

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE HASHEMITE KINGDOM OF JORDAN
REGARDING THE CONSOLIDATION OF
CERTAIN DEBTS OWED TO, GUARANTEED OR INSURED BY
THE UNITED STATES GOVERNMENT AND ITS AGENCIES

The Government of the United States of America (the "United States") and the Government of the Hashemite Kingdom of Jordan ("Jordan") agree as follows:

ARTICLE I

Application of the Agreement

1. In accordance with the recommendations contained in the Agreed Minute on the Consolidation of the Debt of the Hashemite Kingdom of Jordan, signed in Paris on July 10, 2002 (hereinafter referred to as the "Minute") by representatives of certain creditor nations (hereinafter referred to as "Participating Creditor Countries") and by the representative of Jordan, the United States and Jordan agree, in accordance with the terms of this Agreement, to reschedule certain Jordanian Public Sector debt payments owed to, guaranteed or insured by, the United States Government and its Agencies.

2. With respect to amounts due to the United States Department of Defense ("DoD") and the United States Agency for International Development ("USAID"), each agency will notify Jordan of the respective amounts consolidated and rescheduled hereunder. This Agreement will be further implemented by a separate agreement (the "Implementing Agreement") between the Commodity Credit Corporation and Jordan concerning Commodity Credit Corporation Agreements.

ARTICLE II

Definitions

1. "Agencies" mean the Department of Defense ("DoD"), the United States Agency for International Development ("USAID"), including the Housing Guarantee Program ("HG"), and the Commodity Credit Corporation ("CCC").

2. "Contracts" mean those agreements or other financial arrangements that have maturities under:

(a) Loans or commercial credits guaranteed or insured by the United States and its Agencies having original maturities of more than one year and which were extended to Jordan or its public sector, or covered by their respective guarantees, pursuant to an agreement or other financial arrangement concluded before January 1, 1989. These contracts shall also include payments due under previous bilateral debt restructuring agreements concluded before July 19, 1989.

(b) The bilateral debt rescheduling agreements concluded between the United States and Jordan on May 10, 1992, August 18, 1994, August 25, 1997 and October 17, 1999.

Debt service due as a result of debts described in subparagraphs 2(a) and 2(b) of this Article and effected through special payments mechanisms or other external accounts is covered by this Agreement.

A table listing the relevant Contracts to be included in this rescheduling is attached hereto as Annex A.

3. "Consolidation Period" means:

- (a) the period from July 1, 2002 to June 30, 2003, inclusive, provided that the condition set forth in Article IV, paragraph 1 of this Agreement is satisfied;
- (b) the period from July 1, 2003 to June 30, 2004, inclusive, provided that the conditions set forth in paragraphs 1 and 2 of Article IV of this Agreement are satisfied;
- (c) the period from July 1, 2004 to December 31, 2004, inclusive, provided that the conditions set forth in paragraphs 1, 2, and 3 of Article IV of this Agreement are satisfied;
- (d) the period from January 1, 2005 to December 31, 2005, inclusive, provided that the conditions set forth in paragraphs 1, 2, 3, and 4 of this Agreement are satisfied;
- (e) the period from January 1, 2006 to December 31, 2006, inclusive, provided that the conditions set forth in paragraphs 1, 2, 3, 4 and 5 of Article IV of this Agreement are satisfied; and
- (f) the period from January 1, 2007 to December 31, 2007, inclusive, provided that the conditions set forth in paragraphs 1, 2, 3, 4, 5, and 6 of Article IV paragraph of this Agreement are satisfied.

4. "Consolidated Debt" means:

- (a) 100 percent of the sum of unpaid principal and interest (excluding late interest) due from July 1, 2002 to June 30, 2003, inclusive, under the Contracts specified in paragraph 2 of this Article, provided that the condition set forth in Article IV, paragraph 1 of this Agreement is satisfied;
- (b) 100 percent of the sum of unpaid principal and interest (excluding late interest) due from July 1, 2003 to June 30, 2004, inclusive, under the Contracts specified in paragraph 2 of this Article, provided that the conditions set forth in Article IV, paragraph 2 of this Agreement are satisfied;

(c) 90 percent of the sum of unpaid principal and interest (excluding late interest) due from July 1, 2004 to December 31, 2004, inclusive, under the Contracts specified in paragraph 2 of this Article, provided that the conditions set forth in Article IV, paragraph 3 of this Agreement are satisfied;

(d) 90 percent of the sum of unpaid principal and interest (excluding late interest) due from January 1, 2005 to December 31, 2005, inclusive, under the Contracts paragraph 2 of this Article, provided that the conditions set forth in Article IV, paragraph 4 of this Agreement are satisfied;

(e) 80 percent of the sum of unpaid principal and interest (excluding late interest) due from January 1, 2006 to December 31, 2006, inclusive, under the Contracts specified in paragraph 2 of this Article, provided that the conditions set forth in Article IV, paragraph 5 of this Agreement are satisfied, and

(f) 70 percent of the sum of unpaid principal and interest (excluding late interest) due from January 1, 2007 to December 31, 2007, inclusive, under the Contracts specified in paragraph II of this Article, provided that the conditions set forth in Article IV, paragraph 6 of this Agreement are satisfied.

5. "Consolidated Arrears" mean 100 percent of principal and interest (including late interest) due as of June 30, 2002, inclusive, and not paid, under the Contracts specified in paragraph 2 of this Article.

6. "Unconsolidated Amounts" mean:

(a) 10 percent of the sum of unpaid principal and interest (excluding late interest) due from July 1, 2004 to December 31, 2004, inclusive, under the Contracts specified in paragraph 2 of this Article, provided that the conditions set forth in Article IV, paragraph 3 of this Agreement are satisfied;

(b) 10 percent of the sum of unpaid principal and interest (excluding late interest) due from January 1, 2005 to December 31, 2005, inclusive, under the Contracts specified in paragraph 2 of this Article, provided that the conditions set forth in Article IV, paragraph 4 of this Agreement are satisfied;

(c) 20 percent of the sum of unpaid principal and interest (excluding late interest) due from January 1, 2006 to December 31, 2006, inclusive, under the Contracts specified in paragraph 2 of this Article, provided that the conditions set forth in Article IV, paragraph 5 of this Agreement are satisfied; and

(d) 30 percent of the sum of unpaid principal and interest (excluding late interest) due from January 1, 2007 to December 31, 2007, inclusive, under the Contracts specified in paragraph 2 of this Article, provided that the conditions set forth in Article IV, paragraph 6 of this Agreement are satisfied.

7. "Interest" means interest payable on Consolidated Debt and Consolidated Arrears 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.

8. "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 Arrears and Interest. Additional Interest shall begin to accrue on the respective due dates for installments of Consolidated Debt and Interest as established by this Agreement and shall continue to accrue until such amounts are repaid in full.

9. "Public Sector" shall include those enterprises in which, as of July 19, 1989, the Government of the Hashemite Kingdom of Jordan was directly or indirectly a majority shareholder (owning more than 50%), including representative offices and branches of Jordanian banks abroad.

ARTICLE III

Terms and Conditions of Payment

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

(a) The Consolidated Debt and Consolidated Arrears shall be repaid in thirty (30) consecutive semi-annual installments payable on June 30 and December 31 of each year as follows:

0.53% on June 30, 2007;	0.65% on December 31, 2007;
0.77% on June 30, 2008;	0.89% on December 31, 2008;
1.03% on June 30, 2009;	1.17% on December 31, 2009;
1.32% on June 30, 2010;	1.47% on December 31, 2010;
1.64% on June 30, 2011;	1.81% on December 31, 2011;

1.99% on June 30, 2012;	2.18% on December 31, 2012;
2.38% on June 30, 2013;	2.59% on December 31, 2013;
2.81% on June 30, 2014;	3.04% on December 31, 2014;
3.28% on June 30, 2015;	3.53% on December 31, 2015;
3.80% on June 30, 2016;	4.07% on December 31, 2016;
4.36% on June 30, 2017;	4.67% on December 31, 2017;
4.98% on June 30, 2018;	5.31% on December 31, 2018;
5.66% on June 30, 2019;	6.02% on December 31, 2019;
6.40% on June 30, 2020;	6.79% on December 31, 2020;
7.21% on June 30, 2021;	7.65% on December 31, 2021.

(b) For maturities of principal and interest due between July 1, 2007 and December 31, 2007, inclusive, and consolidated under this Agreement, an additional payment of 1.18% shall be made on December 31, 2007.

(c) The rate of Interest on Consolidated Debt and Consolidated Arrears shall be as follows:

(i) For DoD debt, the rate shall be fixed based on the U.S. government cost of borrowing for a comparable maturity that is in effect at the entry into force of this Agreement, plus one-eighth of one percent--approximately 5.125% based on February 2003 rates.

(ii) For the Housing Guaranty program, a fixed rate based on the U.S. government cost of borrowing for a comparable maturity that is in effect at the entry into force of this Agreement, plus one-eighth of one percent--approximately 5.125 percent as of February 2003 rates.

(iii) For CCC debt, the rate of interest shall be based on the U.S. Treasury average market yields rate in effect on the date of signature of this Agreement for a 18-year loan maturity plus one-half of one percent.

(d) Interest with respect to Consolidated Debt and Consolidated Arrears will be paid on June 30 and December 31 of each year, with the first payment being made on June 30, 2003.

A table summarizing the amount of Consolidated Debt and Consolidated Arrears owed if the Consolidation Period covers the period from July 1, 2002 to June 30, 2003, inclusive, is attached hereto as Annex B1. A table summarizing the amount of Consolidated Debt and Consolidated Arrears owed if the Consolidation Period covers the period from July 1, 2002 to June 30, 2004, inclusive, is attached hereto as Annex B2. A

table summarizing the amount of Consolidated Debt and Consolidated Arrears owed if the Consolidation Period covers the period from July 1, 2002 to December 31, 2004, inclusive, is attached hereto as Annex B3. A table summarizing the amount of Consolidated Debt and Consolidated Arrears owed if the Consolidation Period covers the period from July 1, 2002 to December 31, 2005, inclusive, is attached hereto as Annex B4. A table summarizing the amount of Consolidated Debt and Consolidated Arrears owed if the Consolidation Period covers the period from July 1, 2002 to December 31, 2006, inclusive, is attached hereto as Annex B5. A table summarizing the amount of Consolidated Debt and Consolidated Arrears if the Consolidation Period covers the period from July 1, 2002 to December 31, 2007, inclusive, is attached hereto as Annex B6.

2. Jordan agrees to repay the Unconsolidated Amounts in United States dollars in accordance with the due dates and interest rates in the original Contracts. Late Interest will be charged on these amounts.

A table summarizing the amount of Unconsolidated Amounts owed if the Consolidation Period covers the period from July 1, 2002 to December 31, 2004, inclusive, is attached hereto as Annex C1. A table summarizing the amount of Unconsolidated Amounts owed if the Consolidation Period covers the period from July 1, 2002 to December 31, 2005, inclusive, is attached hereto as Annex C2. A table summarizing the amount of Unconsolidated Amounts owed if the Consolidation Period covers the period from July 1, 2002 to December 31, 2006, inclusive, is attached hereto as Annex C3. A table summarizing the amount of Unconsolidated Amounts if the Consolidation Period covers the period from July 1, 2002 to December 31, 2007, inclusive, is attached hereto as Annex C4.

ARTICLE IV

General Provisions

1. The Consolidation Period is the period from July 1, 2002 to June 30, 2003, inclusive, provided that Jordan continues to have an appropriate arrangement with the International Monetary Fund (IMF).
2. The Consolidation Period shall be extended to include the period from July 1, 2003 to June 30, 2004, inclusive,

provided that the Executive Board of the IMF has completed before August 31, 2003, the second review under the Stand by Arrangement ("SBA") with Jordan and provided that Jordan has made, on scheduled due dates, payments owed to the Participating Creditor Countries as provided for in the Minute.

3. The Consolidation Period shall be extended to include the period from July 1, 2004 to December 31, 2004, inclusive, provided that the Participating Creditor Countries decide before June 30, 2004 that Jordan has fulfilled the conditions set out in the Minute and provided that the Executive Board of the IMF has completed the third review under the current SBA.

4. Participating Creditor Countries shall decide before December 31, 2004 whether to extend the Consolidation Period to include the period from January 1, 2005 to December 31, 2005, inclusive. In so doing, Participating Creditor Countries will take into account the corresponding review of the Post Program Monitoring (or the equivalent procedure), a comfort letter from the management of the IMF concerning Jordan's economic performance during the corresponding period ("IMF Comfort Letter"), and the relations between Jordan and the Participating Creditor Countries.

5. Participating Creditor Countries shall decide before December 31, 2005 whether to extend the Consolidation Period to include the period from January 1, 2006 to December 31, 2006, inclusive. In so doing, Participating Creditor Countries will take into account the corresponding review of the Post Program Monitoring (or the equivalent procedure), the IMF Comfort Letter, and the relations between Jordan and the Participating Creditor Countries.

6. Participating Creditor Countries shall decide before December 31, 2006 whether to extend the Consolidation Period to include the period from January 1, 2007 to December 31, 2007, inclusive. In so doing, Participating Creditor Countries will take into account the corresponding review of the Post Program Monitoring (or equivalent procedure), the IMF Comfort Letter, and the relations between Jordan and the Participating Creditor Countries.

7. It is understood that the Chairman of the Paris Club, in accordance with the terms of the shall notify the Government of Jordan of the Participating Creditor Countries' decisions under this Article.

8. Jordan agrees to grant the United States and its Agencies treatment and terms no less favorable than that which it has accorded, or which it may accord, to any other creditor country or its agencies for the consolidation of debts of comparable maturities.

9. Jordan will seek to secure from external creditors, including banks and suppliers, rescheduling or refinancing arrangements on terms comparable to those set forth in the Minute, in Net Present Value terms, for credits of comparable maturities and legal nature, while trying to avoid unequal treatment among different categories of creditors.

10. Jordan agrees to pay all Consolidated Debt, 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 Jordan.

11. Jordan agrees to pay all debt service due and not paid, which is owed to, guaranteed by, or insured by, the United States and its Agencies, but which is not covered by this Agreement as soon as possible, but no later than 35 days after signature of this Agreement. Late interest will be charged on these amounts in accordance with the terms of the respective agreements.

12. Jordan 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.

13. All terms of the Contracts remain in full force and effect, except as they may be modified by this Agreement.

14. With respect to amounts owed to DoD under this Agreement, Jordan (referred to as the "Borrower" in Annex D hereto) agrees to the additional terms and conditions set forth in Annex D.

15. With respect to amounts owed to USAID under this Agreement, including the Housing Guaranty Program, Jordan (referred to as the "Government" in Annex E hereto) agrees to the additional terms and conditions set forth in Annex E.

ARTICLE V

Suspension or Termination

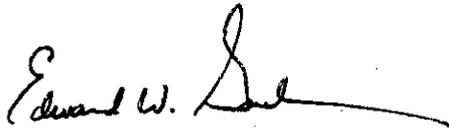
1. The United States may suspend or terminate this Agreement by giving sixty (60) days written notice to Jordan.
2. This Agreement may be amended or modified by mutual consent of the United States and Jordan.

ARTICLE VI

Entry Into Force

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

Done in Amman, Jordan, in the English language, this 23th day of March, 2003.



FOR THE GOVERNMENT OF
UNITED STATES OF AMERICA



FOR THE GOVERNMENT OF THE
THE HASHEMITE KINGDOM
OF JORDAN

Annex A
Contracts Subject to Rescheduling

Department of Defense
Loan Numbers

JO897G
JO948D
JO949D
JO968D
JO978D
JO979D
JO988D
JO007D
JO008D
JO009D

United States Agency for International Development
Housing Guaranty Program

278-HG-001A01
278-HR-003
278-HR-005
278-HR-006
278-HR-007
278-HR-008

USDA CCC Agreements

8/18/94
10/17/99

Annex B1

Summary of Consolidated Debt and Consolidated Arrears for
the Consolidation Period July 1, 2002 to June 30, 2003
(thousands of US\$)

DoD	\$50,115
HG	\$ 3,004
CCC	\$ 1,216
TOTAL	\$54,335

Annex B2

Summary of Consolidated Debt and Consolidated Arrears for
the Consolidation Period July 1, 2002 to June 30, 2004
(thousands of US\$)

DoD	\$102,139
HG	\$ 5,984
CCC	\$ 2,122
TOTAL	\$110,245

Annex B3

Summary of Consolidated Debt and Consolidated Arrears for
the Consolidation Period July 1, 2002 to December 31, 2004
(thousands of US\$)

DoD	\$106,735
HG	\$ 7,341
CCC	\$ 2,548
TOTAL	\$116,624

Annex B4

Summary of Consolidated Debt and Consolidated Arrears for
the Consolidation Period July 1, 2002 to December 31, 2005
(thousands of US\$)

DoD	\$123,956
HG	\$ 10,055
CCC	\$ 3,420
TOTAL	\$137,431

Annex B5

Summary of Consolidated Debt and Consolidated Arrears for
the Consolidation Period July 1, 2002 to December 31, 2006
(thousands of US\$)

DoD	\$140,080
HG	\$ 12,471
CCC	\$ 4,228
TOTAL	\$156,779

Annex B6

Summary of Consolidated Debt and Consolidated Arrears for
the Consolidation Period July 1, 2002 to December 31, 2007
(thousands of US\$)

DoD	\$158,378
HG	\$ 14,592
CCC	\$ 4,962

TOTAL	\$177,932
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Annex C1

Summary of Unconsolidated Amounts for the Consolidation
Period July 1, 2002 to December 31, 2004
(thousands of US\$)

DoD	\$ 511
HG	\$ 151
CCC	\$ 47
TOTAL	\$ 709

Annex C2

Summary of Unconsolidated Amounts for the Consolidation
Period July 1, 2002 to December 31, 2005
(thousands of US\$)

DoD	\$2,424
HG	\$ 452
CCC	\$ 144
TOTAL	\$3,020

Annex C3

Summary of Unconsolidated Amounts for the Consolidation
Period July 1, 2002 to December 31, 2006
(thousands of US\$)

DoD	\$ 2,424
HG	\$ 1,056
CCC	\$ 346
TOTAL	\$ 3,826

Annex C4

Summary of Unconsolidated Amounts for the Consolidation
Period July 1, 2002 to December 31, 2007
(thousands of US\$)

DoD	\$14,297
HG	\$ 1,965
CCC	\$ 661
TOTAL	\$16,923

Annex D
Repayment Provisions on Amounts Due
To the Department of Defense

All payments of principal and interest are payable in immediately available funds, free and clear of, and without deduction for, any taxes, levies, imposts, deductions, and withholdings whatsoever now or hereafter imposed, levied, collected, or assessed with respect thereto by any central or local authority of the Government and shall be paid free from all restrictions of any central or local authority of the Government.

The terms of this Agreement require payment in immediately available funds. To meet this requirement, request the payment be wire transferred to the Defense Security Cooperation Agency through the Federal Reserve Bank of New York. The wire transfer must include the following payment instructions:

021030004 Payment Amount (in U.S. dollars)
TREASURY NYC/(97000002)DSCA/COMPT/FM/PENTAGON
(Begin third party text - may use up to 230
characters with this optimum format; this text
should include the precise loan installments (s)
to which the remitted amount should be credited.)

Interest shall be computed on the basis of the actual number of days using a 365-day factor. Repayments which are due on a Saturday, Sunday, or public holiday, shall be made on the next succeeding business day in accordance with the laws of the United States. This extension of time, if applicable, shall be included in computing the interest on such repayments, but excluding from the next interest period, if any. Failure of the Government to make full repayment when due of any installment(s) of principal and/or interest shall result in an aggregate amount payable of the overdue installment(s), plus additional interest thereon at the rate specified from the due date to the date of repayment. If an installment payment made by the Government is insufficient to satisfy the aggregate amount of principal and interest then due, such repayment shall be applied first to satisfy the interest due with the remainder, if any, applied to satisfy the principal amount of the installment.

In order to determine accurately the actual cost of funds applicable to debt due to the Department of Defense and hereby rescheduled, the interest rate shall be assigned

at the time the Department of Defense provides the notification implementing this Agreement pursuant to Article I, paragraph 2. The interest rate stated in Article III, paragraph 1(c)(i) of this Agreement represents a best estimate only and may fluctuate prior to the assignment of the interest rate as noted above.

The Government shall have the right to prepay at any time and from time-to-time without penalty or premium, all or any part of the principal due under this Agreement. Each prepayment shall be accomplished by the payment of interest on the amount prepaid to the date of prepayment. Each such prepayment shall be applied to the principal installments in the inverse order of their maturity.

The Government represents and warrants that it has taken all action necessary and appropriate under its constitution and laws to authorize it to incur the indebtedness herein contemplated and to execute this Agreement. The Government further represents and warrants that this Agreement has been validly signed and entered into by the Government and is binding upon it in accordance with its terms and when delivered pursuant hereto will constitute the valid and binding obligation of the Government for the payment and performance of which the full faith and credit of the Government is pledged.

If the Government fails to pay any amount due to the Department of Defense, or if any representation or warranty of the Government herein proves to be untrue in any material respect, the Department of Defense, by written notice to the Government, and giving the Government ten (10) business days to respond, may make immediately due and payable the entire principal indebtedness then outstanding and accrued interest thereon to date of payment.

All sums payable hereunder shall be payable without deduction for any present or future taxes, duties, fees or other charges levied or imposed by the Government or any political or taxing subdivision thereof.

No failure or delay on the part of the Department of Defense to exercise any right, power or privilege under this Agreement shall operate as a waiver thereof.

All statements, reports, certificates, opinions and other documents or information furnished to the Department of

Defense under this Agreement shall be supplied by the Government without cost to the Department of Defense.

The Government shall reimburse the Department of Defense, on demand, for all reasonable and documented out-of-pocket expenses (including legal fees) incurred by the Department of Defense in connection with the enforcement of this Agreement.

To the extent that the Government has or hereafter may acquire immunity from suit, judgment, and/or execution, the Government agrees that it shall not assert or claim any such right of immunity with respect to any action to enforce its obligations under this Agreement, except as provided for in the Government's judicial codes with respect to execution through the courts of the Government.

Upon entry into force of this Agreement, the Department of Defense shall consider arrears as having been rescheduled for the purposes of resuming the provision of assistance to the Government. The Department of Defense will notify the Government of the amounts rescheduled, provide a repayment schedule of those amounts, and provide the actual interest rate assigned to this Agreement.

The Department of Defense portion of this Agreement shall be governed by, and construed in accordance with, the laws of the District of Columbia, United States of America.

If the terms of this Agreement provide for the Consolidation Period to be extended beyond the initial Consolidation Period, and provided conditions contained therein are met, the Department of Defense will manage each extended Consolidation Period as a separate loan and identify it with a separate loan number and interest.

All communications between the Government and the Department of Defense shall be in writing, in the English language at the following address:

Defense Security Cooperation Agency
Crystal Gateway North
Suite 303
1111 Jefferson Davis Highway
Arlington, VA 22202-4306

Facsimile: (703) 604-6538