

No. 7800

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

Guarantee Agreement—*Power Transmission Project* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the C.A. de Administración y Fomento Eléctrico). Signed at Washington, on 28 August 1964

Official text: English.

Registered by the International Bank for Reconstruction and Development on 2 June 1965.

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

Contrat de garantie — *Projet relatif au transport de l'énergie électrique* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la C.A. de Administración y Fomento Eléctrico). Signé à Washington, le 28 août 1964

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 2 juin 1965.

No. 7800. GUARANTEE AGREEMENT¹ (*POWER TRANSMISSION PROJECT*) BETWEEN THE REPUBLIC OF VENEZUELA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 28 AUGUST 1964

AGREEMENT, dated August 28, 1964, between the REPUBLIC OF VENEZUELA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith² between the Bank and C.A. de Administración y Fomento Eléctrico (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement, the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fourteen million dollars (\$14,000,000), 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, the terms defined in Section 1.02 of the Loan Agreement shall have the same meanings as therein set forth.

¹ Came into force on 24 December 1964, upon notification by the Bank to the Government of Venezuela.

² See p. 144 of this volume.

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 unconditionally 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 the punctual performance of all the covenants and agreements of the Borrower, 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 to secure a debt maturing not more than one year after the date on which it is originally incurred.

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.

Section 3.02. (a) The Guarantor and the Bank shall cooperate 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, 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; 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 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.

Section 3.06. The Guarantor covenants that it will not take or permit any of its political subdivisions or any of its agencies (including CVF) 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 (including Section 5.14 of the Loan Agreement), and will take or cause to be taken all reasonable action (including action by CVF) which shall be necessary in order to enable the Borrower to perform such covenants, agreements and obligations (including Section 5.14 of the Loan Agreement).

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 Minister of Finance of the Guarantor and such person or persons as he shall appoint 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 :

Republic of Venezuela
Ministro de Hacienda
Ministerio de Hacienda
Caracas, Venezuela

Alternative address for cablegrams and radiograms :

Minhacienda
Caracas

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 5.02. The Minister of Finance of the Guarantor 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 Venezuela :
By Carlos PÉREZ DE LA COVA
Authorized Representative

International Bank for Reconstruction and Development :
By Orvis A. SCHMIDT
Authorized Representative

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

(POWER TRANSMISSION PROJECT)

AGREEMENT, dated August 28, 1964, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and C.A. DE ADMINISTRACIÓN Y FOMENTO ELÉCTRICO (hereinafter called the Borrower).

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, 1961 (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. Unless the context otherwise requires, the following terms wherever used in this Agreement or in the Regulations shall have the following meanings :

(a) The term "CVF" means Corporación Venezolana de Fomento, a public *Organismo* of the Guarantor existing under Decree Number 416 of June 20, 1952, of the Guarantor, and owning and controlling substantially all of the capital stock of the Borrower, or any successor to CVF.

(b) The term "*Estatutos*" means the *estatutos* of the Borrower as published in the *Gaceta Municipal* of the Federal District of the Guarantor, dated November 7, 1958, with such amendments as have been made up to the date of this Agreement.

(c) The term "Program" means the expansion program of the Borrower for the years 1964 and 1965 of the Borrower's power generating, transmission and distribution facilities, the specific details of which shall be as determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

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 fourteen million dollars (\$14,000,000).

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, this Agreement and the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ 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 Borrower and the Bank 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 March 1 and September 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 I¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied 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 the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. Except as the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used in the territories of the Guarantor 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.

¹ See p. 158 of this volume.

² See p. 160 of this volume.

Section 4.02. The *Presidente Ejecutivo* 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. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices.

Section 5.02. In order to assist it in the carrying out of the Project, the Borrower shall, except as the Bank shall otherwise agree, at all times employ competent and experienced consultants acceptable to, and upon terms and conditions satisfactory to, the Bank.

Section 5.03. (a) The Borrower shall at all times maintain its corporate existence and right to carry on its operations and shall take all steps necessary to acquire, maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

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

Section 5.04. (a) The Borrower shall at all times manage its affairs, plan the future expansion of its power system and maintain its financial position all in accordance with sound business, financial and public utility principles and practices and under the supervision of experienced and competent management entrusted with such executive functions and duties as are established in the *Estatutos*.

(b) Except as the Bank shall otherwise agree, the Borrower shall have its financial statements (balance sheet and related statement of earnings and expenses) certified annually by an independent accountant or accounting firm acceptable to the Bank and shall promptly after their preparation and not later than four months after the close of the Borrower's fiscal year transmit to the Bank certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

Section 5.05. Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

Section 5.06. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods financed out of such proceeds, the Project, and the administration, operations and financial condition of the Borrower.

(c) 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

Section 5.07. 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; and shall enable the Bank's representatives to inspect the Project, the goods, all other plants, sites, works, properties and equipment of the Borrower, and any relevant records and documents.

Section 5.08. 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 5.09. 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 5.10. (a) The Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territory of the Guarantor and delivery thereof to the sites of the Project, and shall be for such amounts, as shall be consistent with sound commercial practices. Such insurance shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

(b) In addition, the Borrower shall take out and maintain, with good and reputable insurance companies, insurance against such risks and in such amounts as shall be consistent with sound public utility and business practices.

Section 5.11. Except as the Bank shall otherwise agree, the Borrower shall not, during the period of construction of the Project: (a) undertake, or permit to be under-

¹ See p. 136 of this volume.

taken on its behalf, any major expansion project (other than the Project and the Program); or (b) make any major addition to its plants and other property; or (c) undertake, by contract or otherwise, the management or operation of any such plants or property which are not managed or operated by the Borrower on the date of this Agreement.

Section 5.12. Except as the Bank shall otherwise agree: (a) the Borrower shall obtain title to all goods financed out of the proceeds of the Loan free and clear of all encumbrances; and (b) the Borrower shall not, without the consent of the Bank, sell or otherwise dispose of any of its property or assets which shall be required for the efficient carrying on of its business and undertaking, including the Project, unless the Borrower shall first pay or redeem, or make adequate provision satisfactory to the Bank for payment or redemption of, all of the Loan and the Bonds which shall then be outstanding and unpaid.

Section 5.13. Except as the Bank shall otherwise agree, the Borrower shall not, during the period of construction of the Project, declare or pay any dividend or make any other distribution on any of the shares of capital stock of the Borrower from time to time outstanding other than a dividend payable in such shares.

Section 5.14. The Borrower shall set and maintain its rates for the sale of electricity at such levels as may be necessary to provide revenues sufficient to: (a) cover all operating expenses of the Borrower, including adequate maintenance and taxes, if any, and straight-line depreciation; (b) meet service payments on debt to the extent not covered by depreciation; and (c) produce a reasonable return on its total net fixed assets in operation.

Section 5.15. (a) Except as the Bank shall otherwise agree, the Borrower shall not: (i) during the period of construction of the Project, incur any debt other than debt, on terms and conditions satisfactory to the Bank, incurred for the purposes of financing the Program; and (ii) thereafter incur any 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, whichever is the greater, shall be not less than 1.5 times the maximum debt service requirement for any succeeding fiscal year on all debt, including the debt to be incurred.

(b) Except as the Bank shall otherwise agree, the Borrower: (i) shall not permit any agency or *organismo* of the Guarantor or any other entity to incur debt or any other obligation on the Borrower's behalf or for the purposes of the Borrower's electricity generating, transmission or distribution operations and shall promptly make arrangements satisfactory to the Bank whereby the Borrower shall become directly and legally obligated to meet all such debt or obligations heretofore incurred on its behalf or for its purposes; or (ii) shall not consent to the contribution of funds by CVF or the Guarantor to the Borrower's capital (other than debt which would meet the requirements of subsection (a) of this Section) unless such funds are made available to the Borrower on terms and conditions whereby such funds shall constitute, legally and financially, a free and unconditional equity investment in the capital of the Borrower.

For the purposes of this Section :

1. The term " debt " shall mean all debt of the Borrower maturing by its terms more than one year after the date of its incurrence ;
2. Debt shall be deemed to be incurred on the day such debt becomes outstanding and repayable in accordance with the loan contract or agreement providing therefor;
3. The term " net revenues " shall mean gross revenues from all sources, adjusted to take account of electricity rates in effect at the time of the incurrence of debt even though they were not in effect during the fiscal year or twelve-month period to which such revenues relate, less all operating and administrative expenses, including provision for taxes, if any, but before provision covering depreciation, interest and other charges on debt;
4. The term " debt service requirement " shall mean the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on debt; and
5. Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.

Section 5.16. 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.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in or for the purposes of paragraph (a), paragraph (b), paragraph (e) or for the purposes of paragraph (j) 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 6.02. For the purposes of Section 5.02 (j) of the Loan Regulations, the following additional events are specified :

(a) A substantial amendment of the *Estatutos* shall have been made without the agreement of the Bank;

(b) A breach of Article 17 of the *Estatutos* shall have been committed;

(c) Funds hereafter made available by CVF or the Guarantor to the Borrower's capital (other than debt which would meet the requirements of subsection (a) of Section 5.15 of this Agreement) shall, except as the Bank shall otherwise agree, have been made available on terms and conditions whereby such funds shall not constitute, legally and financially, free and unconditional equity investments in the capital of the Borrower; and

(d) The Guarantor shall, without the agreement of the Bank, have modified or terminated or failed to enforce Clause Eighth of the Exchange Agreement between the Guarantor and the Central Bank of Venezuela as published in the Official Gazette of the Guarantor No. 892 of January 18, 1964.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations :

All necessary corporate and governmental action has been taken to convert, on terms and conditions satisfactory to the Bank, funds made available to the Borrower by CVF or the Guarantor into a free and unconditional equity investment in the capital of the Borrower.

Section 7.02. A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be June 1, 1967 or such other date as shall be agreed by the Bank and the Borrower as the Closing Date.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Borrower :

C.A. de Administración y Fomento Eléctrico
Plaza La Castellana, Edificio IASA
Caracas, Venezuela

Alternative address for cablegrams and radiograms :

CADAFE
Caracas

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cablegrams and radiograms

Intbafrad
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto 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 Orvis A. SCHMIDT

Authorized Representative

C.A. de Administración y Fomento Eléctrico :

By C. ACOSTA

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>
September 1, 1967	\$245,000	March 1, 1976	\$385,000
March 1, 1968	250,000	September 1, 1976	395,000
September 1, 1968	255,000	March 1, 1977	405,000
March 1, 1969	265,000	September 1, 1977	420,000
September 1, 1969	270,000	March 1, 1978	430,000
March 1, 1970	280,000	September 1, 1978	440,000
September 1, 1970	285,000	March 1, 1979	455,000
March 1, 1971	295,000	September 1, 1979	465,000
September 1, 1971	300,000	March 1, 1980	480,000
March 1, 1972	310,000	September 1, 1980	490,000
September 1, 1972	320,000	March 1, 1981	505,000
March 1, 1973	325,000	September 1, 1981	520,000
September 1, 1973	335,000	March 1, 1982	535,000
March 1, 1974	345,000	September 1, 1982	550,000
September 1, 1974	355,000	March 1, 1983	565,000
March 1, 1975	365,000	September 1, 1983	580,000
September 1, 1975	375,000	March 1, 1984	595,000
		September 1, 1984	610,000

* 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 repayment 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	½ of 1%
More than three years but not more than six years before maturity	1½%
More than six years but not more than eleven years before maturity	2½%
More than eleven years but not more than sixteen years before maturity	3½%
More than sixteen years but not more than eighteen years before maturity	4½%
More than eighteen years before maturity	5½%

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists mainly of the following electricity transmission facilities

A. 230-kV Facilities

- (1) a 230-kV double-circuit steel-tower transmission line about 600 kms. long from the C.V.G. steel works substation to Santa Teresa, about 30 kms. southeast of Caracas;
- (2) two 230/115-kV terminal substations with appropriate switching at the C.V.G. steel works and Santa Teresa and transformer capacities of about 200 and 100 MVA, respectively;
- (3) a 230/115-kV substation with appropriate switching and a transformer capacity of about 50 MVA at Barbacoa, about 20 kms. south of Puerto La Cruz;
- (4) a 230/34.5-kV substation with appropriate switching and a transformer capacity of about 30 MVA at Ciudad Bolívar;
- (5) a 230-kV transmission line sectionalizing switching-station at El Tigre; and
- (6) telemetering and carrier current communication equipment.

B. 115-kV Facilities

- (1) about 20 kms. of double-circuit 115-kV steel-tower transmission line, inter-connecting the new Barbacoa 230/115-kV substation with the Puerto La Cruz system;
- (2) a 115/34.5-kV substation with appropriate switching and a transformer capacity of about 40 MVA at Barbacoa; and
- (3) a 115/13.8-kV substation with appropriate switching and a transformer capacity of about 30 MVA at Valencia.

C. Technical Services

The Project also includes assistance of consultants in (a) planning the future expansion of the Borrower's power system; (b) reviewing the structure and general level of the Borrower's rates for the sale of electricity and (c) developing satisfactory policies and procedures on technical, organizational, managerial and accounting aspects of the Borrower's operations.

D. The facilities included in paragraphs A and B above are expected to be completed by mid-1966.