

CONFORMED COPY

Number B-112-0 UA

Counter Guarantee Agreement

between

UKRAINE

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated as of December 30, 1997

COUNTER GUARANTEE AGREEMENT

AGREEMENT, dated as of December 30, 1997,
between Ukraine and INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT (the "Bank").

WHEREAS (A) Pursuant to a Credit Facility Agreement ("Sea Launch Development Loan Agreement"), dated October 31, 1996 between Sea Launch Limited Partnership ("Sea Launch"), the commercial financial institutions named therein ("Sea Launch Development Lenders") and The Chase Manhattan Bank acting in the capacity of agent for the Sea Launch Development Lenders ("Agent Bank"), Sea Launch Development Lenders have agreed to make available to Sea Launch a loan of up to US\$100 million (the "Sea Launch Development Loan") to finance certain project related operations and expenditure in Ukraine in connection with the design, manufacture and supply of rocket propelled launch vehicles for a private commercial satellite launching project being undertaken by Sea Launch;

(B) Disbursement of the Sea Launch

Development Loan proceeds by Sea Launch will be made with respect to expenditure on Project operations performed in Ukraine under supply contracts between Sea Launch and DKB Pivdenne and WO Pivdenny Mashynobudiwny Zawod organizations established under the laws of Ukraine and limited partners in Sea Launch ("Pivdenne" and "Pivdenmash" respectively) and in accordance with the provisions of the Development Loan Agreement;

(C) At the request of Sea Launch, and in conjunction with this Counter Guarantee Agreement and the Guarantee (as defined below), the Government of Ukraine acting through National Space Agency of Ukraine ("NSAU") has entered into an agreement with Sea Launch (the "Project Support Agreement"). Copies of the relevant Cabinet of Ministers Resolution No. 1268 dated November 17, 1997 and the Project Support Agreement are annexed hereto as Schedules 1 and 2 respectively;

(D) At the request of and with the agreement of Ukraine, the Bank has agreed to guarantee (the "Guarantee") the repayment of the Sea Launch Development Loan to the extent represented by the obligations in the Project Support Agreement under which the Government of Ukraine undertakes to protect Sea Launch ability to repay the Sea Launch Development Loan against the effect of certain specifically defined non-commercial risks (up to a maximum of the principal and scheduled interest of the Sea Launch Development Loan). The Guarantee will be provided on the terms and conditions set out in the Guarantee Agreement ("Guarantee Agreement") dated as of December 30, 1997 between the Bank and the Agent Bank and subject to Ukraine agreeing to reimburse the Bank all amounts paid by the Bank directly or indirectly in relation to the Guarantee and undertaking such other obligations to the Bank as are set out in the present Agreement. A copy of the Guarantee Agreement is annexed hereto as Schedule 3;

(E) The Bank and Sea Launch have entered into an agreement ("Project Agreement") dated as of December 30, 1997 pursuant to which Sea Launch has given certain undertakings to the Bank in relation to the use of the proceeds of the Sea Launch Development Loan and the execution of the Project. A copy of the Project Agreement is annexed hereto as Schedule 4;

(F) The Bank and Ukraine have each satisfied themselves as to the feasibility and priority of the Project;

(G) It is a requirement of the Bank's Articles of Agreement that when making loans or providing guarantees, the Bank shall obtain a counterguarantee from the member country in whose territory the Project is located; and

(H) Ukraine is an adherent to the MTCR and Sea Launch operations will involve the production and export from Ukraine of technology covered by the MTCR.

NOW THEREFORE Ukraine and the Bank hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Wherever used in the present Agreement, unless otherwise defined below or, unless the context otherwise requires, the several items defined in the Preamble to the present Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) "Assets" means property, revenues and claims of any kind;
- (b) "Default" means the occurrence of a breach of the Project Support Agreement by the Government of Ukraine which is not remedied or cured in accordance with the provisions of such agreement and results in a payment obligation being incurred by the Government of Ukraine.
- (c) "Demand Notice" shall mean a demand presented to the Bank by the Agent Bank substantially in the form of Schedule 5 hereto.
- (d) "External Debt" means any debt which is or may become payable other than in Hryvna;
- (e) "General Conditions" means the Bank's General Conditions Applicable to Loans and Guarantee Agreements dated January 1, 1985;
- (f) "Government of Ukraine" means the Cabinet of Ministers, being the highest organ of executive authority pursuant to Article 113 of the Constitution of Ukraine adopted on June 28, 1996;
- (g) "Maximum Guaranteed Amount" means the maximum liability guaranteed by the Bank in accordance with the terms and conditions of the Guarantee Agreement but which in no event shall exceed the principal and scheduled interest payments payable by Sea Launch under the Sea Launch Development Loan;
- (h) "MTCR" means the Missile Technology Control Regime, the multilateral international regime (to which Ukraine is an adherent) concerning internationally agreed measures to regulate and restrict trade in missiles and related technology capable of delivering weapons of mass destruction.
- (i) "Prohibited Use" means any military, warfare, espionage or paramilitary use or purpose;
- (j) "lien" means mortgages, pledges, charges, privileges and priorities of any kind;
- (k) "Project" means the enterprise being undertaken by Sea Launch over a thirteen (13) year period to design, manufacture, assemble and launch from a marine platform in international waters into geostationary and other orbits commercial satellite launch vehicles carrying private commercial payloads;

(l) "Project Asset" means any real or personal property, whether tangible or intangible, in Ukraine (i) acquired or to be acquired by Sea Launch; or (ii) developed or to be developed for Sea Launch, including any alteration or rehabilitation of existing facilities, which is financed by the Sea Launch Development Loans for the purposes of the Project under contracts between Ukrainian Contractors and Sea Launch (including instructions by Sea Launch); or (iii) related to any Sea Launch operation covered under the Project Support Agreement;

(m) "Project Document(s)" means singly or collectively, as the context may require, the Project Support Agreement, the Guarantee Agreement, the Sea Launch Development Loan Agreement and the Project Agreement;

(n) "Sea Launch Development Loans" means funds disbursed pursuant to the Sea Launch Development Loan referred to in Recital A above and the Credit Facility Agreement (Russian Advances) dated October 31, 1996 between Sea Launch and the financial institutions named therein; and

(o) "Ukrainian Contractor" means residents of Ukraine providing goods and services for use in carrying out the Project, pursuant to contracts with Sea Launch or subcontracts connected with the performance of contracts with Sea Launch.

ARTICLE II

Indemnity by Ukraine to the Bank

Section 2.01. In consideration of the Bank providing the Guarantee under the Guarantee Agreement and with reference to the obligations undertaken by the Government of Ukraine pursuant to the Project Support Agreement, Ukraine hereby irrevocably and unconditionally agrees:

(a) to reimburse the Bank immediately upon written demand or as the Bank may otherwise direct in writing for any amount paid by the Bank under the Guarantee, in the currency so paid, or if payment shall have been made in any currency which the Bank shall have purchased with another currency for the purposes of such payment, in such other currency, together with interest thereon at the rate per annum specified by the Bank in respect of such currency, which rate shall be based on the Bank's prevailing borrowing cost in such currency plus the applicable margin over such cost, from the date such payment is made by the Bank until such amount is paid;

(b) to indemnify the Bank on demand in respect of all actions, proceedings, liabilities, claims, losses, damages, costs and expenses brought against, suffered or incurred by the Bank directly or indirectly in relation to or arising out of the Guarantee (except as otherwise provided in Section 6.02 (i) hereof);

(c) in the event that the Bank has exercised

its right to offer to purchase the Sea Launch Development Loan pursuant to Section 12 of the Guarantee Agreement and, as a result of acceptance of such offer, has assumed the rights and obligations of the Sea Launch Development Lenders, to indemnify the Bank against any amount owed but unpaid to the Bank arising from or in connection with the inability of Sea Launch to make any payment of principal or interest pursuant to the terms and conditions of the Sea Launch Development Loan Agreement, provided always that such amount shall have been agreed or adjudged (in accordance with the Project Support Agreement) to have occurred as a result of a Default;

(d) that the Bank has authority to comply with any Demand Notice served on the Bank pursuant to the Guarantee Agreement and to make any payments which may be due or claimed from the Bank under the Guarantee (the Bank shall promptly notify Ukraine of such Demand Notice, but failure to give such notice shall in no way affect the Bank's obligation to make payment under the Guarantee to the Agent Bank or Ukraine's obligation to reimburse or indemnify the Bank pursuant to the present Agreement and further agrees that it shall not be incumbent on the Bank to enquire whether or not any statements in a Demand Notice are in fact correct;

(e) that any Demand Notice shall, as between Ukraine and the Bank, be conclusive evidence for all purposes that the demand is properly made and payment as demanded is properly due to the Agent Bank; and

(f) that any amount due to the Bank under the present Agreement shall be deemed, for the purposes of Sections 6.02 and 7.01 of the General Conditions, to be an amount due in consequence of a guarantee extended by the Bank to a third party, with the agreement of Ukraine.

Section 2.02. Ukraine may investigate any statement made in a Demand Notice but such investigation shall be without prejudice to the Bank's obligations under the Guarantee to make payment in full in respect of such Demand Notice and Ukraine's obligations hereunder shall apply notwithstanding that Ukraine disputes the validity of any such Demand Notice or the accuracy or correctness of any documentation, fact or figures referred to or stated therein.

Section 2.03. (a) The obligations of Ukraine under the present Agreement shall not be discharged except by due performance and then only to the extent of such performance. Save as expressly provided in the Project Support Agreement and the Sea Launch Development Loan Agreement, such obligations shall not be subject to any prior notice to, demand upon or action against, Ukraine or Sea Launch (or any of its constitutive partners) or notice to, or demand upon Ukraine with regard to any failure by Ukraine to pay any amount in respect of which a Demand Notice is served on the Bank pursuant to the Guarantee Agreement. Ukraine's obligations shall not be impaired or modified by any of the following: (i) any extension of time, forbearance, concession or other indulgence given to the Bank, Ukraine, Sea

Launch, the Agent Bank or any other person; (ii) any variation of any Project Document or any related agreement (except a variation to which Ukraine and the Bank shall have expressly agreed); (iii) any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against, Ukraine or Sea Launch (or any of its constitutive partners); or (iv) any other circumstances which would or might (but for this provision) constitute a release, discharge or defense of or waiver for Ukraine.

(b) The Bank may at any time, without thereby discharging, impairing or otherwise affecting any rights, powers and remedies created or conferred upon it by the present Agreement, any Project Document or by law: (i) offer or agree to or enter into any agreement for the extension or variation of any Project Document including but not limited to agreeing to extend the Final Demand Date under the Guarantee Agreement pursuant to a request from Sea Launch under Clause 6 of that agreement in which event, for the avoidance of doubt, Ukraine's obligations hereunder (and Ukraine hereby agrees) shall also extend for an identical period (and shall extend pending the Bank's consideration of such request); or (ii) offer or give or agree to give any time or other indulgence to any other person or entity from whom it may seek reimbursement or indemnification in respect of sums paid out or liabilities incurred by the Bank under the Guarantee Agreement.

(c) Any rights conferred on the Bank by the present Agreement shall be in addition to, and not in substitution for or derogation of, any other right which the Bank may at any time have to seek, from Ukraine, Sea Launch (or any of its constitutive partners) or other person, reimbursement of or indemnification against payments made or liabilities arising from or in connection with the Guarantee.

(d) The Bank shall not be obliged before taking steps to enforce any rights conferred on it by the present Agreement or exercising any of the rights, powers and remedies conferred upon the Bank hereunder, or by any Project Document or by law: (i) to take action or obtain judgment or award in any court or tribunal of competent jurisdiction against any other person (including persons from whom it may seek reimbursement in respect of sums paid out or liabilities incurred under the Guarantee Agreement); or (ii) to enforce or seek to enforce any other rights it may have against Ukraine or Sea Launch (or any of its constitutive partners) or its rights against any other person related to the Project.

Section 2.04. Any payment required to be made by Ukraine pursuant to the terms of the present Agreement shall be:

(a) paid at such places as the Bank shall reasonably request;

(b) made in such manner, and in currencies acquired in such manner, as shall be permitted under the laws applicable to the making of such payment and

effecting the deposit of such currencies to the account of the Bank with a depository designated by the Bank for this purpose;

(c) paid without restrictions of any kind imposed by, or in the territory of, Ukraine; and

(d) applied first, to pay all interest and other charges due to the Bank and second, after such interest and other charges are paid, to pay all other amounts then due under the present Agreement.

Section 2.05. If and to the extent Ukraine makes any payment under the present Agreement in respect of amounts paid by the Bank under the Guarantee Agreement, Ukraine shall be entitled to the Bank's rights of subrogation set forth in the Guarantee Agreement in respect of such amount, and any waiver by the Bank of such rights of subrogation (which the Bank may exercise in its sole discretion) shall be binding on Ukraine.

Section 2.06. To the extent that the Bank may at any time acquire any rights to or interests in the Project or any Project Assets by virtue of subrogation under the Guarantee Agreement, the present Agreement or by operation of law, the Bank shall not assume any liability or incur any obligation to Ukraine as a result of the acquisition (whether temporary or otherwise) of such rights or interests, unless the Bank expressly notifies Ukraine of its election to exercise such rights or enforce such interest and then only to the extent as may arise from such express election.

ARTICLE III

Project-Related Covenants

Section 3.01. (a) Ukraine and the Bank shall cooperate fully to assure that support is rendered to the Project as contemplated under the provisions of the Project Documents. To that end, Ukraine and the Bank shall:

(i) from time to time, at the request of the other, exchange views with one another with regard to the progress of the Project within Ukraine and with regard to the performance of the Project Support Agreement and the performance of their respective obligations under the present Agreement, and furnish to the other party all information on the progress of the Project as it shall reasonably request; and

(ii) promptly inform each other of any event or condition (whether within or outside the control of Ukraine) which interferes or may interfere with any aspect of the Project or the matters referred to in paragraph (i) above, in particular any event or circumstance which could adversely affect Ukraine's ability to perform any of its obligations hereunder and under the Project

Support Agreement.

(b) Ukraine shall afford to the full extent legally permissible all reasonable opportunity and render assistance to representatives of the Bank to visit any part of its territory for purposes related to the Project and the Project Documents, including assistance to obtain access to Pivdenne or Pivdenmash facilities and to information in the possession of Pivdenne or Pivdenmash related to the Project or related to the use of the proceeds of the Sea Launch Development Loan.

Section 3.02. Without limitation or restriction upon any of its other obligations under the present Agreement and the Project Support Agreement, Ukraine hereby unconditionally undertakes to the Bank to cause and permit the Government of Ukraine and its duly authorized agents to perform all of their respective obligations under the Project Support Agreement and to use its best efforts not to take any action or omit to take any action which causes or would in time cause the occurrence of a Default.

Section 3.03. Ukraine shall notify the Bank (i) at least forty-five (45) days prior to agreeing to any amendment, waiver or other change to the Project Support Agreement, or (ii) no later than ten (10) days after terminating the Project Support Agreement, and shall obtain the written consent of the Bank (not to be unreasonably withheld) prior to agreeing to any amendment, waiver or other change to the Project Support Agreement if, in the Bank's reasonable opinion, such amendment, waiver or change will or may materially affect the rights or obligations of the Bank under the Project Documents and related agreements.

Section 3.04. Ukraine shall take all possible actions and measures in its power to remedy and cure any breach of the Project Support Agreement in order to prevent a Default thereunder.

Section 3.05. Ukraine expressly covenants that:

(a) it shall not at any time nor under any circumstances (i) cause any Project Asset to be manufactured, used, converted or deployed for a Prohibited Use; or (ii) permit any Project Asset to be manufactured, used, converted or deployed within Ukraine for a Prohibited Use;

(b) it shall enforce Ukrainian environmental laws and regulations in respect of all Project Assets within the territory of Ukraine, including the manufacture, use, conversion, deployment, transport or storage of such assets, in accordance with its normal enforcement policies and procedures.

For the avoidance of doubt, the Bank shall be entitled to invoke any of its remedies specified under Article V immediately, should Ukraine fail to comply with this provision.

Section 3.06. Ukraine undertakes to use its best efforts to maintain in full force and effect for

the duration of the Project the agreement between the National Space Agency of Ukraine and the Russian Space Agency on the Commercial Use of RN Zenit, dated February 6, 1995.

ARTICLE IV

Other Covenants

Section 4.01. (a) It is the policy of the Bank, in making loans or in providing guarantees for loans to, or with the guarantee of, its members not to seek, in normal circumstances, specific security from the member concerned but to ensure that no other external debt shall have priority over its loans and guarantees in the allocation, realization or distribution of foreign exchange held under the control of such member.

(i) To that end, if any lien shall be created on any public assets (as defined in

(ii) below), as security for external debt, which might result in a priority,

for the benefit of the creditor of such external debt in the allocation, realization or distribution of foreign exchange, such lien shall, unless the Bank shall otherwise agree, ipso facto, and at no cost to the Bank, equally and ratably secure any and all amounts payable by Ukraine under the present Agreement, which for purposes of this Section only, shall be deemed to be

equal to the Maximum Guaranteed Amount, and Ukraine, in creating or permitting the creation of such lien, shall make express provision to that effect; provided, however, that, if for any constitutional or other legal reason such provision cannot be made with respect to any lien created on assets of any of its political or administrative subdivisions, Ukraine shall promptly and at no cost to the Bank secure the amounts payable to Ukraine under the present

Agreement by an equivalent lien on other public assets, satisfactory to the Bank.

(ii) As used in this Section, the term "public assets" shall have the same meaning as in Section 9.03 (a)(ii) of the General Conditions.

(b) The foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of the property or as security for the payment of debt incurred for the purpose of financing the purchase of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

Section 4.02. Section 8.01(a) and (b) of the General Conditions shall apply respectively to all amounts required to be paid by Ukraine under the present Agreement and to the execution and delivery

of the present Agreement.

Section 4.03. Ukraine shall comply with Section 9.02 of the General Conditions for the duration of the present Agreement.

ARTICLE V

Remedies of the Bank

Section 5.01. In the event that Ukraine: (i) fails to make any payment to or to indemnify the Bank as required pursuant to Section 2.01 of the present Agreement or (ii) defaults in the performance of any of its obligations hereunder, the Bank shall be entitled to, in addition to any other rights and remedies it may have, suspend or cancel Ukraine's right to make withdrawals under any other loan, credit agreement or other agreement between the Bank and Ukraine.

ARTICLE VI

Enforceability and Arbitration

Section 6.01. The rights and obligations of Ukraine and the Bank under the present Agreement shall be valid and enforceable in accordance with their terms notwithstanding the law of any State or political or administrative subdivision thereof to the contrary. Neither Ukraine nor the Bank shall be entitled in any proceeding under this Article to assert any claim that any provision to the present Agreement is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank.

Section 6.02. (a) Any controversy between the parties to the present Agreement, and any claim by any such party against any other such party arising under the present Agreement which has not been settled by agreement of the parties, shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The parties to such arbitration shall be Ukraine on the one side and the Bank on the other side.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by Ukraine. A second arbitrator shall be appointed by the Bank; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either side shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have

all the powers and duties of such original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration and the nature of the relief sought and the name of the arbitrator appointed by the party instituting such proceedings. Within thirty days after such notice, the other party shall notify to the party instituting the proceeding the name of the arbitrator appointed by such other party.

(e) If, within sixty (60) days after the notice instituting the arbitration proceeding, the parties shall not have agreed upon an Umpire, any party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(h) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the present Agreement. Each party shall abide by, and comply with, any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Ukraine and the Bank shall each defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by Ukraine and the Bank. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the present Agreement or any claim by

any such party against any other such party arising hereunder.

(k) If, within thirty (30) days after counterparts of the award shall be delivered to the parties, the award shall not be complied with, any party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the present Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against any party that is a member of the Bank except as such procedure may be available otherwise than by reason of the provisions of this Section.

(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 8.01 hereof. The parties to the present Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE VII

Effective Date

Section 7.01. The present Agreement shall come into full force and effect on the date on which the Bank dispatches to Ukraine notice of acceptance of the evidence, furnished by Ukraine, that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of Ukraine and is legally binding on Ukraine in accordance with its terms.

ARTICLE VIII

Miscellaneous Provisions

Section 8.01. Any notice or request required or permitted to be given or made under the present Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address as specified in Section 8.07 below or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

Section 8.02. Ukraine shall furnish to the Bank sufficient evidence of the authority of the person or persons who will, on behalf of Ukraine, take any action or execute any documents required or permitted to be taken or executed by Ukraine under the present Agreement and the authenticated specimen signature of each such person.

Section 8.03. Any action required or permitted to be taken, and any documents required or permitted to be executed, pursuant to the present Agreement, on behalf of Ukraine, may be taken or executed by the representative of Ukraine designated in Section 8.06 below for the purposes of this Section.

Section 8.04 This Agreement may be amended and supplemented by Ukraine and the Bank by mutual agreement. Any such amendment and supplements shall be done in writing.

Section 8.05. The present Agreement shall be executed in two original counterparts, in the English language, each of which shall be of equal validity.

Section 8.06. The General Director of the National Space Agency of Ukraine is designated as representative for the purposes of Section 8.03 above.

Section 8.07. The following addresses are specified for the purposes of Section 8.01 above:

For Ukraine:

National Space Agency of Ukraine
252022 Ukraine Kyiv 22
11 Bozhenka Street

Fax: 380 44 269 50 58
Telex: 631 118 STROB

For the Bank:

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

For the Attention of: Vice President,
Europe and Central Asia Region

Cable address: Telex:

INTBAFRAD 248423 (MCI)
Washington, D.C. 64145 (MCI)

Fax: (202) 477-1942

Section 8.08 Ukraine shall furnish to the Bank a legal opinion satisfactory to the Bank from competent legal authority acceptable to the Bank showing that (i) this agreement has been duly authorized or ratified by and executed and delivered on behalf of Ukraine and is legally binding on Ukraine in accordance with its terms; (ii) the National Space Agency of Ukraine has been duly authorized under the laws of Ukraine and pursuant to Cabinet of Ministers Resolution 1268 dated November 17, 1997 to execute the Project Support Agreement on behalf of Ukraine; and (iii) that the Project Support Agreement is the legally binding obligation of the Government of Ukraine in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused the present Agreement to be signed in their respective names in Kiev, Ukraine, as of the day and year first above written.

UKRAINE

/s/ Olexandr O. Nehoda
Director General of National Space Agency of Ukraine

INTERNATIONAL BANK FOR
RECONSTRUCTION AND
DEVELOPMENT

/s/ Johannes F. Linn
Vice President, Europe and Central Asia Region

SCHEDULE 1

Copy of Cabinet of Ministers Resolution 1268 dated
November 17, 1997

SCHEDULE 2

Project Support Agreement

SCHEDULE 3

Guarantee Agreement

SCHEDULE 4

Project Agreement

SCHEDULE 5

Form of Demand Notice

To: International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Vice President, Europe and Central Asia
Region

Ladies and Gentlemen,

DEMAND NOTICE
under Guarantee Agreement dated December 30, 1997

1. Guarantee Agreement

We refer to the Guarantee Agreement dated December 30, 1997 between (1) you as Guarantor, and (2) ourselves as Administrative Agent for the Sea Launch Development Lenders (the "Guarantee Agreement").

2. Definitions

In this Demand Notice, all terms defined in the Guarantee Agreement and all terms defined in other agreements but used in the Guarantee Agreement shall have the meanings given to them in the Guarantee Agreement.

3. Authorization

We certify that we have been duly authorized as agent of the Sea Launch Development Lenders to issue this Demand Notice.

4. Amount Demanded

We demand that you pay us an amount of US\$ [insert relevant amount which will be the lesser of Final and Binding Arbitral Award/PSA Default Agreement or debt service incapacity] in accordance with your obligations under the Guarantee Agreement.

5. Maximum Guaranteed Amount

The Maximum Guaranteed Amount at the date of this Demand Notice is US\$ [insert relevant amount] consisting of Maximum Guaranteed Principal of US\$ [insert relevant amount] and Maximum Guaranteed Interest of US\$ [insert relevant amount].

6. Payment Account

Subject to Clause 8 (Payments) of the Guarantee Agreement, please pay the amount demanded by this Demand Notice to the following account:

- Account holder's name:
- Account name:
- Account number:
- Account bank:
- Account bank's branch:
number:

address:

7. Grounds for issuing this Demand Notice

We certify that the Borrower has certified to us that:

(i) the Government of Ukraine has failed to pay the Borrower pursuant to a written demand by the Borrower dated [] for payment in accordance with Section 6 of the Project Support Agreement;

(ii) we are entitled to issue this Demand Notice.

8. Accompanying Documents

In accordance with Clause 6.3 of the Guarantee Agreement, we enclose (i) a copy of the written demand made by the Borrower on the Government of Ukraine pursuant to the Project Support Agreement certified as true and complete by a duly authorized officer of the Borrower and (ii) an original of either the PSA Default Agreement under the Project Support Agreement or the Final and Binding Arbitral Award (together with documentation required under Clause 6.3(c)) {strike inappropriate wording} issued stipulating a final liquidated US dollar amount and (iii) original certificates in conformity with Clause 6.3(c), (d) and (e) of the Guarantee Agreement.

9. Law

This Demand Notice shall be governed by and construed in accordance with the law of the State of New York.

Dated [insert date]

For and on behalf of
THE CHASE MANHATTAN BANK

Attachments:

1. Certified copy of written demand made under the Project Support Agreement
 2. Certified copy of original PSA Default Agreement
 3. Original Final and Binding Award and certificate of Liability (in accordance with Clause 6.3(c) of Guarantee Agreement)
 4. Certified copy of receipt of written demand made by Borrower under Section 7 of the Project Support Agreement
 5. Other documentation required under Clause 6.3 of the Guarantee Agreement
- 