

No. 4287

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
PHILIPPINES

Guarantee Agreement—*Binga Project* (with annexed Loan Regulations No. 4, related letter and Loan Agreement—*Binga Project*—between the Bank and the National Power Corporation). Signed at Washington, on 22 November 1957

Official text: English.

Registered by the International Bank for Reconstruction and Development on 18 April 1958.

BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
PHILIPPINES

Contrat de garantie — *Projet de Binga* (avec, en annexe, le Règlement n° 4 sur les emprunts, une lettre y relative et le Contrat d'emprunt — *Projet de Binga* — entre la Banque et la National Power Corporation). Signé à Washington, le 22 novembre 1957

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 18 avril 1958.

No. 4287. GUARANTEE AGREEMENT¹ (*BINGA PROJECT*)
BETWEEN THE REPUBLIC OF THE PHILIPPINES AND
THE INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT. SIGNED AT WASHINGTON,
ON 22 NOVEMBER 1957

AGREEMENT, dated November 22, 1957, between REPUBLIC OF THE PHILIPPINES (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and National Power Corporation (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to twenty-one million dollars (\$21,000,000) 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 June 15, 1956,³ subject, however, to the modifications thereof set forth in Schedule 3⁴ 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.

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 uncon-

¹ Came into force on 26 February 1958, upon notification by the Bank to the Government of the Philippines.

² See p. 94 of this volume.

³ See p. 92 of this volume.

⁴ See p. 110 of this volume.

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

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

Article III

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

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including Central Bank of the Philippines.

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 or fees 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, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes or fees 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. Prior to January 5, 1976, the Guarantor shall either extend the corporate life of National Power Corporation for a period extending beyond the final maturity of the Loan or make arrangements satisfactory to the Bank for transfer of the operations and activities of National Power Corporation in the electric power field to, and the assumption of the obligations of National Power Corporation under the Loan Agreement by, an entity satisfactory to the Bank.

Section 3.07. The Guarantor covenants that it will not take or permit any of its political subdivisions or any of its agencies or any agency of any political subdivision to take any action which would prevent or interfere with the performance by the Borrower of any of the covenants, agreements and obligations of the Borrower in the Loan Agreement contained, and will take or cause to be taken all reasonable action which shall be necessary in order to enable the Borrower to perform such covenants, agreements and obligations.

Article IV

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

Article V

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

For the Guarantor :

Central Bank of the Philippines
Manila
Philippines

Alternative address for cablegrams and radiograms :

Philcenbank
Manila, Philippines

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

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

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

Republic of the Philippines :

By M. CUADERNO
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

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

[Not published herein. See United Nations, Treaty Series, Vol., 260 p. 376.]

LETTER, DATED 21 NOVEMBER 1957, FROM THE REPUBLIC
OF THE PHILIPPINES TO THE INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

CENTRAL BANK OF THE PHILIPPINES

MANILA

Office of the Governor

Washington, D. C., November 21, 1957

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

Gentlemen :

In connection with the proposed loan (Binga Project) to the National Power Corporation, to be guaranteed by the Republic of the Philippines, I am pleased to advise you on behalf of my Government as follows :

1. Referring to Section 3.06 of the proposed Guarantee Agreement,¹ my Government will use its best efforts to secure the passage of legislation in the 1958 session of the Philippine Congress which would authorize an extension of the corporate life of the National Power Corporation to a date beyond the final maturity of the proposed loan.

2. Referring to Section 5.08 of the Loan Agreement,² it is the wish of my Government that the fertilizer plant on Mindanao now owned and operated by the National Power Corporation should be transferred to private ownership as soon as may be practicable. In the meantime, my Government will sponsor legislation similar to that which was introduced in the 1956 session of the Philippine Congress to provide for the transfer of the ownership of the fertilizer plant to another government agency. My Government will use its best efforts to secure passage of such legislation during the 1958 session of Congress and will recommend to Congress that this legislation contain provision to ensure that the calculation of the assets and liabilities attributable to the fertilizer plant will be done on a basis that is fair to the National Power Corporation and that the assets and liabilities so calculated, including any losses incurred in the operation of the fertilizer

¹ See p. 84 of this volume.

² See p. 94 of this volume.

plant from January 1, 1958, will be transferred to the new owner of the fertilizer plant. The National Power Corporation is making arrangements to segregate at once the accounts and operations of the fertilizer plant from its other operations and my Government supports the proposal that the National Power Corporation should, to the extent that the cash requirements of the fertilizer plant cannot be met from its revenues, meet such requirements from borrowings and should endeavor to secure such borrowings on terms whereby they will be repayable only from the assets or earnings of the fertilizer plant and will not be a charge against the assets or earnings of the National Power Corporation other than those attributable to the fertilizer plant. Such borrowings will of course be counted amongst the liabilities to be transferred to any new owner. My Government also agrees with the proposal of the National Power Corporation that the Corporation will in all relevant accounts charge the fertilizer operation for the consumption of power at rates which would be appropriate if the Corporation were selling power to a separate enterprise of this kind in accordance with sound commercial principles.

Very truly yours,

Republic of the Philippines :
By M. CUADERNO, Sr.
Governor
Central Bank of the Philippines

LOAN AGREEMENT (*BINGA PROJECT*)

AGREEMENT, dated November 22, 1957, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and NATIONAL POWER CORPORATION (hereinafter called the Borrower).

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,¹ subject, however, to the modifications thereof set forth in Schedule 3² 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.

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-one million dollars (\$21,000,000).

¹ See p. 92 of this volume.

² See p. 110 of this volume.

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 Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

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

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

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

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2² to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

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

¹ See p. 108 of this volume.

² See p. 110 of this volume.

Article IV

BONDS

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

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

Article V

PARTICULAR COVENANTS

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

(b) To assist it in the carrying out of the Project, the Borrower shall employ suitably qualified and competent engineering consultants satisfactory to the Bank.

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

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

Section 5.02. (a) The Bank and the Borrower shall 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.

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

Section 5.03. The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt,

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

Section 5.04. The Borrower shall pay or cause to be paid all taxes or fees, 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 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, or fees upon, payments, under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

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

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

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

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

Section 5.08. The Borrower shall as soon as possible limit its operations to the electric power field. Until such time as the fertilizer plant now owned by it on Mindanao

shall have been transferred to third parties, the Borrower shall segregate the accounts and operations of the fertilizer plant from its other activities.

Section 5.09. The Borrower shall set and maintain its rates for the sale of electricity at such levels as may be necessary to ensure that its earnings, after provision for all operating expenses including taxes, and adequate depreciation, will represent a reasonable return on its investment which will enable it to meet an appropriate part of the cost of future expansion of its facilities.

Section 5.10. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not incur debt unless its net revenue for the fiscal year next preceding such incurrence, together with 75 % of the reasonably estimated net revenues from any projects under construction including projects to be constructed with the proceeds of the proposed new debt, would be not less than 1.4 times the maximum annual debt service requirement for any succeeding fiscal year on all debt (including the debt to be incurred). For purposes of this Section

- (a) The term "debt" shall mean all indebtedness of the Borrower including loans or credits contracted for but not yet drawn down but excluding debt attributable solely to the fertilizer plant now owned by the Borrower on Mindanao.
- (b) Debt shall be deemed to be incurred on the date on which a loan or credit shall be approved by the Board of Directors of the Borrower.
- (c) The term "net revenue" shall mean gross revenue from all sources, adjusted to take account of rates in effect at the time of the calculation even though they were not in effect during such fiscal year, less all operating and administrative expenses, including provision for income and profit taxes, if any, but before provision for depreciation and for interest and other charges on debt. In determining net revenue of the Borrower, any amounts either of revenues or expenses attributable to the fertilizer plant now owned by the Borrower on Mindanao shall be excluded.
- (d) The Term "debt service requirement" shall mean the aggregate amount of amortization (including sinking fund payments), interest and other charges on debt.
- (e) The equivalent in currency of the Guarantor of amounts of debt payable in any other currency shall be determined on the basis of the rate of exchange which on the date of the calculation is available to the Borrower for the purchase of such other currency for debt service.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue

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

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 (a) (ii) of the Loan Regulations :

- (a) The Borrower shall have obtained a release satisfactory to the Bank of the lien of any mortgage outstanding against any of its properties.
- (b) The Borrower shall have taken action necessary to segregate the accounts and operations of the fertilizer plant owned by it on Mindanao from its other activities.

Section 7.02. The following are specified as additional matters, within the meaning of Section 9.02 (e) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

- (a) That any releases obtained pursuant to the requirements of Section 7.01 of this Agreement are valid and effective in accordance with their terms.
- (b) That all necessary governmental validations, consents and approvals to authorize execution of the Loan Agreement on behalf of the Borrower and to authorize construction and operation of the Project have been given or obtained.

Section 7.03. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be July 31, 1960.

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

For the Borrower :

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

Alternative address for cablegrams and radiograms :

Napocor
Manila, Philippines

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

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 Eugene R. BLACK
President

National Power Corporation :

By F. M. ZABLAN
Authorized Representative

SCHEDULE I

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
June 1, 1960	—	December 1, 1971	\$452,000
December 1, 1960	\$236,000	June 1, 1972	465,000
June 1, 1961	243,000	December 1, 1972	479,000
December 1, 1961	250,000	June 1, 1973	494,000
June 1, 1962	258,000	December 1, 1973	509,000
December 1, 1962	265,000	June 1, 1974	524,000
June 1, 1963	273,000	December 1, 1974	540,000
December 1, 1963	282,000	June 1, 1975	556,000
June 1, 1964	290,000	December 1, 1975	572,000
December 1, 1964	299,000	June 1, 1976	590,000
June 1, 1965	308,000	December 1, 1976	607,000
December 1, 1965	317,000	June 1, 1977	625,000
June 1, 1966	326,000	December 1, 1977	644,000
December 1, 1966	336,000	June 1, 1978	664,000
June 1, 1967	346,000	December 1, 1978	683,000
December 1, 1967	357,000	June 1, 1979	704,000
June 1, 1968	368,000	December 1, 1979	725,000
December 1, 1968	378,000	June 1, 1980	747,000
June 1, 1969	390,000	December 1, 1980	769,000
December 1, 1969	401,000	June 1, 1981	792,000
June 1, 1970	414,000	December 1, 1981	816,000
December 1, 1970	426,000	June 1, 1982	841,000
June 1, 1971	439,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), 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 3 years before maturity	1/2 of 1 %
More than 3 years but not more than 6 years before maturity	1 %
More than 6 years but not more than 11 years before maturity	2 %
More than 11 years but not more than 16 years before maturity	3 %
More than 16 years but not more than 21 years before maturity	4 %
More than 21 years but not more than 23 years before maturity	5 %
More than 23 years before maturity	- 6 %

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project is the second stage of power development in the Agno River Hydro Development Scheme in Mountain Province Luzon. It will include :

(a) A hydroelectric power station to be constructed at Binga on the Agno River about 11 ½ miles downstream from the first station, which has already been constructed at Ambuklao. The new station will have a total generating capacity of approximately 100,000 kw and will include the following :

- (i) A rockfill dam, with compacted earth core, providing a reservoir with a usable storage capacity of about 48 million cubic meters with a maximum drawdown of 20 meters.
- (ii) A concrete spillway equipped with control gates and capable of passing the seasonal floodwaters.
- (iii) An underground powerhouse in which will be installed four vertical 25,000 kw generators driven by Francis turbines.
- (iv) Pressure tunnel, surge chambers, penstocks, valves and tail tunnel.
- (v) All necessary ancillary and control equipment.

(b) A 230 kv transmission line from Binga to Balintawak near Manila and 230 kv transforming and switching stations at Binga and Magalang.

(c) The construction of 69 kv and lower voltage transmission networks to make supplies of electricity available from Ambuklao and Magalang to provincial towns and mines. It is expected that by the end of 1961 the total provincial demand connected to the Borrower's system on Luzon will be about 30,000 kw.

It is expected that construction of the portions of the Project described in (a) and (b) above will be completed by July 1960.

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 June 15, 1956, shall be deemed to be modified as follows :

(a) Section 2.02 shall be deleted.

(b) Section 5.02 (f) shall read as follows :

(f) The corporate life of National Power Corporation shall have come to an end, or the Guarantor or any governmental authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Borrower or for the suspension of its operations.

(c) Paragraph (6) of Section 10.01 shall read as follows :

6. The term "Borrower" means National Power Corporation and also includes any organization, satisfactory to the Bank, which may be charged by the Guarantor, upon the dissolution of the National Power Corporation or otherwise, with the carrying out of the operations and activities of the National Power Corporation in the electric power field and of the obligations of the National Power Corporation under the Loan Agreement ; and the term "Guarantor" means Republic of the Philippines.
