

DLF Loan No. 163

L O A N A G R E E M E N T

(Vietnam: Saigon Electric Power Project)

BETWEEN THE

NATIONAL OFFICE FOR REEQUIPMENT OF INSTALLATIONS FOR
PRODUCTION AND DISTRIBUTION OF ELECTRIC POWER, THE

GOVERNMENT OF VIETNAM

AND THE

DEVELOPMENT LOAN FUND

Date: January 6, 1961

TABLE OF CONTENTS

<u>Section Number</u>	<u>Title</u>	<u>Page</u>
ARTICLE I	The Loan; The Project; Use of Loan	
SECTION 1.01.	The Loan	2
SECTION 1.02.	The Project	2
SECTION 1.03.	Use of Loan; Eligible Items	2
ARTICLE II	Terms of Repayment; Interest	3
SECTION 2.01.	Payment Obligations	3
SECTION 2.02.	Currency of Repayment	4
SECTION 2.03.	Amount of Currency of Repayment .	4
SECTION 2.04.	Rate of Exchange	5
SECTION 2.05.	Reference Date	6
SECTION 2.06.	Interest	7
SECTION 2.07.	Amortization	7
SECTION 2.08.	Prepayment	8
ARTICLE III	Promissory Notes	
SECTION 3.01.	Issuance of Notes	10
SECTION 3.02.	Terms of Notes	10
SECTION 3.03.	Form of Notes	10
SECTION 3.04.	DLF Guaranty of Notes	11
SECTION 3.05.	Rights of Holders of Notes	11
SECTION 3.06.	Payments on Notes	11
SECTION 3.07.	Negotiability of Notes	12
SECTION 3.08.	Duties of Borrower with Respect to Notes	12
SECTION 3.09.	Exchange of Notes	12
SECTION 3.10.	Replacement of Notes	13
SECTION 3.11.	Transfers of Notes	13
ARTICLE IV	Conditions Precedent	
SECTION 4.01.	Conditions Precedent to Initial Financing	14
SECTION 4.02.	Additional Conditions Precedent to Financing Other Than Engineering Services	16
SECTION 4.03.	Terminal Date for Fulfillment of Conditions Precedent	16
ARTICLE V	Letters of Commitment and Disbursement	
SECTION 5.01.	Requests for Letters of Commitment .	17
SECTION 5.02.	Issuance of Letters of Commitment ..	17

TABLE OF CONTENTS (continued)

<u>Section Number</u>	<u>Title</u>	<u>Page</u>
SECTION 5.03.	Notice of Issuance of Letters of Commitment	17
SECTION 5.04.	Documentation	18
SECTION 5.05.	Other Forms of Disbursement.	18
SECTION 5.06.	Terminal Date for Requests Letter of Commitment	18
SECTION 5.07.	Terminal Date for Requests for Dis- bursement.	18
ARTICLE VI	Covenants Concerning Procurement	
SECTION 6.01.	Eligibility Date.	19
SECTION 6.02.	Reasonable Price	19
SECTION 6.03.	Solicitation of Suppliers.	19
SECTION 6.04.	Small Business Notification.	19
SECTION 6.05.	Source of Procurement.	20
SECTION 6.06.	Shipping	20
SECTION 6.07.	Marine Insurance	21
ARTICLE VII	Additional Covenants and Warranties	
SECTION 7.01.	Execution, Completion and Operation of Project	22
SECTION 7.02.	Source of Other Equipment, Materials and Services Utilized on Project	23
SECTION 7.03.	Utilization of Equipment, Materials and Services	23
SECTION 7.04.	Information and Marking.	23
SECTION 7.05.	Maintenance of Books and Records; Inspections; Reports	24
SECTION 7.06.	Notice of Adverse Developments	25
SECTION 7.07.	Commissions, Fees and Other Payments	25

TABLE OF CONTENTS (continued)

<u>Section Number</u>	<u>Title</u>	<u>Page</u>
ARTICLE VIII	Guaranty	
SECTION 8.01.	Guaranty of Obligations to Borrower. . .	27
SECTION 8.02.	Guaranty on Notes	27
SECTION 8.03.	Further Duties of Guarantor.	27
SECTION 8.04.	Taxation on Loan Agreement, Notes and Payments Thereunder	28
SECTION 8.05.	Use of Currency of Repayment.	28
ARTICLE IX	Remedies of the DLF	
SECTION 9.01.	Events of Default; Termination of Letters of Commitment and Other Disbursements.	31
SECTION 9.02.	Acceleration of Loan	32
SECTION 9.03.	Waivers of Default	33
SECTION 9.04.	Refunds.	33
ARTICLE X	Miscellaneous	
SECTION 10.01.	Effective Date of Loan Agreement . . .	34
SECTION 10.02.	Use of Representatives	34
SECTION 10.03	Successors to Rights of DLF.	35
SECTION 10.04	"Disbursements"	35
SECTION 10.05	"Sections"; "Articles"	35
SECTION 10.06	Applicable Law	35
SECTION 10.07	Notice.	35
SCHEDULE 1	Amortization Schedule	
SCHEDULE II	Promissory Note	
SCHEDULE III	Guaranty	

LOAN AGREEMENT

AGREEMENT, dated the 6th day of January 1961, between the NATIONAL OFFICE FOR REEQUIPMENT OF INSTALLATION FOR PRODUCTION AND DISTRIBUTION OF ELECTRIC POWER (hereinafter called the "Borrower"), an agency of the Government of Vietnam, the GOVERNMENT OF VIETNAM (hereinafter called the "guarantor") and the DEVELOPMENT LOAN FUND (hereinafter called the "DLF"), an agency of the Government of the United States of America.

WITNESSETH:

WHEREAS the Borrower has undertaken a project for the construction of a 33,000 KW thermal power plant and related facilities to serve the Saigon-Cholon area of Vietnam; and

WHEREAS the Borrower has made application for a loan from the DLF to be used to assist in financing this project; and

WHEREAS the Guarantor is prepared to guarantee unconditionally and as primary obligor payment of all obligations of the Borrower incurred pursuant to such loan and to give certain other assurances relating thereto; and

WHEREAS the establishment of such a loan will assist, on the basis of self-help and mutual cooperation, the development of the economic resources and productive capabilities of Vietnam;

NOW, THEREFORE, the Borrower, the Guarantor, and the DLF hereby agree as follows:

ARTICLE I

The Loan; The Project; Use of Loan

SECTION 1.01. The Loan. The DLF agrees to lend to the Borrower, through disbursements by the DLF in accordance with this Loan Agreement, on the terms and conditions in this Loan Agreement, an amount not to exceed Twelve Million Seven Hundred Thousand United States dollars (\$12,700,000) for the project described in Section 1.02. The amount so disbursed shall hereinafter be called the "Loan".

SECTION 1.02. The Project. This loan is made to assist the Borrower in carrying out a project (hereinafter called the "Project") for the construction, installation and initial operation of a 33,000 KW thermal power plant and related transmission and distribution facilities, including the necessary engineering, training and management services, to provide electric power in the Saigon-Cholon area.

SECTION 1.03. Use of Loan; Eligible Items. The Loan shall be utilized, in accordance with the terms of this Loan Agreement, exclusively to finance the reasonable foreign exchange costs to the Borrower of equipment, materials and services required for the Project and/or contracts to carry out the Project (hereinafter collectively called "Eligible Items") approved in writing by the DLF or by the consulting engineer for the Project, as the DLF may specify.

ARTICLE II

Terms of Repayment; Interest

SECTION 2.01. Payment Obligations. The Borrower agrees to repay the Loan, and to pay interest on the Loan, in accordance with the terms of this Loan Agreement and the promissory note or notes (hereinafter called "Note" or "Notes") issued and outstanding pursuant to Article III. All payments required of the Borrower under this Loan Agreement, except for payments pursuant to Sections 3.04 and 9.04, with respect to portions of the Loan against which Notes have been issued in accordance with Article III, shall be made to the holder or holders of such Note or Notes, and shall be applied first to the payment of accrued interest on the Notes and then to the repayment of principal of the Notes due and payable. All other payments, including payments pursuant to Section 3.04 and 9.04, shall be made to the DLF and shall be applied first to the payment of accrued interest and then to the repayment of principal due unless the Section governing such payment provides otherwise. The person or entity entitled to payment as specified in this Section shall hereinafter be called the "Payee".

SECTION 2.02. Currency of Repayment. All obligations of the Borrower to make payments under this Loan Agreement and the Notes shall be computed and stated in United States dollars, and, except for dollar prepayments under Section 2.08 and dollar payments required under Sections 4.03, 9.02 and 9.04, shall be discharged by the payment of such coin or currency as at the time of payment is legal tender in Vietnam for payment of public and private debts (hereinafter called "Currency of Repayment").

SECTION 2.03. Amount of Currency of Repayment. (a) The amount of Currency of Repayment equivalent to the United States dollar amount of the obligation for which payment is due shall be computed on the basis of the rate of exchange prescribed in Section 2.04 existing on the "Reference Date", as defined in Section 2.05, applicable to such payment; provided, that in any case where payment is made after the due date for that payment, the Payee may require that it be computed on the basis of the prescribed rate of exchange existing on the date of payment.

(b) In the event that there is no prescribed rate of exchange on the due date for a payment or during the preceding thirty (30) days, the amount of Currency of Repayment equivalent to the United States dollar amount of the obligation for which payment is due shall be computed and paid on the basis of the prescribed rate of exchange existing on the date, nearest preceding

the due date for the payment, on which such a rate can be ascertained. Within sixty (60) days after the first date after such due date on which a prescribed rate of exchange can be ascertained, the Borrower shall, upon the request of the Payee, make prompt payment to the Payee of the amount of Currency of Repayment required to make the total payment of Currency of Repayment equivalent in value to the United States dollar amount of the obligation against which the payment was made, computed on the basis of the prescribed rate of exchange existing on the first date following such due date on which such a rate can be ascertained.

SECTION 2.04. Rate of Exchange. For purposes of the payments required by this Article, the prescribed rate of exchange between Currency of Repayment and United States dollars on any particular date shall be the effective rate of exchange at which United States dollars are sold or offered for sale on that date in exchange for Currency of Repayment to residents of Vietnam, exclusive of Government entities, for effecting: (1) the payment of interest and repayment of principal on loans; (2) the transfer of dividends and other forms of earnings on capital investments in Vietnam; and (3) the transfer of investment capital; provided, that there is only one such rate in Vietnam for such transactions.

If there is no such single rate of exchange applicable to all of the three categories of transactions referred to in the preceding sentence, the applicable rate of exchange on any particular date shall be the highest (i.e., the largest number of units of Currency of Repayment per United States dollar) effective rate of exchange at which United States dollars are sold or offered for sale on that date to residents of Vietnam exclusive of government entities, in exchange for Currency of Repayment to effect transactions within any of the three categories referred to in the preceding sentence.

SECTION 2.05. Reference Date. With respect to any payment required of the Borrower under this Loan Agreement and the Notes, the Payee may at any time give notice to the Borrower of the United States dollar amount of the obligation for which payment is due, and may designate in such notice a date, in no event to be more than thirty (30) days prior to the date payment is due, which shall be ~~termed~~ the Reference Date. If no date is thus designated prior to the date on which such payment is due, the Reference Date shall be deemed to be the date on which the payment is due.

SECTION 2.06. Interest. Interest shall accrue, from the dates of the respective disbursements under this Loan Agreement, at the rate of three and one-half percent (3 1/2 %) per annum, computed on the basis of a 365-day year. Interest shall be payable semi-annually on all outstanding balances until the Loan is repaid, the first interest payment to be due and payable on a date no later than six (6) months after the first disbursement to be specified by the DLF.

SECTION 2.07. Amortization. The Loan shall be repayable in semi-annual installments in accordance with the amortization schedule set forth in Schedule 1 attached to this Loan Agreement, the first such installment to be repayable six (6) months after the first interest payment is due. If at any time it is determined that the full amount authorized to be loaned will not be drawn, or if, upon final disbursement by the DLF under this Loan Agreement, the aggregate amount of disbursements by the DLF does not equal the amount authorized to be loaned, the amount authorized to be loaned shall be reduced and, at the discretion of DLF, the amortization schedule may be revised by reducing installments not then due so that those installments shall be in such amounts as shall provide for approximately equal aggregate amounts of principal and interest; provided, however, that there shall be no reduction of installments then due or against which repayment has been made or Notes have been issued by the Borrower and negotiated by the DLF.

SECTION 2.08. Prepayment. (a) With respect to any part of the Loan for which Notes have not been issued and negotiated, the Borrower shall have the right to prepay in Currency of Repayment or in United States dollars, without penalty, on the due dates of instalments of principal, all or any part of the principal of such part of the Loan by payment of the principal amount so prepaid with interest thereon to the date prepayment is made; provided, that the Borrower may not make prepayments in Currency of Repayment (i) prior to the first installment due date following final disbursement of the Loan, or (ii) when there is no rate of exchange as prescribed by Section 2.04 on the due date prepayment is made, or (iii) except as the DLF may otherwise agree in writing, after the occurrence of any of the Events of Default referred to in Section 9.01. Any prepayment shall be credited to the remaining instalments of principal in the inverse order of their maturity, and the United States dollar value of prepayments in Currency of Repayment shall be determined on the basis of the prescribed rate of exchange existing on the Reference Date applicable to the installment due date on which the prepayment is made.

(b) If the prescribed rate of exchange existing on the date one year after the date a prepayment in Currency of Repayment was made would provide a greater number of units of such currency per United States dollar than the rate of exchange at which the credit for the prepayment was computed, the DLF shall adjust such credit on the basis of such later rate of exchange.

ARTICLE III

Promissory Notes

SECTION 3.01. Issuance of Notes. If and as the DLF shall from time to time request, the Borrower shall, as soon as practicable and within such period, not less than thirty (30) days after the date of any request therefor, as the DLF shall specify in such request, execute and deliver to or on the order of the DLF Notes in the aggregate principal amount specified in such request, not exceeding, however, the aggregate amount of the Loan which shall be outstanding at the time of such request and for which Notes shall not theretofore have been so delivered or requested.

SECTION 3.02. Terms of Notes. The Notes shall bear interest at the same rate as the Loan, and shall have such maturities and be in such denominations as the DLF shall specify in such request except that the aggregate principal amount of such Notes of any maturity shall not exceed the amount of the corresponding installment of the Loan.

SECTION 3.03. Form of Notes. The Notes shall be printed, lithographed or engraved, shall be written in the English language, and shall substantially conform in text to the Serial Note Form set forth in Schedule II attached to this Loan Agreement.

SECTION 3.04. DLF Guaranty of Notes. If the DLF shall transfer, assign or sell any Note and shall extend any guaranty in connection with part or all of any payment thereunder, the Borrower shall reimburse the DLF for any amount paid by the DLF under such guaranty by reason of any failure of the Borrower to make payment in accordance with the terms of such Note and this Loan Agreement.

SECTION 3.05. Rights of Holders of Notes. No holder (other than the DLF) of any Note shall, by virtue of being the holder thereof, be entitled to exercise any rights under this Loan Agreement or be subject to any of the conditions or obligations imposed upon the DLF hereby. The provisions of this Section shall not impair or affect any rights or obligations under the terms of any Note.

SECTION 3.06. Payments on Notes. The payment of the principal of any Note shall pro tanto discharge the obligation of the Borrower to repay that part of the Loan to which the Note relates; and the payment of interest on any Note shall pro tanto discharge the obligation of the Borrower to pay interest on that part of the Loan to which the Note relates.

SECTION 3.07. Negotiability of Notes. Each Note issued pursuant to this Loan Agreement shall be freely negotiable by the holder thereof.

SECTION 3.08. Duties of Borrower with Respect to Notes. The Borrower shall promptly furnish to the DLF such information and legal opinions and take such other steps, including, but not limited to, the preparation and execution of such applications and other documents, modification of the Notes to perfect negotiability, the appointment of a trustee to protect Note holders, and the maintenance of an agency for authentication of such Notes or for making payment thereunder, as the DLF shall request in order to facilitate the public or private sale of the Notes or to list any of the Notes on any securities exchange.

SECTION 3.09. Exchange of Notes. At any time when the holder of any Note or Notes shall so request, the Borrower shall, upon surrender of such Note or Notes for such purpose, execute and deliver to the holder a new Note or Notes in exchange therefor in an aggregate principal amount equal to the unpaid principal amount of the Note or Notes surrendered, and of like tenor, bearing interest from the date to which interest has been paid on such Note or Notes, and payable to the order of such person or persons and in such other denomination or denominations as such holder may reasonably request.

SECTION 3.10. Replacement of Notes. Upon receipt of evidence satisfactory to the Borrower of the loss, theft, destruction or mutilation of any Note, and in the case of loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the Borrower, or, in the case of any such mutilation, upon surrender and cancellation of such Note, the Borrower shall execute and deliver a new Note of like tenor and unpaid principal amount in lieu of such lost, stolen, destroyed or mutilated Note.

SECTION 3.11. Transfers of Notes. The DLF shall notify the Borrower of any transfer by it of the Notes and shall record on the Notes so transferred all payments made thereon prior to such transfer.

ARTICLE IV

Conditions Precedent

SECTION 4.01. Conditions Precedent to Initial Financing.

Prior to and as conditions precedent to the issuance of the first Letter of Commitment or disbursement under this Loan Agreement, the Borrower and the Guarantor, except as the DLF may otherwise agree in writing, shall furnish to the DLF:

(a) An opinion or opinions of the Minister of Justice of Vietnam, or of other legal counsel satisfactory to the DLF, demonstrating to the satisfaction of the DLF:

- (i) That the Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and the guarantor and constitutes a valid and binding obligation of the Borrower and the guarantor in accordance with its terms;
- (ii) That the Notes, if and when executed and delivered in accordance with the Loan Agreement will constitute valid and binding obligations of the Borrower in accordance with their terms and that, except as stated in such opinion, no further signature nor formality is required for that purpose; and
- (iii) That the guaranties by the Guarantor of payment of the Notes when executed and delivered in

accordance with this Loan Agreement will constitute valid and binding obligations of the Guarantor in accordance with their terms and that, except as stated in such opinion, no further signature nor formality is required for that purpose; and

- (iv) That the individual or individuals designated pursuant to Section 4.01 (b) has or have the authority to carry out any of the acts required or permitted in accordance with Section 10.02(b);
- (b) Designation of an individual or individuals by name or title in accordance with Section 10.02(b);
- (c) A report containing the amounts and recipients of any commissions, fees or payments of any kind which have been made or agreed to be made to any person, firm or corporation (other than regular compensation to full-time officers and employees of the Borrower) as compensation for bona fide professional, technical or other comparable services in connection with preparing or presenting the application which has resulted in the making of the Loan by the DLF or in connection with any negotiations incident to obtaining the Loan;
- (d) Evidence satisfactory to the DLF that the foreign exchange and local currency required for the Project in addition to this Loan will be available as necessary;
- (e) Evidence that arrangements satisfactory to the DLF have been made for engineering services for the Project.

SECTION 4.02. Additional Conditions Precedent to Financing Other Than Engineering Services. Prior to, and as additional conditions precedent to the issuance of each Letter of Commitment or disbursement for Eligible Items other than engineering services, the Borrower, except as the DLF may otherwise agree in writing, shall furnish to the DLF:

- (a) Such additional plans and specifications for the Project, including plans for training and management services, and the schedule for execution of procurement and construction of the Project, in form satisfactory to the DLF, as the DLF may request;
- (b) Evidence that arrangements satisfactory to the DLF have been made for those construction services which in the judgment of the DLF are required at or about the time such Eligible Items are provided.

SECTION 4.03. Terminal Date for Fulfillment of Conditions Precedent. If the Borrower and the Guarantor have not completed the steps required in Section 4.01 by February 28, 1961 or such other date as shall be agreed to in writing by the DLF, the DLF may at any time thereafter at its option terminate this Loan Agreement by giving notice to the Borrower and the Guarantor. Upon the giving of such notice the Borrower shall refund in United States dollars any disbursements under this Loan Agreement, the DLF shall return to the Borrower any principal repaid on the Loan, and all other obligations of the parties hereunder, except for payment by the Borrower of interest which has accrued, shall forthwith terminate.

ARTICLE V

Letters of Commitment and Disbursement

SECTION 5.01. Requests for Letters of Commitment.

The Borrower may from time to time, in order to obtain disbursements under this Loan Agreement, request the DLF to issue Letters of Commitment to one or more banking institutions in the United States designated by the Borrower.

SECTION 5.02. Issuance of Letters of Commitment. Upon receipt of any request in accordance with Section 5.01 and upon performance by the Borrower and the Guarantor of the applicable conditions precedent to disbursement under this Loan Agreement, the DLF shall issue, in such form and under such procedures as it shall specify, a Letter of Commitment to the designated bank undertaking to make reimbursement to such bank for payments made by the bank, through letters of credit or otherwise, to the Borrower or any designee of the Borrower. Banking charges incurred in connection with Letters of Commitment shall be for the account of the Borrower.

SECTION 5.03. Notice of Issuance of Letters of Commitment.

The DLF shall promptly notify the Borrower of the issuance pursuant to this Article of any Letter of Commitment and of the terms thereof.

SECTION 5.04. Documentation. Letters of Commitment issued pursuant to this Article shall provide that payments under them by banks can only be made upon presentation to the banks of such documentation as the DLF may specify.

SECTION 5.05. Other Forms of Disbursement. Disbursements may also be made under this Loan Agreement through such other means and by such other procedures as the Borrower and the DLF may mutually agree in writing.

SECTION 5.06. Terminal Date for Requests for Letters of Commitment. Except as the DLF may otherwise agree in writing, no requests for the issuance of Letters of Commitment shall be made pursuant to this Loan Agreement after December 31, 1963.

SECTION 5.07. Terminal Date for Requests for Disbursement. Except as the DLF may otherwise agree in writing, no disbursement shall be made against documentation submitted after December 31, 1964.

ARTICLE VI

Covenants Concerning Procurement

SECTION 6.01. Eligibility Date. No costs may be financed under this Loan Agreement which arise out of orders or contracts firmly placed or entered into prior to the effective date of this Loan Agreement.

SECTION 6.02. Reasonable Price. The Borrower covenants to pay no more than reasonable prices for Eligible Items financed under this Loan Agreement, which should normally approximate the lowest competitive price for the Eligible Item procured, quality, time and cost of delivery, and other factors considered.

SECTION 6.03. Solicitation of Suppliers. Except as the DLF may otherwise agree in writing, procurement of Eligible Items, other than professional services, financed under this Loan Agreement will be based upon solicitation of a reasonable selection of suppliers.

SECTION 6.04. Small Business Notification. The Borrower shall cause to be received by the DLF, at least thirty (30) days prior to the time of ordering or contracting for any Eligible Item costing more than the equivalent of Five Thousand United States dollars (\$5,000), a description of the equipment, materials, services or contract to be financed (in the English language with specifications in terms of United States standards) and of

the manner of submitting bids therefor; provided, however, that the DLF, may upon application by the Borrower, reduce the thirty (30) day period or waive any or all requirements of this Section in its application to particular transactions where it deems such action necessary or appropriate.

SECTION 6.05. Source of Procurement. All equipment, materials and services (including transportation but excluding marine insurance) financed under this Loan Agreement or procured for the Borrower's use under contracts financed under this Loan Agreement shall have their origin in and shall be procured from the United States of America.

SECTION 6.06. Shipping. (a) No equipment or materials may be financed under this Loan Agreement or procured for the Borrower's use under contracts financed under this Loan Agreement which are shipped to the Borrower by any transportation medium owned, operated or under the control of a country (other than Vietnam) not included in Code 899 of the International Cooperation Administration Geographic Code Book as in effect at the time of shipment.

(b) The Borrower shall ensure that at least fifty percent (50%) of the gross tonnage of all equipment and materials (computed separately for dry bulk carriers, dry cargo liners and tankers) financed under this Loan Agreement or procured for the

Borrower's use under contracts financed under this Loan Agreement which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels. Determinations that United States-flag are not so available must be approved by the DLF.

SECTION 6.07. Marine Insurance. Marine insurance may be financed under this Loan Agreement, provided, that such insurance is placed at the lowest available competitive rate; provided further, however, that if in connection with the placement of marine insurance on shipments financed under United States legislation authorizing assistance to other nations, the Guarantor discriminates by statute, decree, rule or regulation against any marine insurance company authorized to do business in any State of the United States of America, marine insurance financed under this Loan Agreement shall during the continuance of such discrimination be placed in the United States with a company or companies authorized to do a marine insurance business in any State of the United States of America.

ARTICLE VII

Additional Covenants and Warranties

SECTION 7.01. Execution, Completion and Operation of

Project. (a) The Borrower shall cause the Project to be carried out and completed with due diligence and efficiency, in conformity with sound technical and engineering practices. Further, the Borrower shall cause the Project to be carried out in conformity with any contracts, procurement arrangements, construction arrangements, construction schedules, plans for training and management services or plans and specifications approved by the DLF or the consulting engineer for the Project as the DLF may specify and the Borrower shall obtain DLF concurrence prior to any material modification or cancellation of such contracts, procurement arrangements, construction arrangements, construction schedules, plans for training and management services or plans and specifications.

(b) The Borrower and the Guarantor agree to complete the Project and to provide any additional resources which may be required.

(c) The Borrower shall cause all equipment and machinery financed under this Loan Agreement or procured for the Borrower's use under contracts financed under this Loan Agreement to be adequately maintained and repaired, in accordance with sound engineering practices, as necessary or appropriate. The Borrower shall at all times cause the plant and related facilities to be operated in accordance with sound business practices.

SECTION 7.02. Source of Other Equipment, Materials and Services Utilized on Project. The Borrower covenants that all other equipment, materials and services utilized for the Project shall have their origin in and be procured in Vietnam or from sources included in Code 899 of the International Cooperation Administration Geographic Code Book as in effect at the time such equipment, materials or services are firmly ordered or otherwise contracted for.

SECTION 7.03. Utilization of Equipment, Materials and Services. The Borrower shall cause all equipment, materials and services financed under this Loan Agreement or procured for the Borrower's use under contracts financed under this Loan Agreement to be used exclusively for the Project described in Section 1.02; provided, that in the case of any equipment or materials which are not fully expended through their use for such Project, the foregoing provision shall apply until the completion of the Project or until such time as such equipment or materials can no longer be usefully employed for such Project; and provided further, that no such equipment or materials shall be exported from Vietnam without prior approval of the DLF.

SECTION 7.04. Information and Marking. The Borrower shall make appropriate arrangements to assure compliance with such instructions as may be furnished by the DLF with respect to public information concerning the Loan, signs at the Project site

and marking of equipment and materials financed under the Loan or procured for the Borrower's use under contracts financed under the Loan or any combination of the foregoing measures.

SECTION 7.05. Maintenance of Books and Records;

Inspections; Reports. (a) The Borrower shall maintain or cause to be maintained books and records adequate to identify the Eligible Items financed under this Loan Agreement; to disclose the costs and use in the Project of equipment, materials and services financed under this Loan Agreement or procured for the Borrower's use under contracts financed under this Loan Agreement; to show the nature and extent of the solicitation of prospective suppliers and the basis for the award of the contracts or orders involved; and to indicate the progress of the Project. Such books and records shall be maintained for such period as the DLF may require and shall be regularly audited in a manner and by auditors satisfactory to the DLF. The DLF shall have the right at all reasonable times to examine such books and records and all other documents, correspondence, memoranda and other records relating to this Loan and the Project.

(b) The Borrower and the Guarantor shall enable the DLF to inspect the utilization of all equipment, materials and services financed under this Loan Agreement or procured for the Borrower's use under contracts financed under this Loan Agreement. The Borrower and the Guarantor shall cooperate with, and give

reasonable assistance to, the DLF to enable such examination, observation and review to be accomplished fully and expeditiously and shall afford, or arrange to have afforded, all reasonable opportunity for authorized representatives of the DLF to visit any part of the territory of Vietnam for purposes related to the Loan.

(c) The Borrower and the Guarantor shall promptly furnish to the DLF such financial and other reports and information relating to the Project and the Loan as the DLF may reasonably request.

SECTION 7.06. Notice of Adverse Developments. The Borrower and the Guarantor shall promptly inform the DLF of any conditions which interfere with, or threaten to interfere with, the servicing of the Loan or Notes or the carrying out of the Project.

SECTION 7.07. Commissions, Fees and Other Payments. (a) The Borrower covenants that it will promptly report to the DLF any commissions, fees or payments of any kind in addition to those reported pursuant to Section 4.01(c) which are made or agreed to be made to any person, firm or corporation (other than regular compensation to full-time officers and employees of the Borrower) as compensation for bona fide professional, technical or other comparable services in connection with preparing or presenting the application which has resulted in the making of the Loan by the DLF or in connection with negotiations incident to obtaining the Loan.

In the event that the DLF shall determine any commission, fee or payment reported under this Section or under Section 4.01(c) to be unreasonable, the Borrower hereby agrees to effect an adjustment thereof satisfactory to the DLF and to inform the recipient of any such commission, fee or payment of this condition.

(b) The Borrower warrants that no commissions, fees or payments of any kind, other than the commissions, fees or payments reported to the DLF pursuant to Sections 4.01(c) and 7.09(a), have been or will be made to any person, firm or corporation (other than regular compensation to full-time officers and employees of the Borrower) in connection with preparing or presenting the application which has resulted in the making of the Loan by the DLF or in connection with any negotiations incident to obtaining the Loan.

ARTICLE VIII

Guaranty

SECTION 8.01. Guaranty of Obligations of Borrower. Without limitation or restriction upon any of the other covenants on its part contained in this Loan Agreement, the Guarantor hereby absolutely and unconditionally, jointly and severally as primary obligor with the Borrower, undertakes to make, in accordance with the terms of this Loan Agreement and the Notes, the due and punctual payment of the principal of and the interest on the Loan and the Notes issued and outstanding pursuant to Article III, or any other payment required under the Loan Agreement or the Notes.

SECTION 8.02. Guaranty on Notes. With respect to any Notes issued by the Borrower pursuant to Section 3.01 or in exchange for or replacement of Notes so issued, the Guarantor hereby agrees to endorse thereon its unconditional guaranty of payment in the form and text specified in Schedule III attached to this Loan Agreement.

SECTION 8.03. Further Duties of Guarantor. The Guarantor shall cooperate fully with the DLF to assure that the purposes of this Loan Agreement will be accomplished. To that end, the Guarantor shall furnish such information and take such steps related to making the guaranty of the Notes operative as the DLF shall reasonably request.

SECTION 8.04. Taxation on Loan Agreement, Notes and Payments

Thereunder. The Guarantor agrees that this Loan Agreement and the Notes shall be free from, and the principal of and interest on the Loan and the Notes shall be paid without deduction for and free from, any taxation, including fees and impositions, imposed under the laws of Vietnam.

SECTION 8.05. Use of Currency of Repayment. (a) The Guarantor agrees that any Currency of Repayment paid to the DLF under this Loan Agreement or the Notes may be used by the DLF or by any agency of the Government of the United States for any expenditures of or payments by the DLF or any agency of the Government of the United States, including any expenditures of or payments by the DLF for purposes of loans or other transactions authorized by the legislation governing the DLF in effect at the time of use of the Currency; provided however, the use of such Currency of Repayment by the DLF or any agency of the Government of the United States to finance the purchase of goods and services for export from Vietnam or its territories, or the sale of such Currency of Repayment for other currencies to entities other than the Government of the United States will be undertaken only upon agreement in advance by the Guarantor; provided further, that the Guarantor in considering proposals for such uses will give particular attention to proposals by the DLF to use such Currency of Repayment to finance exports of goods or services from Vietnam or its territories for use in connection with projects financed by the DLF

in third countries. The DLF agrees that it will take into account the economic position of Vietnam in any contemplated use of the Currency of Repayment received by the DLF under this Loan Agreement or the Notes;

(b) When the DLF determines that there has been a substantial improvement in the economic and financial position of Vietnam and in the long-run economic and financial prospects of Vietnam which permit an expanded use by the DLF of Currency of Repayment, such determination being based on the existence of one or more of the following:

- (i) significant improvement in the internal economic and financial situation of Vietnam.
- (ii) favorable trends in the balance of payments and foreign exchange holdings of Vietnam.
- (iii) ability of Vietnam to make future payments on DLF loans in currencies other than the Currency of Repayment without interfering with the service of debts owing to any United States Government agency, private lenders, or any international organization of which the United States is a member;

the Guarantor affirms that it will undertake to negotiate at the request of the DLF a further agreement to provide for the transfer into other currencies including United States dollars, or for the use to finance exports of goods or services from Vietnam or its territories

in connection with projects financed by the DLF in third countries, of any Currency of Repayment received subsequent to the aforesaid DLF determination under this Loan Agreement or the Notes;

(c) The Guarantor and the DLF, recognizing the desirability of maximizing the effective use of Currency of Repayment held by the DLF as a result of payments of interest and repayments of principal on other loans made in Vietnam either before or after the signing of this Loan Agreement, agree to consult from time to time at the request of one or the other on such holdings and their use, including the transfer of such holdings into other currencies including United States dollars on a mutually agreeable basis.

ARTICLE IX

Remedies of the DLF

SECTION 9.01. Events of Default; Termination of Letters of Commitment and Other Disbursements. The occurrence of any of the following events shall be deemed to be an Event of Default, entitling the DLF, at its option, to (i) decline to issue further Letters of Commitment, (ii) suspend or cancel outstanding Letters of Commitment to the extent that they have not been utilized through the issuance of irrevocable letters of credit and through bank payments made other than under irrevocable letters of credit, giving notice to the Borrower promptly thereafter, and (iii) decline to make disbursements other than under Letters of Commitment:

- (a) Failure to make full payment of any installment of principal or payment of interest when due, or of any other payment required under this Loan Agreement or the Notes; provided, that the DLF may, on the basis of any such default, exercise any of its options under this Section only while such default continues;
- (b) A breach on the part of the Borrower or the Guarantor in the performance of any other covenant or agreement under this Loan Agreement;
- (c) A default shall have occurred under any other agreement between the Borrower or the Guarantor and the DLF;

- (d) Determination that any representation or warranty made by or on behalf of the Borrower in obtaining the Loan or pursuant to this Loan Agreement is incorrect in a material respect;
- (e) An extraordinary situation which the DLF determines makes it improbable that the Borrower or the Guarantor will be able to perform its obligations under this Loan Agreement or that the Loan will fulfill the purposes of the legislation governing the DLF.

SECTION 9.02. Acceleration of Loan. Upon the occurrence of any of the Events of Default referred to in subsections (a), (b), (c), and (d) of Section 9.01, and in accordance with the terms of such subsections, the DLF, at its option, may declare all or any part of the unpaid principal of the Loan and the Notes to be due and payable immediately, specifying which installments are included, and may declare that such principal and installments declared to be due and payable shall be payable in United States dollars, and upon any such declaration such principal and installments and all interest accrued thereon shall become so due and payable immediately; provided, however, that the DLF shall not exercise its option under this Section unless the default is not cured within sixty (60) days after the DLF gives notice of its intention to exercise its option under this Section.

SECTION 9.03. Waivers of Default. No delay in exercising or omission to exercise, any right, power, or remedy accruing to the DLF under this Loan Agreement or the Notes arising as a result of the occurrence of any of the events specified in Section 9.01 hereof shall be construed as an acquiescence by the DLF in such event or as a waiver by the DLF of its rights, powers, or remedies arising as a result of the occurrence of that event or of any other such event.

SECTION 9.04. Refunds. If the DLF determines that any disbursement made by it under this Loan Agreement is not supported by the documentation submitted by the Borrower in accordance with this Loan Agreement or is not made or used in accordance with the terms of this Loan Agreement, or is in violation of the legislation governing the DLF, the Borrower shall pay to the DLF, within thirty (30) days after receipt of request, an amount in United States dollars not to exceed the amount of such disbursement; provided, that such request by the DLF shall be made not later than five (5) years after the date on which the disbursement was made. The DLF shall reduce the Loan by the amount of any such payment upon its receipt by the DLF, and the DLF shall cause the obligation of the Borrower to make payments under the Notes to be reduced accordingly.

ARTICLE X

Miscellaneous

SECTION 10.01. Effective Date of Loan Agreement. This Loan Agreement shall enter into effect as of the day and year first above written.

SECTION 10.02. Use of Representatives. (a) All actions to be performed under the Loan Agreement by the Borrower or the Guarantor or the DLF may be performed by their respective duly authorized representatives.

(b) The Borrower shall designate an individual or individuals by name or title and grant to him or them authority to designate the representatives of the Borrower in its dealings with the DLF in accordance with the above subsection. Such representatives shall be given authority to request Letters of Commitment or other disbursements under this Loan Agreement and to execute any and all documents called for under this Loan Agreement on behalf of the Borrower, excluding the Notes. Until receipt by the DLF of written notice of revocation of any designation made pursuant to this Section, the DLF may accept the signature of such representatives on any instrument as conclusive evidence that any action effected by such instrument is authorized by the Borrower.

SECTION 10.03. Successors to Rights of DLF. If, by operation of any law of the United States or by virtue of assignment, any corporate or other agency of the Government of the United States succeeds to the rights and obligations of the DLF under this Loan Agreement and the Notes, such agency shall be deemed to be the DLF for purposes of this Loan Agreement, the Notes and use of Currency of Repayment.

SECTION 10.04. "Disbursements". As used in this Loan Agreement, the term "disbursements" shall mean any payments by the DLF whether made directly to the Borrower or its designee or made to a banking institution pursuant to a Letter of Commitment issued under this Loan Agreement.

SECTION 10.05. "Sections"; "Articles". All references in this Loan Agreement to "Sections" or "Articles" shall be deemed to refer to Sections and Articles of this Loan Agreement, unless specific provision is made to the contrary.

SECTION 10.06. Applicable Law. This Loan Agreement and each of the Notes shall be deemed to be a contract made under the laws of the District of Columbia, United States of America, and shall be governed by and construed in accordance with the laws of the District of Columbia, United States of America.

SECTION 10.07. Notice. Any notice, request or communication given, made or sent by the Borrower or the Guarantor or the DLF pursuant to this Loan Agreement or the Notes shall be in writing and

shall be deemed to have been duly given, made or sent to the party to which it is addressed when it shall be delivered by hand or by mail, telegram, cable or radiogram to such other party at the following addresses:

To the Borrower:

Mail Address:

National Office for Reequipment of Installations
for Production and Distribution of Electric Power
94 Marechal-De-Lattre De-Tassigny
Saigon, Vietnam

Cable Address:

ONDEE
Saigon

To the Guarantor:

Mail Address:

Minister of Finance
Government of Vietnam
Saigon, Vietnam

To the DLF:

Mail Address:

Development Loan Fund
Washington 25, D. C.
United States of America

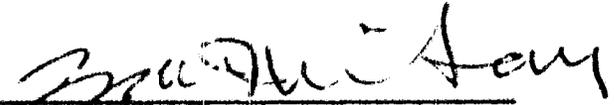
Cable Address:

DEVLOAN
Washington, D. C.

Other addresses may be substituted for the above upon the giving of notice and acknowledgement of such substitution.

IN WITNESS WHEREOF the Borrower, the Guarantor, and the DLF, each acting through its respective duly authorized representative, have caused this Loan Agreement to be signed in their respective names and delivered as of the day and year first above written.

NATIONAL OFFICE FOR REEQUIPMENT OF
INSTALLATIONS FOR PRODUCTION AND
DISTRIBUTION OF ELECTRIC POWER

BY: 
Authorized Representative

GOVERNMENT OF VIETNAM

BY: 
Ambassador

DEVELOPMENT LOAN FUND

BY: 
Acting Managing Director

SCHEDULE 1

Amortization Schedule

<u>Semi-annual Installment Number</u>	<u>Payment of Principal</u>
1	\$ 50,000.00
2	50,000.00
3	50,000.00
4	50,000.00
5	50,000.00
6	271,081.69
7	275,825.62
8	280,652.57
9	285,563.99
10	290,561.36
11	295,646.18
12	300,819.99
13	306,084.34
14	311,440.82
15	316,891.03
16	322,436.62
17	328,079.26
18	333,820.65
19	339,662.51
20	345,606.61
21	351,654.72
22	357,808.68
23	364,070.33
24	370,441.56
25	376,924.29
26	383,520.46
27	390,232.07
28	397,061.13
29	404,009.70
30	411,079.87
31	418,273.77
32	425,593.56
33	433,041.45
34	440,619.67
35	448,330.52
36	456,176.30
37	464,159.39
38	472,282.18
39	<u>480,547.11</u>
Total	\$ 12,700,000.00

SCHEDULE II

(Promissory Notes Should Be on a Single Sheet of Paper)

PROMISSORY NOTE

(Series Note Form)

Washington, D. C.
19

FOR VALUE RECEIVED, [Borrower, (hereinafter called the "Obligor")] hereby promises to pay to or order, on the day of _____, 19____, at the office of [to be designated by the DLF], a principal sum in Currency of Repayment, as hereinafter defined, equivalent to (\$ _____), and to pay interest in Currency of Repayment from the date hereof at the rate of _____ percent (_____ %) per annum, computed on the basis of a 365-day year, on the _____ day of _____ and the _____ day of _____ of each year, on the principal amount of this Promissory Note (hereinafter called "Note"). The first payment of interest on this Note shall be due on _____

This note is one of a series of _____ (_____) promissory notes known as "Promissory Notes, Series _____" (hereinafter called "Series _____ Notes") issued by the Obligor in accordance with a Loan Agreement dated _____ between the Obligor [name of any other parties to Loan Agreement], and the DEVELOPMENT LOAN FUND (hereinafter called the "Loan Agreement"). No reference herein to the Loan Agreement shall confer upon the holder hereof any rights thereunder or impair the obligation of the Obligor, which is absolute and unconditional, to pay the principal of and interest on this Note at the times and place and in the amounts and in the currency herein prescribed.

Obligations of the Obligor under this Note shall be discharged by the payment to the holder hereof of such coin or currency as at the time of payment is legal tender in [Country of Borrower] for payment of public and private debts (herein called "Currency of Repayment"). The amount of Currency of Repayment equivalent to the United States dollar

II-2

amount of the obligation of the Obligor for which payment is due shall be computed on the basis of the rate of exchange prescribed herein existing on the "Reference Date", as defined herein, applicable to such payment; provided that in any case where payment is made after the due date for that payment, the holder may require that it be computed on the basis of the prescribed rate of exchange existing on the date of payment.

In the event that there is no prescribed rate of exchange on the due date for a payment or during the preceding thirty (30) days, the amount of Currency of Repayment equivalent to the United States dollar amount of the obligation for which payment is due shall be computed and paid on the basis of the prescribed rate of exchange existing on the date, nearest preceding the due date for the payment, on which such a rate can be ascertained. Within sixty (60) days after the first date after such due date on which the prescribed rate of exchange can be ascertained, the Borrower shall, upon the request of the holder of this Note, make prompt payment to such holder of the amount of Currency of Repayment required to make the total payment of Currency of Repayment equivalent in value to the United States dollar amount of the obligation against which the payment was made, computed on the basis of the prescribed rate of exchange existing on the first date following the due date on which such a rate can be ascertained.

For all purposes of this Note, the applicable rate of exchange between Currency of Repayment and United States dollars on any particular date shall be the effective rate of exchange at which United States dollars are sold or offered for sale on that date in exchange for Currency of Repayment to residents of [Country of Borrower], exclusive of government entities, for effecting: (1) the payment of interest and repayment of principal on loans; (2) the transfer of dividends and other forms of earnings on capital investments in [Country of Borrower]; and (3) the transfer of investment capital; provided, that there is only one such rate in [Country of Borrower] for such transactions. If there is no such single rate of exchange applicable to all of the three categories of transactions referred to in the preceding sentence, the applicable rate of exchange on any particular date shall be the highest (i.e., the largest number of units of Currency of Repayment per United States dollar) effective rate of exchange at which United States dollars are sold or offered for sale on that date to residents of [Country of Borrower], exclusive of government entities, in exchange for Currency of Repayment to effect transactions within any of the three categories referred to in the preceding sentence.

II-3

The holder of this Note may at any time give notice to the Borrower of the United States dollar amount of the obligation for which payment is due, and may designate in such notice a date, in no event to be more than thirty (30) days prior to the date payment is due, which shall be termed the "Reference Date". If no date is thus designated by the holder prior to the date on which such payment is due, the Reference Date shall be deemed to be the date on which the payment is due.

At any time when the holder of this Note shall so request, the Obligor shall, upon surrender of this Note, with or without other Notes of the Obligor containing this privilege of exchange, execute and deliver to the holder a new Note or Notes in exchange therefor in an aggregate principal amount equal to the unpaid principal amount of the Note or Notes surrendered, and of like tenor, bearing interest from the date to which interest has been paid on such Note or Notes, and payable to the order of such person or persons and in such other denomination or denominations as such holder may request.

Upon receipt of evidence satisfactory to the Obligor of the loss, theft, destruction or mutilation of this Note, and, in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Obligor, and upon surrender and cancellation of the Note if mutilated, the Obligor shall make and deliver to the holder, in substitution, a new Note, of like tenor and unpaid principal amount.

Upon the default in the payment of any interest due on this Note or upon the default in the payment when due of any interest on or principal of any other Series Notes, the holder hereof may declare the principal of this Note to be due and payable immediately, and upon such declaration such principal and all unpaid interest accrued thereon shall be due and payable immediately. In addition, under the Loan Agreement, the DEVELOPMENT LOAN FUND at its option, upon the occurrence of certain events, may declare the unpaid principal of this Note or any other Notes issued under the Loan Agreement and then outstanding (if not already due) to be due and payable immediately, and may further declare all or any part of such unpaid principal declared to be due and payable immediately and any other amount of principal which is due and payable under this Note or any other Note issued under the Loan Agreement and then outstanding to be payable in United States dollars; and upon any such declaration such principal and all unpaid interest accrued thereon shall be due and payable immediately in accordance with such declaration.

II-4

Notice to the Obligor under this Note shall be deemed duly given when delivered by hand or by mail, telegram, cable or radiogram to [Name] at [Address].

The principal of and interest on this Note shall be paid without deduction for and free from any taxation, including fees and impositions now or at any time hereafter imposed under the laws of [Country of Borrower] or laws in effect in its territory.

No delay in exercising, or omission to exercise, any right, power or remedy of the holder hereof with respect to this Note or any other promissory note issued under the Loan Agreement, where such right, power or remedy arises as a result of a default of the Obligor in the prompt and full payment of interest on or repayment of principal of this Note, shall be construed as a waiver by the holder of its rights, powers or remedies arising as a result of that default, while it shall continue, or any other such default.

[Borrower]

By: _____
Title

SCHEDULE 3

Guaranty

FOR VALUE RECEIVED, the GOVERNMENT OF VIETNAM, as primary obligor jointly and severally with the Borrower, hereby absolutely and unconditionally agrees to make payment in full of interest and repayment in full of principal at the times and places when the same interest and principal shall become due, whether by acceleration or otherwise, in accordance with the terms of the within Note, free from taxes and impositions, prior notice to, presentment, demand upon, protest or notice of dishonor, or action against the Obligor on said Note or the GOVERNMENT OF VIETNAM being hereby waived, and the GOVERNMENT OF VIETNAM expressly agrees to remain bound under this Guaranty notwithstanding any extension of time for performance, the granting of any other indulgence, or any other modification of any obligation of the Obligor and notwithstanding any acceptance, alteration or release of any security whether provided by the Obligor or on the Obligor's behalf.

GOVERNMENT OF VIETNAM

By:

/Title/