

No. 6777

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
PHILIPPINES**

Guarantee Agreement—*Maria Cristina Project* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the National Power Corporation). Signed at Washington, on 7 November 1962

Official text: English.

Registered by the International Bank for Reconstruction and Development on 12 June 1963.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
PHILIPPINES**

Contrat de garantie — *Projet Maria Cristina* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la National Power Corporation). Signé à Washington, le 7 novembre 1962

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 12 juin 1963.

No. 6777. GUARANTEE AGREEMENT¹ (*MARIA CRISTINA PROJECT*) BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 7 NOVEMBER 1962

AGREEMENT, dated November 7, 1962, between REPUBLIC OF THE PHILIPPINES (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and National Power Corporation (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to three million seven hundred thousand dollars (\$3,700,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961² (said Loan Regulations No. 4 being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby un-

¹ Came into force on 4 January 1963, upon notification by the Bank to the Government of the Philippines.

² See p. 290 of this volume.

conditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and further guarantees the punctual performance of all the covenants and agreements of the Borrower in the territories of the Guarantor, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including Central Bank of the Philippines or any other institution performing the functions of a central bank.

Section 3.02. (a) The Guarantor and the Bank shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor

tor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Section 3.06. The Guarantor covenants that it will not take or permit any of its political subdivisions or any of its agencies or any agency of any political subdivision to take any action which would prevent or interfere with the performance by the Borrower of any of the covenants, agreements and obligations of the Borrower in the Loan Agreement contained, and will take or cause to be taken all reasonable action which shall be necessary in order to enable the Borrower to perform such covenants, agreements and obligations.

Section 3.07. The Guarantor covenants that it will from time to time grant or cause to be granted to the Borrower rates which will provide revenues sufficient: (a) to cover operating expenses, including adequate maintenance and depreciation, taxes and interest; (b) to meet repayments on long-term indebtedness but only to the extent that such repayments shall exceed provision for

depreciation; and (c) to leave a surplus for financing a reasonable portion of future expansion of its power facilities.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Secretary of Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Central Bank of the Philippines
Manila
Philippines

Alternative address for cablegrams and radiograms :

Philcenbank
Manila

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 5.02. The Governor of the Central Bank of the Philippines is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed

in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of the Philippines :

By Amelito R. MUTUC
Authorized Representative

International Bank for Reconstruction and Development

By J. Burke KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 400, p. 212.*]

LOAN AGREEMENT
(*MARIA CRISTINA PROJECT*)

AGREEMENT, dated November 7, 1962, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and NATIONAL POWER CORPORATION (hereinafter called the Borrower).

WHEREAS by agreements dated November 22, 1957¹ and October 13, 1961,² both between the Bank and the Borrower, the Bank made loans to the Borrower to assist the Borrower in the expansion of its power generation and transmission facilities; and

WHEREAS the Borrower has requested the Bank to make a further loan for the same purpose;

NOW THEREFORE, the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961³ (said Loan Regulations No. 4 being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

¹ United Nations, *Treaty Series*, Vol. 293, p. 83.

² United Nations, *Treaty Series*, Vol. 415, p. 269.

³ See above.

Section 1.02. Wherever used in this Agreement, or any Schedule thereto :

The terms “ First Loan Agreement ” and “ Second Loan Agreement ” shall mean the loan agreement dated November 22, 1957 and the loan agreement dated October 13, 1961, respectively, both between the Bank and the Borrower, as the same have been or may be amended from time to time by agreement between the Bank and the Borrower.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to three million seven hundred thousand dollars (\$3,700,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of five and one-half per cent ($5\frac{1}{2}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on June 1 and December 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2² to this Agreement. The specific goods to be financed out of the proceeds of the Loan and

¹ See p. 308 of this volume.

² See p. 310 of this volume.

the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Guarantor and there to be used exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The General Manager of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(c) The Borrower shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower; shall enable the Bank's representatives to inspect the Project, the goods, the plant sites and operations of the Borrower and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, and the operations and financial condition of the Borrower.

Section 5.02. (a) The Bank and the Borrower shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the

maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

Section 5.03. The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.04. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement¹ or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.05. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

Section 5.06. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall insure or cause to be insured the goods financed out of the proceeds of the Loan against risks incident to their purchase, importation and delivery to the site of the Project. Such insurance shall be consistent with sound commercial practice and shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

Section 5.07. (a) The Borrower shall take all action within its power to maintain its existence and right to carry on operations and shall, except as the Bank shall otherwise agree, take all steps necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

¹ See p. 282 of this volume.

(b) The Borrower shall operate and maintain its plants, equipment and property, and from time to time shall make all necessary renewals and repairs thereof, all in accordance with sound engineering standards; and shall at all times operate its plants and equipment and maintain its financial position in accordance with sound business and public utility practices.

Section 5.08. The Borrower shall from time to time take all steps necessary or desirable to obtain such adjustments in its rates as will provide revenues sufficient : (a) to cover operating expenses, including adequate maintenance and depreciation, taxes and interest; (b) to meet repayments on long-term indebtedness but only to the extent that such repayments shall exceed provision for depreciation; and (c) to leave a surplus for financing a reasonable portion of future expansion of its power facilities.

Section 5.09. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not incur debt unless its net revenues for the fiscal year next preceding such incurrence, or for a later twelve-month period ended prior to such incurrence, shall (a) have been at least 1.3 times the maximum annual debt service requirement for any succeeding fiscal year on all debt (including the debt to be incurred), or (b) together with 75% of the estimated increase in net revenues from all power operations for the first full year of operation after completion of the facility for which the proposed debt would be incurred, be at least 1.5 times the maximum annual debt service requirement for any succeeding fiscal year on all debt (including the debt to be incurred). For purposes of this Section :

(a) The term “ debt ” shall mean all indebtedness of the Borrower including loans or credits contracted for but not yet drawn down, and including any part of the capital stock of the Borrower which is required to be redeemed pursuant to a fixed redemption schedule.

(b) Debt shall be deemed to be incurred on the date on which a loan or credit shall be approved by the Board of Directors of the Borrower.

(c) The term “ net revenue ” shall mean gross revenue from all sources, adjusted to take into account the reasonably estimated effect of any subsequent rate adjustment, though not in effect during the full base fiscal year or later twelve-month period, less all operating and administrative expenses, including provision for income and profit taxes, if any, but before provision for depreciation and for interest and other charges on debt.

(d) The term “ debt service requirement ” shall mean the aggregate amount of amortization (including sinking fund payments), interest and other charges on debt including fixed interest payments on capital stock.

(e) The equivalent in currency of the Guarantor of amounts of debt payable in any other currency shall be determined on the basis of a rate of exchange equal to the average

selling price (as published by the Philippine National Bank) of the last ten days prior to the date of calculation for the equivalent in U.S. dollars of the currency required by the Borrower for debt service.

(f) Estimated effects of any rate increase and/or estimates of future net revenues, used in the calculations, shall be satisfactory to the Bank.

Article VI

MODIFICATION OF FIRST LOAN AGREEMENT AND SECOND LOAN AGREEMENT

Section 6.01. The First Loan Agreement is amended as follows :

(a) By the deletion of Section 5.09 thereof and the substitution therefor of the following Section :

“SECTION 5.09. The Borrower shall from time to time take all steps necessary or desirable to obtain such adjustments in its rates as will provide revenues sufficient : (a) to cover operating expenses, including adequate maintenance and depreciation, taxes and interest; (b) to meet repayments on long-term indebtedness but only to the extent that such repayments shall exceed provision for depreciation; and (c) to leave a surplus for financing a reasonable portion of future expansion of its power facilities.”

(b) By the deletion of Section 5.10 thereof and the substitution therefor of the following Section :

“SECTION 5.10. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not incur debt unless its net revenues for the fiscal year next preceding such incurrence, or for a later twelve-month period ended prior to such incurrence, shall (a) have been at least 1.3 times the maximum annual debt service requirement for any succeeding fiscal year on all debt (including the debt to be incurred), or (b) together with 75% of the estimated increase in net revenues from all power operations for the first full year of operation after completion of the facility for which the proposed debt would be incurred, be at least 1.5 times the maximum annual debt service requirement for any succeeding fiscal year on all debt (including the debt to be incurred). For purposes of this Section :

(a) The term “debt” shall mean all indebtedness of the Borrower including loans or credits contracted for but not yet drawn down, and including any part of the capital stock of the Borrower which is required to be redeemed pursuant to a fixed redemption schedule.

(b) Debt shall be deemed to be incurred on the date on which a loan or credit shall be approved by the Board of Directors of the Borrower.

(c) The term “ net revenue ” shall mean gross revenue from all sources, adjusted to take into account the reasonably estimated effect of any subsequent rate adjustment, though not in effect during the full base fiscal year or later twelve-month period, less all operating and administrative expenses, including provision for income and profit taxes, if any, but before provision for depreciation and for interest and other charges on debt.

(d) The term “ debt service requirement ” shall mean the aggregate amount of amortization (including sinking fund payments), interest and other charges on debt including fixed interest payments on capital stock.

(e) The equivalent in currency of the Guarantor of amounts of debt payable in any other currency shall be determined on the basis of a rate of exchange equal to the average selling price (as published by the Philippine National Bank) of the last ten days prior to the date of calculation for the equivalent in U.S. dollars of the currency required by the Borrower for debt service.

(f) Estimated effects of any rate increase and/or estimates of future net revenues, used in the calculations, shall be satisfactory to the Bank. ”

Section 6.02. The Second Loan Agreement is amended by the deletion of Section 5.09 thereof and the substitution therefor of the following Section :

“ SECTION 5.09. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not incur debt unless its net revenues for the fiscal year next preceding such incurrence, or for a later twelve-month period ended prior to such incurrence, shall (a) have been at least 1.3 times the maximum annual debt service requirement for any succeeding fiscal year on all debt (including the debt to be incurred), or (b) together with 75% of the estimated increase in net revenues from all power operations for the first full year of operation after completion of the facility for which the proposed debt would be incurred, be at least 1.5 times the maximum annual debt service requirement for any succeeding fiscal year on all debt (including the debt to be incurred). For purposes of this Section :

(a) The term “ debt ” shall mean all indebtedness of the Borrower including loans or credits contracted for but not yet drawn down, and including any part of the capital stock of the Borrower which is required to be redeemed pursuant to a fixed redemption schedule.

(b) Debt shall be deemed to be incurred on the date on which a loan or credit shall be approved by the Board of Directors of the Borrower.

(c) The term “ net revenue ” shall mean gross revenue from all sources, adjusted to take into account the reasonably estimated effect of any subsequent rate

adjustment, though not in effect during the full base fiscal year or later twelve-month period, less all operating and administrative expenses, including provision for income and profit taxes, if any, but before provision for depreciation and for interest and other charges on debt.

(d) The term “ debt service requirement ” shall mean the aggregate amount of amortization (including sinking fund payments), interest and other charges on debt including fixed interest payments on capital stock.

(e) The equivalent in currency of the Guarantor of amounts of debt payable in any other currency shall be determined on the basis of a rate of exchange equal to the average selling price (as published by the Philippine National Bank) of the last ten days prior to the date of calculation for the equivalent in U.S. dollars of the currency required by the Borrower for debt service.

(f) Estimated effects of any rate increase and/or estimates of future net revenues, used in the calculation, shall be satisfactory to the Bank. ”

Article VII

REMEDIES OF THE BANK

Section 7.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Section 7.02. The Bank and the Borrower hereby agree that for the purposes of the First Loan Agreement, the Second Loan Agreement and this Loan Agreement, respectively, an event referred to in paragraph (c) of Section 5.02 of the Loan Regulations No. 4 of the Bank applicable to any such Agreement shall be deemed to be an event under paragraph (c) of Section 5.02 of the Loan Regulations No. 4 of the Bank applicable to any other such Agreement.

Article VIII

EFFECTIVE DATE; TERMINATION

Section 8.01. The following is specified as additional matter within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

That all necessary governmental validations, consents and approvals to authorize execution of the Loan Agreement on behalf of the Borrower and to authorize construction and operation of the Project have been given or obtained.

Section 8.02. A date sixty days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article IX

MISCELLANEOUS

Section 9.01. The Closing Date shall be May 31, 1965, or such other date as may from time to time be agreed between the Borrower and the Bank.

Section 9.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

For the Borrower :

National Power Corporation
161 Bonifacio Drive, Port Area
Manila, Philippines

Alternative address for cablegrams and radiograms :

Napocor
Manila, Philippines

IN WITNESS WHEREOF, the parties hereto, acting through their representatives duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

National Power Corporation :

By Amelito R. MUTUC
Authorized Representative

SCHEDULE I

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
June 1, 1965	\$ 75,000	June 1, 1973	\$ 115,000
December 1, 1965	75,000	December 1, 1973	115,000
June 1, 1966	80,000	June 1, 1974	120,000
December 1, 1966	80,000	December 1, 1974	125,000
June 1, 1967	80,000	June 1, 1975	125,000
December 1, 1967	85,000	December 1, 1975	130,000
June 1, 1968	85,000	June 1, 1976	135,000
December 1, 1968	90,000	December 1, 1976	140,000
June 1, 1969	90,000	June 1, 1977	140,000
December 1, 1969	95,000	December 1, 1977	145,000
June 1, 1970	95,000	June 1, 1978	150,000
December 1, 1970	100,000	December 1, 1978	155,000
June 1, 1971	100,000	June 1, 1979	160,000
December 1, 1971	105,000	December 1, 1979	160,000
June 1, 1972	110,000	June 1, 1980	165,000
December 1, 1972	110,000	December 1, 1980	165,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on prepayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	1/2%
More than three years but not more than six years before maturity	1 1/2%
More than six years but not more than eleven years before maturity	2 1/2%
More than eleven years but not more than fourteen years before maturity	3 1/2%
More than fourteen years but not more than sixteen years before maturity	4 1/2%
More than sixteen years before maturity	5 1/2%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project is the expansion of power generation and transmission facilities associated with the Borrower's Maria Cristina Falls hydro power station in Mindanao. It will consist of the following :

1. The installation of a turbine, generator, penstock and necessary ancillary equipment and construction of civil works for increasing the nameplate rating of the Maria Cristina Falls station by about 50,000 kw. Provisions will be made in the intake works for future expansion.
 2. The erection of transmission facilities for distribution of increased generating capacity of the plant.
 3. The construction of regulating works along the Agus River upstream of the Maria Cristina Falls station and at the outlet of Lake Lanao.
-