Dear Sirs and Mesdames:

In connection with the Project Agreement of this date between the International Bank for Reconstruction and Development (the Bank) and PT Perusahaan Listrik Negara (Persero) (the Project Implementing Entity), the Project Implementing Entity hereby undertakes and warrants to the Bank that:

1. The financial statements dated December 31, 2012, copies of which have been furnished to the Bank, correctly set forth the financial and operating condition of the Project Implementing Entity as of that date, and since that date there have been no material adverse changes in the financial and operating condition of the Project Implementing Entity.

2. The Project Implementing Entity is not engaged in litigation as plaintiff or defendant, the outcome of which might materially and adversely affect its financial condition.

3. The Project Implementing Entity has no outstanding agreements or liabilities, contingent or otherwise (including taxes), which might adversely affect its financial condition.

4. No debt of the Project Implementing Entity is secured by any mortgage, pledge, charge, priority, or other lien, and no contract or arrangement exists for the creation of any such mortgage, pledge, charge, priority, or other lien.

5. There are no existing defaults in the payment of principal of, or interest on other charges on, any of the debts of the Project Implementing Entity.

6. The Project Implementing Entity is not in violation of, and execution and delivery of the Project Agreement and compliance with all its terms do not and will not result in any violation of, any provisions of any existing agreement, franchise, concession, license, or permit, or of any law, regulation, or any other legal rule of a similar nature presently in effect and applicable to the Project Implementing Entity.
7. The Project Implementing Entity is a duly existing corporation under the laws of the Republic of Indonesia (the Borrower) with full authority to carry out its present business, to carry out the Project, and to execute and deliver the Project Agreement, and has furnished to the Bank true copies of the Borrower’s Law 15 of 2003, Law 40 of 2007, Law 30 of 2009, Government Regulation 10 of 1989, Government Regulation 3 of 2005, Government Regulation 23 of 1994, Government Regulation 45 of 2005, the Project Implementing Entity’s by-laws, and of all other legislation presently in force and effect and governing or applicable to the operations of the Project Implementing Entity, as well as of its statutes and by-laws presently in effect and governing the Project Implementing Entity.

It is our understanding that, in making the Loan and entering into the Project Agreement with the Project Implementing Entity, the Bank may rely on the representations contained herein.

Sincerely yours,

PT PERUSAHAAN LISTRIK NEGARA (Persero)

[Signature]

Authorized Representative