

## STATEMENT OF SUPPORT

We are making this public statement in relation to the tax issue surrounding the 10-year Zero-Coupon Treasury Bond also referred to as the Poverty Eradication and Alleviation Certificates or the so-called PEACe Bonds.

On October 18, 2001, the National Government issued the PEACe Bonds worth Ph35 billion pesos. Backed by three rulings issued by the Bureau of Internal Revenue (BIR), the issuance carried a main feature that it is not subject to a 20-percent Final Withholding Tax.

Investors bought the bonds relying in good faith on the contracted undertaking of the government that these were not subject to the tax, but days before the bonds matured on October 18, 2011, the BIR issued a ruling deducting a Final Withholding Tax retroactive to the date of the issuance.

This ruling prompted a group of investors to file with the Supreme Court a petition to stop the imposition of a Final Withholding Tax on the PEACe Bonds.

We, members of the business community, would like to express our support to the group of investors in upholding the principles that serve as the foundation for the financial services industry, serving big and small investors:

First, **sanctity of contracts** – We believe that contractual commitments arising from government securities should at all times be held sacrosanct and inviolable by the government.

Second, **investor protection** – Investors should be protected from changes in regulation, including those arising from retroactive application of changes in tax rulings, to help gain and maintain investor confidence in our capital markets.

Third, **stability and predictability in our capital markets** – We must safeguard the presumption of regularity and consistency in the application of rules, especially for instruments issued by the government.

In the interest of fairness and protection of investors, we appeal to the government to honor the original terms of securities they issue to the market.

SIGNED BY:



**BANKERS ASSOCIATION OF THE PHILIPPINES  
(BAP)**



**CHAMBER OF THRIFT BANKS  
(CTB)**



**RURAL BANKERS ASSOCIATION OF THE  
PHILIPPINES  
(RBAP)**



**MONEY MARKET ASSOCIATION OF THE  
PHILIPPINES  
(MART)**



**ACI THE FINANCIAL MARKETS ASSOCIATION  
(ACI PHILIPPINES)**

**NASBI**

NATIONAL ASSOCIATION OF SECURITIES  
BROKER SALESMEN, INC.

**NATIONAL ASSOCIATION OF SECURITIES  
BROKERS SALESMEN, INC.  
(NASBI)**



**TRUST OFFICERS ASSOCIATION OF THE  
PHILIPPINES  
(TOAP)**



**BANK  
MARKETING  
ASSOCIATION  
OF THE  
PHILIPPINES**

**BANK MARKETING ASSOCIATION OF THE  
PHILIPPINES  
(BMAP)**



**INVESTMENT HOUSE ASSOCIATION OF THE  
PHILIPPINES  
(IHAP)**



**FUND MANAGERS ASSOCIATION OF THE  
PHILIPPINES  
(FMAP)**



**Management  
Association of the  
Philippines**  
*The Philippines' Leading Management Organization*

**MANAGEMENT ASSOCIATION OF THE  
PHILIPPINES  
(MAP)**



**MAKATI BUSINESS CLUB  
(MBC)**

**CIBI**

**Foundation. Inc.**

**CIBI FOUNDATION, INC.**



**SHAREHOLDERS ASSOCIATION OF THE  
PHILIPPINES  
(SHAREPHIL)**