

**LOAN AGREEMENT FOR POWER PLANT BARGE PROJECT II
BETWEEN THE OVERSEAS ECONOMIC COOPERATION FUND,
JAPAN AND THE GOVERNMENT OF THE REPUBLIC OF THE
PHILIPPINES**

Table of Contents

Article I Loan

1. Amount and Purpose of Loan
2. Use of Proceeds of Loan

Article II Repayment and Interest

1. Repayment of Principal
2. Interest and Method of Payment thereof

Article III Particular Covenants

1. General Terms and Conditions
2. Procurement Procedure
3. Disbursement Procedure
4. Administration of Loan
5. Notices and Requests

Schedule 1 Description of Project

Schedule 2. Allocation of Proceeds of Loan

Schedule 3. Amortization Schedule

Schedule 4. General Terms and Conditions

Schedule 5. Procurement Procedure

Schedule 6. Commitment Procedure (I)

Loan Agreement No. PH-P65, dated September 9, 1983, between THE OVERSEAS ECONOMIC COOPERATION FUND and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES

Taking into consideration the contents of the Exchange of Notes between the Government of Japan and the Government of the Republic of the Philippines dated July 18, 1983, concerning Japanese financial assistance to be extended to the Republic of the Philippines,

THE OVERSEAS ECONOMIC COOPERATION FUND (hereinafter referred to as "the Fund") and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES (hereinafter

referred to as "the Borrower") herewith conclude the following Loan Agreement (hereinafter referred to as "the Loan Agreement", which includes all agreements supplemental hereto).

ARTICLE I LOAN

1. Amount and Purpose of Loan

The Fund agrees to lend the Borrower an amount not exceeding NINE BILLION SIX HUNDRED MILLION Japanese Yen (¥9,600,000,000.) as principal for the implementation of Power Plant Barge Project II described in Schedule 1 attached hereto (hereinafter referred to as "the Project") on the terms and conditions set forth in the Loan Agreement and in accordance with the relevant laws and regulations of Japan (hereinafter referred to as "the Loan"), provided, however, that when the cumulative total of disbursements under the Loan Agreement reaches the said limit, the Fund shall make no further disbursement.

2. Use of Proceeds of Loan

(1) The Borrower shall cause the proceeds of the Loan to be used for the purchase of Japanese goods and services necessary for the implementation of the Project from Japanese suppliers and contractors (hereinafter collectively referred to as "the Suppliers") in accordance with the allocation described in Schedule 2 attached hereto.

(2) The final disbursement under the Loan Agreement shall be made not later than September 9, 1988 and no further disbursement shall be made by the Fund thereafter, unless otherwise agreed upon between the Fund and the Borrower.

ARTICLE II REPAYMENT AND INTEREST

1. Repayment of Principal

The Borrower shall repay the principal of the Loan to the Fund in accordance with the Amortization Schedule set forth in Schedule 3 attached hereto.

2. Interest and Method of Payment thereof

(1) The Borrower shall pay interest to the Fund semi-annually at the rate of four percent (4%) per annum on the principal disbursed and outstanding.

(2) The Borrower shall pay to the Fund on September 20 of each year the interest that has accrued up to September 19 from March 20 of that year and on March 20 of each year the interest that has accrued up to March 19 of that year from September 20 of the preceding year, provided that, prior to the date of the final disbursement of the proceeds of the Loan, the Borrower shall pay to the Fund on October 20 of each year the interest that has accrued up to September 19 from March 20 of that year, and on April 20 of each year the interest that has accrued up to March 19 of that year from September 20 of the preceding year.

ARTICLE III PARTICULAR COVENANTS

1. General Terms and Conditions

Other terms and conditions generally applicable to the Loan Agreement shall be set forth in General Terms and Conditions attached hereto as Schedule 4 with the following supplemental stipulation (hereinafter referred to as "the General Terms and Conditions"):

Article VI of the General Terms and Conditions shall be disregarded, and, consequently, all references to "the Guarantee" or "the Guarantor", wherever mentioned in the General Terms and Conditions, shall be likewise disregarded.

2. Procurement Procedure

The guidelines for procurement mentioned in Section 3.01. of the General Terms and Conditions shall be as stipulated in Procurement Procedure attached hereto as Schedule 5.

3. Disbursement Procedure

The disbursement procedure mentioned in Section 4.01. of the General Terms and Conditions shall be made in accordance with Commitment Procedure (I) attached hereto as Schedule 6.

4. Administration of Loan

(1) The Borrower shall authorize National Power Corporation (hereinafter referred to as "the Executing Agency") to implement the Project.

(2) Should the funds available from the proceeds of the Loan be insufficient for the implementation of the Project, the Borrower shall make arrangements promptly to provide such funds as shall be needed.

(3) The Borrower shall furnish the Fund with progress reports for the Project semi-annually in January and July of each year until the Project is completed.

(4) Promptly but in any event not later than six (6) months after completion of the Project, the Borrower shall furnish the Fund with a project completion report in such form and in such detail as the Fund may reasonably request.

(5) The Borrower may, out of the proceeds of the Loan, make a loan to the Executing Agency (hereinafter referred to as "the Sub-loan") for the implementation of the Project. The terms and conditions of the Sub-loan shall be no less favorable than those of the Loan Agreement.

5. Notices and Requests

The following addresses are specified for the purpose of Section 8.03 of the General Terms and Conditions:

For the Fund

Postal address:

THE OVERSEAS ECONOMIC COOPERATION FUND
Takebashi Godo Building, 4-1, Ohtemachi 1-chome