
LOAN NUMBER 3339-INO
LOAN NUMBER 8297-INO-AIF

GUARANTEE AGREEMENT

(Electricity Grid Strengthening Sumatra Program – Results Based Lending)

(
between

REPUBLIC OF INDONESIA

and

(
ASIAN DEVELOPMENT BANK

DATED December 4, 2015

INO 49080

GUARANTEE AGREEMENT

GUARANTEE AGREEMENT dated December 4, 2015 between
REPUBLIC OF INDONESIA ("Guarantor") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a Loan Agreement of even date herewith between ADB and PT PERUSAHAAN LISTRIK NEGARA (PERSERO) ("Borrower"), ADB has agreed to make to the Borrower from ADB's ordinary capital resources a loan of five hundred seventy-five million Dollars (\$575,000,000) (A-Loan) on the terms and conditions set forth in the A-Loan Agreement and a loan to be funded by ADB entirely from a participation in the loan by ASEAN Infrastructure Fund Limited ("B-Loan") in the amount of twenty-five million Dollars (\$25,000,000) on the terms and conditions set forth in the B-Loan Agreement (collectively the "Loan Agreements"), but only on condition that the Guarantor agrees to guarantee the obligations of the Borrower in respect of such loans as set forth herein; and

(B) the Guarantor, in consideration of ADB's entering into the Loan Agreements with the Borrower, has agreed to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 ("Loan Regulations") and the General Conditions Applicable to Loans made by ADB Funded Through Participations of ASEAN Infrastructure Fund Limited, dated 13 September 2013 ("General Conditions"), are hereby made applicable to this Guarantee Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Guarantee Agreement, the several terms defined in the Loan Agreements and in the Loan Regulations and the General Conditions shall have the respective meanings set forth therein unless the context otherwise requires.

ARTICLE II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loans, the premium, if any, on the prepayment of the Loans all as set forth in the Loan Agreements.

Section 2.02. (a) The Guarantor shall from time to time take such action as may be necessary or appropriate on its part to ensure prompt performance by the Borrower of its obligations under the Loan Agreements.

(b) The Guarantor shall perform the obligations set forth in Schedule 4 to the A-Loan Agreement only insofar as they are applicable to the Guarantor.

Section 2.03. (a) It is the mutual intention of the Guarantor and ADB that no other external debt shall have any priority over the Loans by way of a lien on the assets of the Guarantor. To that end, the Guarantor undertakes (i) that, except as ADB may otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest and other charges on, the Loans; and (ii) that the Guarantor, in creating or permitting the creation of any such lien, will make express provision to that effect.

(b) The provisions of subsection (a) hereinabove shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) The term "assets of the Guarantor" as used in subsection (a) hereinabove includes assets of any administrative subdivision or any agency of the Guarantor and assets of any agency of any such administrative subdivision.

ARTICLE III

Section 3.01. The Minister of Finance of the Guarantor is designated as representative of the Guarantor (a) for the purposes of Section 12.02 of the Loan Regulations and Section 11.02 of the General Conditions; and (b) in accordance with the Presidential Regulation No. 82/2015, dated 15 July 2015 as may be amended from time to time and the Minister of Finance Regulation No. 189/PMK.08/2015, dated 6 October 2015, as may be amended from time to time.

Section 3.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations and Section 11.01 of the General Conditions:

For the Guarantor

Ministry of Finance
Directorate General of Budget Financing and Risk Management
Frans Seda Building 2nd Floor
Jalan dr. Wahidin Raya No. 1

For Correspondence

Directorate of State Financial Risk Management
Facsimile Number:

(62-21) 344-7386.

For Payments of Claims

Directorate of Evaluation
Accounting and Settlements
Facsimile Number:

(62-21) 3843712.

For ADB

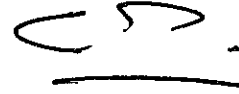
Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2336.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

REPUBLIC OF INDONESIA



By _____
ROBERT PAKPAHAN
Authorized Representative

ASIAN DEVELOPMENT BANK



By _____
STEVEN TABOR
Country Director
Indonesia Resident Mission