

AGREEMENT

BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF THE KINGDOM OF DENMARK

The Government of the Republic of the Philippines and the Government of the Kingdom of Denmark have in accordance with the Agreed Minute on the consolidation of the debt of the Philippines reached at the meeting held in Paris on January 22, 1987, between the representatives of the Government of the Philippines and representatives of the Governments of Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Spain, Switzerland, the United Kingdom, and the United States of America, agreed as follows:

ARTICLE 1

The present Agreement shall apply to the servicing of debts which are owed to the Danish Government pursuant to loans dated March 19, 1971, March 27, 1974, and March 3, 1978, (hereinafter called the Loans), and to commercial credits guaranteed by the Danish Export Credit Council, having an original maturity of more than one year and which were extended to the Government of the Philippines or to one of its agencies, organizations or institutions, or covered by a guarantee of payment of the Government of the Philippines or one of its agencies, organizations, or institutions, pursuant to a contract or other financial arrangement concluded before April 1, 1984 (hereinafter called the Commercial Credits). Debt service due as a result of the Agreements between the Government of the Kingdom of Denmark and the Government of the Republic of the Philippines, through the Central Bank of the Philippines acting as its fiscal agent, of October 31, 1985 is not affected by the present Agreement.

The Government of the Republic of the Philippines assumes full liability for all payments to be made under this Agreement in respect of the debts specified in Annexes 1 and 2.

The Government of the Republic of the Philippines guarantees the transfer of the foreign exchange counterpart of all amounts paid in local currency by the private debtors in the Philippines for servicing their foreign debt owed to or guaranteed by the Government of the Kingdom of Denmark or its appropriate institutions and not subject to the present consolidation.

ARTICLE 2

The Kingdom of Denmark commits itself to restructure 100 per cent of the principal amounts of the Loans and the Commercial Credits and 70 per cent of the contractual interest amounts on the Commercial Credit falling due from January 1, 1987, up to June 30, 1988, inclusive.

Repayment by the Government of the Republic of the Philippines through the Central Bank of the Philippines acting as its fiscal agent of the amounts mentioned above

will be made in 10 equal and successive semi-annual instalments according to the following schedule:

10 per cent on April 1, 1993.

10 per cent on October 1, 1993.

10 per cent on April 1, 1994.

10 per cent on October 1, 1994.

10 per cent on April 1, 1995.

10 per cent on October 1, 1995.

10 per cent on April 1, 1996.

10 per cent on October 1, 1996.

10 per cent on April 1, 1997.

10 per cent on October 1, 1997.

If any payment date would fall a day which is not a business day in Copenhagen, it shall be postponed to the next day which is a business day.

The remaining 30 per cent of contractual interest will be paid according to the original schedule. As regards the 30 per cent of interest already due and not paid, it will be paid as soon as possible and in any case not later than 30 days after the date of signature of this Agreement.

ARTICLE 3

The amounts referred to in Articles 1 and 2 are agreed to be the following

A: Related to the Loans:

Danish Kroner 8,310,000.00

B: Related to the Commercial Credits:

Danish Kroner 44,980,126.02

US\$ 2,175,468.75

A revised repayment schedule for the Loans is attached as Annex 1. If needed, this list may be altered by agreement between the Government of the Kingdom of Denmark and the Central Bank of the Philippines acting as fiscal agent of the Government of the Republic of the Philippines.

The amounts mentioned under B are specified in the list attached as Annex 2. If needed, this list may be altered or amended by agreement between the Danish Export Credit Council, acting on behalf of the Kingdom of Denmark with regard to such alterations and amendments, and the Central Bank of the Philippines.

The Danish Kroner debt mentioned under B shall be denominated on the due date for each individual debt into US dollars at the official fixing rate quoted in