DATED 29 MARCH, 1988

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EDC AGREEMENT NO. 890-PH1-3892

THIS 1987/88 RESCHEDULING AGREEMENT dated 29 MARCH 1988, is made

BETWEEN

THE REPUBLIC OF THE PHILIPPINES
(hereinafter called the "OBLIGOR")

AND

EXPORT DEVELOPMENT CORPORATION,
a corporation wholly owned by Canada,
established by an Act of the Parliament
of Canada, having its head office
at Ottawa, Canada
(hereinafter called "EDC")

WHEREAS the Government of countries at the meetings held in consolidation of the external debt inter, alia, to recommend that EDC Canada, as one of the participating creditor Paris on January 22, 1987 to consider the of the Republic of the Philippines agreed, provide debt relief to the Republic of the Philippines relating to certain Loan Agreements made between EDC and various borrowers in the Republic of the Philippines before April 1, 1984, on the terms and conditions set out in the January 22, 1987 Agreed Minute on the Consolidation of the Debt of the Republic of the Philippines (the "Agreed Minute");

NOW THEREFORE it is agreed as follows.

1. Consolidation and Rescheduling of Debts

The purpose of this Agreement, is to implement the terms of the Agreed Minute to provide external debt relief to the OBLIGOR by. consolidating and rescheduling with the OBLIGOR the amounts due under certain Loan Agreements as set out in Schedule "A", which in the absence of manifest error shal.l be conclusive evidence of the amounts of the indebtedness of the OBLIGOR to EDC hereunder. In consideration of EDC agreeing to consolidate and reschedule such amounts, the OBLIGOR agrees to pay all amounts set out in Schedule "A" in accordance with the terms and subject to the conditions of this Agreement.

2. Payment of Rescheduled Amounts

(a) The OBLIGOR shall pay 100% of principal and 70% of interest falling due under the Loan Agreements set out in Schedule "A" between January 1, 1987 and June 30, 1988 (the "Consolidation Period"), being Cdn$4,895,665,18 consisting of Cdn$4,107,991.95 in principal and CdnS787,673.23 in interest, and US$1,689,587.58 consisting of US$1,245,160.20 in principal and US$444,427.38 in-interest, as set out in

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Schedule "A", in ten substantially equal, successive semi-annual instalments, the first instalment to be paid on April 1, 1993, and the final instalment to be paid on October 1, 1997.

(b) The OBLIGOR shall pay 30% of the interest amounts falling due during the Consolidation Period, as set out in Schedule "A", on the scheduled due dates under the terms of each applicable Loan Agreement.

3. Payment of Interest and Other Charges

(a) For the purposes of this Section 4:

> (i) "Interest Date" means, April 1 and October 1 in each year, commencing April 1, 1987; or if any such date is not a banking day the next banking day, and
>
> (ii) "Interest Period" means with respect to each rescheduled amount set forth in Schedule "A",
>
> (A) the period commencing on and including the relevant scheduled due date and ending on the date preceding the next Interest Date, and thereafter,
>
> (B) each successive period commencing on and including an Interest Date and ending on the date preceding the next Interest Date.

(b) For each Interest Period prior to April 1, 1988, interest on each Cdn Dollar Amount from each of the scheduled due dates set out in Schedule "A" will be calculated in arrears and compounded as of each Interest Date following the scheduled due date, at a rate per annum for each Interest Period equal to the aggregate of 1/2 of 1% and the London Interbank Offered Rate ("LIBOR") quoted by the Bank of Montreal in Toronto, Canada to leading banks in the London Interbank Market for six-month Cdn Dollar deposits as the rate in effect at or about 11:00 a.m. (London time) two banking days prior to the beginning of such Interest Period. The OBLIGOR shall pay the interest so calculated and compounded on such Cdn Dollar Amounts on April 1, 1988.

The OBLIGOR will thereafter pay interest on all Cdn Dollar Amounts outstanding from time to time on each subsequent Interest Date, such interest to be calculated and payable in arrears at a rate per annum for each Interest Period equal to the aggregate of 1/2 of 1% and LIBOR for Cdn Dollars, determined as above.

(c) For each Interest Period prior to April ls 1988, interest on each US Dollar Amount from each of the scheduled due dates set out in Schedule "A" will be calculated in arrears and compounded as of each Interest Date following the scheduled due date, at a rate per annum for each Interest Period equal to the aggregate of 1/2 of 1% and the London Interbank Offered Rate ("LIBOR") quoted by Citibank, N.A., to leading banks in the London Interbank Market for six-month US Dollar deposits as the rate in effect at or about 11:00 a.m. (London time) two banking days prior to the beginning of such Interest Period. The OBLIGOR shall pay the interest so calculated and compounded on such US Dollar Amounts on April ls 1988.

The OBLIGOR will thereafter pay interest on all US Dollar Amounts outstanding from time to time on each subsequent Interest Date, such interest to be calculated and payable in arrears at a rate per annum for each Interest Period equal to the aggregate of 1/2 of 11 and LIBOR for US DOLLARS, determined as above.

(d) If any amount of principal , interest or other charges payable hereunder is not received on the date due, interest shall be paid on such amount from the due date up to the day of actual payment at the rate per annum determined in accordance with Sections 3(b) or 3(c) as applicable, increased by 1%, such interest to be compounded on each Interest Date and payable on demand.

(e) Interest payable hereunder shall be calculated on the basis of the actual number of days elapsed divided by 360. The yearly rate of interest to which each of the rates determined as above and so calculated is equivalent is

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the rate so determined multiplied by the actual number of days in the year divided by 360.

(f) If at any time EDC shall determine that no quotation for either of the above-mentioned interest rates is available from the applicable reference bank, EDC and the OBLIGOR shall within 60 days thereafter negotiate in good faith to determine a mutually acceptable substitute basis for determining the applicable interest rate, and such substitute basis shall be retroactive to the beginning of the then current Interest Period. If the parties cannot agree on a substitute basis within 60 days, EDC shall determine the interest rate for such Interest Period on the basis of EDO's actual cost of funds for such Interest Period plus 1/2 of 1% per annum; provided that in such event the OBLIGOR shall have the right to prepay the principal of the dollar amounts for which no substitute interest basis has been agreed, without premium or penalty, together with all interest accrued thereon from the first day of the then current Interest Period to the date of such prepayment at a rate of interest equal to EDC's actual cost of funds for such Interest Period plus 1/2 of 1%.

(g) The rate, computation and payment of interest and other charges accruing before the first Interest Period with respect to each Rescheduled Amount set forth in Schedule "A" shall be governed by the terms of the applicable Loan Agreement.

4. Place and Manner of Payment

(a) Each Cdn Dollar payment by the OBLIGOR shall be made not later than 11:00 a.m. [Toronto time) on the day on which such payment is due for the credit of EDC, at the main branch of the Bank of Montreal at Toronto, Canada, Transit No. 0002, Account No. 000-376, or at such other account or place as EDC may notify the OBLIGOR.

(b) Each US Dollar payment by the OBLIGOR shall be made not later than 11:00 a.m. (New York City time) on the day on which such payment is due at Citibank N.A., 399 Park Avenue, New York, U.S.A. for the credit of EDC, UIDC No. 189284, Account No. 38636645, or at such other account or place as EDC may notify the OBLIGOR.

(c) All payments by the OBLIGOR to EDC shall be made without set-off or counterclaim, and free from any present or future taxes or charges of any kind, including stamp or registration taxes, except those levied or imposed by or within Canada. The OBLIGOR will instruct its bank to provide a copy of its payment instructions, showing how funds are being transferred, to EDC at Telex No. 053-4136. Any payment which falls due on a day which is not a banking day in Toronto or New York, as the case may be, shall be payable on the next banking day thereafter.

5. Application of Payments

All payments made by the OBLIGOR hereunder shall be applied first to all amounts then due and payable hereunder in such order as EDC may elect, then to prepayment of instalments of principal in inverse order of maturity. EDC shall apply any US Dollars received to amounts due and payable in US Dollars and any Cdn Dollars received to amounts due and payable in Cdn Dollars.

6. Prepayment

The OBLIGOR may, when not in default hereunder, on any Interest Date upon giving in each case at least 30 days prior notice to EDC (which notice shall be irrevocable and shall constitute the OBLIGOR'S undertaking to prepay accordingly) prepay the indebtedness of the OBLIGOR hereunder in whole or from time to time in part (such part being in each instance not less than the amount of one instalment due pursuant to Section 2 or a whole multiple

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thereof). Amounts prepaid shall be applied in satisfaction of instalments payable hereunder in inverse order of maturity.

7. Conditions Precedent

As conditions precedent to this Agreement becoming effective, EDC shall have received the favourable opinion of the Ministry of Justice of the OBLIGOR substantially in the form of Schedule "B" and the favourable opinion of Counsel to EDC in the Republic of the Philippines in such form as EDC may require. The receipt and application by EDC of amounts which would be payable by the OBLIGOR under this Agreement shall not be deemed to be and shall not constitute a waiver by EDC of these conditions precedent.

8. Notice

The mailing address, telex and telefax numbers and cable address of each of the parties for notices or correspondence of any kind are as follows:
for the OBLIGOR,

THE REPUBLIC OF THE PHILIPPINES
Department of Finance
A-Mabini St.
Metro, Manila
Philippines

Telex: 40268 CB CONF

for EDC,

EXPORT DEVELOPMENT CORPORATION
151 O' Connor Street
P.O. Box 655
Ottawa, Canada KlP 5T9

Attention: Operations Accounting Department

Telex: 053-4136 EXCREDCORP OTT
Cable: EXCREDCORP OTT
Telefax: (613) 237-2690

or such other mailing or cable address or telex or telefax number which the OBLIGOR or EDC may, for itself, from time to time notify the other.

9. Applicable Law, Jurisdiction and Waiver of Immunity

(a) This Agreement is made under and shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein.

(b) With respect to any legal action or proceeding concerning this Agreement the OBLIGOR irrevocably waives any right of immunity which it or any of its property has or may acquire in respect of its obiigations hereunder, including any immunity from jurisdiction, suit, judgment, set-off, execution, attachment or other legal process.

(c) The OBLIGOR agrees that any legal action or proceeding with respect to this Agreement or to enforce any judgment obtained against the OBLIGOR or any of its property in respect of -any of the foregoing (a certified or exemplified copy of which judgment shall be conclusive evidence of the fact and the amount of any indebtedness of the OBLIGOR to EDC, unless it is shown that (i) the court issuing such judgment did not have jurisdiction in

accordance with its jurisdictional rules, (ii) the party against whom the judgment of such court was obtained had no notice of the proceedings, or (i ii) the judgment of such court was obtained through collusion or fraud or was based on clear mistake of law or fact), may be brought by EDC in the Courts of Ontario, Canada, in the Courts of the Republic of the Philippines or in any other courts which may have jurisdiction in the circumstances.

IN WITNESS WHEREOF the parties hereto have signed and delivered this Agreement as of the date first above written.

THE REPUBLIC OF THE PHILIPPINES

(Sgd.) VICENTE R. JAYME, SECRETARY OF FINANCE

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