

## **GUARANTEE AGREEMENT**

### **(SUBIC BAY FREEPORT PROJECT) BETWEEN REPUBLIC OF THE PHILIPPINES AND INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

LOAN NUMBER 3745 PH

Dated June 3 , 1994

AGREEMENT, dated June 3 , 1994, between REPUBLIC OF THE PHILIPPINES (the "Guarantor") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "Bank").

WHEREAS (A) : The Guarantor and the Subic Bay Metropolitan Authority (the "Borrower"), having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to the Loan Agreement, have requested the Bank to assist in the financing of the Project; and

WHEREAS (B) : By the Loan Agreement of even date herewith between the Bank and the Borrower, the Bank has agreed to extend to the Borrower a loan in various currencies equivalent to forty million dollars (\$40,000,000), 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 and to undertake such other obligations, all as provided in this Agreement; and

WHEREAS (C) : 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 and to undertake such other obligations.

NOW THEREFORE the parties hereto hereby agree as follows:

#### **ARTICLE I GENERAL CONDITIONS; DEFINITIONS**

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth below (the "General Conditions") constitute an integral part of this Agreement:

- (a) The last sentence of Section 3.02 is deleted.
- (b) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (1) and a new sub-paragraph (k) is added to read;

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to and Section 1.02 of the Loan