

**LOAN AGREEMENT DATED NOVEMBER 30, 1989 BETWEEN THE
REPUBLIC OF THE PHILIPPINES AND THE EXPORT-IMPORT
BANK OF JAPAN**

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LOAN AGREEMENT

LOAN AGREEMENT dated the 30th day of November, 1989 BETWEEN

The Republic of the Philippines (hereinafter referred to as the "Borrower"),

AND

The Export-Import Bank of Japan (hereinafter referred to as the "EXIMBANK").

WITNESSETH

WHEREAS:

(A) The International Monetary Fund (hereinafter referred to as the "IMF") has received a letter of intent dated March 20, 1989 (with, an

attached Technical Memorandum of Understanding) from the Republic of the Philippines (hereinafter referred to as the "Borrower") describing the economic policies of the Borrower for the period 1989-92 and the performance criteria which shall be achieved by the Borrower (hereinafter called the "Program"), and requesting use of the IMF general resources equivalent to SDR 6 60.6 million under an extended arrangement from the IMF.

(B) The IMF has approved the use of the IMF resources equivalent to SDR 660.6 million over the next three years under an extended arrangement on May 23, 1989 (hereinafter referred to, as the same may be amended from time to time, as the - "IMF Arrangement").

(C) The Borrower has requested an EXIMBAHK un-tied loan facility in Yen equivalent to three hundred million United States Dollars (US\$3 00,000,000.-) to assist in the financing for the general imports in the form of a parallel lending with the IMF Arrangement.

(D) The EXIMBAHK has accordingly agreed to make available a loan facility as a parallel lending with the IMF Arrangement to the Borrower on the terms and conditions hereinafter set forth.

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

(1) In this Agreement and in the Recitals and Annexes hereto, the following expressions shall, unless the context otherwise requires, have the following meanings:

"Agent":

The Bank of Tokyo, Ltd.;

"Borrower's Country":

the Republic of the Philippines;

"Business Day":

a day, other than a Saturday, Sunday or holiday, on which banks and other financial institutions are open for foreign exchange business in Tokyo;

"Disbursement":

each disbursement of the Facility made in accordance with Article III, or, as the context may require, the principal amount of such disbursement from time to time outstanding;

"Disbursement Period":

the period commencing on the date hereof and expiring on the earliest of (aa) June 30, 1992, (bb) the date on which the Facility is fully disbursed hereunder, and (cc) the date on

which the Facility is cancelled pursuant to the terms hereof, or such other date as the parties may agree;

"Eligible Items":

goods and services imported during the period covered by the - Program and to be financed out of the proceeds of the Loan; provided that the following items shall be excluded from the definition of Eligible Items:

Group Sub-group Description of Items

112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semi-precious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof, fuel elements (cartridges), non- irradiated for nuclear reactors
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)

Gold, non-monetary (excluding gold ores and concentrates)

(b) goods or services supplied from the territory of the Borrower;

(c) goods and services for which payments have been made prior to May 23, 1989;

(d) goods supplied under a contract which any national or international financing institution or agency shall have financed or agreed to finance; and

(e) goods intended for a military or paramilitary purpose or for luxury consumption;

"Encumbrance":

any mortgage, pledge, lien, charge, privilege, priority, encumbrance or other security interest of any kind or nature whatsoever and howsoever arising;

"Event of Default":

any of the events specified in Article IX

EXIMBANK Guidelines":

Guidelines for Procurement under Untied Loans by The Export-Import Bank of Japan, dated March, 1988, as the same may be replaced, amended or supplemented from time to time;

"External Indebtedness";

any obligation for the payment of borrowed money or similar extension of credit (including under any guarantee) which is (i) expressed or payable in a currency other than the lawful currency of the Borrower's Country and (ii) owed to a Person other than a Person that is organized under the laws' of or is a citizen of the Borrower's Country;

"Facility":

the loan facility described in Section (1) of Article II;

"Final Disbursement Date":

the last day of the Disbursement Period;

"Governmental Agency":

any governmental organization or corporation or any other juridical entity of which the Borrower holds equal to or more than fifty per cent (50%) of the capital;

"IMF"

the International Monetary Fund;

"IMF Arrangement":

the extended arrangement approved by the IMF for the Central Bank of the Borrower for a period of three (3) years from May 23, 1989 for a total amount equivalent to SDR 660.6 million;

"Indebtedness":

with respect to any Person, the following (whether outstanding on the date of this Agreement or at any time thereafter without duplication): (a) all indebtedness of such Person for borrowed money; (b) all indebtedness for the deferred purchase price of goods or services; (c) all reimbursement obligations of such Person under or in respect of letters of credit or banker's acceptances; (d) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (e) all obligations of such Person under finance leases; (f) all indebtedness of others secured by an Encumbrance on any asset of such Person, whether or not such indebtedness is assumed by such Person; and (g) all direct or indirect guarantees, endorsements in the nature of the guarantee, avals and similar obligations of such Person in respect of, and all obligations (contingent or otherwise) of such Person to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of any other Person specified in any of the preceding clauses;

"Interest Payment Date":