



Greek Prime Minister Lucas Papademos, left, speaks Friday with Finance Minister Evangelos Venizelos during a cabinet meeting at the Greek Parliament in Athens. AP

Greece gets historic deal to relieve debt

By Gabrielle Steinhauser
The Associated Press

ATHENS, Greece — Greece's private creditors agreed Friday to take cents on the euro in the biggest debt writedown in history, paving the way for an enormous second bailout for the country to keep Europe's economy from being dragged further into chaos.

Greece would have risked defaulting on its debt in two weeks without the agreement, sparking turmoil in the markets and sending shock waves through the other 16 countries that use the euro.

Prime Minister Lucas Papademos called the deal — which shaves some \$138

billion off Greece's \$487 billion debt load — an important "historic success" in a televised address to the nation Friday night.

"For the first time, Greece is not adding but taking debt off the backs of its citizens."

The country said 83.5 percent of private investors holding its government debt had agreed to a bond swap, taking a cut of more than half the face value of their investments as well as accepting softer repayment terms for Greece.

The swap aiming to turn around the country's debt-ridden economy was a key condition to secure a \$172 billion rescue package

from other eurozone countries and the International Monetary Fund.

The managing director of the Institute of International Finance, which negotiated the deal with Greece for large investors, called the bond swap "the largest ever" debt restructuring.

"This has been painful and the pain is not over yet. But I now can see light at the end of the tunnel for the Greek economy," Charles Dallara told Greece's Mega television.

He estimated Greece could return to the markets "within a few years."

Of investors holding the \$234 billion in bonds governed by Greek law, 85.8 percent joined.