

of one percent (1%) of the cost of the unperformed portion thereof, for every day of delay until the same is finally performed/completed and accepted by PPA.

It is understood that the damages herein provided are fixed and agreed liquidated damages and to be entitled to such damages, PPA need not prove that it has incurred actual damages. Such amount shall be deducted from any money due or which may become due the CONTRACTOR under the contract and/or collect such liquidated damages from the securities or warranties posted by the CONTRACTOR, whichever is convenient to PPA.

In no case, however, shall the total sum of liquidated damages exceed ten percent (10%) of the total contract price, in which event the contract shall automatically be terminated by PPA and the erring CONTRACTOR'S performance security shall be forfeited. The amount of the forfeited performance security shall be set aside from the amount of the liquidated damages that the CONTRACTOR shall pay PPA under Section 4.08 hereof and the other appropriate sanctions that may be imposed to the former.

3.08 Cancellation/Termination of Contract – This contract shall be for a period of three (3) years. PPA, however, has the right to terminate or cancel this contract without the need of judicial action, at anytime before its expiration on reasonable grounds, such as, but not limited to: unsatisfactory service and performance based on the prescribed set of performance criteria as provided for in Annexes "B-1" and "B-2" of the Terms of Reference or violation of any terms of this contract by giving the CONTRACTOR at least fifteen (15) calendar days written notice in advance to that effect, which Notice shall be final and binding on all the parties.

Within thirty (30) days after termination, cancellation or rescission of this contract, the parties shall settle their respective accountabilities as of the date of termination, cancellation or rescission.

3.09 Warranties - The CONTRACTOR hereby warrants compliance with the requirements of Philippine Laws, the Social Security System Law, the Workman's Compensation Act, and Wage Orders governing payment to workers of at least the minimum wage, and other laws or decrees pertaining to employer-employee relationship, including the grant of retirement benefits as mandated by existing labor laws to its personnel.

The CONTRACTOR further warrants the capabilities and technical competence of its support personnel to be assigned in PPA based on individual work and experience qualifications. Relative to this, PPA reserves the right to verify the CONTRACTOR's assigned personnel as to their qualifications and integrity and to require replacement thereof in case PPA, upon its verification, is in opinion that the said personnel are found wanting in competency, honesty, and integrity or whose continued stay or service would be prejudicial to the best interest of PPA without additional cost to PPA.

The CONTRACTOR also warrants to comply with its obligation as employer of its personnel and agrees to hold the PPA free from any liability, cause(s) of action, claim(s) which may be filed by the CONTRACTOR or its personnel under its agreement or under the provisions of the Labor Code, Social Security Act and such other allied laws, rules, regulations, presidential decrees and executive orders that are now in effect or which may be promulgated in the future. The CONTRACTOR warrants to hold the PPA free from any liability cause(s) of action, claim(s), which may be filed by a third person due to