

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
REGARDING THE CONSOLIDATION AND RESCHEDULING OF
CERTAIN DEBTS OWED TO, GUARANTEED BY, OR INSURED BY
THE UNITED STATES GOVERNMENT OR ITS AGENCIES

The Government of the United States of America (the "United States") and the Government of the Republic of Indonesia ("Indonesia") agree as follows:

ARTICLE I

Application of the Agreement

1. Taking into account the recommendations contained in the Memorandum of Understanding on the Treatment of the Debt of the Republic of Indonesia Due to the Group of Official Creditors, signed under the auspices of the Paris Club on May 10, 2005 (hereinafter referred to as the "MOU"), and in accordance with the applicable domestic laws of the United States and Indonesia, the United States and Indonesia agree to consolidate and defer certain Indonesian payments with respect to debts which are owed to the United States Government or its Agencies, as provided for in this Agreement.
2. This Agreement will be further implemented by a separate agreement ("the Implementing Agreement") between Indonesia and the United States Department of Agriculture ("USDA") with respect to PL-480 agreements ("PL-480 credits"). With respect to amounts due to the Department of Defense ("DoD"), the Export-Import Bank of the United States ("Ex-Im Bank"), and the United States Agency for International Development ("USAID"), these agencies will notify Indonesia of the amounts deferred and rescheduled hereunder, and of the appropriate interest rates.

ARTICLE II

Definitions

1. "Agencies" means the United States Department of Agriculture ("USDA"), Department of Defense ("DoD"), the Export-Import Bank of the United States ("Ex-Im Bank"), and the Agency for the International Development ("USAID"), including the Direct Loan ("DL") and Housing Guarantee ("HG") programs.
2. "Contracts" means those agreements or other financial arrangements which have maturities under:
 - a. USAID DL or USDA PL-480 credits which had original maturities of more than one year and which were extended to Indonesia, or to Bank Indonesia, or covered by their guarantees, pursuant to an agreement or other financial arrangement concluded before January 1, 2005;
 - b. Those portions of the bilateral debt rescheduling agreements between the United States and Indonesia signed on September 1, 1999, December 8, 2000, and October 2, 2002

("Rescheduling Agreements") applicable to USAID HG, DOD, and Ex-Im Bank debts rescheduled thereunder; and

- c. Those portions of the Rescheduling Agreements applicable to USAID DL and USDA PL-480 debts rescheduled thereunder.

Debt service due as a result of debts described above and effected through special payment mechanisms or other external accounts is covered by this Agreement.

A table listing the relevant Contracts to be included under this consolidation and deferral is attached hereto as Annex A.

3. "Consolidated Debt" means 100 percent of the sum of unpaid principal and interest, excluding late interest, falling due from January 1, 2005 to December 31, 2005 inclusive with respect to the Contracts specified in subparagraphs 2(b) of this Article.
4. "Consolidated Official Development Assistance (ODA) Debt" means 100 percent of the sum of unpaid principal and interest, excluding late interest, falling due from January 1, 2005 to December 31, 2005 inclusive with respect to the Contracts specified in subparagraphs 2(a) and 2(c) of this Article.
5. "Interest" means interest payable on Consolidated Debt, Consolidated ODA Debt and Capitalized Interest, in accordance with the terms of this Agreement. Interest shall accrue at the rates set forth in this Agreement beginning on the due dates specified in each of the Contracts for the payments of principal comprising the Consolidated Debt and Consolidated ODA Debt and on January 1, 2006 for Capitalized Interest.
6. "Capitalized Interest" means one hundred (100) percent of the Interest accruing from January 1, 2005 to December 31, 2005 inclusive, on the outstanding balances of Consolidated Debt and Consolidated ODA Debt in accordance with the terms of this Agreement, including the rates specified herein.
7. "Additional Interest" means interest accruing at the rates set forth in this Agreement and the Implementing Agreement on due but unpaid installments of Consolidated Debt, Consolidated ODA Debt, and Interest beginning on the respective due dates for such installments as established by this Agreement and continuing to accrue until such amounts are repaid in full.

ARTICLE III

Terms and Conditions of Payment

1. Indonesia agrees to repay the Consolidated ODA Debt in United States dollars in accordance with the following terms and conditions:

- (a) The Consolidated ODA Debt shall be repaid in seven (7) equal, successive and semi-annual installments, the first one to be made on December 1, 2006 and the last one to be made on December 1, 2009.

- (b) The rate of Interest on Consolidated ODA Debt shall be as follows for the United States and its Agencies:

- (i) For USAID DL, the interest rate shall be fixed according to a weighted average at approximately 2.99 percent per year.

- (ii) For USDA PL-480 credits, the rate of Interest shall be fixed at the weighted average rate of 2.97 percent per year.

- (c) Interest with respect to Consolidated ODA Debt will be paid on June 1 and December 1 of each year, commencing on June 1, 2006. Interest accruing from January 1, 2005 through December 31, 2005, however, will be capitalized and paid according to the terms and conditions set forth in Article III, paragraphs 3 (a), (b) and (c).

A table summarizing the amount of Consolidated ODA Debt owed to the United States and its Agencies is attached hereto as Annex B.

2. Indonesia agrees to repay the Consolidated Debt in United States dollars in accordance with the following terms and conditions:

- (a) The Consolidated Debt shall be repaid in seven (7) equal, successive and semi-annual installments, the first one to be made on December 1, 2006 and the last one to be made on December 1, 2009.

- (b) The rate of Interest on Consolidated Debt shall be as follows for the United States and its Agencies:

- (i) For Ex-Im Bank debt, the rate of Interest shall be the per annum rate for each Interest Period determined by Ex-Im Bank to be one-half of one percent (1/2 of 1%) over the interest rate applicable to U.S. Treasury six-month borrowings which is in effect on the first day of the Interest Period (the Interest Period is defined in Annex F). For the Interest Period January 1, 2005 through June 30,

2005, the annual rate shall be 3.0 percent. For each subsequent Interest Period, Ex-Im Bank shall notify Indonesia of the applicable rate for such period.

(ii) For DoD, the rate shall be fixed at approximately 4%, based on the U.S. government cost of borrowing for a comparable maturity which is in effect at the entry into force of this Agreement, plus one-eighth of one percent.

(iii) For the USAID HG program, the rate shall be a fixed rate (estimated at approximately 3.875 percent), based on the U.S. government cost of borrowing for a comparable maturity which is in effect at the entry into force of this Agreement, plus one-eighth of one percent.

(c) Interest with respect to Consolidated Debt will be paid on June 1 and December 1 of each year, commencing on June 1, 2006.

A table summarizing the amount of Consolidated Debt owed to the United States and its Agencies is attached hereto as Annex C.

3. Indonesia agrees to repay Capitalized Interest in United States dollars in accordance with the following terms and conditions:

(a) Capitalized Interest shall be capitalized on December 31, 2005 and paid in 7 (seven) equal, successive and semi-annual installments, the first one to be made on December 1, 2006 and the last one to be made on December 1, 2009.

(b) The rates of interest on Capitalized Interest for Ex-Im Bank, DoD and USAID HG will be determined as stated in Article III, subparagraphs 2(b)(i), 2(b)(ii), and 2(b)(iii), respectively. The rate of interest on Capitalized Interest for USAID DL and USDA PL-480 credits will be determined as stated in Article III paragraphs 1(b)(i) and 1(b)(ii), respectively.

(c) The Interest on Capitalized Interest shall be paid in consecutive semi-annual installments on June 1 and December 1 of each year, commencing on December 1, 2006.

A table summarizing the amount of Capitalized Interest owed is attached hereto as Annex D.

4. Consistent with Article V, Paragraph 2 of this Agreement, amounts of Consolidated Debt, Consolidated ODA Debt and Capitalized Interest may be modified by mutual consent

ARTICLE IV

General Provisions

1. Indonesia agrees to pay all Consolidated Debt, Consolidated ODA Debt, Interest, Capitalized Interest, and Additional Interest, if any, to the United States and its Agencies, in United States dollars, without any deductions for taxes, fees or other charges or any other costs accruing inside or outside Indonesia.
2. Indonesia agrees to pay all debt service due and not paid, which is owed to, guaranteed by, or insured by, the United States or its Agencies, but which is not covered by this Agreement, as soon as possible but no later than September 30, 2005. Late interest will be charged on these amounts in accordance with the terms of the respective agreements.
3. Indonesia agrees to continue to allow unrestricted and immediate access to the foreign exchange required for servicing private sector debts owed to, guaranteed by or insured by the United States and its Agencies.
4. All terms of the Contracts remain in full force and effect, except as they may be modified by this Agreement.
5. With respect to amounts owing to DoD under this Agreement, Indonesia (referred to as the "Borrower" in Annex E hereto) agrees to the additional terms and conditions set forth in Annex E.
6. With respect to amounts owing to Ex-Im Bank under this Agreement, Indonesia (referred to as the "Government" in Annex F hereto) agrees to the additional terms and conditions set forth in Annex F.
7. With respect to amounts owing to USAID under this Agreement, Indonesia (referred to as the "Government" in Annex G hereto) agrees to the additional terms and conditions set forth in Annex G.
8. Indonesia commits that resources freed by the Paris Club debt consolidation and deferral will benefit directly the people affected by the tsunami, and that it will document the financial flows for relief and reconstruction spent by Indonesia from its own resources that directly benefit people affected by the tsunami. The value of the "resources freed by the Paris Club debt consolidation and deferral" will be calculated by measuring the net present value benefit to Indonesia of the Paris Club debt deferral and rescheduling carried out in accord with the MOU and will be the subject of discussions between the United States and Indonesia. Indonesia also commits to cooperate with an independent, outside evaluation, to be arranged by the United States, of Indonesia's compliance with its commitment that resources freed by the Paris Club debt consolidation and deferral will benefit directly the people affected by the tsunami.

ARTICLE V

Suspension or Termination

1. The United States may suspend or terminate this Agreement by giving sixty (60) days written notice to Indonesia. If the United States terminates all or part of this Agreement, all payments rescheduled under this Agreement shall be due and payable in accordance with the original terms of the Contracts following notification to Indonesia of the United States' exercise of this right of termination.

2. This Agreement may be amended or modified by mutual consent of the United States and Indonesia.

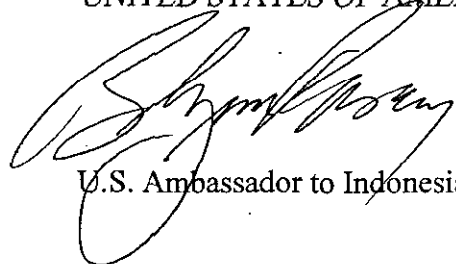
ARTICLE VI

Entry Into Force

This Agreement shall enter into force following signature of the Agreement and receipt by Indonesia of written notice from the United States that all necessary domestic legal requirements for entry into force of the Agreement have been fulfilled.

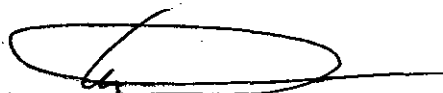
Done at Jakarta, Indonesia, in the English language, this 14th day of June, 2005.

FOR GOVERNMENT OF THE
UNITED STATES OF AMERICA



U.S. Ambassador to Indonesia

FOR THE GOVERNMENT OF
THE REPUBLIC OF INDONESIA



Director General for State Treasury
Ministry of Finance

Annex A
Contracts Subject to Rescheduling

Department of Defense

Loan Number

ID007D

ID017D

ID037D

Export-Import Bank

Loan Number

R-240

R-250

R-273

United States Agency for International Development

Direct Loans

497T085B

497T086

497T088

497T092

497T092A

497T092C

497T093

497T094A

497T095B

497T096

497T096A

497U034

497U043

497U044

497U045

497U057

497U057A

497U057B

497U065
497U067
497U067A
497U080
497U081
497U089
497U089A
497V042
497V042A
497V049
497V055
497V061
497V062
497V062A
497V062B
497V068
497V078
497V078A
497V078B
497V078C
497V078D
497V078E
497V078F
497V078G
497V087
497V087A
497V097
497W032
497W033
497W050
497W072
497W073
497W073A
497W073B
497W074A
497W074B
497W074C
497W074D
497V078H

497H015
497H016
497H017

497H018
497H019
497H020
497H021
497H022
497H023
497H024
497H025
497H026
497H027
497H028
497H029
497H030
497H031

497N016
497Q053A
497Q053B
497Q053C
497Q053D
497Q053E
497Q053F
497Q069
497Q077
497Q077A
497Q082
497Q082A
497T035
497T036
497T037
497T038
497T038A
497T039
497T040
497T040A
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497T047A
497T047B
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497T051
497T052
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497T066A
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497T066C
497T066D
497T066E
497T070
497T070A
497T075
497T083
497T083A
497T083B
497T083C
497T085
497X107R
497X109R
497X111R
497X112R
497X113R
497B108R
497B110R

United States Agency for International Development
Housing Guaranty Program

497HG001A01
497HG002A01
497HG003A01
497HG004A01
497HG005A01
497HG006A01
497HG007A01
497HG008A01
497HG008B01
497HG009A01
497HG010A01
497HG011A01
497HR001A01
497HR002A01
497HR003A01
497HR004A01
497HR005A01
497HR006A01
497HR007A01

US Department of Agriculture

PL-480

Agreements Dated

9/15/67

11/01/67

11/22/67

2/15/68

8/05/68

8/16/68

9/05/68

4/23/69

11/17/69

4/10/70

6/17/70

10/02/70
12/23/70
3/17/71
8/07/71
5/26/72
2/14/73
5/17/77
3/06/80
12/02/80
3/20/82
4/16/83
12/09/83
2/13/85
6/02/86
6/16/87
6/03/88
10/24/88
8/19/98
5/05/99
9/01/99
12/08/00
8/02/02
10/01/02

Annex B
Summary of Consolidated ODA Debt
(thousands of US\$)

USDA PL-480	\$ 61,559
USAID DL	\$ 56,941
TOTAL	\$ 118,500

Annex C
Summary of Consolidated Debt
(thousands of US\$)

DoD	\$ 1,956
Ex-Im Bank	\$ 67,625
USAID HG	\$ 23,848
TOTAL	\$ 93,429

Annex D
Summary of Capitalized Interest

(thousands of US\$)

DoD	\$ 78
USDA PL-480	\$ 442
USAID DL (ODA)	768
USAID HG (NODA)	471
Ex-Im Bank	787
TOTAL	\$2,545