

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

**Guarantee Agreement—*Second Development Corporation Project* (with annexed Loan Regulations No. 4, Loan Agreement between the Bank and the Philippine National Bank and the Private Development Corporation of the Philippines). Signed at Washington, on 23 September 1966**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 11 May 1967.*

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

**Contrat de garantie — *Deuxième projet relatif à la Development Corporation* (avec, en annexe, le Règlement n° 4 sur les emprunts, le Contrat d'emprunt entre la Banque et la Philippine National Bank et le Contrat relatif au Projet entre la Banque et la Private Development Corporation des Philippines). Signé à Washington, le 23 septembre 1966**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 11 mai 1967.*

No. 8629. GUARANTEE AGREEMENT<sup>1</sup> (*SECOND DEVELOPMENT CORPORATION PROJECT*) BETWEEN REPUBLIC OF THE PHILIPPINES AND INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 23 SEPTEMBER 1966

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AGREEMENT, dated September 23, 1966, 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 Philippine National Bank (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies equivalent to twenty-five million dollars (\$25,000,000) 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, 1961,<sup>2</sup> subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

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<sup>1</sup> Came into force on 22 December 1966, upon notification by the Bank to the Government of the Philippines.

<sup>2</sup> See p. 80 of this volume.

*Section 1.02.* Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) 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 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, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

### *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, or (ii) 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 agency of the Guarantor, including the Central Bank of the Philippines or any other institution performing the functions of a central bank.

The Guarantor further undertakes that, within the limits of the laws in force in its territories, it will make the foregoing undertaking effective with respect to liens on the assets of its political subdivisions and their agencies, and to the extent that the Guarantor is unable within the limits of the laws in force in its territories to make this undertaking effective, the Guarantor will give to the Bank an equivalent lien satisfactory to the Bank.

*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 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, the Project Agreement<sup>1</sup> 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, or by the Corporation of any of the covenants, agreements and obligations of the Corporation in the Project Agreement contained, and will take or cause to be taken all reasonable action

<sup>1</sup> See p. 106 of this volume.

which shall be necessary in order to enable the Borrower and the Corporation respectively to perform such covenants, agreements and obligations.

#### *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 telegrams, cables and radiograms :

Philcenbank  
Manila  
Philippines

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 telegrams, cables 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 José F. IMPERIAL  
Authorized Representative

International Bank for Reconstruction and Development :

By George D. WOODS  
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

#### (SECOND DEVELOPMENT CORPORATION PROJECT)

AGREEMENT, dated September 23, 1966, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and PHILIPPINE NATIONAL BANK (hereinafter called the Borrower), a company organized and existing under the laws of the Republic of the Philippines (hereinafter called the Guarantor).

WHEREAS the Private Development Corporation of the Philippines (hereinafter called the Corporation), a company organized and existing under the laws of the Guarantor, has been incorporated to assist privately controlled industrial and other productive enterprises in the Philippines by providing capital for such enterprises in the form of credits or share participations;

WHEREAS by an agreement dated February 15, 1963 between the Bank and the Borrower (hereinafter called the First Loan Agreement<sup>1</sup>) the Bank made a loan to the Borrower in an amount in various currencies equivalent to \$15,000,000 to be lent to the Corporation upon terms and conditions satisfactory to the Bank, such loan being guaranteed as to payments of principal, interest and other charges by the Guarantor;

<sup>1</sup> United Nations, *Treaty Series*, Vol. 478, p. 161.

WHEREAS the Bank has agreed to make to the Borrower upon the terms and conditions hereinafter set forth a further loan the proceeds of which or the equivalent thereof are to be relent to the Corporation on terms and conditions satisfactory to the Bank on condition that such loan be guaranteed as to payment of principal, interest and other charges by the Guarantor upon the terms and conditions of a guarantee agreement of even date herewith<sup>1</sup> between the Guarantor and the Bank;

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, 1961,<sup>2</sup> subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said Loan Regulations No. 4 as so modified 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, or any Schedule thereto, the following terms shall have the following meanings unless the context otherwise requires :

(a) the term "Subsidiary Loan Agreement" shall mean the Subsidiary Loan Agreement (*Second Development Corporation Project*) of even date herewith, between the Borrower and the Corporation, under which the Borrower shall relend the proceeds of the Loan to the Corporation, as the same shall be amended from time to time by agreement of the parties thereto and the Bank;

(b) the term "Project Agreement" shall mean the Project Agreement (*Second Development Corporation Project*)<sup>2</sup> of even date herewith, between the Bank and the Corporation, as the same shall be amended from time to time by agreement between the Bank and the Corporation;

(c) the term "AID Agreement" shall mean the agreement dated February 15, 1963 between the Agency for International Development, an agency of the United States of America (hereinafter called AID) and the Corporation, providing for a loan by AID to the Corporation in the aggregate principal amount of \$27,500,000;

(d) the term "credit" shall mean a credit made or proposed to be made by the Corporation out of the proceeds of the Loan to an Investment Enterprise for an Investment Project;

(e) the term "investment" shall mean an investment, other than a credit, made or proposed to be made by the Corporation out of the proceeds of the Loan in an Investment Enterprise for an Investment Project;

(f) the term "Investment Enterprise" shall mean an enterprise to which the Corporation shall propose to make or shall have made a credit, or in which it shall propose

<sup>1</sup> See p. 72 of this volume.

<sup>2</sup> See p. 80 of this volume.

to make or shall have made an investment, in accordance with and as provided in Section 3.01 of this Agreement;

(g) the term "Investment Project" shall mean a specific investment project to be carried out by an Investment Enterprise, as submitted to the Bank for approval pursuant to Section 2.03 (b) of the Project Agreement, or in respect of which a request for credit to the Loan Account shall have been made pursuant to Section 2.03 (c) of the Project Agreement;

(h) the term "subsidiary" shall mean any company of which the majority of the outstanding voting stock or other proprietary interest shall be owned, or which shall be effectively controlled, by the Corporation or by any one or more subsidiaries of the Corporation or by the Corporation and one or more of its subsidiaries;

(i) the term "pesos" and the symbol "₱" shall mean the currency of the Guarantor; and

(j) the term "foreign currency" shall mean any currency other than the currency of the Guarantor.

Words importing the singular number include the plural number and *vice versa*.

## 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 twenty-five million dollars (\$25,000,000).

*Section 2.02.* (a) The Bank shall open a Loan Account on its books in the name of the Borrower. The amount of the Loan shall be credited to the Loan Account in installments as provided in paragraphs (b) and (c) of this Section.

(b) Except as the Bank and the Borrower shall otherwise agree, upon approval by the Bank of any Investment Project submitted to it as in Section 2.03 (b) of the Project Agreement provided, there shall be credited in respect of the estimated foreign currency cost of such Investment Project, such amount of the Loan as the Bank shall have approved.

(c) (i) Upon request by the Corporation from time to time pursuant to Section 2.03 (c) of the Project Agreement there shall be credited, in respect of that amount of a credit representing the estimated foreign currency cost of any Investment Project in respect of which no application has been made pursuant to Section 2.03 (b) of the Project Agreement and for which no credit has been made to the Loan Account pursuant to paragraph (b) of this Section, an amount of the Loan not exceeding, for each such Investment Project, such limit as shall from time to time be agreed between the Bank and the Corporation with respect to amounts to be credited pursuant to this paragraph (c).

(ii) The amount to be credited to the Loan Account for each Investment Project pursuant to this paragraph (c), together with any amount or amounts previously so



credited for such Investment Project and not repaid shall not exceed such limit as shall from time to time be agreed between the Bank and the Corporation.

(iii) The aggregate amount of credits pursuant to this paragraph (c) shall not exceed such limit as shall from time to time be agreed between the Bank and the Corporation.

(d) The Loan Account may, by agreement between the Bank and the Corporation, be reduced by any amount credited thereto pursuant to paragraphs (b) or (c) of this Section. No such reduction shall be deemed *ipso facto* to be a cancellation of any amount of the Loan.

*Section 2.03.* Each amount credited to the Loan Account in respect of an Investment Project 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 and shall be applied exclusively for the credit for, or the investment in, the Investment Project in respect of which such amount was credited to the Loan Account.

*Section 2.04.* 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 amount of each part of the Loan standing to the credit of the Borrower from time to time in the Loan Account. Such commitment charge shall accrue from the several dates on which amounts shall be credited to the Loan Account to the respective dates on which (a) they are withdrawn from the Loan Account or are cancelled pursuant to Section 2.09 of this Agreement or Article V of the Loan Regulations or (b) the Loan Account is reduced in respect of such amounts pursuant to Section 2.02 (d) of this Agreement.

*Section 2.05.* The Borrower shall pay interest on the principal amount of each part of the Loan withdrawn from the Loan Account and outstanding from time to time at such rate as shall have been notified by the Bank to the Borrower and the Corporation at the time when such part of the Loan was credited to the Loan Account, or at such other time or times as shall have been agreed upon between the Bank and the Borrower, as being the rate then generally applicable to new Bank loans of the same maturity to similar borrowers. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

*Section 2.06.* Except as the Bank and the Corporation shall otherwise agree, the charge payable by the Borrower 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 2.07.* Interest and other charges shall be payable semi-annually on January 1 and July 1 in each year.

*Section 2.08.* The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 1 to this Agreement as such Schedule shall be amended from time to time as determined by the Bank and as reasonably required (i) to conform in relevant part

substantially to the aggregate of the amortization schedules applicable to the credits and investments in respect of which amounts have been credited to the Loan Account pursuant to Section 2.02 of this Agreement, and (ii) to take into account any cancellations pursuant to Section 2.09 of this Agreement or Article V of the Loan Regulations and any reductions under Section 2.02 (d) of this Agreement, except that payments due hereunder shall be made on January 1 and July 1 in each year. Such amendments of said Schedule 1 shall include amendments of the premiums on prepayments and redemption if required. The amortization schedules applicable to the Investment Projects shall provide for appropriate periods of grace, and, unless the Bank and the Borrower shall otherwise agree, (i) shall not extend beyond fifteen years from the date when the corresponding amounts are credited to the Loan Account and (ii) shall provide for approximately equal aggregate semi-annual, or more frequent, payments of principal plus interest or approximately equal semi-annual, or more frequent, payments of principal.

*Section 2.09.* If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) by the date specified in Section 9.01 of this Agreement as the Closing Date any amount of the Loan shall not have been credited to the Loan Account or shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower and the Corporation terminate the right of the Corporation to request credits to the Loan Account and the right of the Borrower to make withdrawals from the Loan Account, as the case may be, with respect to such amount of the Loan. Upon the giving of such notice such amount of the Loan shall be cancelled.

*Section 2.10.* Unless the Bank and the Borrower shall otherwise agree :

(a) If a credit or any part thereof shall be repaid to the Borrower in advance of maturity or if a credit or an investment or any part thereof shall be sold, transferred, assigned or otherwise disposed of, the Borrower shall promptly notify the Bank and shall pay to the Bank on the next following interest payment date, together with the premiums specified in Schedule 1 to this Agreement, an amount of the Loan equal to : (i) in the case of a credit, the amount withdrawn from the Loan Account in respect of such credit, or the said part thereof; or (ii) in the case of an investment, the excess, if any, of the amount withdrawn from the Loan Account in respect of such investment, or the said part thereof, over the amount of the Loan theretofore repaid to the Bank in respect of such investment. The policy stated in Section 2.05 (c) of the Loan Regulations with respect to premiums shall apply.

(b) Any amount repaid by the Borrower under this Section shall be applied by the Bank as follows : (i) in the case of a credit, to payment of the maturity or maturities of the principal amount of the Loan in amounts corresponding to the amounts of the maturity or maturities of the credit so repaid or disposed of, and (ii) in the case of the disposition of an investment, to the *pro rata* payment of the unpaid amounts of the maturity or maturities of the Loan reflecting the amount of such investment.

(c) The first sentence of Section 2.05 (b) of the Loan Regulations shall not apply to any repayment by the Borrower in accordance with paragraph (a) of this Section.

### *Article III*

#### DESCRIPTION OF THE PROJECT

*Section 3.01.* The Project for which the Loan is granted is a program to contribute to the economic development of the Philippines through credits for productive purposes provided by the Corporation to privately-controlled industrial and other productive enterprises in the Philippines, and through other productive investments by the Corporation in such enterprises, all for specific development projects, in accordance with the Articles of Incorporation of the Corporation, as amended from time to time, and in furtherance of the corporate purposes of the Corporation as therein set forth.

*Section 3.02.* The proceeds of the Loan shall be applied exclusively to the cost of goods required to carry out Investment Projects in respect of which amounts shall have been credited to the Loan Account pursuant to the provisions of Section 2.02 of this Agreement. Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures made by any Investment Enterprise for any such Investment Project more than 90 days prior to the date on which the Bank shall have received: (i) the application in accordance with Section 2.03 (b) of the Project Agreement or, (ii) in the case of credits to the Loan Account pursuant to the provisions of Section 2.02 (c) of this Agreement, the request for credit to the Loan Account in accordance with Section 2.03 (c) of the Project Agreement.

### *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 President 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 relend to the Corporation all amounts withdrawn from the Loan Account as provided in the Subsidiary Loan Agreement and, except as the Bank shall otherwise agree, shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreement.

*Section 5.02.* The Borrower shall maintain, or cause to be maintained, records adequate to reflect in accordance with consistently maintained sound accounting practices all transactions between the Borrower and the Corporation and the operations and financial condition of the Borrower; shall enable, or take such steps as may be necessary to enable, the Bank's representatives to inspect any relevant records and documents; and shall furnish, or cause to be furnished, to the Bank all such information as the Bank shall reasonably request concerning transactions between the Borrower and the Corporation, and the administration, operations and financial condition of the Borrower.

*Section 5.03.* The Bank and the Borrower shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end the Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the maintenance of the service of the Loan. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the maintenance of the service of the Loan.

*Section 5.04.* 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 5.05.* Subject to such exemption as shall be conferred by the provisions of Sections 3.03 and 3.04 of the Guarantee Agreement, the Borrower shall pay or cause to be paid all taxes 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 Agreement, the Project Agreement 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 5.06.* The Borrower shall pay or cause to be paid all taxes 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, the Project Agreement or the Bonds.

*Article VI*

## MODIFICATION OF FIRST LOAN AGREEMENT

*Section 6.01.* Paragraph (c) of Section 5.02 of Loan Regulations No. 4 of the Bank as applied to the First Loan Agreement is hereby amended to read as follows :

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under any other loan agreement between the Borrower and the Bank providing for a loan to the Borrower the proceeds of which are to be relented to the Corporation, or any guarantee agreement between the Guarantor and the Bank guaranteeing a loan granted under any such loan agreement, or under any bond issued pursuant to any such agreement.”

and the term “ Loan Regulations ” as used for the purposes of the First Loan Agreement shall mean said Loan Regulations No. 4 as modified by the First Loan Agreement and as further amended by this Article VI.

*Section 6.02.* Paragraph (a) of Section 6.02 of the First Loan Agreement is hereby amended to read as follows :

“(a) A default shall have occurred in the performance of any covenant or agreement on the part of the Corporation under the Project Agreement, or under any other project agreement between the Bank and the Corporation.”

*Section 6.03.* The provisions of Section 2.10 of this Agreement with respect to repayment of a credit or any part thereof in advance of maturity, and to sale, transfer, assignment or other disposition of such credit or part thereof shall apply to repayment in advance of maturity of a credit or any part thereof made out of the proceeds of the loan provided for under the First Loan Agreement, and to sale, transfer, assignment or other disposition of such credit or part thereof, anything in the said First Loan Agreement to the contrary notwithstanding.

*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 or in paragraph (a) of Section 7.02 of this Agreement shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c), paragraph (d), or paragraph (e) of Section 7.02 of this Agreement shall occur, or (iii) 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 following are specified as events for the purposes of paragraph (j) of Section 5.02 of the Loan Regulations :

(a) A default shall have occurred in the performance of any covenant or agreement on the part of the Corporation under the Project Agreement or under any other project agreement between the Bank and the Corporation.

(b) The Corporation's right of withdrawal under any other loan or credit agreement has been suspended.

(c) The Corporation has been unable to pay its debts as they mature or any action or proceeding has been taken by the Corporation or by others whereby any of the property of the Corporation shall or may be distributed among its creditors.

(d) Any other loan or credit to the Corporation, having an original maturity of one year or more, shall have become due and payable prior to its agreed maturity pursuant to the terms thereof.

(e) The Guarantor or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Corporation or for the suspension of its operations.

(f) Failure by the Borrower to fulfill an obligation to make payment of principal or interest or any other payment required under the Loan Agreement or any other loan agreement between the Bank and the Borrower providing for a loan to the Borrower the proceeds of which are to be relented to the Corporation or under any bond delivered pursuant to any such agreement even though such payment has been made by other persons.

### *Article VIII*

#### EFFECTIVE DATE; TERMINATION

*Section 8.01.* The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 9.01 (c) of the Loan Regulations :

(a) That the execution and delivery by the Borrower and the Corporation of the Subsidiary Loan Agreement, in form and substance satisfactory to the Bank, shall have been duly authorized or ratified by all necessary corporate action.

(b) That the execution and delivery of the Project Agreement on behalf of the Corporation shall have been duly authorized or ratified by all necessary corporate action.

*Section 8.02.* The following are specified as additional matters within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinions to be furnished to the Bank :

(a) That the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the respective parties thereto, that all acts, validations, consents and approvals necessary to render said Agreement valid and effective have been duly performed or given, and that said Subsidiary Loan Agreement constitutes a valid and binding obligation of the parties thereto in accordance with its terms.

(b) That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Corporation, that all acts, validations, consents and approvals necessary to render said Agreement valid and effective have been duly performed or given, and that said Project Agreement constitutes a valid and binding obligation of the Corporation in accordance with its terms.

*Section 8.03.* If this Loan Agreement shall not have come into force and effect by November 30, 1966, this Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

### *Article IX*

#### MISCELLANEOUS

*Section 9.01.* The Closing Date shall be December 31, 1969 or such other date as may from time to time be agreed between the Bank and the Borrower.

*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, D.C. 20433  
United States of America

Alternative address for telegrams, cables and radiograms :

Intbafrad  
Washington, D.C.

For the Borrower :

Philippine National Bank  
Escolta  
Manila  
Philippines

Alternative address for telegrams, cables and radiograms :

Philnabank  
Manila

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 George D. WOODS  
President

## Philippine National Bank :

By Renato D. TAYAG  
Authorized Representative

## SCHEDULE 1

## 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>
January 1, 1968 . . . . .	\$ 50,000	July 1, 1976 . . . . .	\$900,000
July 1, 1968 . . . . .	250,000	January 1, 1977 . . . . .	800,000
January 1, 1969 . . . . .	450,000	July 1, 1977 . . . . .	750,000
July 1, 1969 . . . . .	650,000	January 1, 1978 . . . . .	700,000
January 1, 1970 . . . . .	850,000	July 1, 1978 . . . . .	650,000
July 1, 1970 . . . . .	950,000	January 1, 1979 . . . . .	650,000
January 1, 1971 . . . . .	1,300,000	July 1, 1979 . . . . .	600,000
July 1, 1971 . . . . .	1,300,000	January 1, 1980 . . . . .	600,000
January 1, 1972 . . . . .	1,300,000	July 1, 1980 . . . . .	550,000
July 1, 1972 . . . . .	1,300,000	January 1, 1981 . . . . .	550,000
January 1, 1973 . . . . .	1,200,000	July 1, 1981 . . . . .	550,000
July 1, 1973 . . . . .	1,200,000	January 1, 1982 . . . . .	450,000
January 1, 1974 . . . . .	1,200,000	July 1, 1982 . . . . .	350,000
July 1, 1974 . . . . .	1,200,000	January 1, 1983 . . . . .	250,000
January 1, 1975 . . . . .	1,100,000	July 1, 1983 . . . . .	200,000
July 1, 1975 . . . . .	1,100,000	January 1, 1984 . . . . .	150,000
January 1, 1976 . . . . .	900,000		

\* To the extent that any portion 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 . . . . .	1/2%
More than three years but not more than six years before maturity . . . . .	2 1/4%
More than six years but not more than eleven years before maturity . . . . .	3 1/2%
More than eleven years but not more than fifteen years before maturity . . . . .	5%
More than fifteen years before maturity . . . . .	6%



## SCHEDULE 2

## MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement, the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 shall be deemed to be modified as follows :

- (1) By the deletion of Sections 2.01, 2.02 and 2.03.
- (2) By the addition to Section 2.05 of the following new paragraph as paragraph (d) :

“(d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment and the application thereof in addition to, or in substitution for, those set forth in the provisions of paragraph (b) of Section 2.05 and Section 6.16 of these Regulations.”
- (3) By the deletion of Section 3.02.
- (4) By the deletion of the second sentence of Section 4.01.
- (5) By the substitution in the second sentence of Section 4.03 of the words “ Investment Projects ” for the words “ the Project ”.
- (6) By the substitution in Section 4.05 of the words “ Project Agreement ” for the words “ Loan Agreement ”.
- (7) By the deletion of the period at the end of paragraph (c) of Section 5.02 and the addition to such paragraph of the following : “ or under any other loan agreement between the Borrower and the Bank providing for a loan to the Borrower the proceeds of which are to be relent to the Corporation, or any guarantee agreement between the Guarantor and the Bank guaranteeing a loan granted under any such loan agreement, or under any bond delivered pursuant to any such agreement ”.
- (8) By the deletion of Section 5.03.
- (9) By the deletion of Section 5.05 and the substitution therefor of the following Section :

“ SECTION 5.05. *Application of Reduction of Loan Account and of Cancellation to Maturities.* Except as otherwise agreed between the Bank and the Borrower :  
(i) any cancellation pursuant to Section 2.09 of the Loan Agreement or this Article of amounts credited to the Loan Account and any reduction of the Loan Account pursuant to Section 2.02 (d) of the Loan Agreement, in respect of any part of the Loan credited to the Loan Account, shall be applied *pro rata* to the principal amounts of the several maturities which reflect such part of the Loan as set forth in the amortization schedule to the Loan Agreement, except that the principal amount so cancelled of any such maturity shall not exceed the amount of such maturity remaining after deducting therefrom the principal amount of Bonds of such maturity theretofore delivered or requested pursuant to Article VI and the Bonds or portions of the Loan of such maturity theretofore sold or agreed to be sold by the Bank; and  
(ii) any cancellation pursuant to Section 2.09 of the Loan Agreement or this Article of any amount of the Loan not credited to the Loan Account shall be applied *pro rata* to the principal amounts of the several maturities of the Loan as set forth in the amortization schedule to the Loan Agreement, except that the principal amount so cancelled of any maturity of the Loan shall not exceed the amount of such maturity

remaining after deducting the principal amount of any part or parts of the Loan reflected in such maturity.”

(10) By the deletion of Section 6.04 and the substitution therefor of the following Section :

“SECTION 6.04. *Interest on Bonds; Service Charge.* The Bonds shall bear interest at such rate as the Bank shall request, not in excess, however, of the rate of interest on the portion of the Loan represented by such Bonds. If the rate of interest on any Bond shall be less than the rate of interest on the portion of the Loan represented by such Bonds, the Borrower shall, in addition to the interest payable on such Bond, pay to the Bank a service charge on the principal amount of such portion of the Loan at a rate equal to the difference between the interest rate on such portion of the Loan and the interest rate on such Bond. Such service charge shall be payable on the dates on which and in the currency in which such interest is payable.”

(11) By the deletion of paragraph (a) of Section 6.11 and the substitution therefor of the following :

“(a) Bonds representing a portion of the Loan and bearing interest at one rate may be exchanged for Bonds bearing interest at any other rate not in excess of the rate of interest on such portion of the Loan.”

(12) By the deletion of paragraph (b) of Section 6.16 and the substitution therefor of the following paragraph :

“(b) If any Bond so to be redeemed shall bear interest at a rate less than the rate of interest on the portion of the Loan represented by such Bond, the Borrower shall pay to the Bank on the date fixed for redemption the service charge provided for in Section 6.04 accrued and unpaid at such date on the principal amount of such portion of the Loan represented by such Bond.”

(13) By the deletion of Section 9.04 and the substitution therefor of the following Section :

“SECTION 9.04. *Termination of Guarantee Agreement upon Termination of Loan Agreement.* If, in accordance with the provisions thereof, the Loan Agreement shall terminate for failure to become effective, the Guarantee Agreement and all obligations of the parties thereunder shall also terminate. The Bank shall promptly give notice of such terminations to the Guarantor.”

(14) By the deletion of paragraph 4 of Section 10.01 and the substitution therefor of the following paragraph :

“The term ‘Loan’ means the Loan provided for in the Loan Agreement, and the term ‘part of the Loan’ means the amount of the Loan credited to the Loan Account in respect of an Investment Project.”

(15) By the deletion of paragraph 10 of Section 10.01 and the substitution therefor of the following paragraph :

“ The term ‘ Loan Account ’ means the account on the books of the Bank to which the amount of each part of the Loan is to be credited as provided in the Loan Agreement. ”

(16) By the deletion of paragraph 11 of Section 10.01 and the substitution therefor of the following paragraph :

“ 11. The term ‘ Project ’ means the project for which the Loan is granted, as described in Section 3.01 of the Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrower. ”

(17) By the deletion of the first sentence of paragraph 12 of Section 10.01 and the substitution therefor of the following sentence :

“ The term ‘ goods ’ means equipment, supplies and services required by Investment Enterprises to carry out Investment Projects financed out of the proceeds of the Loan. ”

## PROJECT AGREEMENT

### (SECOND DEVELOPMENT CORPORATION PROJECT)

AGREEMENT, dated September 23, 1966, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and PRIVATE DEVELOPMENT CORPORATION OF THE PHILIPPINES (hereinafter called the Corporation).

WHEREAS pursuant to the First Loan Agreement dated February 15, 1963,<sup>1</sup> the Bank made to the Philippine National Bank (hereinafter called PNB) a loan in various currencies equivalent to fifteen million dollars (\$15,000,000) for relending to the Corporation, and the Corporation, as a condition of such relending and in consideration of the Bank's entering into the First Loan Agreement did undertake certain obligations to the Bank under a project agreement of the same date;

WHEREAS by an agreement of even date herewith<sup>2</sup> between the Bank and PNB (which agreement, the schedules thereto and the Loan Regulations therein referred to are hereinafter called the Loan Agreement) the Bank has agreed to make to PNB a loan in various currencies equivalent to twenty-five million dollars (\$25,000,000) on the terms and conditions set forth in the Loan Agreement to be relent to the Corporation, but only on condition that the Corporation agree to undertake certain obligations to the Bank as hereinafter provided; and

WHEREAS the Corporation, in consideration of the Bank's entering into the Loan Agreement with PNB, has agreed to undertake obligations as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows :

<sup>1</sup> United Nations, *Treaty Series*, Vol. 478, p. 161.

<sup>2</sup> See p. 80 of this volume.

*Article I*

## DEFINITIONS

*Section 1.01.* Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) shall have the respective meanings therein set forth.

*Article II*

## PARTICULAR COVENANTS OF THE CORPORATION

*Section 2.01.* The Corporation shall carry out the Project and conduct its operations and affairs in accordance with sound financial and investment standards and practices, with qualified and experienced management and in accordance with its Articles of Incorporation, as amended from time to time.

*Section 2.02.* (a) The Corporation shall cause the proceeds of the Loan to be applied exclusively to foreign currency expenditures on Investment Projects in respect of which amounts were withdrawn from the Loan Account.

(b) Except as the Bank and the Corporation shall otherwise agree, the proceeds of the Loan shall not be applied to expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories.

(c) Except as the Bank and the Corporation shall otherwise agree, the proceeds of the Loan shall not be applied to expenditures made by any Investment Enterprise for any Investment Project more than 90 days prior to the date on which the Bank shall have received : (i) the application in accordance with Section 2.03 (b) of this Agreement or, (ii) in the case of credits to the Loan Account pursuant to the provisions of Section 2.02 (c) of the Loan Agreement, the request for credit to the Loan Account in accordance with Section 2.03 (c) of the Project Agreement.

*Section 2.03.* (a) Investment Projects may be submitted to the Bank either for approval or for credit to the Loan Account.

(b) When submitting an Investment Project to the Bank for approval pursuant to paragraph (b) of Section 2.02 of the Loan Agreement, the Corporation shall furnish to the Bank an application, in form satisfactory to the Bank, containing a description of such Investment Project, the terms and conditions of the Corporation's credit to or investment in the Investment Enterprise, the amortization schedule proposed therefor and such other information as the Bank shall reasonably request.

(c) When submitting a request to the Bank to credit the Loan Account pursuant to paragraph (c) of Section 2.02 of the Loan Agreement in respect of an Investment Project, the Corporation shall furnish to the Bank a brief description, in form satisfactory to the Bank, of such Investment Project and of the terms and conditions of the Corporation's credit for such Investment Project, and the amortization schedule proposed therefor.

(d) Except as the Bank and the Corporation shall otherwise agree, the Corporation shall submit Investment Projects for approval pursuant to Section 2.03 (b) of this Agreement and requests for credits to the Loan Account pursuant to Section 2.03 (c) of this Agreement on or before September 30, 1968.

(e) Except as the Bank and the Corporation shall otherwise agree, the Corporation shall not make a credit for an Investment Project in respect of which the amount to be credited to the Loan Account is less than fifty thousand dollars (\$50,000).

*Section 2.04.* The Corporation shall use reasonable efforts to assure that the cost of goods financed out of the proceeds of the Loan is payable in the respective currencies of the countries from which such goods are acquired. Except as the Bank and the Corporation shall otherwise agree, withdrawals shall be made either in the respective currencies in which the cost of goods has been paid or is payable or in the currency in which the Loan is denominated, as the Bank may from time to time elect.

*Section 2.05.* Any credit granted by the Corporation to an Investment Enterprise for an Investment Project to be financed wholly or partly out of the proceeds of the Loan shall be granted or made on terms whereby the Corporation shall obtain, by the written agreement of such Investment Enterprise or other appropriate legal means, rights adequate to protect the interests of the Bank, PNB and the Corporation, including the right to require such Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in conformity with sound engineering and financial standards, including the maintenance of adequate records; the right to require that the proceeds of the credit shall be applied exclusively to the expenditures on such Investment Project; the right of representatives of the Bank and the Corporation to inspect the sites, works and construction included in such Investment Project, the operation thereof and any relevant records and documents; the right to require that such Investment Enterprise take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound practice, that without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to acquisition, transportation and delivery of the goods financed out of the proceeds of the Loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely usable by such Investment Enterprise to replace or repair such goods; the right to obtain all such information as the Bank and the Corporation shall reasonably request relating to the foregoing and to the administration, operations and financial condition of such Investment Enterprise; and the rights of the Corporation to suspend and terminate access by

the Investment Enterprise to the proceeds of the Loan upon failure by such Enterprise to carry out the terms of such credit.

*Section 2.06.* The Corporation shall exercise its rights in relation to each Investment Project in such manner as to protect the interests of the Bank, PNB and the Corporation.

*Section 2.07.* (a) The Corporation 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 Investment Enterprises, the Investment Projects and the administration, operations and financial condition of the Corporation.

(b) The Corporation shall maintain records adequate to record the progress of the Project and of each Investment Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Corporation. The Corporation shall enable the Bank's representatives to examine such records.

*Section 2.08.* (a) The Bank and the Corporation shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end the Bank and the Corporation shall from time to time at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Corporation of its obligations under this Agreement, the administration, operations and financial condition of the Corporation and any other matters relating to the purposes of the Loan.

(b) The Corporation 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 Corporation of its obligations under this Agreement.

*Section 2.09.* Except as the Bank and the Corporation shall otherwise agree, the Corporation shall not incur any indebtedness if, after the incurring of any such indebtedness, the indebtedness of the Corporation then incurred and outstanding would be greater than three times the equity of the Corporation.

For the purposes of this Section :

- (a) The term " indebtedness " means all indebtedness incurred, assumed or guaranteed by the Corporation and then outstanding, including that portion only of the loan from AID pursuant to the AID Agreement which shall at that time have become due for payment.
- (b) Indebtedness shall be deemed to be incurred (i) under a contract or loan agreement on the date it is drawn down pursuant to such contract or loan agreement and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee shall have been entered into.

- (c) The term "equity" shall mean the aggregate of (i) the unimpaired paid-in capital of the Corporation, (ii) the unallocated surplus and general reserves of the Corporation, that is to say reserves not set apart for any specific purpose, and (iii) that amount of the loan from AID pursuant to the AID Agreement which at the time is outstanding but not yet due for payment.
- (d) Whenever in connection with this Section it shall be necessary to value in terms of pesos debt repayable in a foreign currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at the time of such valuation.

*Section 2.10.* Except as the Bank and the Corporation shall otherwise agree, or as shall be required pursuant to Sections 17½, 18, 28½ and 44 of Act No. 1459 (Corporation Law), as amended, of the Republic of the Philippines, the Corporation shall not redeem or purchase shares of its capital stock.

*Section 2.11.* The Corporation shall at all times take all steps possible and necessary to maintain its corporate existence and right to carry on operations and shall, except as the Bank and the Corporation shall otherwise agree, take all steps possible and necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

*Section 2.12.* Except as the Bank and the Corporation shall otherwise agree, the Corporation shall not (i) amend its Articles of Incorporation, (ii) amend the policy statement adopted by the Board of Directors of the Corporation on March 10, 1964, (iii) substantially change the nature of its business or establish any subsidiary, or (iv) sell, transfer, lease or otherwise dispose of all or substantially all of its assets, or undertake any merger or consolidation.

*Section 2.13.* The Corporation shall duly perform all its obligations under the Subsidiary Loan Agreement and the AID Agreement. Except as the Bank and the Corporation shall otherwise agree, the Corporation shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Subsidiary Loan Agreement or the AID Agreement.

*Section 2.14.* Without the approval of the Bank no repayment in advance of maturity other than in accordance with Section 7.01 of the AID Agreement shall be made in respect of the loan from AID pursuant to the AID Agreement.

*Section 2.15.* The Corporation 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 fiscal year to which they apply transmit to the Bank certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

*Section 2.16.* In the event that the Corporation establishes or acquires any subsidiary, the Corporation shall cause such subsidiary to observe and perform the obligations of the Corporation hereunder to the extent to which the same are or can be applied thereto, as though such obligations were binding upon such subsidiary.

### *Article III*

#### MODIFICATION OF FIRST PROJECT AGREEMENT

*Section 3.01.* The provisions of Section 2.09 of the First Project Agreement are deleted and the provisions of Section 2.09 of this Agreement substituted therefor.

### *Article IV*

#### MISCELLANEOUS PROVISIONS

*Section 4.01.* No holder of any Bond other than the Bank shall by virtue of being the holder thereof be entitled to exercise any of the rights conferred, or be subject to any of the conditions or obligations imposed, upon the Bank under this Agreement.

*Section 4.02.* No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power, or remedy of such party in respect of any other or subsequent default.

*Section 4.03.* Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are :

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 telegrams, cables and radiograms :

Intbafrad  
Washington, D.C.



For the Corporation :

Private Development Corporation of the Philippines  
Commercial Bank & Trust Co. Bldg.  
Ayala Ave., Makati, Rizal  
Philippines

Alternative address for telegrams, cables and radiograms :

Pridecop  
Makati, Rizal  
Philippines

*Section 4.04.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of the Corporation may be taken or executed by the President of the Corporation or such person or persons as he shall designate in writing.

*Section 4.05.* The Corporation shall furnish to the Bank sufficient evidence of the authority of the person or persons who will, on behalf of the Corporation, take any action or execute any documents required or permitted to be taken or executed by the Corporation pursuant to any of the provisions of this Agreement and the authenticated specimen signature of each such person.

#### *Article V*

##### EFFECTIVE DATE

*Section 5.01.* This Agreement shall come into force and effect on the Effective Date. If, pursuant to Section 8.03 of the Loan Agreement, the Loan Agreement shall terminate, this Project Agreement and all the obligations of the parties hereunder shall also terminate and the Bank shall promptly notify the Corporation thereof.

*Section 5.02.* If and when the entire principal amount of the Loan and the Bonds and the premium, if any, on the repayment of the Loan and on the redemption of all Bonds called for redemption (as the case may be) and all interest and other charges which shall have accrued on the Loan and the Bonds shall have been paid, this Agreement and all obligations of the parties thereunder shall forthwith terminate.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed in their respective names by their representatives thereunto duly authorized 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 George D. WOODS  
President

Private Development Corporation of the Philippines :

By Roberto T. VILLANUEVA  
Authorized Representative