



Corporate Trust Services
633 West 5th Street, 24th Floor
Los Angeles, CA 90071

NOTICE TO HOLDERS

**THE REPUBLIC OF ECUADOR
12% U.S. DOLLAR DENOMINATED GLOBAL BONDS DUE 2012**

Regulation S Bonds		144 A Bonds		
Common Code	ISIN	CUSIP	Common Code	ISIN
011574840	XS0115748401	27927WAE2	011574840	US27927WAE21

THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS, AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE RE-TRANSMITTAL TO SUCH BENEFICIAL OWNERS IN A TIMELY MANNER.

Ladies and Gentlemen:

Reference is hereby made to that certain Indenture dated as of August 23, 2000 (the "Indenture") by and among The Republic of Ecuador, as issuer (the "Issuer"), Citibank, N.A., as paying agent, transfer agent and registrar (collectively, the "Paying Agent") and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Indenture.

The Trustee hereby informs you that an Event of Default under Section 7 of the Terms contained in the Bonds (the "Terms") has occurred as a result of the Issuer failing to pay the November 15, 2008 interest payment on the Bonds, which default has continued for a period of at least thirty (30) days from such Interest Payment Date.

Please be advised that, pursuant to the Terms, holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding may declare the principal amount of all the Bonds to be due and payable immediately. Additionally, pursuant to Section 4.8 of the Indenture, the holders of a Majority in aggregate principal amount of the Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust power conferred on the Trustee with respect to the Bonds. Pursuant to Section 5.2(d) of the Indenture, the Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by the Indenture at the request, order or direction of any of the Bondholders pursuant to the provisions of the Indenture, unless such Bondholders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities that might be incurred by it therein or thereby. For a complete discussion of such rights, please refer to the Terms and Articles 4 and 5 of the Indenture.

In addition, the Trustee would like to know the identities of the Bondholders and their respective holdings so that it may be able to effectively and timely communicate with you as required. **PLEASE COMPLETE AND RETURN THE ATTACHED CONFIRMATION OF BOND OWNERSHIP IN ACCORDANCE WITH THE INSTRUCTIONS THERETO.** Your assistance in this matter is appreciated.

Prior to any distribution to Bondholders, funds held under the Indenture are to be used first for payment of the fees and costs incurred or to be incurred by the Trustee in performing its duties, as well as for any indemnities owing or to become owing to the Trustee. This includes, but is not limited to, compensation for Trustee time spent, and the fees and costs of counsel and other agents it employs, to pursue remedies or other actions to protect the security or other interests of Bondholders.

Bondholders with questions about this notice should direct them in writing to Mr. Stephen Rivero of U.S. Bank National Association in writing at 633 West 5th Street, 24th Floor, Los Angeles, California 90071 or by email at stephen.rivero@usbank.com. Bondholders with other questions may contact U.S. Bank at (800) 934-6802, option #4 or at www.usbank.com/corp_trust/bondholder_contact.html. Please be advised that the Trustee may conclude that a specific response to particular inquiries from individual Bondholders is not consistent with equal and full dissemination of information to all Bondholders. Bondholders should not rely on the Trustee as their sole source of information. The Trustee makes no recommendations and gives no investment advice herein or as to the Bonds generally. Each Bondholder is encouraged to consult with its own advisors and counsel as to its rights in respect of the Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

DATED: December 24, 2008

Note: The CUSIP/COMMON CODE/ISIN numbers are included solely for the convenience of the Bondholders. Neither the Issuer nor the Trustee nor any paying agent shall be responsible for the selection or use of the CUSIP/COMMON CODE/ISIN numbers, nor is any representation made as to their correctness on the securities or as indicated in any notice.

B. EXECUTION BY NOMINEE OR ADVISOR

The undersigned hereby represents and warrants that it is the nominee or advisor for the beneficial owner indicated, and that the beneficial owner has granted to the undersigned the power and authority to deliver this Certification to the Trustee on behalf of such beneficial owner.

- 1. Name of Nominee or Advisor: _____
 - 2. Address: _____
 - 3. Phone: _____
 - 4. FAX: _____
 - 5. E-mail: _____
 - 6. Class of Bonds: _____
 - 7. CUSIP/Common Code/ISIN: _____
 - 8. Name of Beneficial Owner: _____
- Total Current Principal Amount of Bonds with Respect to Which Certification is Made as of the Date Hereof: _____
- DTC/Euroclear/Clearstream Participant Name: _____
- DTC/Euroclear/Clearstream Participant No.: _____

We hereby authorize the Trustee to disclose the details provided in items 1 to 8 above to the Issuer and to other beneficial owners or their nominees or advisors who have also so authorized the Trustee:

Beneficial Owners: Yes No

Issuer: Yes No

Signature: _____
(Print Name of Authorized Signatory): _____
Title: _____
Date: _____