

CONFORMED COPY

LOAN NUMBER 3523 PH

(Telephone System Expansion Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

DEVELOPMENT BANK OF THE PHILIPPINES

Dated April 23, 1993

LOAN NUMBER 3523 PH

LOAN AGREEMENT

AGREEMENT, dated April 23, 1993, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "Bank") and DEVELOPMENT BANK OF THE PHILIPPINES (the "Borrower").

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

WHEREAS: (B) By an agreement (the "Guarantee Agreement") of even date herewith between the Guarantor and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Loan, and to undertake such other obligations as set forth in the Guarantee Agreement;

WHEREAS: (C) The Project will be carried out by the Philippine Long Distance Telephone Company ("PLDT", as defined in Section 1.02 (d) of this Agreement), with the Borrower's assistance and, as part of such assistance, the Borrower will make available to PLDT the proceeds of the Loan through a syndicate of banks ("Syndicate Banks", as defined in Section 1.02 (i) of this Agreement), as provided in this Agreement; and

WHEREAS: (D) The Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and

conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Bank and PLDT.

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 (l) 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 Guarantee Agreement have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "Charter" means the charter of the Borrower (a company formed and existing under the laws of the Guarantor) dated December 3, 1986, as amended to the date of this Agreement;

(b) "Financing Agreements" mean, collectively, the Participation Loan and Agency Agreement (as such term is defined in Section 1.02 (h) of this Agreement) and the Syndicate Loan Agreement (as such term is defined in Section 1.02 (j) of this Agreement) referred to in Section 3.01 (b) of this Agreement;

(c) "Participating Banks" mean the banks defined as such in the Participation Loan and Agency Agreement (as such term is defined in Section 1.02 (h) of this Agreement);

(d) "PLDT" means the Philippine Long Distance Telephone Company, a company formed and existing under the laws of the Guarantor, or any successor or successors thereto;

(e) "Project Agreement" means the agreement between the Bank and PLDT of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(f) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(g) "Statement of Policy" means the policy statement specifying the Borrower's objectives, general operational principles, investment policies, financial prudence limits, financial policy and capital structure, and the statement of lending and investment policy approved by the Directors of the Borrower and the Guarantor;

(h) "Participation Loan and Agency Agreement" means the agreement entered or to be entered into between the Borrower and the Participating Banks pursuant to Section 3.01 (b) (i) of this Agreement, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Participation Loan and Agency Agreement;

(i) "Syndicate Banks" means the banks participating in the

Syndicate as defined in the Participation Loan and Agency Agreement;
and

(j) "Syndicate Loan Agreement" means the agreement entered or to be entered into between the Borrower, acting for itself and on behalf of the Participating Banks, and PLDT pursuant to Section 3.01 (b) (ii) of this Agreement, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Syndicate Loan Agreement.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, various currencies that shall have an aggregate value equivalent to the amount of one hundred thirty-four million dollars (\$134,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1998, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to one-half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings for such Semester.

(c) For purposes of this Section:

- (i) "Interest Period" means the six-month period commencing on each date specified in Section 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.
- (iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under the Loan Agreement, shall cause PLDT to perform in accordance with the provisions of the Project Agreement all the obligations of PLDT therein set forth, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall make the proceeds of the Loan available to PLDT under financing agreements in the form of: (i) a participation loan and agency agreement entered or to be entered into between the Borrower and the Participating Banks; and (ii) a syndicate loan agreement entered or to be entered into between the Borrower, acting for itself and on behalf of the Participating Banks, and PLDT, both under terms and conditions acceptable to the Bank, including the principal terms and conditions specified in Schedule 5 to this Agreement.

(c) The Borrower shall exercise its rights under the Financing Agreements in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Financing Agreements or any provision thereof.

(d) In consideration of the Guarantor's entering into the Guarantee Agreement with the Bank, the Borrower shall pay to the Guarantor the fees specified in Section 2.03 (a) of the Guarantee Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods and services required for the Project, and to be financed out of the proceeds of the Loan, shall be governed by the provisions of the Schedule to the Project Agreement.

Section 3.03. The Bank and the Borrower hereby agree that the

obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement shall be carried out by PLDT pursuant to Section 2.03 of the Project Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain separate records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) The Borrower shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) and those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year: (A) certified copies of the financial statements and those for the Special Account for such year as so audited; and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records, accounts and financial statements as well as the audit thereof as the Bank shall from time to time reasonably request.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) PLDT shall have failed to perform any of its obligations under the Project Agreement.

(b) The parties to the Financing Agreements shall have failed to perform any of their respective obligations under the Financing Agreements.

(c) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that PLDT will be able to perform its obligations under the Project Agreement.

(d) A governing regulation or any provisions thereof shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of PLDT to perform any of its obligations under the Project Agreement.

(e) The Guarantor or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of PLDT, or for the suspension of its operations.

(f) PLDT shall have been unable to pay its debts as they mature, or any action or proceeding shall have been taken whereby any of its properties shall or may be distributed among its

creditors.

(g) The Charter or the Statement of Policy shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or the financial condition of the Borrower, or its ability to perform any of its obligations under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) The event specified in paragraphs (a) and (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower; and

(b) The events specified in paragraphs (d), (e), (f) and (g) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that:

(a) The MOU (as such term is defined in Section 1.02 (b) of the Guarantee Agreement) has been executed on behalf of the Guarantor and the Borrower and has entered into effect;

(b) The Participation Loan and Agency Agreement has been executed on behalf of the Borrower and the Participating Banks and has entered into effect; and

(c) The Syndicate Loan Agreement has been executed on behalf of the Syndicate Banks and PLDT and has entered into effect.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) That the Project Agreement has been duly authorized or ratified by PLDT, and is legally binding upon PLDT in accordance with its terms;

(b) That the MOU (as such term is defined in Section 1.02 (b) of the Guarantee Agreement) has been duly authorized or ratified by the Guarantor and the Borrower, and is legally binding upon the Guarantor and the Borrower in accordance with its terms;

(c) That the Participation Loan and Agency Agreement has been duly authorized or ratified by the Borrower and the Participating Banks, and is legally binding upon the Borrower and the Participating Banks in accordance with its terms; and

(d) That the Syndicate Loan Agreement has been duly authorized or ratified by the Borrower, for and on behalf of itself and the Participating Banks, and PLDT, and is legally binding upon the Syndicate Banks and PLDT in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Chairman of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Bank:

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

Cable address:

Telex:

INTBAFRAD	440098 (TRT)
Washington, D.C.	248423 (RCA)
	64145 (WUI) or
	82987 (FTCC)

For the Borrower:

Development Bank of the Philippines
Makati, Metro-Manila
Philippines

Cable address:

Telex:

PHILDEBANK	22197
Manila	

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names 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 /s/ Gautam S. Kaji

Regional Vice President
East Asia and Pacific

DEVELOPMENT BANK OF THE PHILIPPINES

By /s/ Roberto F. de Ocampo

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Amount of the

Category	Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Telecommunication, power and training equipment	117,000,000	100% of foreign expenditures, 100% of local expenditures (ex-factory) and 85% of other local expenditures
(2) Consultants' services	2,000,000	100%
(3) Unallocated	15,000,000	
TOTAL	134,000,000 =====	

2. For the purposes of this Schedule:

(a) The term "foreign expenditures" means expenditures in the currency of any country other than that of the Guarantor, or for goods or services supplied from the territory of any country other than that of the Guarantor; and

(b) The term "local expenditures" means expenditures in the currency of the Guarantor, or for goods or services supplied from the territory of the Guarantor.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (a) improve the technical and commercial operations of PLDT; and (b) expand telecommunication services throughout the Guarantor's territory.

The Project consists of the following parts, subject to such modifications thereof as the Borrower, PLDT, and the Bank may agree upon from time to time to achieve such objectives:

Part A:

Expansion and rehabilitation of PLDT's network to provide: (1) new and improved services, inter alia, in high priority industrial estate and provincial areas as specified by the Guarantor; (2) public calling offices in provincial areas; (3) extension of PLDT's toll network to inter-connect isolated exchanges; and (4) special circuits in the Metro-Manila area and provincial cities to be used as leased lines.

Part B:

Provision of a transmission maintenance system and training equipment to improve the performance of PLDT's operations, maintenance and training.

Part C:

Provision of technical assistance for management of PLDT's investment projects.

* * *

The Project is expected to be completed by June 30, 1998.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in dollars)*
April 15, 1998	2,470,000
October 15, 1998	2,565,000
April 15, 1999	2,660,000
October 15, 1999	2,765,000
April 15, 2000	2,870,000
October 15, 2000	2,975,000
April 15, 2001	3,090,000
October 15, 2001	3,205,000
April 15, 2002	3,330,000
October 15, 2002	3,455,000
April 15, 2003	3,585,000
October 15, 2003	3,725,000
April 15, 2004	3,865,000
October 15, 2004	4,010,000
April 15, 2005	4,165,000
October 15, 2005	4,320,000
April 15, 2006	4,485,000
October 15, 2006	4,655,000
April 15, 2007	4,835,000
October 15, 2007	5,015,000
April 15, 2008	5,210,000
October 15, 2008	5,405,000
April 15, 2009	5,610,000
October 15, 2009	5,825,000
April 15, 2010	6,045,000
October 15, 2010	6,275,000
April 15, 2011	6,515,000
October 15, 2011	6,760,000
April 15, 2012	7,020,000
October 15, 2012	7,290,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than eleven years before maturity	0.55

More than eleven years but not more than sixteen years before maturity	0.80
More than sixteen years but not more than eighteen years before maturity	0.90
More than eighteen years before maturity	1.00

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) The term "Eligible Categories" means Categories (1) and (2) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) The term "Eligible Expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project, and to be financed out of the proceeds of the Loan allocated from time to time to the Eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) The term "Authorized Allocation" means an amount equivalent to three million dollars (\$3,000,000) to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for Eligible Expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made out of the Special Account for Eligible Expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account under the respective Eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) If, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) Once the total unwithdrawn amount of the Loan allocated to the Eligible Categories, less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the Eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for Eligible Expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 5

Principal Terms and Conditions of the Financing Agreements

1. Participation Loan and Agency Agreement

(a) The Borrower shall make available to the Participating Banks a participation term loan facility (the "PTLF") in an amount equal to ninety-nine million dollars (\$99,000,000), or such other amount as may be agreed with the Bank, to be allocated among the Participating Banks in a manner acceptable to the Bank.

- (b) The Participating Banks shall repay the withdrawn amounts of the PTLF over a period of ten (10) years, including four (4) years of grace.
- (c) The Participating Banks shall pay interest at the rate equal to two and one-quarter percent (2-1/4%) per annum above the Bank's rate specified in Section 2.05 of this Agreement on the amounts of the PTLF withdrawn from time to time. The interest rate payable by the Participating Banks shall include the fees referred to in sub-paragraph 1 (f) below.
- (d) The Participating Banks shall pay a commitment charge on the unwithdrawn amount of the PTLF at the rate specified in Section 2.04 of this Agreement.
- (e) The Participating Banks shall bear the foreign exchange risk between the dollar and the currency of the Guarantor.
- (f) The Participating Banks shall, under the Participation Loan and Agency Agreement: (1) reimburse the guarantee fee and cross-currency risk fee, each at the rate equal to one percent (1%) per annum, paid by the Borrower to the Guarantor under the Guarantee Agreement; and (2) also pay to the Borrower an agency fee, at the rate equal to one-quarter of one percent (1/4 of 1 %) per annum.
- (g) The Borrower and the Participating Banks, shall for the purpose of onlending the proceeds of the Loan to PLDT, form a syndicate. The Participating Banks shall appoint the Borrower as their agent and syndicate manager, and authorize and empower the Borrower as such to enter into and execute the Syndicate Loan Agreement with PLDT.

2. Syndicate Loan Agreement

- (a) The Syndicate Banks shall make available to PLDT a syndicate term loan facility (the "STLF") in an amount equal to one hundred thirty-four million dollars (\$134,000,000).
- (b) PLDT shall repay the withdrawn amounts of the STLF as follows:
 - (i) The Borrower's portion, to the Borrower over a period of twelve (12) years, including four (4) years of grace.
 - (ii) The Participating Banks' portion, to each of the Participating Banks over a period of ten (10) years, including four (4) years of grace.
- (c) PLDT shall pay interest at the rate equal to three and one-quarter percent (3-1/4%) above the Bank's rate specified in this Agreement on the amounts of the STLF withdrawn and outstanding from time to time.
- (d) PLDT shall pay a commitment charge on the unwithdrawn amounts of the STLF at the rate specified in this Agreement.
- (e) PLDT shall bear the foreign exchange risk between the dollar and the currency of the Guarantor.
- (f) PLDT shall reimburse the agency fee paid to the Borrower by the Participating Banks.

