

CONCESSION AGREEMENT

for the construction, installation, financing, management, improvement, expansion,
operation, maintenance, rehabilitation, repair and refurbishment of
the nationwide transmission and Sub-transmission
systems in the Republic of the Philippines

among

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION

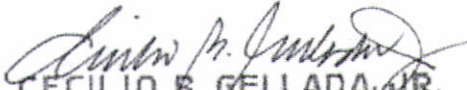
NATIONAL TRANSMISSION CORPORATION

and

NATIONAL GRID CORPORATION OF THE PHILIPPINES

February 2008

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CECILIO B. GELLADA, JR.
CORPORATE LEGAL COUNSEL

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Copy for the National Transmission Corporation
PSALM-TR04-2010-002

SCHEDULES TO THE CONCESSION AGREEMENT

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THIS CONCESSION AGREEMENT (as amended from time to time, this "Agreement") is dated as of the 28th day of February, 2008

BETWEEN

1. **POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION**, a government owned and controlled corporation existing under and by virtue of Republic Act No. 9136, with its principal office at 7th Floor, Bankmer Building, Ayala Avenue, Makati City, Philippines ("**PSALM**");
2. **NATIONAL TRANSMISSION CORPORATION**, a government owned and controlled corporation duly created by Republic Act No. 9136, with its principal office at Power Center, Quezon Avenue corner BIR Road, Diliman, Quezon City, Philippines ("**TRANSCO**"); and
3. **NATIONAL GRID CORPORATION OF THE PHILIPPINES**, a corporation duly organized and existing under the laws of the Republic of the Philippines, with its principal office at Suite 3304 West Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines ("**NGCP**" or the "**Concessionaire**"),

collectively referred to as the "**Parties**" and each individually referred to as a "**Party**"

WHEREAS,

- A. by virtue of Section 21 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (the "**EPIRA**"), and its Implementing Rules and Regulations (the "**IRRs**"), PSALM has selected the consortium of **MONTE ORO GRID RESOURCES CORPORATION**, **CALACA HIGH POWER CORPORATION** and **STATE GRID CORPORATION OF CHINA** (collectively, the "**Investors**"), through open competitive bidding, for the award of a concession to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair and refurbish the Transmission Assets, and
- B. the Investors have established the Concessionaire in accordance with the Direct Agreement dated 12 December 2007 and 17 January 2008 between PSALM and the Investors.

NOW, THEREFORE, in consideration of the foregoing recitals and the respective covenants and agreements contained herein, the Parties set forth the terms and conditions of the concession:

1. DEFINITIONS AND INTERPRETATION

1.01 Definitions. Unless the context otherwise requires, capitalized terms and expressions used herein shall have the meanings set forth in Schedule 1 (*Definitions and Interpretation*).

Concession Agreement
with National Grid Corporation of the Philippines
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PSALM POWER SECTOR
ASSETS & LIABILITIES
MANAGEMENT CORPORATION
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