986	2007	44.90	44.90
Fixed Rate	3.500%	1986	2007	1.04	1.04
Fixed Rate	3.500%	1986	2007	5.10	5.10
Fixed Rate	3.500%	1986	2007	20.91	20.91
Fixed Rate	3.500%	1986	2007	309.95	309.95
C. BONDS				**83,916.86**	**90,707.71**
Treasury Bonds				**8,959.40**	**5,892.14**
T/Bonds R.A. 245				**7,396.74**	**4,807.10**
Fixed Rate	2.000%	1973	2003	93.00	91.46
Fixed Rate	3.250%	1978	2003	34.83	34.83
Fixed Rate	3.250%	1978	2003	37.32	37.32
Fixed Rate	3.250%	1978	2003	90.97	90.97
Fixed Rate	3.250%	1980	2005	95.00	95.00
Fixed Rate	4.000%	1980	2005	2,100.00	1,099.98
Fixed Rate	4.000%	1981	2006	1,600.00	1,179.53
Fixed Rate	4.000%	1982	2007	2,700.00	1,746.22
Fixed Rate	4.000%	1983	2008	30.00	9.69

DOMESTIC GOVERNMENT SECURITIES[1] — (Continued)
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
Fixed Rate	4.000%	1983	2004	6.89	0.26
Fixed Rate	4.000%	1983	2004	42.03	39.38
Fixed Rate	4.000%	1983	2003	100.00	5.93
Fixed Rate	4.000%	1983	2008	50.00	3.95
Fixed Rate	4.000%	1983	2008	4.87	0.26
Fixed Rate	4.000%	1983	2008	200.00	200.00
Fixed Rate	4.000%	1983	2008	50.00	50.00
Fixed Rate	4.000%	1983	2008	100.00	100.00
Fixed Rate	4.000%	1983	2008	6.83	6.83
Fixed Rate	4.000%	1983	2008	15.00	15.00
Fixed Rate	7.000%	1979	2004	20.00	0.45
Fixed Rate	10.750%	1978	2003	20.00	0.04
T/Bonds PD No. 4				**500.26**	**497.75**
Fixed Rate	2.000%	1973	2003	490.07	487.56
Fixed Rate	2.000%	1973	2003	10.19	10.19
T/Bonds PD No. 195				**922.00**	**447.73**
Fixed Rate	3.750%	1973	2003	307.00	306.85
Fixed Rate	5.000%	1973	2003	100.28	16.51
Fixed Rate	6.000%	1973	2003	514.72	124.37
T/Bonds PD No. 694				**140.40**	**139.56**
Fixed Rate	3.000%	1978	2008	100.00	100.00
Fixed Rate	3.000%	1979	2009	40.40	39.56
30 Yr FXTB				**97.05**	**97.05**
Fixed Rate	12.840%	1996	2025	97.05	97.05
Treasury Bonds (CB-BoL)				**50,000.00**	**50,000.00**
182-Day T-Bill Rate		1993	2018	50,000.00	50,000.00
12 Yr Peso Denominated T/Bonds				**24,860.41**	**24,860.41**
91-Day T-Bill Rate		1995	2007	3,226.41	3,226.41
91-Day T-Bill Rate		1995	2007	21,634.00	21,634.00
Agrarian Reform Bonds					**9,858.12**
91-Day T-Bill Rate					
D. FIXED RATE T/BONDS				**879,276.67**	**878,276.67**
2 Yr FXTB				**176,832.80**	**176,832.80**
ADAPS				**55,375.00**	**55,375.00**
Fixed Rate	16.000%	2001	2003	3,000.00	3,000.00
Fixed Rate	14.125%	2001	2003	3,000.00	3,000.00
Fixed Rate	13.625%	2001	2003	3,000.00	3,000.00
Fixed Rate	13.250%	2001	2003	4,000.00	4,000.00
Fixed Rate	13.250%	2001	2003	2,000.00	2,000.00
Fixed Rate	13.250%	2001	2003	2,000.00	2,000.00
Fixed Rate	13.250%	2001	2003	2,000.00	2,000.00
Fixed Rate	13.250%	2001	2003	2,000.00	2,000.00
Fixed Rate	13.250%	2001	2003	4,000.00	4,000.00
Fixed Rate	12.750%	2001	2003	3,500.00	3,500.00
Fixed Rate	12.750%	2001	2003	1,270.00	1,270.00
Fixed Rate	9.500%	2002	2004	3,605.00	3,605.00
Fixed Rate	9.500%	2002	2004	4,000.00	4,000.00
Fixed Rate	8.875%	2002	2004	3,000.00	3,000.00
Fixed Rate	8.875%	2002	2004	9,000.00	9,000.00
Fixed Rate	8.875%	2002	2004	6,000.00	6,000.00

DOMESTIC GOVERNMENT SECURITIES[1] — (Continued)
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
TAP				**25,448.00**	**25,448.00**
Fixed Rate	16.000%	2001	2003	4,300.00	4,300.00
Fixed Rate	13.625%	2001	2003	8,088.00	8,088.00
Fixed Rate	13.250%	2001	2003	7,100.00	7,100.00
Fixed Rate	13.250%	2001	2003	3,560.00	3,560.00
Fixed Rate	12.750%	2001	2003	2,000.00	2,000.00
Fixed Rate	8.875%	2002	2004	400.00	400.00
GOCCs				**77,024.20**	**77,024.20**
Fixed Rate	16.000%	2001	2003	6,966.90	6,966.90
Fixed Rate	14.125%	2001	2003	2,020.30	2,020.30
Fixed Rate	13.625%	2001	2003	13,166.10	13,166.10
Fixed Rate	13.250%	2001	2003	1,572.00	1,572.00
Fixed Rate	13.250%	2001	2003	847.70	847.70
Fixed Rate	13.250%	2001	2003	678.90	678.90
Fixed Rate	13.250%	2001	2003	8,714.70	8,714.70
Fixed Rate	12.750%	2001	2003	16,783.10	16,783.10
Fixed Rate	9.500%	2002	2004	10,561.10	10,561.10
Fixed Rate	8.875%	2002	2004	2,278.30	2,278.30
Fixed Rate	8.875%	2002	2004	6,062.00	6,062.00
Fixed Rate	8.875%	2002	2004	7,373.10	7,373.10
TEIs				**18,985.60**	**18,985.60**
Fixed Rate	14.400%	2001	2003	215.10	215.10
Fixed Rate	16.000%	2001	2003	500.00	500.00
Fixed Rate	12.7125%	2001	2003	37.80	37.80
Fixed Rate	14.125%	2001	2003	200.00	200.00
Fixed Rate	13.625%	2001	2003	441.60	441.60
Fixed Rate	12.2625%	2001	2003	1,184.10	1,184.10
Fixed Rate	13.250%	2001	2003	400.00	400.00
Fixed Rate	11.925%	2001	2003	345.60	345.60
Fixed Rate	11.925%	2001	2003	117.40	117.40
Fixed Rate	11.925%	2001	2003	334.50	334.50
Fixed Rate	13.250%	2001	2003	205.90	205.90
Fixed Rate	11.925%	2001	2003	94.80	94.80
Fixed Rate	13.250%	2001	2003	200.00	200.00
Fixed Rate	11.925%	2001	2003	39.70	39.70
Fixed Rate	12.750%	2001	2003	4,293.70	4,293.70
Fixed Rate	11.475%	2001	2003	1,713.50	1,713.50
Fixed Rate	8.550%	2002	2004	771.00	771.00
Fixed Rate	9.500%	2002	2004	1,416.40	1,416.40
Fixed Rate	7.9875%	2002	2004	34.00	34.00
Fixed Rate	8.875%	2002	2004	211.20	211.20
Fixed Rate	8.875%	2002	2004	500.00	500.00
Fixed Rate	7.9875%	2002	2004	465.70	465.70
Fixed Rate	8.875%	2002	2004	4,659.00	4,659.00
Fixed Rate	7.9875%	2002	2004	604.60	604.60
3 Yr FXTB				**36,076.50**	**36,076.50**
ADAPS				**12,000.00**	**12,000.00**
Fixed Rate	10.2500%	2002	2005	6,000.00	6,000.00
Fixed Rate	10.0000%	2002	2005	3,000.00	3,000.00
Fixed Rate	9.1250%	2002	2005	3,000.00	3,000.00
GOCCs				**15,884.10**	**15,884.10**
Fixed Rate	10.2500%	2002	2005	7,235.10	7,235.10

DOMESTIC GOVERNMENT SECURITIES[1] — (Continued)
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
Fixed Rate	10.0000%	2002	2005	8,470.00	8,470.00
Fixed Rate	9.1250%	2002	2005	179.00	179.00
TEIs				**8,192.40**	**8,192.40**
Fixed Rate	10.2500%	2002	2005	5,608.40	5,608.40
Fixed Rate	9.2250%	2002	2005	589.90	589.90
Fixed Rate	10.0000%	2002	2005	400.00	400.00
Fixed Rate	9.0000%	2002	2005	432.70	432.70
Fixed Rate	9.1250%	2002	2005	1,123.70	1,123.70
Fixed Rate	8.2125%	2002	2005	37.70	37.70
4 Yr FXTB				**14,706.30**	**14,706.30**
ADAPS				**10,585.00**	**10,585.00**
Fixed Rate	10.3750%	2002	2006	6,000.00	6,000.00
Fixed Rate	10.3750%	2002	2006	4,585.00	4,585.00
GOCCs				**2,464.00**	**2,464.00**
Fixed Rate	10.3750%	2002	2006	2,086.90	2,086.90
Fixed Rate	10.3750%	2002	2006	377.10	377.10
TEIs				**1,657.30**	**1,657.30**
Fixed Rate	10.3750%	2002	2006	500.00	500.00
Fixed Rate	9.3375%	2002	2006	141.10	141.10
Fixed Rate	10.3750%	2002	2006	1,000.00	1,000.00
Fixed Rate	9.3375%	2002	2006	16.20	16.20
3 Yr Retail T/Bonds				**23,259.75**	**23,259.75**
Fixed Rate	10.750%	2002	2005	23,259.75	23,259.75
4 Yr Retail T/Bonds				**37,993.16**	**37,993.16**
Fixed Rate	14.250%	2001	2005	15,635.38	15,635.38
Fixed Rate	14.250%	2001	2005	22,357.78	22,357.78
5 Yr Retail T/Bonds				**39,670.53**	**39,670.53**
Fixed Rate	12.375%	2002	2007	39,670.53	39,670.53
5 Yr FXTB				**210,900.78**	**210,900.78**
ADAPS				**115,012.00**	**115,012.00**
Fixed Rate	20.000%	1998	2003	2,000.00	2,000.00
Fixed Rate	21.000%	1998	2003	3,000.00	3,000.00
Fixed Rate	20.000%	1998	2003	2,000.00	2,000.00
Fixed Rate	16.125%	1998	2003	3,000.00	3,000.00
Fixed Rate	14.000%	1999	2004	3,000.00	3,000.00
Fixed Rate	13.625%	1999	2004	1,730.00	1,730.00
Fixed Rate	14.250%	1999	2004	890.00	890.00
Fixed Rate	14.250%	1999	2004	2,000.00	2,000.00
Fixed Rate	14.125%	1999	2004	2,000.00	2,000.00
Fixed Rate	13.750%	2000	2005	3,000.00	3,000.00
Fixed Rate	13.500%	2000	2005	3,000.00	3,000.00
Fixed Rate	13.500%	2000	2005	3,000.00	3,000.00
Fixed Rate	12.750%	2000	2005	3,000.00	3,000.00
Fixed Rate	13.250%	2000	2005	1,610.00	1,610.00
Fixed Rate	13.000%	2000	2005	3,000.00	3,000.00
Fixed Rate	13.500%	2000	2005	1,230.00	1,230.00
Fixed Rate	13.875%	2000	2005	765.00	765.00
Fixed Rate	16.750%	2000	2005	1,349.00	1,349.00
Fixed Rate	15.875%	2001	2006	3,000.00	3,000.00
Fixed Rate	15.000%	2001	2006	2,961.00	2,961.00
Fixed Rate	14.500%	2001	2006	3,000.00	3,000.00
Fixed Rate	14.000%	2001	2006	1,000.00	1,000.00

DOMESTIC GOVERNMENT SECURITIES[(1)] — (Continued)
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
Fixed Rate	15.250%	2001	2006	1,948.00	1,948.00
Fixed Rate	15.250%	2001	2006	2,000.00	2,000.00
Fixed Rate	15.500%	2001	2006	3,500.00	3,500.00
Fixed Rate	16.250%	2001	2006	905.00	905.00
Fixed Rate	14.125%	2001	2004	1,891.00	1,891.00
Fixed Rate	14.125%	2001	2004	2,000.00	2,000.00
Fixed Rate	14.250%	2001	2004	1,260.00	1,260.00
Fixed Rate	14.250%	2001	2004	2,000.00	2,000.00
Fixed Rate	13.750%	2001	2005	2,000.00	2,000.00
Fixed Rate	13.750%	2001	2005	2,000.00	2,000.00
Fixed Rate	13.875%	2001	2005	2,095.00	2,095.00
Fixed Rate	12.750%	2002	2005	4,000.00	4,000.00
Fixed Rate	13.875%	2002	2005	4,000.00	4,000.00
Fixed Rate	12.750%	2002	2005	4,000.00	4,000.00
Fixed Rate	13.500%	2002	2005	4,000.00	4,000.00
Fixed Rate	13.000%	2002	2005	3,000.00	3,000.00
Fixed Rate	13.000%	2002	2007	3,848.00	3,848.00
Fixed Rate	13.000%	2002	2007	1,025.00	1,025.00
Fixed Rate	13.000%	2002	2007	3,000.00	3,000.00
Fixed Rate	10.750%	2002	2007	2,935.00	2,935.00
Fixed Rate	10.750%	2002	2007	3,000.00	3,000.00
Fixed Rate	10.750%	2002	2007	3,000.00	3,000.00
Fixed Rate	11.000%	2002	2007	2,000.00	2,000.00
Fixed Rate	11.000%	2002	2007	1,000.00	1,000.00
Fixed Rate	11.000%	2002	2007	3,000.00	3,000.00
Fixed Rate	14.000%	2002	2006	2,070.00	2,070.00
TAP				**23,856.00**	**23,856.00**
Fixed Rate	20.000%	1998	2003	4,300.00	4,300.00
Fixed Rate	16.125%	1998	2003	2,350.00	2,350.00
Fixed Rate	14.000%	1999	2004	1,050.00	1,050.00
Fixed Rate	14.125%	1999	2004	1,000.00	1,000.00
Fixed Rate	13.875%	2000	2005	3,300.00	3,300.00
Fixed Rate	16.750%	2000	2005	400.00	400.00
Fixed Rate	15.875%	2001	2006	1,000.00	1,000.00
Fixed Rate	15.000%	2001	2006	800.00	800.00
Fixed Rate	14.500%	2001	2006	3,950.00	3,950.00
Fixed Rate	14.000%	2001	2006	1,000.00	1,000.00
Fixed Rate	14.250%	2001	2004	2,706.00	2,706.00
Fixed Rate	14.250%	2001	2004	500.00	500.00
Fixed Rate	13.000%	2002	2005	1,500.00	1,500.00
GOCCs				**53,524.98**	**53,524.98**
Fixed Rate	20.000%	1998	2003	191.00	191.00
Fixed Rate	21.000%	1998	2003	1,949.80	1,949.80
Fixed Rate	20.000%	1998	2003	143.20	143.20
Fixed Rate	16.125%	1998	2003	910.50	910.50
Fixed Rate	14.000%	1999	2004	1,586.60	1,586.60
Fixed Rate	13.625%	1999	2004	45.80	45.80
Fixed Rate	14.250%	1999	2004	1,485.10	1,485.10
Fixed Rate	14.250%	1999	2004	938.70	938.70
Fixed Rate	14.125%	1999	2004	2,975.60	2,975.60
Fixed Rate	13.750%	2000	2005	2,227.40	2,227.40
Fixed Rate	13.500%	2000	2005	1.40	1.40
Fixed Rate	13.500%	2000	2005	1,563.10	1,563.10
Fixed Rate	12.750%	2000	2005	53.00	53.00

DOMESTIC GOVERNMENT SECURITIES[1] — (Continued)
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
Fixed Rate	13.250%	2000	2005	118.40	118.40
Fixed Rate	13.000%	2000	2005	48.20	48.20
Fixed Rate	13.500%	2000	2005	2,998.40	2,998.40
Fixed Rate	13.875%	2000	2005	2,439.00	2,439.00
Fixed Rate	16.750%	2000	2005	1,825.90	1,825.90
Fixed Rate	15.875%	2001	2006	990.50	990.50
Fixed Rate	15.000%	2001	2006	587.20	587.20
Fixed Rate	14.500%	2001	2006	2,181.70	2,181.70
Fixed Rate	14.000%	2001	2006	463.20	463.20
Fixed Rate	15.250%	2001	2006	230.10	230.10
Fixed Rate	15.250%	2001	2006	2,457.90	2,457.90
Fixed Rate	14.125%	2001	2006	1,977.48	1,977.48
Fixed Rate	14.250%	2001	2004	454.30	454.30
Fixed Rate	15.500%	2001	2006	581.60	581.60
Fixed Rate	16.250%	2001	2006	2,269.10	2,269.10
Fixed Rate	13.750%	2001	2005	1,524.80	1,524.80
Fixed Rate	13.875%	2001	2005	2,037.90	2,037.90
Fixed Rate	12.750%	2002	2005	2,540.70	2,540.70
Fixed Rate	13.500%	2002	2005	5,140.10	5,140.10
Fixed Rate	13.000%	2002	2007	155.20	155.20
Fixed Rate	13.000%	2002	2007	4,911.50	4,911.50
Fixed Rate	11.000%	2002	2007	477.90	477.90
Fixed Rate	13.000%	2002	2005	2,146.30	2,146.30
Fixed Rate	14.000%	2002	2006	896.40	896.40
TEIs				**18,507.80**	**18,507.80**
Fixed Rate	18.9000%	1998	2003	500.00	500.00
Fixed Rate	18.0000%	1998	2003	1,018.50	1,018.50
Fixed Rate	20.0000%	1998	2003	200.00	200.00
Fixed Rate	14.5125%	1998	2003	370.20	370.20
Fixed Rate	14.0000%	1999	2004	500.00	500.00
Fixed Rate	12.6000%	1999	2004	211.90	211.90
Fixed Rate	12.8250%	1999	2004	1.00	1.00
Fixed Rate	12.8250%	1999	2004	10.00	10.00
Fixed Rate	13.7500%	2000	2005	100.00	100.00
Fixed Rate	13.5000%	2000	2005	200.00	200.00
Fixed Rate	12.1500%	2000	2005	10.00	10.00
Fixed Rate	12.1500%	2000	2005	30.00	30.00
Fixed Rate	12.7500%	2000	2005	200.00	200.00
Fixed Rate	13.5000%	2000	2005	100.00	100.00
Fixed Rate	12.1500%	2000	2005	30.00	30.00
Fixed Rate	13.8750%	2000	2005	200.00	200.00
Fixed Rate	12.4875%	2000	2005	18.00	18.00
Fixed Rate	15.0750%	2000	2005	223.40	223.40
Fixed Rate	16.7500%	2000	2005	500.00	500.00
Fixed Rate	14.2875%	2001	2006	24.60	24.60
Fixed Rate	15.8750%	2001	2006	200.00	200.00
Fixed Rate	15.0000%	2001	2006	200.00	200.00
Fixed Rate	13.5000%	2001	2006	45.00	45.00
Fixed Rate	14.5000%	2001	2006	600.00	600.00
Fixed Rate	13.0500%	2001	2006	150.70	150.70
Fixed Rate	12.6000%	2001	2006	19.50	19.50
Fixed Rate	15.2500%	2001	2006	800.00	800.00
Fixed Rate	13.7250%	2001	2006	100.40	100.40
Fixed Rate	13.7250%	2001	2006	194.10	194.10

DOMESTIC GOVERNMENT SECURITIES[1] — (Continued)
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
Fixed Rate	15.2500%	2001	2006	200.00	200.00
Fixed Rate	15.5000%	2001	2006	400.00	400.00
Fixed Rate	13.9500%	2001	2006	75.80	75.80
Fixed Rate	16.2500%	2001	2006	500.00	500.00
Fixed Rate	14.6250%	2001	2006	203.60	203.60
Fixed Rate	14.1250%	2001	2004	468.00	468.00
Fixed Rate	12.7125%	2001	2004	19.50	19.50
Fixed Rate	14.2500%	2001	2004	200.00	200.00
Fixed Rate	12.8250%	2001	2004	94.10	94.10
Fixed Rate	14.2500%	2001	2004	200.00	200.00
Fixed Rate	13.7500%	2001	2005	200.00	200.00
Fixed Rate	12.3750%	2001	2005	246.90	246.90
Fixed Rate	12.4875%	2001	2005	41.70	41.70
Fixed Rate	13.8750%	2001	2005	200.00	200.00
Fixed Rate	12.375%	2001	2005	235.50	235.50
Fixed Rate	11.475%	2002	2005	248.00	248.00
Fixed Rate	12.4875%	2002	2005	400.00	400.00
Fixed Rate	12.150%	2002	2005	554.70	554.70
Fixed Rate	13.500%	2002	2005	518.40	518.40
Fixed Rate	11.700%	2002	2007	719.50	719.50
Fixed Rate	13.000%	2002	2007	200.00	200.00
Fixed Rate	11.700%	2002	2007	533.40	533.40
Fixed Rate	11.000%	2002	2007	2,309.20	2,309.20
Fixed Rate	9.900%	2002	2007	108.50	108.50
Fixed Rate	11.700%	2002	2005	318.40	318.40
Fixed Rate	13.000%	2002	2005	1,185.00	1,185.00
Fixed Rate	14.000%	2002	2006	1,370.30	1,370.30
Small Denominated T/Bonds				**30,260.24**	**30,260.24**
Fixed Rate	13.6250%	1999	2004	30,260.24	30,260.24
Progress Bonds				**8,000.00**	**8,000.00**
Fixed Rate	13.875%	2000	2005	8,000.00	8,000.00
7 Yr FXTB				**147,447.10**	**147,447.10**
ADAPS				**75,499.00**	**75,499.00**
Fixed Rate	15.500%	1996	2003	3,000.00	3,000.00
Fixed Rate	15.375%	1996	2003	3,000.00	3,000.00
Fixed Rate	15.375%	1996	2003	3,000.00	3,000.00
Fixed Rate	15.375%	1996	2003	4,000.00	4,000.00
Fixed Rate	15.750%	1996	2003	2,585.00	2,585.00
Fixed Rate	14.875%	1996	2003	2,000.00	2,000.00
Fixed Rate	14.000%	1996	2003	2,000.00	2,000.00
Fixed Rate	13.500%	1997	2004	3,340.00	3,340.00
Fixed Rate	20.875%	1997	2004	1,987.00	1,987.00
Fixed Rate	20.500%	1998	2005	1,887.00	1,887.00
Fixed Rate	20.000%	1998	2005	1,164.00	1,164.00
Fixed Rate	18.375%	1998	2005	2,500.00	2,500.00
Fixed Rate	16.500%	1999	2006	1,805.00	1,805.00
Fixed Rate	14.000%	1999	2006	750.00	750.00
Fixed Rate	14.000%	1999	2006	21.00	21.00
Fixed Rate	15.000%	1999	2006	2,000.00	2,000.00
Fixed Rate	14.750%	1999	2006	2,000.00	2,000.00
Fixed Rate	14.625%	1999	2006	2,000.00	2,000.00
Fixed Rate	14.500%	1999	2006	2,000.00	2,000.00
Fixed Rate	14.500%	2000	2007	2,775.00	2,775.00

DOMESTIC GOVERNMENT SECURITIES[1] — (Continued)
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
Fixed Rate	14.250%	2000	2007	3,000.00	3,000.00
Fixed Rate	14.000%	2000	2007	3,000.00	3,000.00
Fixed Rate	13.375%	2000	2007	3,000.00	3,000.00
Fixed Rate	13.875%	2000	2007	1,250.00	1,250.00
Fixed Rate	13.500%	2000	2007	3,000.00	3,000.00
Fixed Rate	14.000%	2000	2007	1,165.00	1,165.00
Fixed Rate	14.250%	2000	2007	1,640.00	1,640.00
Fixed Rate	14.250%	2000	2007	2,116.00	2,116.00
Fixed Rate	14.500%	2000	2007	1,020.00	1,020.00
Fixed Rate	17.250%	2000	2007	1,039.00	1,039.00
Fixed Rate	16.000%	2001	2008	3,000.00	3,000.00
Fixed Rate	15.625%	2001	2008	3,000.00	3,000.00
Fixed Rate	13.500%	2001	2004	2,000.00	2,000.00
Fixed Rate	13.500%	2001	2004	1,000.00	1,000.00
Fixed Rate	15.000%	2001	2006	2,000.00	2,000.00
Fixed Rate	14.000%	2002	2006	455.00	455.00
TAP				**11,680.00**	**11,680.00**
Fixed Rate	14.000%	1996	2003	1,000.00	1,000.00
Fixed Rate	13.500%	1997	2004	3,180.00	3,180.00
Fixed Rate	20.500%	1998	2005	1,200.00	1,200.00
Fixed Rate	18.375%	1998	2005	2,100.00	2,100.00
Fixed Rate	16.000%	2001	2008	2,200.00	2,200.00
Fixed Rate	15.625%	2001	2008	2,000.00	2,000.00
GOCCs				**37,803.70**	**37,803.70**
Fixed Rate	15.500%	1996	2003	5,513.70	5,513.70
Fixed Rate	15.375%	1996	2003	193.00	193.00
Fixed Rate	15.375%	1996	2003	1,884.10	1,884.10
Fixed Rate	15.750%	1996	2003	98.60	98.60
Fixed Rate	14.175%	1996	2003	1,000.00	1,000.00
Fixed Rate	14.875%	1996	2003	0.80	0.80
Fixed Rate	14.000%	1996	2003	6.40	6.40
Fixed Rate	20.875%	1997	2004	65.00	65.00
Fixed Rate	16.500%	1999	2006	1,446.70	1,446.70
Fixed Rate	15.000%	1999	2006	13.20	13.20
Fixed Rate	14.750%	1999	2006	1.00	1.00
Fixed Rate	14.625%	1999	2006	1,958.80	1,958.80
Fixed Rate	14.500%	1999	2006	867.70	867.70
Fixed Rate	14.500%	2000	2007	3,091.00	3,091.00
Fixed Rate	14.250%	2000	2007	379.40	379.40
Fixed Rate	14.000%	2000	2007	552.70	552.70
Fixed Rate	13.875%	2000	2007	1,047.60	1,047.60
Fixed Rate	13.500%	2000	2007	10.60	10.60
Fixed Rate	14.000%	2000	2007	37.00	37.00
Fixed Rate	14.250%	2000	2007	10.50	10.50
Fixed Rate	14.250%	2000	2007	99.90	99.90
Fixed Rate	14.500%	2000	2007	573.20	573.20
Fixed Rate	17.250%	2000	2007	3,043.70	3,043.70
Fixed Rate	16.000%	2001	2008	2,514.30	2,514.30
Fixed Rate	15.625%	2001	2008	8,319.10	8,319.10
Fixed Rate	16.000%	2001	2008	509.00	509.00
Fixed Rate	13.500%	2001	2004	403.10	403.10
Fixed Rate	15.000%	2001	2006	1,953.40	1,953.40
Fixed Rate	14.000%	2002	2006	2,210.20	2,210.20

DOMESTIC GOVERNMENT SECURITIES[1] — (Continued)
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
TEIs				**22,464.40**	**22,464.40**
Fixed Rate	13.8375%	1996	2003	8,000.00	8,000.00
Fixed Rate	14.175%	1996	2003	1,201.00	1,201.00
Fixed Rate	12.150%	1997	2004	100.00	100.00
Fixed Rate	18.7875%	1997	2004	2,800.00	2,800.00
Fixed Rate	18.000%	1998	2005	200.00	200.00
Fixed Rate	16.5375%	1998	2005	50.00	50.00
Fixed Rate	14.850%	1999	2006	116.10	116.10
Fixed Rate	12.600%	1999	2006	1.20	1.20
Fixed Rate	14.000%	1999	2006	500.00	500.00
Fixed Rate	13.500%	1999	2006	158.00	158.00
Fixed Rate	15.000%	1999	2006	200.00	200.00
Fixed Rate	14.625%	1999	2006	200.00	200.00
Fixed Rate	13.1625%	1999	2006	2.30	2.30
Fixed Rate	13.050%	1999	2006	8.00	8.00
Fixed Rate	14.500%	2000	2007	200.00	200.00
Fixed Rate	13.050%	2000	2007	7.00	7.00
Fixed Rate	14.250%	2000	2007	200.00	200.00
Fixed Rate	12.825%	2000	2007	15.00	15.00
Fixed Rate	14.000%	2000	2007	200.00	200.00
Fixed Rate	13.375%	2000	2007	500.00	500.00
Fixed Rate	13.875%	2000	2007	500.00	500.00
Fixed Rate	13.500%	2000	2007	300.00	300.00
Fixed Rate	14.500%	2000	2007	200.00	200.00
Fixed Rate	17.250%	2000	2007	200.00	200.00
Fixed Rate	15.525%	2000	2007	75.10	75.10
Fixed Rate	14.4000%	2001	2008	435.30	435.30
Fixed Rate	16.000%	2001	2008	1,209.50	1,209.50
Fixed Rate	15.625%	2001	2008	823.10	823.10
Fixed Rate	14.0625%	2001	2008	1,121.60	1,121.60
Fixed Rate	12.150%	2001	2004	142.30	142.30
Fixed Rate	13.500%	2001	2004	900.00	900.00
Fixed Rate	12.150%	2001	2004	137.80	137.80
Fixed Rate	15.000%	2001	2006	200.00	200.00
Fixed Rate	13.500%	2001	2006	911.80	911.80
Fixed Rate	12.600%	2002	2006	149.30	149.30
Fixed Rate	14.000%	2002	2006	500.00	500.00
10 Yr FXTB				**118,769.45**	**117,769.45**
ADAPS				**69,407.00**	**69,407.00**
Fixed Rate	16.000%	1996	2006	2,000.00	2,000.00
Fixed Rate	14.125%	1997	2007	5,000.00	5,000.00
Fixed Rate	13.875%	1997	2007	3,500.00	3,500.00
Fixed Rate	22.875%	1997	2007	1,759.00	1,759.00
Fixed Rate	19.000%	1998	2008	2,000.00	2,000.00
Fixed Rate	20.000%	1998	2008	446.00	446.00
Fixed Rate	18.000%	1998	2008	3,000.00	3,000.00
Fixed Rate	16.500%	1999	2009	3,000.00	3,000.00
Fixed Rate	14.625%	1999	2009	1,550.00	1,550.00
Fixed Rate	15.000%	1999	2009	1,578.00	1,578.00
Fixed Rate	15.500%	1999	2009	2,000.00	2,000.00
Fixed Rate	15.125%	1999	2009	2,000.00	2,000.00
Fixed Rate	15.000%	1999	2009	2,000.00	2,000.00
Fixed Rate	14.875%	1999	2009	2,000.00	2,000.00
Fixed Rate	14.750%	2000	2010	3,000.00	3,000.00

DOMESTIC GOVERNMENT SECURITIES[1] — (Continued)
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
Fixed Rate	14.625%	2000	2010	3,000.00	3,000.00
Fixed Rate	13.875%	2000	2010	3,000.00	3,000.00
Fixed Rate	13.875%	2000	2010	2,563.00	2,563.00
Fixed Rate	14.250%	2000	2010	1,430.00	1,430.00
Fixed Rate	14.125%	2000	2010	3,000.00	3,000.00
Fixed Rate	14.500%	2000	2010	2,918.00	2,918.00
Fixed Rate	14.625%	2000	2010	1,825.00	1,825.00
Fixed Rate	14.625%	2000	2010	3,000.00	3,000.00
Fixed Rate	17.500%	2000	2010	1,750.00	1,750.00
Fixed Rate	17.500%	2001	2011	2,195.00	2,195.00
Fixed Rate	16.500%	2001	2011	2,893.00	2,893.00
Fixed Rate	13.000%	2002	2012	3,000.00	3,000.00
Fixed Rate	13.000%	2002	2012	2,000.00	2,000.00
Fixed Rate	12.125%	2002	2012	2,000.00	2,000.00
TAP				**18,390.00**	**18,390.00**
Fixed Rate	16.000%	1996	2006	500.00	500.00
Fixed Rate	21.000%	1997	2007	40.00	40.00
Fixed Rate	19.000%	1998	2008	3,800.00	3,800.00
Fixed Rate	17.800%	1998	2008	1,000.00	1,000.00
Fixed Rate	18.000%	1998	2008	1,100.00	1,100.00
Fixed Rate	16.500%	1999	2009	2,150.00	2,150.00
Fixed Rate	14.625%	1999	2009	400.00	400.00
Fixed Rate	15.500%	1999	2009	1,650.00	1,650.00
Fixed Rate	15.000%	1999	2009	600.00	600.00
Fixed Rate	14.750%	2000	2010	500.00	500.00
Fixed Rate	14.625%	2000	2010	1,450.00	1,450.00
Fixed Rate	17.500%	2000	2010	1,200.00	1,200.00
Fixed Rate	17.500%	2001	2011	1,000.00	1,000.00
Fixed Rate	13.000%	2002	2012	3,000.00	3,000.00
GOCCs				**17,163.75**	**17,163.75**
Fixed Rate	16.000%	1996	2006	1,792.64	1,792.64
Fixed Rate	14.400%	1996	2006	1,000.00	1,000.00
Fixed Rate	12.840%	1997	2007	4.71	4.71
Fixed Rate	14.125%	1997	2007	30.20	30.20
Fixed Rate	22.875%	1997	2007	1,784.80	1,784.80
Fixed Rate	20.000%	1998	2008	163.00	163.00
Fixed Rate	18.000%	1998	2008	1,387.50	1,387.50
Fixed Rate	16.500%	1999	2009	183.10	183.10
Fixed Rate	15.500%	1999	2009	189.80	189.80
Fixed Rate	15.125%	1999	2009	3,302.50	3,302.50
Fixed Rate	15.000%	1999	2009	4,909.10	4,909.10
Fixed Rate	14.875%	1999	2009	162.70	162.70
Fixed Rate	14.750%	2000	2010	756.10	756.10
Fixed Rate	14.625%	2000	2010	231.40	231.40
Fixed Rate	13.875%	2000	2010	181.50	181.50
Fixed Rate	13.875%	2000	2010	94.20	94.20
Fixed Rate	14.250%	2000	2010	4.90	4.90
Fixed Rate	14.125%	2000	2010	355.50	355.50
Fixed Rate	14.500%	2000	2010	48.10	48.10
Fixed Rate	14.625%	2000	2010	5.50	5.50
Fixed Rate	14.625%	2000	2010	197.40	197.40
Fixed Rate	17.500%	2000	2010	1.10	1.10
Fixed Rate	17.500%	2001	2011	45.30	45.30

DOMESTIC GOVERNMENT SECURITIES(1) — (Continued)
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
Fixed Rate	16.500%	2001	2011	301.70	301.70
Fixed Rate	13.000%	2002	2012	31.00	31.00
TEIs				**13,808.70**	**12,808.70**
Fixed Rate	14.4000%	1996	2006	5,801.50	4,801.50
Fixed Rate	20.5875%	1997	2007	3,900.00	3,900.00
Fixed Rate	18.0000%	1998	2008	200.00	200.00
Fixed Rate	16.200%	1998	2008	58.50	58.50
Fixed Rate	16.500%	1999	2009	500.00	500.00
Fixed Rate	15.000%	1998	2008	100.00	100.00
Fixed Rate	15.500%	1998	2008	100.00	100.00
Fixed Rate	15.000%	1998	2008	200.00	200.00
Fixed Rate	14.625%	2000	2010	200.00	200.00
Fixed Rate	14.250%	2000	2010	200.00	200.00
Fixed Rate	14.125%	2000	2010	200.00	200.00
Fixed Rate	14.625%	2000	2010	200.00	200.00
Fixed Rate	17.500%	2000	2010	200.00	200.00
Fixed Rate	17.500%	2001	2011	744.70	744.70
Fixed Rate	15.750%	2001	2011	4.50	4.50
Fixed Rate	16.500%	2001	2011	700.00	700.00
Fixed Rate	14.800%	2001	2011	300.40	300.40
Fixed Rate	11.700%	2002	2012	181.70	181.70
Fixed Rate	11.700%	2002	2012	17.40	17.40
20 Yrs XTB				**18,000.36**	**18,000.36**
ADAPS				**7,000.00**	**7,000.00**
Fixed Rate	14.375%	1997	2017	2,000.00	2,000.00
Fixed Rate	15.000%	2002	2022	4,000.00	4,000.00
Fixed Rate	12.750%	2002	2022	1,000.00	1,000.00
TAP				**3,804.90**	**3,804.90**
Fixed Rate	14.375%	1997	2017	3,804.90	3,804.90
GOCCs				**7,160.46**	**7,160.46**
Fixed Rate	14.375%	1997	2017	4,020.10	4,020.10
Fixed Rate	12.840%	1998	2018	9.97	9.97
Fixed Rate	12.840%	1998	2018	0.48	0.48
Fixed Rate	12.840%	1999	2019	4.97	4.97
Fixed Rate	12.840%	1999	2019	0.48	0.48
Fixed Rate	12.840%	1999	2019	0.05	0.05
Fixed Rate	12.840%	1999	2019	1.02	1.02
Fixed Rate	12.840%	2000	2020	2.20	2.20
Fixed Rate	12.840%	2001	2021	2.42	2.42
Fixed Rate	12.840%	2002	2022	2.67	2.67
Fixed Rate	15.000%	2002	2022	3,116.10	3,116.10
TEI				**35.00**	**35.00**
Fixed Rate	13.500%	2002	2022	35.00	35.00
25 Yr FXTB				**8,202.10**	**8,202.10**
ADAPS				**5,286.00**	**5,286.00**
Fixed Rate	18.250%	2000	2025	5,286.00	5,286.00
TAP				**2,320.00**	**2,320.00**
Fixed Rate	18.250%	2000	2025	2,320.00	2,320.00
GOCCs				**96.10**	**96.10**
Fixed Rate	18.250%	2000	2025	96.10	96.10

DOMESTIC GOVERNMENT SECURITIES[1] — (Continued)
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
TEIs				**500.00**	**500.00**
Fixed Rate	18.250%	2000	2025	500.00	500.00
10 Yr Special Purpose T/Bonds for CARP				**9,157.62**	**9,157.62**
ADAPS				**5,988.00**	**5,988.00**
Fixed Rate	15.500%	2001	2011	3,173.00	3,173.00
Fixed Rate	14.000%	2002	2012	2,815.00	2,815.00
TAP					
Fixed Rate	15.500%	2001	2011	2,769.62	2,769.62
TEIs					
Fixed Rate	15.500%	2001	2011	400.00	400.00
E. ZERO COUPON PEACE BOND				**35,000.00**	**35,000.00**
		2001	2011	35,000.00	35,000.00
F. FIXED RATE PESO NOTES (CURR SWAP)				**11,810.00**	**11,810.00**
3 Yr				**6,330.00**	**6,330.00**
Fixed Rate					
5 Yr	14.000%	2001	2004	6,330.00	6,330.00
Fixed Rate				**5,480.00**	**5,480.00**
	14.250%	2001	2006	5,480.00	5,480.00
G. US DOLLAR Linked PHp. Peso Notes (DLPNs)[2]				**12,000.00**	**12,080.50**
2 Yr				**3,500.00**	**3,571.63**
Fixed Rate	8.5625%	2001	2003	3,500.00	3,571.63
3 Yr				**8,500.00**	**8,508.86**
Fixed Rate	10.4375%	2001	2004	3,500.00	3,567.17
Fixed Rate	7.5625%	2002	2005	5,000.00	4,941.69
H. FIXED RATE PROMISSORY NOTES				**11,520.00**	**11,520.00**
3 Yr					
Fixed Rate	8.125%	2002	2005	6,230.00	6,230.00
5 Yr					
Fixed Rate	9.625%	2002	2007	5,290.00	5,290.00
I. FIXED TERM DEPOSIT	Various	2002	2003	305.08	305.08
II. CONTINGENT OBLIGATIONS				**18,140.70**	**18,803.37**
A. NPC Bonds				**140.70**	**140.70**
Fixed Rate	8.500%	1978	2003	20.00	20.00
Fixed Rate	8.500%	1978	2003	20.00	20.00
Fixed Rate	8.500%	1978	2003	20.00	20.00
Fixed Rate	8.500%	1978	2003	20.00	20.00
Fixed Rate	8.500%	1978	2003	20.00	20.00
Fixed Rate	8.500%	1978	2003	20.00	20.00
Fixed Rate	8.500%	1978	2003	10.00	10.00
Fixed Rate	8.500%	1978	2003	10.70	10.70
B. Land Bank Bonds					**662.67**
Fixed Rate	6.000%				662.67
C. NDC Agri-Agra (ERAP Bonds)				**7,000.00**	**7,000.00**
Fixed Rate	7.875%	1999	2004	5,000.00	5,000.00
Fixed Rate	6.875%	2002	2009	2,000.00	2,000.00
D. PAG-IBIG Housing Bonds Bond				**4,000.00**	**4,000.00**
Fixed Rate	8.250%	2000	2005	4,000.00	4,000.00

DOMESTIC GOVERNMENT SECURITIES[1] — (Continued)
AS OF DECEMBER 31, 2002
(IN MILLIONS OF PESOS)

INTEREST RATE BASIS	INTEREST RATE (PER ANNUM)	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT	OUTSTANDING AS OF DECEMBER 31, 2002
E. HGC ZERO COUPON BOND				**7,000.00**	**7,000.00**
ADAPs		2002	2007	5,000.00	5,000.00
TAP		2002	2007	2,000.00	2,000.00

(1) Excludes external securities of the Republic.

(2) Based on reference rate of ₱/US$ of ₱53.05 as of December 27, 2002.

GOVERNMENT GUARANTEED CORPORATE BONDS
As of December 31, 2001
(IN MILLIONS OF PESOS)

Interest Rate Basis	Interest Rate/Spread (Per annum)	Year Contracted	Year of Maturity	Original Amount (In Pesos)	Outstanding Balance as of December 31, 2001 (In Pesos)
National Power Corporation Bonds					
Fixed Rate	8.500%	1978	2003	20.00	20.00
Fixed Rate	8.500%	1978	2003	20.00	20.00
Fixed Rate	8.500%	1978	2003	20.00	20.00
Fixed Rate	8.500%	1978	2003	20.00	20.00
Fixed Rate	8.500%	1978	2003	20.00	20.00
Fixed Rate	8.500%	1978	2003	20.00	20.00
Fixed Rate	8.500%	1978	2003	10.00	10.00
Fixed Rate	8.500%	1978	2003	10.70	10.70
Total NPC Bonds				**140.70**	**140.70**
MWSS Angat Bonds					
91-Day Treasury Bill Rate	0.000%*	1992	2002	230.00	17.71
Total MWSS Angat Bonds				**230.00**	**17.71**
NDC Agri-Agra (Erap Bonds)					
Fixed Rate	7.875%	1999	2004	5,000.00	5,000.00
Total Erap Bonds				**5,000.00**	**5,000.00**
HDMF Bonds (PAG-IBIG)					
Fixed Rate	8.250%	2000	2005	4,000.00	4,000.00
Total HDMF Bonds				**4,000.00**	**4,000.00**
Land Bank Bonds					
Fixed Rate	6.000%				807.75
Total LBP Bonds					**807.75**
NPC Negotiated T/Bills					
Fixed Rate	13.062%	2001	2002	11,000.00	11,000.00
Total NP Negotiated T/Bills				**11,000.00**	**11,000.00**
Grand Total Contingent Obligations				**20,370.70**	**20,966.16**

Source: Bureau of the Treasury, Department of Finance.

DOMESTIC DEBT OF THE REPUBLIC (OTHER THAN SECURITIES) [(1)]
AS OF DECEMBER 31, 2002
IN MILLIONS OF CURRENCY INDICATED

INTEREST RATE BASIS	INTEREST RATE SPREAD	YEAR CONTRACTED	YEAR OF MATURITY	CURR	ORIGINAL AMOUNT CONTRACTED IN ORIGINAL CURR	ORIGINAL AMOUNT CONTRACTED IN PHILIPPINE PESO[(2)]	OUTSTANDING BALANCE AS OF December 31, 2002 IN ORIGINAL CURR	OUTSTANDING BALANCE AS OF December 31, 2002 IN PHILIPPINE PESO[(2)]
TOTAL						**62,061**		**23,860**
DIRECT LOANS						**216**		**15,609**
AGENCIES						**216**		**15,609**
UNITED STATES DOLLARS								**4**
LIBOR 6 MOS.	0.8125%	1986	2003	USD	4	216	0	4
PHILIPPINE PESOS						**0**	**15,605**	**15,605**
INTEREST FREE	0.0000%	1953		PHP			79	79
INTEREST FREE	0.0000%	1953		PHP			48	48
INTEREST FREE	0.0000%	1953		PHP			29	29
INTEREST FREE	0.0000%	1953		PHP			6,821	6,821
INTEREST FREE	0.0000%	1945		PHP			6,599	6,599
INTEREST FREE	0.0000%	1945		PHP			1,686	1,686
INTEREST FREE	0.0000%	1945		PHP			21	21
INTEREST FREE	0.0000%	1960		PHP			217	217
INTEREST FREE	0.0000%	1985		PHP			64	64
INTEREST FREE	0.0000%	1993		PHP			28	28
INTEREST FREE	0.0000%	1989		PHP			14	14
ASSUMED LOANS (REAL)						**61,845**		**8,251**
PHILIPPINE PESOS					**2,297**	**2,297**	**2,297**	**2,297**
INTEREST FREE	0.00%	1986	Upon Demand	PHP	63	63	63	63
INTEREST FREE	0.00%	1986	Upon Demand	PHP	134	134	134	134
INTEREST FREE	0.00%	1986	Upon Demand	PHP	120	120	120	120
INTEREST FREE	0.00%	1986	Upon Demand	PHP	72	72	72	72
INTEREST FREE	0.00%	1986	Upon Demand	PHP	50	50	50	50
INTEREST FREE	0.00%	1986	Upon Demand	PHP	200	200	200	200
INTEREST FREE	0.00%	1986	Upon Demand	PHP	1	1	1	1
INTEREST FREE	0.00%	1986	Upon Demand	PHP	66	66	66	66
INTEREST FREE	0.00%	1986	Upon Demand	PHP	3	3	3	3
INTEREST FREE	0.00%	1986	Upon Demand	PHP	3	3	3	3
INTEREST FREE	0.00%	1986	Upon Demand	PHP	4	4	4	4
INTEREST FREE	0.00%	1986	Upon Demand	PHP	8	8	8	8
INTEREST FREE	0.00%	1986	Upon Demand	PHP	1	1	1	1
INTEREST FREE	0.00%	1986	Upon Demand	PHP	1	1	1	1
INTEREST FREE	0.00%	1986	Upon Demand	PHP	9	9	9	9
INTEREST FREE	0.00%	1986	Upon Demand	PHP	84	84	84	84
INTEREST FREE	0.00%	1986	Upon Demand	PHP	3	3	3	3
INTEREST FREE	0.00%	1986	Upon Demand	PHP	6	6	6	6
INTEREST FREE	0.00%	1986	Upon Demand	PHP	1	1	1	1
INTEREST FREE	0.00%	1986	Upon Demand	PHP	261	261	261	261
INTEREST FREE	0.00%	1986	Upon Demand	PHP	913	913	913	913
INTEREST FREE	0.00%	1986	Upon Demand	PHP	6	6	6	6
INTEREST FREE	0.00%	1986	Upon Demand	PHP	54	54	54	54
INTEREST FREE	0.00%	1986	Upon Demand	PHP	229	229	229	229

GUARANTEED DOMESTIC DEBT OF THE REPUBLIC (OTHER THAN SECURITIES)[1] AS OF DECEMBER 31, 2002 IN MILLIONS OF CURRENCY INDICATED

	INTEREST RATE BASIS	INTEREST RATE SPREAD	YEAR CONTRACTED	YEAR OF MATURITY	ORIGINAL AMOUNT CONTRACTED: IN ORIGINAL CURR	ORIGINAL AMOUNT CONTRACTED: IN PHILIPPINE PESO[2]	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002: IN ORIGINAL CURR	OUTSTANDING BALANCE AS OF DECEMBER 31, 2002: IN PHILIPPINE PESO[2]
TOTAL						**2,358**		**2,261**
A. NATIONAL GOVERNMENT DIRECT GUARANTEE						**2,078**	**39**	**2,078**
US DOLLARS	LIBOR 6 MOS.	0.8125%	1986	2007	39	2,078	39	2,078
B. GFI GUARANTEE ASSUMED BY THE GOVERNMENT PER PROC. 50.					**280**	**280**	**183**	**183**
PHILIPPINE PESOS								
	INTEREST FREE	0.0000%	1986	Upon Demand	7	7	7	7
	INTEREST FREE	0.0000%	1986	Upon Demand	30	30	30	30
	91 DAY T/BILL	0.0000%	1986	2007	12	12	12	12
	92 DAY T/BILL	0.0000%	1986	2007	17	17	17	17
	93 DAY T/BILL	0.0000%	1986	2007	35	35	15	15
	94 DAY T/BILL	0.0000%	1986	2007	7	7	7	7
	95 DAY T/BILL	0.0000%	1986	2007	6	6	6	6
	96 DAY T/BILL	0.0000%	1986	2007	5	5	5	5
	97 DAY T/BILL	0.0000%	1986	2007	3	3	3	3
	98 DAY T/BILL	0.0000%	1986	2007	1	1	1	1
	99 DAY T/BILL	0.0000%	1986	2007	18	18	5	5
	100 DAY T/BILL	0.0000%	1986	2007	19	19	19	19
	101 DAY T/BILL	0.0000%	1986	2007	32	32	1	1
	102 DAY T/BILL	0.0000%	1986	2007	32	32	5	5
	103 DAY T/BILL	0.0000%	1986	2007	8	8	3	3
	104 DAY T/BILL	0.0000%	1986	2007	42	42	42	42
	105 DAY T/BILL	0.0000%	1986	2007	4	4	4	4

(1) Excludes securities issued by GOCCs

(2) FX rate used: BSP reference rate as of December 27, 2002.

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Until November 26, 2003, all dealers that effect transactions in the global bonds, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.