ARBITRATION AGREEMENT

With reference to Article 9.4 of the Loan Agreement between KREDITANSTALT FUR WIEDERAUFBAUf Frankfurt am Main, ("Kreditanstalt") and the REPUBLIC OF THE PHILIPPINES ("Borrower") dated 12 MAY 1982

- Imelda Settlement Program Leyte -

Kreditanstalt and the Borrower hereby agree on the following:

ARTICLE 1

All disputes arising from the Loan Agreement, including disputes on the validity of the Loan Agreement and of the Arbitration Agreement, which cannot be settled amicably between the contracting parties shall finally and exclusively be decided by an Arbitration Tribunal.

ARTICLE 2

The parties to such arbitration shall be Kreditanstalt and the Borrower.

ARTICLE 3

3.1 If the parties do not agree on a single arbitrator the Arbitration Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by Kreditanstalt, a second arbitrator by the Borrower; the third arbitrator ("Chairman") shall be appointed by agreement of both parties or, if they shall not agree within 60 days after receipt of the request for arbitration by the defendant, on application of either party by the president of the International Chamber of Commerce or, failing appointment by him, by the chairman of the Swiss National Committee of the International Chamber of Commerce. If either side shall fail to appoint an arbitrator such arbitrator shall be appointed by the Chairman.

3.2 In case any arbitrator appointed pursuant to the foregoing provisions wants to resign or becomes unable to act as arbitrator his successor shall be appointed in the same manner as the original arbitrator. The successor shall have all the powers and duties of such original arbitrator.

ARTICLE 4

4.1 Arbitration proceedings may be instituted by the service of a written request for arbitration by one party to the other. Such request shall state the nature of the claim, the remedy or compensation requested, and the name of the arbitrator to be appointed by the claimant.