

No. 8608

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
JAMAICA

Guarantee Agreement — *Telecommunications Project* (with related letter, annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Jamaica Telephone Company, Limited). Signed at Washington, on 23 January 1967

Official text : English.

Registered by the Internatioanl Bank for Reconstruction and Development on 10 April 1967.

BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
JAMAÏQUE

Contrat de garantie — *Projet relatif aux télécommunications* (avec lettre y relative et, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Jamaica Telephone Company, Limited). Signé à Washington, le 23 janvier 1967

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 10 avril 1967.

No. 8608. GUARANTEE AGREEMENT¹ (*TELECOMMUNICATIONS PROJECT*) BETWEEN JAMAICA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 23 JANUARY 1967

AGREEMENT, dated January 23, 1967, between JAMAICA (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 Jamaica Telephone Company Limited (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to eleven million two hundred thousand dollars (\$11,200,000), 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 loans 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, 1961,² subject, however, to the modifications thereof set forth in Schedule 3 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. The terms defined in said Loan Agreement shall have the same meaning as if such definitions were fully set forth herein.

¹ Came into force on 17 February 1967, upon notification by the Bank to the Government of Jamaica.

² See p 322 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, 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 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 ; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods ; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

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

rantor 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, the Bonds and the Debenture Stock shall be paid without deduction for, and free from, any taxes, and free from all restrictions 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 or Debenture Stock to a holder thereof other than the Bank when such Bond or Debenture Stock is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement, the Trust Deed, the Bonds and the Debenture Stock 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 Guarantor covenants that it will not take or permit any of its political subdivisions or agencies to take any action which would prevent or interfere with the successful operation of the Project or with the performance by the Borrower of any of the covenants, agreements and obligations contained in the Loan Agreement, the Trust Deed or the Debenture Stock, and will take or cause to be taken all reasonable action which shall be necessary in order to enable the Borrower to perform such covenants, agreements and obligations.

Section 3.06. The Guarantor covenants that it will cause to be granted to the Borrower such telecommunication rates as shall be necessary to provide the Borrower with sufficient revenues : (a) to cover all operating expenses, including adequate maintenance and adequate depreciation of assets ; and (b) to provide a reasonable level of earnings , all as permitted by the provisions of the Licences and the Public Utility Commission Act, 1966 of the Guarantor.

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 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 :

Ministry of Finance
Kingston, Jamaica

Alternative address for cablegrams and radiograms :

Ministry of Finance
Kingston, Jamaica

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.

Jamaica :

By Neville ASHENHEIM
Authorized Representative

International Bank for Reconstruction and Development :

By Simon ALDEWERELD
Vice President

LETTER RELATING TO THE GUARANTEE AGREEMENT

EMBASSY OF JAMAICA
WASHINGTON

January 23, 1967

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433*Loan No. 481 JM (Telecommunications Project)
Telephone Rates*

Dear Sirs :

We refer to the Guarantee Agreement (*Telecommunications Project*) of even date between us and confirm our agreement on the question of telephone rates as follows :

It is our understanding that the Bank has reviewed and found satisfactory the financial projections and estimated rate of return of the Jamaica Telephone Company Limited (hereinafter called the Company) for the period 1967 to 1971, based on telephone rates now in force. Such estimates show that during this period the Company expects that net internal cash generated from operations after meeting its debt service, and payment of dividends and taxes at present levels will be adequate together with the proceeds of the Loan and temporary financing of not less than £140,000 Jamaican Pounds to meet the cost of the expansion program planned by the Company for the above-mentioned period. We will take all steps necessary to ensure that, until the Project to be financed out of the proceeds of the Loan is complete, telephone rates will be maintained at levels sufficient to provide to the Company such a return on its rate base as will enable it to achieve the financing of the Project, after payment of dividends at present levels and meeting its debt service.

Please confirm your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Jamaica :

By Neville ASHENHEIM
Authorized Representative*Confirmed :*International Bank for
Reconstruction and Development :

By R. A. CHAUFURNIER

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

(TELECOMMUNICATIONS PROJECT)

AGREEMENT, dated January 23, 1967, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and JAMAICA TELEPHONE COMPANY LIMITED, a company duly incorporated under the laws of Jamaica (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, ¹ subject, however, to the modifications thereof set forth in Schedule 3 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. Unless the context otherwise requires, the following terms shall have the following meanings wherever used in this Loan Agreement or any Schedule thereto :

- a) The term "Trust Deed" means the Trust Deed dated January 29, 1962, entered into between the Borrower and Barclays Bank D.C.O., as Trustees, as amended pursuant to Section 5.16 of this Loan Agreement and includes any trust deed supplemental thereto which has been or shall be executed and delivered in accordance with the provisions of the Trust Deed.
- b) The term "Debenture Stock" means Debenture Stock issued pursuant to the provisions of the Trust Deed and this Loan Agreement.
- c) The term "subsidiary" means any corporation, firm or association directly or indirectly controlled by the Borrower.
- d) The term "Licences" means the All Island Telephone Licence, 1966, the

¹ See above

Jamaica Telephone Company Limited (Telegraph) Special Licence, 1966, and the Jamaica Telephone Company Limited (Wireless Telephony) Special Licence, 1966, granted on December 28 and 29, 1966, by the Guarantor to the Borrower and shall include all amendments thereto.

- e) The term "Jamaican Pounds" means currency of the Guarantor.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to eleven million two hundred thousand dollars (\$11,200,000).

Section 2.02 The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement; provided, however, that, except as the Bank and the Borrower may otherwise agree, until the Borrower shall have complied with the provisions of Section 5.16 of this Loan Agreement no more than an amount equivalent to five hundred thousand dollars (\$500,000) shall be withdrawn from the Loan Account.

Section 2.03 The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($3/8$ 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 six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Excepts as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($1/2$ 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 15 and September 15 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 1 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Loan Agreement. The specific goods to be financed out of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. Except as the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Guarantor and there to be used exclusively in the carrying out of the Project and title to all such goods shall be acquired by the Borrower free and clear of all liens, charges and encumbrances.

Article IV

BONDS AND DEBENTURE STOCK

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

Section 4.02. The Bank and the Borrower may make such arrangements as they may from time to time mutually agree as to procedure for the issue, authentication and delivery of the Bonds and such arrangements may be in addition to or in substitution for any of the provisions of this Agreement or of the Loan Regulations.

Section 4.03. As and when Bonds are delivered the Borrower shall issue to the Bank in respect thereof Debenture Stock payable in Jamaican Pounds and in form satisfactory to the Bank of an aggregate principal amount equal to the amount of the Bonds so delivered and bearing interest at the rate of the Loan, to be held by the Bank as security for the principal of and interest on the Loan and the Bonds. The maturities of the Debenture Stock shall correspond to the maturities of the Bonds in respect of which they shall have been issued. Except as the Borrower shall otherwise agree, the Bank shall not sell, transfer or otherwise dispose of the Debenture Stock other than for the purposes of protecting its interests, in the event of default or a threat thereof, in the payment of principal, interest or any other charge required under the Loan Agreement or the Bonds and in such event the Bank shall be subject to no limitation of whatsoever kind or nature which may attempt to restrict the form or method of disposition of the Debenture Stock issued to it.

Section 4.04. The payment of interest on or principal of any Bond shall *pro tanto* respectively discharge the obligation of the Borrower to pay interest on or repay the principal of the Debenture Stock issued pursuant to Section 4.03 hereof in respect of any such Bond and in the event that further Debenture Stock is issued, or that Debenture Stock is surrendered, pursuant to Section 4.05 hereof the payment of interest on or principal of any Bond shall *pro tanto* respectively discharge the obligation of the Borrower to pay interest on and repay the principal of such Debenture Stock as may be in issue in respect of such Bond at the time when the payment of interest or repayment of principal is made. Insofar as and to the extent that the obligation for the repayment of principal of any Debenture Stock shall have been so discharged the Bank shall surrender to the Borrower such Debenture Stock for cancellation.

Section 4.05. If at any time during which any of the Bonds are outstanding, the Debenture Stock shall, as a result of a change in exchange rates represent (i) less than the equivalent in Jamaican Pounds of the aggregate principal amount of the Bonds then outstanding, then the Borrower shall, upon request by the Bank and to the extent permissible under the earnings test of the Trust Deed, issue to the Bank further Debenture Stock of an aggregate principal amount equal to the equivalent in Jamaican Pounds of any difference caused by such change in exchange rates ; or (ii) more than the equivalent in Jamaican Pounds of the aggregate principal amount of the Bonds then outstanding then the Bank shall, upon request by the Borrower, surrender to the Borrower Debenture Stock of an aggregate principal amount equal to any difference caused by such change in exchange rates.

For the purposes of the foregoing Sections the equivalent in Jamaican Pounds of the respective currencies in which the Bonds are payable shall be calculated at the rate of exchange (determined in accordance with Section 3.07 of the Loan Regulations) ruling on the date on which the Bank requests the Debenture Stock to be issued or the borrower requests Debenture Stock to be surrendered as the case may be.

Section 4.06. Any Director and the Secretary or any two directors of the Borrower are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall, under the supervision of competent management, carry out and complete the Project with due diligence and efficiency and in conformity with sound engineering, business, financial and public utility practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall in the carrying out of the Project employ competent and experienced consultants and contractors acceptable to the Bank and the Borrower on terms and conditions satisfactory to the Bank and the Borrower.

Section 5.02. (a) Upon request from time to time by the Bank the Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(b) 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

(c) The Borrower shall enable the Bank's representatives to inspect the Project, the goods, the sites, works, construction and operations included in the Project and all other plants, works, properties, equipment and operations of the Borrower and to examine any relevant records and documents.

(d) 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 use of the goods purchased therewith, the progress of the Project and the administration, operations and financial condition of the Borrower.

Section 5.03. (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 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 or the performance by the Borrower of its obligations under the Loan Agreement.

Section 5.04. Except as the Bank and the Borrower shall otherwise agree, the Borrower will not create, incur, assume or suffer to exist any lien upon any of its properties or assets, whether now owned or hereafter acquired, unless such lien shall rank after the charge constituted by the Trust Deed ; provided, however, that the foregoing provisions of this Section shall not apply to :

- (i) the charge of the Trust Deed in respect of present and future issues of debenture stock ;
- (ii) any lien subsisting at the date of this Agreement disclosed to the Bank ,
- (iii) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price thereof ; and
- (iv) any lien arising in the ordinary course of banking transactions and securing debt maturing not more than one year after its date.

Section 5.05. Subject to the exemptions conferred by Sections 3.03 and 3.04 of the Guarantee Agreement, 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 its territories on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement, the Trust Deed, the Bonds and the Debenture Stock, 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 or Debenture Stock to a holder thereof other than the Bank when

such Bond or Debenture Stock 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, if any, imposed under the laws of the country or countries in whose currency the Loan, the Bonds or the Debenture Stock 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,¹ the Trust Deed, the Bonds or the Debenture Stock.

Section 5.07. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with sound practice. Without limiting the generality of the foregoing, the Borrower undertakes to insure or cause to be insured the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation and any indemnity under such insurance shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 5.08. (a) Except as the Bank shall otherwise agree, the Borrower shall at all times maintain its existence and right to carry on operations, shall not do any act or thing which would prejudice its corporate existence and right to carry on operations, and shall take all steps necessary to acquire, maintain and renew all such rights, powers, privileges, licenses and franchises as may be necessary or useful for the construction and operation of the Project and for 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 standards, and shall at all times operate its plants and equipment and maintain its financial position in accordance with sound business and public utility practices.

Section 5.09. The Borrower shall have its financial statements (balance sheet and profit and loss account) audited annually by independent auditors satisfactory to the Bank and shall promptly after their preparation transmit to the Bank certified copies of such statements and a signed copy of the auditor's report.

Section 5.10. Unless it shall have obtained the prior approval of the Bank, the Borrower shall not redeem or prepay, prior to the maturity thereof, any notes, bonds or debenture stock issued by it otherwise than : (1) upon a refunding thereof by the issuance of notes, bonds or debenture stock of the same or later maturity

¹ See p. 312 of this volume

or maturities ; or (ii) for the purpose from time to time of meeting annual sinking fund requirements next falling due.

Section 5.11. The Borrower shall duly perform all covenants, agreements and obligations to be performed by it under the Trust Deed and the Licences.

Section 5.12. The Borrower shall, from time to time, take all steps which shall be necessary or desirable to obtain adjustments in its telecommunication rates so that sufficient revenues are provided : (a) to cover all operating expenses, including adequate maintenance and adequate depreciation of assets ; and (b) to provide a reasonable level of earnings ; all as permitted by the provisions of the Licences and the Public Utility Commission Act, 1966 of the Guarantor.

Section 5.13. The Borrower shall not consent to any action taken at any meeting of bond or debenture stock holders which would or might change the terms of the Trust Deed or of the Debenture Stock except with the approval of the Bank.

Section 5.14 Except as the Bank shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, waiving, suspending or assigning any of the Licences.

Section 5.15. In the event that the Borrower establishes or acquires any subsidiary, the Borrower shall cause such subsidiary to observe and perform the obligations of the Borrower hereunder to the extent to which the same may be applicable thereto, as though such obligations were binding upon such subsidiary.

Section 5.16. The Borrower shall as soon as practicable (i) enter into, execute, deliver, file, record and register an amendment to the Trust Deed, the form and substance of which shall be satisfactory to the Bank, providing for the issue, authentication and delivery of Debenture Stock ; and (ii) furnish to the Bank an opinion or opinions satisfactory to the Bank of legal counsel acceptable to the Bank showing that the said amendment has been validly and effectively entered into, executed, delivered, filed, recorded and registered, and that the Debenture Stock when executed and delivered in accordance with its terms and the terms of this Loan Agreement will constitute valid and binding obligations of the Borrower and create a valid and effective charge in favor of the Bank, ranking in all respects *pari passu* with the outstanding debenture stock issued pursuant to the Trust Deed.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b), paragraph (c),

paragraph (d) or paragraph (e) of Section 6 02 of this Agreement shall occur, or (iii) if any event specified in paragraph (c) of Section 5 02 of the Loan Regulations or in paragraph (f) of Section 6 02 of this Agreement 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 become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Section 6 02 The following are specified as additional events for the purposes of paragraph (j) of Section 5 02 of the Loan Regulations :

(a) Failure by the Borrower or the Guarantor to fulfill an obligation to make payment of principal or interest or any other payment required under the Loan Agreement, the Guarantee Agreement or the Bonds or under any other loan agreement between the Bank and the Borrower or under any loan or guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any development credit agreement between the Guarantor and the International Development Association even though such payment has been made by other persons.

(b) Any of the Licences shall have been amended, abrogated, waived, assigned, suspended or revoked without the prior concurrence of the Bank

(c) Any debt of the Borrower shall have become due and payable prior to its original maturity.

(d) A default shall have occurred in the performance of any covenant or agreement on the part of the Borrower under the Trust Deed or the Debenture Stock.

(e) The Borrower shall have been unable to pay its debts as they mature or any action or proceeding shall have been taken by the Borrower or by others whereby the undertaking, property or assets of the Borrower, or any part thereof, shall or may be distributed among the creditors of the Borrower or assigned to any other person.

(f) A default shall have occurred in the payment of principal, interest, service charge or any other payment required under any development credit agreement between the Guarantor and the International Development Association.

Article VII

EFFECTIVE DATE , TERMINATION ; MISCELLANEOUS

Section 7 01. The following event is specified as an additional condition to the effectiveness of this Loan Agreement and the Guarantee Agreement within the meaning of Section 9 01 (c) of the Loan Regulations, namely, that the Borrower shall have certified in writing to the Bank that, as of a date to be agreed between the Bank and the Borrower (which will be prior to the Effective Date), there has been no material adverse change in its financial position since the date of this Loan Agreement.

Section 7.02. If this Loan Agreement shall not have come into force and effect by April 30, 1967, 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 the purposes of this Section. The Bank shall promptly notify the Borrower of such date.

Section 7.03. The Closing Date shall be December 31, 1971, or such other date as may from time to time be agreed between the Bank and the Borrower

Section 7.04. 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 cablegrams and radiograms :

Intbafrad
Washington, D.C.

For the Borrower ·

47 Halfway Tree Road
Kingston 5, Jamaica

Alternative address for cablegrams and radiograms :

Cotel
Kingston, Jamaica

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 SIMON ALDEWERELD
Vice President

Jamaica Telephone Company Limited ·

By C. R. DICKENSON
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>
March 15, 1972	\$ 390,000	September 15, 1977	\$ 540,000
September 15, 1972	400,000	March 15, 1978	555,000
March 15, 1973	415,000	September 15, 1978	575,000
September 15, 1973	425,000	March 15, 1979	590,000
March 15, 1974	440,000	September 15, 1979	610,000
September 15, 1974	455,000	March 15, 1980	625,000
March 15, 1975	465,000	September 15, 1980	645,000
September 15, 1975	480,000	March 15, 1981	665,000
March 15, 1976	495,000	September 15, 1981	685,000
September 15, 1976	510,000	March 15, 1982	710,000
March 15, 1977	525,000		

* 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>Premiums</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 thirteen years before maturity	5%
More than thirteen years before maturity	6%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of the following :

A. *Telephone Exchanges*

The re-equipment and extension of nine existing automatic telephone exchanges and the extension of twenty-five other existing exchanges, the installation of ten new exchanges and of fourteen new concentrators providing for about 26,000 additional lines of exchange equipment.

B. *Outside Telephone Plant*

Extension and improvement of the outside plant network including the laying of cables and construction of pole lines to provide connections between exchanges and between exchanges and subscribers and public pay stations consistent with the increase in exchange line capacity

C. *Long Distance Telephone Facilities*

1. Installation of high capacity microwave systems between Kingston and Palisadoes, and between Kingston and Spanish Town.

2. Installation of VHF radio transmission and receiving equipment connecting Kingston with May Pen and Montego Bay with Negril, Lucea, Falmouth and Savanna-la-Mar.

3. Installation of additional channeling equipment on existing microwave and VHF radio links, and cable connections.

4. Laying of telephone cables to connect Kingston with Stony Hill and St. Ann's Bay with Ocho Rios and Discovery Bay, and installation of associated channeling equipment.

5. Construction, extension and reconstruction of open wire pole lines and installation of multi-channel carrier equipment to extend and improve existing trunk routes

6. Installation of radio equipment for three base stations to serve mobile and isolated radio telephone subscribers installations.

7. Installation of necessary equipment to provide uniform numbering for direct long-distance dialing to all subscribers.

8. Installation and extension of manual boards for information, monitor, trunk, international and other special services.

D. *Telex Services*

The installation of a 100-line automatic telex exchange in Kingston and additional teleprinters and associated equipment and the extension of the Telex services to Montego Bay, Mandeville and St. Ann's Bay.

E. *Other Equipment*

Provision of telephone instruments, meters, special vehicles and other miscellaneous items for use in extending and improving the local and long-distance telephone networks.

SCHEDULE 3

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, are modified as follows :

- (a) By the deletion of subparagraph (e) of Section 5.02.
- (b) By the addition in Section 7.01, after the words “ Guarantee Agreement ” where those words occur, of the words “ the Trust Deed, the Debenture Stock ”.

(c) By the deletion of subparagraph (j) of Section 7.04 and the substitution therefor of the following :

“ (j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the determination of controversies between the parties to the Loan Agreement and Guarantee Agreement or any claim by any such party against any other such party arising thereunder , provided, however, that nothing herein shall be deemed to preclude any of the said parties from exercising, or instituting any legal or equitable action to enforce, any right or claim arising out of or pursuant to the Trust Deed or the Debenture Stock, and submission to arbitration hereunder shall not be deemed to be a condition precedent or in any way to prejudice such exercise or other enforcement of any such right or claim ”

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

“ If the Loan Agreement terminates pursuant to Section 7.02 thereof, the Guarantee Agreement and all obligations of the parties thereunder shall also terminate. The Bank shall promptly give notice of such termination to the Guarantor. ”