

No. 9150

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INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
ARGENTINA

Guarantee Agreement — *Second Buenos Aires Power Project*  
(with annexed Loan Regulations No. 4, as amended,  
and Loan Agreement between the Bank and the  
Servicios Eléctricos del Gran Buenos Aires, S. A.).  
Signed at Washington, on 25 January 1968

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on  
5 July 1968.*

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BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
ARGENTINE

Contrat de garantie — *Deuxième projet relatif à l'énergie  
électrique à Buenos Aires* (avec, en annexe, le  
Règlement n° 4 sur les emprunts, tel qu'il a été  
modifié, et le Contrat d'emprunt entre la Banque et  
les Servicios Eléctricos del Gran Buenos Aires S.A.).  
Signé à Washington, le 25 janvier 1968

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 5 juillet 1968.*

No. 9150. GUARANTEE AGREEMENT<sup>1</sup> (*SECOND BUENOS AIRES POWER PROJECT*) BETWEEN THE ARGENTINE REPUBLIC AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 25 JANUARY 1968

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AGREEMENT, dated January 25, 1968, between THE ARGENTINE REPUBLIC (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 Servicios Eléctricos del Gran Buenos Aires, S.A. (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 fifty-five million dollars (\$ 55,000,000), 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, as amended February 9, 1967,<sup>2</sup> subject, however, to the modifications thereof set forth in Section 1.01 of 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 2 March 1968, upon notification by the Bank to the Government of Argentina.

<sup>2</sup> See p. 198 of this volume.

*Section 1.02.* Wherever used in this Agreement, the terms defined in Section 1.02 of the Loan Agreement shall have the same meanings as therein set forth.

### *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.

*Section 2.02.* Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, and without prejudice to the obligations of the Borrower under Section 5.12 of the Loan Agreement, the Guarantor, by reason of its present beneficial ownership of all or substantially all of the shares of the Borrower and in order to assure the successful completion of the Project, specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures, either by making additional equity investment in the Borrower or by receiving dividend payments on its shares solely in shares of stock of the Borrower in lieu of cash or otherwise.

### *Article III*

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

the ordinary course of banking transactions to secure a debt maturing not more than one year after the date on which it is originally incurred.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any agency of the Guarantor, including assets of the Banco Central de la República Argentina or any institution performing the functions of a central bank for the Guarantor.

The Guarantor further undertakes that, within the limits of its constitutional powers, it will make the foregoing undertaking effective with respect to liens on the assets of any of its political subdivisions and their agencies, including local governing authorities.

*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 and the Bonds and the protocolization, recordation and registration of the undertaking contained in Section 5.15 (a) of the Loan Agreement 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, protocolization, recordation 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 agencies (including the Banco Industrial) to take any action which would prevent or interfere with the performance by the Borrower of any of the covenants, agreements and obligations of the Borrower in the Loan Agreement contained, and will take or cause to be taken all reasonable governmental action (including action by the Banco Industrial) and all reasonable action as shareholder of the Borrower which shall be necessary in order to enable the Borrower to perform such covenants, agreements and obligations.

The Guarantor further covenants that, within the limits of its constitutional powers, it will make the foregoing covenant effective with respect to action by its political subdivisions and their agencies, including local governing authorities.

*Section 3.07.* It continues to be the policy of the Guarantor to encourage the investment of private savings in the Borrower's electricity services, and to that end to sell or cause to be sold to private investors all of the ordinary shares of capital stock of the Borrower beneficially owned by the Guarantor, giving paramount priority, however, to the sale of shares of stock by the Borrower pursuant to Section 5.12 (ii) of the Loan Agreement.

*Section 3.08.* The Guarantor covenants that it will from time to time grant or cause to be granted to the Borrower, as provided in the Concession, rates for the sale of electricity as may be necessary to provide revenues sufficient to: (a) cover all operating expenses including taxes and provide for adequate maintenance and depreciation of assets based on realistic valuations thereof; and (b) provide a reasonable return on the Borrower's net investment.

*Section 3.09.* The Guarantor covenants that it shall take or cause its agencies to take all action necessary to bring about coordination of the expansion of generation, transmission and distribution facilities of all electric utility entities operating in the Greater Buenos Aires area, to prevent duplication of such facilities in that area and to interconnect all electric utility entities in that area in such a manner that such entities shall be most efficiently and most economically operated.

#### *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 Economy and Labor of the

Guarantor and such person or persons as he shall appoint in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

*Article V*

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

For the Guarantor :

Ministerio de Economía y Trabajo  
Buenos Aires, Argentina

Cable address :

Ministerio Economía  
Buenos Aires

For the Bank :

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

Cable address :

Intbafrad  
Washington, D.C.

*Section 5.02.* The Minister of Economy and Labor 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.

The Argentine Republic :

By Alvaro C. ALSOGARAY  
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,  
AS AMENDED 9 FEBRUARY 1967

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

[Not published herein. See United Nations, Treaty Series, Vol. 598, p. 270.]

LOAN AGREEMENT

(SECOND BUENOS AIRES POWER PROJECT)

AGREEMENT, dated January 25, 1968, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, (hereinafter called the Bank) and SERVICIOS ELÉCTRICOS DEL GRAN BUENOS AIRES, S.A. (hereinafter called the Borrower).

*Article I*

LOAN REGULATIONS ; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961, as amended February 9, 1967<sup>1</sup>, with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 4, as so modified, being hereinafter called the Loan Regulations): namely, Section 4.01 is deleted.

*Section 1.02.* Unless the context otherwise requires, the following terms wherever used in this Agreement have the following meanings:

(a) The term "Banco Industrial" means Banco Industrial de la República Argentina, an autonomous banking agency of the Guarantor, organized and existing pursuant to Decree Law No. 13130 of the Guarantor, or any successor thereof.

(b) The term "Estatutos" means the estatutos of the Borrower, as approved by Resolution of the Minister of Education and Justice No. 3259 of December 29, 1961 of the Guarantor.

(c) The term "Concession" means the concession of February 1, 1962, approved by Decree No. 1247, dated February 8, 1962, regulating the activity of the Borrower.

<sup>1</sup> See p. 8 of this volume.

*Article II*

## THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower an amount in various currencies equivalent to fifty-five million dollars (\$ 55,000,000).

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

*Section 2.03.* The Borrower shall be entitled to withdraw from the Loan Account (a) such amounts as shall have been paid, or, if the Bank shall so agree, as shall be required to meet payments to be made, for the reasonable cost of such goods as shall be agreed between the Bank and the Borrower ; and (b) the equivalent of such percentage or percentages as may be established from time to time by agreement between the Bank and the Borrower of such amounts as shall have been paid for the reasonable cost of other agreed goods for the Project, provided, however, that no withdrawals shall be made on account of (i) expenditures prior to October 1, 1967, or (ii) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

*Section 2.04.* Pursuant to Section 3.02 of the Loan Regulations, withdrawals under paragraph (b) of Section 2.03 of this Agreement shall be made in such currency or currencies as the Bank shall from time to time reasonably select.

*Section 2.05.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time from the Loan Account.

*Section 2.06.* The Borrower shall pay interest at the rate of six and one-quarter per cent ( $6\frac{1}{4}$  %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 2.07.* Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1 %) per annum on the principal amount of any such special commitment outstanding from time to time.

*Section 2.08.* Interest and other charges shall be payable semi-annually on April 1 and October 1 in each year.

*Section 2.09.* 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 Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

*Section 3.02.* Except as the Bank and the Borrower shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in carrying out the Project described in Schedule 2 to this Agreement.

*Article IV*

## BONDS

*Section 4.01.* If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

*Section 4.02.* The *Presidente* of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations. The *Presidente* of the Borrower may designate additional or other authorized representatives by appointment in writing notified to the Bank.

*Article V*

## PARTICULAR COVENANTS

*Section 5.01.* The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices.

*Section 5.02.* The Borrower covenants that, to assist it in the carrying out of such parts of the Project as shall be agreed upon between the Bank and the Borrower, the Borrower shall, except as the Bank shall otherwise agree, at all times employ competent and experienced consultants acceptable to, and upon terms and conditions satisfactory to, the Bank.

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

(b) The Borrower shall at all times carry on its operations, maintain its plants, equipment and property, and from time to time make all necessary renewals and

repairs thereof, conduct its affairs and maintain its financial position, all in accordance with sound management, engineering, business, financial and public utilities principles and practices.

(c) Except as the Bank shall otherwise agree, the Borrower shall not amend, or consent to the amendment of, the *Estatutos*.

(d) The Borrower shall at all times be managed by a qualified and experienced *Comité Ejecutivo* entrusted with such executive functions and duties as are established in the *Estatutos*.

(e) The *Vicepresidente Ejecutivo* of the Borrower and the *Gerente General*, if a *Gerente General* shall be appointed by the Borrower pursuant to the *Estatutos*, shall not be appointed until there has been prior consultation with the Bank with reference to such appointment.

*Section 5.04.* The Borrower shall take all possible action: (a) to coordinate the expansion of its generation, transmission and distribution facilities with other electric utility entities operating with the Greater Buenos Aires area to prevent duplication of facilities and unnecessary investment; and (b) to obtain such agreements with other electric utility entities interconnected with its system as will permit by means of central control the most economic operation of the generating plants supplying the Greater Buenos Aires area.

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

(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, all other plants, works, properties and equipment of the Borrower and 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 Project, the goods and the administration, operations and financial condition of the Borrower.

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

*Section 5.06.* (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their prerepresentatives 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

*Section 5.07.* The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement,<sup>1</sup> the Bonds, or the protocolization, recordation and registration of the undertaking contained in Section 5.15 (a) of this Agreement, 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 5.08.* The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds, or the protocolization, recordation and registration of the undertaking contained in Section 5.15 (a) of this Agreement.

*Section 5.09.* (a) 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 amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

*Section 5.10.* Except as the Bank shall otherwise agree, the Borrower shall not, during the period of construction of the Project, undertake, or permit to be undertaken on its behalf, any major expansion project other than the Project or make any major addition to its plants and other property.

<sup>1</sup> See p. 188 of this volume.

*Section 5.11.* Except as the Bank shall otherwise agree: (a) the Borrower shall obtain title to all goods financed out of the proceeds of the Loan free and clear of all encumbrances; and (b) the Borrower shall not, without the consent of the Bank, sell or otherwise dispose of any of its property or assets which shall be required for the efficient carrying on of its business and undertaking, including the Project, unless the Borrower shall first pay or redeem, or make adequate provision satisfactory to the Bank for payment or redemption of, all of the Loan and the Bonds which shall then be outstanding and unpaid.

*Section 5.12.* In pursuance of its corporate purposes, the Borrower shall: (i) establish and maintain a policy with respect to distribution of dividends on the outstanding ordinary shares of its capital stock consistent with sound financial practices and the encouragement of private investment in the Borrower's electricity services; and (ii) use its best efforts to place with private investors ordinary shares of its authorized but unissued capital stock sufficient to finance a reasonable part of the expansion of its electricity services.

*Section 5.13.* The Borrower shall from time to time take all steps which shall be necessary or desirable, as permitted under the Concession, to obtain such adjustments in its rates for the sale of electricity as may be necessary to provide revenues sufficient to: (a) cover all operating expenses including taxes and provide for adequate maintenance and depreciation of assets based on realistic valuations thereof; and (b) provide a reasonable return on the Borrower's net investment.

*Section 5.14.* Except as the Bank shall otherwise agree, the Borrower shall not incur any indebtedness if after the incurrence of any such indebtedness (i) the net assets of the Borrower would be less than one and one-half times the total indebtedness of the Borrower, including the indebtedness proposed to be incurred, and (ii) the net income of the Borrower for the fiscal year next preceding such incurrence or for a later consecutive twelve month period, whichever is the greater, shall be less than one and three-quarters times the estimated maximum interest payments and other charges for any succeeding fiscal year on all indebtedness, including the indebtedness proposed to be incurred.

For the purposes of this Section:

1. The term "indebtedness" shall include the assumption of indebtedness and shall mean all indebtedness of the Borrower maturing by its terms more than one year after the date of its incurrence;

2. Indebtedness shall be deemed to be incurred on the day such indebtedness becomes outstanding and repayable in accordance with the loan contract or agreement providing therefor;

3. The term "net assets" shall mean: (i) net assets in operation plus (ii) the cost of construction work in progress determined according to sound accounting practices; and the determination and valuation of such net assets in operation shall be made as provided in the Concession for the purpose of fixing the rate base (*base tarifaria*) for the Borrower;

4. The term "net income" shall mean gross income from all sources, adjusted to take account of electricity rates in effect at the time of the incurrence of indebtedness even though such rates were not in effect during the fiscal year or twelve-month period to which such income relates, less all operating and administrative expenses, including provision for all taxes other than income taxes and for depreciation of assets but before provision for interest and other charges on indebtedness and income taxes; and

5. Whenever for the purposes of this Section it shall be necessary to value in terms of the currency of the Guarantor, indebtedness payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such indebtedness.

*Section 5.15.* (a) Except as the Bank shall otherwise agree: (i) the Borrower shall not voluntarily create or suffer to be created any mortgage, pledge or other right *in rem* on any of its assets in favor of third parties unless the Borrower shall at the same time create, in favor of the Bank, a mortgage, pledge or other right *in rem*, satisfactory to the Bank, which shall have priority and preference to, and shall rank ahead of, the mortgage, pledge or other right *in rem* first above mentioned, and, in the creation of any such mortgage, pledge or right *in rem*, the Borrower shall make express provision for the submission thereof to the priority, preference and prior rank of the Bank's rights; and (ii) if any such mortgage, pledge or other right *in rem* shall be created by operation of law the Borrower shall create in favor of the Bank an equivalent mortgage, pledge or other right *in rem* satisfactory to the Bank which shall secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds; provided, however, that the 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.

(b) The Borrower shall pay all reasonable charges, fees and expenses in connection with the foregoing.

#### Article VI

##### REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations or in Section 6.02 of this Agreement shall occur and shall continue for a period of thirty days, or (ii) if a default shall occur in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the Borrower or under any bond delivered pursuant thereto or under any credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days, or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee

agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any credit agreement between the Association and the Guarantor under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days, or (iv) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

*Section 6.02.* For the purposes of Section 5.02 (l) of the Loan Regulations, the following additional event is specified : namely, a change in the Estatutos or in the Concession shall have been made without the prior consent of the Bank.

### Article VII

#### EFFECTIVE DATE ; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations :

- (a) The Tribunal de Cuentas of the Guarantor has examined this Agreement and the Guarantee Agreement in accordance with the laws of the Guarantor and has issued its opinion thereon without formulating any objection thereto ;
- (b) The Borrower has certified in writing to the Bank that, as of a date to be agreed between the Bank and the Borrower (which shall be prior to the Effective Date), there has been no material adverse change in its condition since the date of this Agreement.

*Section 7.02.* If this Agreement shall not have come into force and effect by April 1, 1968, this 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 VIII

#### MISCELLANEOUS

*Section 8.01.* The Closing Date shall be December 31, 1969, or such later date as may be agreed by the Bank.

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

For the Borrower :

Servicios Eléctricos del Gran Buenos Aires, S.A.  
Balcarce 184  
Buenos Aires, Argentina

Cable address :

Selbasa  
Buenos Aires

For the Bank :

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

Cable address :

Intbafrad  
Washington, D.C.

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

Servicios Eléctricos del Gran Buenos Aires, S.A. :

*By* Enrique BUTTY  
Gabriel A. MEOLI  
Authorized Representatives

## 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>
April 1, 1971 . . . . .	890,000	April 1, 1980 . . . . .	1,545,000
October 1, 1971 . . . . .	915,000	October 1, 1980 . . . . .	1,595,000
April 1, 1972 . . . . .	945,000	April 1, 1981 . . . . .	1,645,000
October 1, 1972 . . . . .	975,000	October 1, 1981 . . . . .	1,695,000
April 1, 1973 . . . . .	1,005,000	April 1, 1982 . . . . .	1,745,000
October 1, 1973 . . . . .	1,035,000	October 1, 1982 . . . . .	1,800,000
April 1, 1974 . . . . .	1,070,000	April 1, 1983 . . . . .	1,860,000
October 1, 1974 . . . . .	1,100,000	October 1, 1983 . . . . .	1,915,000
April 1, 1975 . . . . .	1,135,000	April 1, 1984 . . . . .	1,975,000
October 1, 1975 . . . . .	1,170,000	October 1, 1984 . . . . .	2,040,000
April 1, 1976 . . . . .	1,210,000	April 1, 1985 . . . . .	2,100,000
October 1, 1976 . . . . .	1,245,000	October 1, 1985 . . . . .	2,165,000
April 1, 1977 . . . . .	1,285,000	April 1, 1986 . . . . .	2,235,000
October 1, 1977 . . . . .	1,325,000	October 1, 1986 . . . . .	2,305,000
April 1, 1978 . . . . .	1,365,000	April 1, 1987 . . . . .	2,375,000
October 1, 1978 . . . . .	1,410,000	October 1, 1987 . . . . .	2,450,000
April 1, 1979 . . . . .	1,455,000	April 1, 1988 . . . . .	2,520,000
October 1, 1979 . . . . .	1,500,000		

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

## PREMIUMS ON PREPAYMENT AND REDEMPTION

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

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity . . . . .	1/2 %
More than three years but not more than six years before maturity . . . . .	1 1/2 %
More than six years but not more than eleven years before maturity . . . . .	2 1/2 %
More than eleven years but not more than sixteen years before maturity . . . . .	3 3/4 %
More than sixteen years but not more than eighteen years before maturity . . . . .	5 %
More than eighteen years before maturity . . . . .	6 1/4 %



## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project consists of the expansion of the electric generation, transmission and distribution facilities of the Borrower. The Project has the following major aspects :

- A. Installation of 370 MW of new generating capacity, *viz.*, a 250 MW steam turbine at Puerto Nuevo and 5 gas turbine installations composed of two 15 MW units at Malaver, La Matanza and Escalada and of one 15 MW units each at Gutierrez and Berisso ;
  - B. Extension of the Borrower's 132 kv transmission system by the construction of about 23 new substations, extension of 12 existing substations, emplacement of about 210 circuit-kilometers of underground cables and overhead lines and construction of civil works and installation of ancillary equipment related thereto ;
  - C. Extension of the Borrower's distribution network by installation of primary and secondary cables and transformers, of low voltage cables, of overhead lines, of meters, of new connections and of public lighting, and construction of civil works and installation of ancillary equipment related thereto ;
  - D. Purchase and utilization of mobile equipment needed to carry out the foregoing ; and
  - E. Retention of consultants to assist in the carrying out of this Project and the planning of future expansion, and to advise on organizational matters.
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