

CONF



NUMBER 3411 UG

IDA Commitment Agreement

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

as LC Reimbursement Commitment Provider

and

CITIBANK UGANDA LIMITED

as LC Issuing Bank

Dated February 23, 2005



WB 126987

IDA COMMITMENT AGREEMENT

AGREEMENT between the INTERNATIONAL DEVELOPMENT ASSOCIATION (“**IDA**”) of 1818 H Street N.W., Washington, D.C. 20433, United States of America, as LC reimbursement commitment provider, and Citibank Uganda Limited, a company organized, existing and licensed to carry out financial institution business under the laws of Uganda, as LC Issuing Bank (the “**LC Issuing Bank**”).


WHEREAS, the Republic of Uganda (“**Uganda**” or the “**Host Country**”) and IDA entered into a Development Credit Agreement (the “**IDA Credit Agreement**”) dated December 18, 2000 for the Public Utility Sector Reform Project (“**PUSR**P”) whereby IDA agreed to provide a credit (the “**IDA Credit**”) for the PUSR

WHEREAS, the Government of the Republic of Uganda (the “**Government**”), the Uganda Electricity Distribution Company Limited (“**UEDCL**”), and the Uganda Electricity Transmission Company Limited (“**UETCL**”) have entered into, respectively, a Support Agreement (“**SA**”), a Lease and Assignment Agreement (“**Lease**”), and a Power Sales Agreement (“**PSA**”), all dated May 17, 2004, with Umeme Limited (the “**Company**”), a private limited liability company incorporated under the laws of Uganda (the SA, the Lease and the PSA collectively the “**Privatisation Agreements**”), whereby the Company will, *inter alia*, operate and maintain the Distribution System (as defined in the Lease), UETCL will sell and the Company will purchase electricity, and the Government will provide certain undertakings to the Company;

WHEREAS, the LC Issuing Bank has issued or shall issue, at the request and for the account of UEDCL, a standby letter of credit in favor of the Company (the “**IDA-Supported LC**,” as further defined in this Agreement) which will secure, in accordance with the terms and conditions of such letter of credit and as contemplated by the Lease, certain payment obligations of UEDCL to the Company under the Lease;

WHEREAS, UEDCL and the LC Issuing Bank have entered into the Reimbursement and Credit Agreement dated on or about the date hereof (the “**Reimbursement Agreement**”), pursuant to which UEDCL agrees to reimburse the LC Issuing Bank for advances on the IDA-Supported LC, and the LC Issuing Bank has agreed to give UEDCL a loan (an “**LC Loan**”) in the amount of any such advance, payable by UEDCL within twelve (12) months from the date of the making of such advance (the “**Loan Repayment Period**”);

WHEREAS, in furtherance of the objectives of the PUSR, Uganda and IDA amended on or about the date hereof the IDA Credit Agreement to allocate a portion of the IDA Credit to support UEDCL’s obligations under the Reimbursement Agreement;


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WHEREAS, the LC Issuing Bank wishes to have IDA's commitment that IDA will support the IDA-Supported LC by making a commitment to the LC Issuing Bank to reimburse the LC Issuing Bank for amounts owed by UDECL to the LC Issuing Bank under Clause 6 of the Reimbursement Agreement in respect of any advance under the IDA-Supported LC and unpaid at the expiration of the Loan Repayment Period; and

WHEREAS, IDA, at the request of the Government and in accordance with the IDA Credit Amendment, has agreed to provide such support on the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1. CONDITIONS OF IDA'S COMMITMENT; DEFINITIONS

1.1 The parties hereby accept all the provisions of the Conditions of IDA's Commitment set forth in Attachment 1 (the "Conditions") as an integral part of this Agreement with the same force and effect as if they were fully set forth herein.


1.2 Terms appearing in initial capital letters herein and in the Conditions are used as defined herein and in Schedule A (Definitions) of the Conditions.

ARTICLE 2. THE IDA-SUPPORTED LETTER OF CREDIT

2.1 The IDA-Supported LC shall be in form and substance as set forth in Addendum A. The LC Issuing Bank shall notify IDA of any proposed change, variation, modification or amendment to the IDA-Supported LC or the Reimbursement Agreement. IDA's commitments to the LC Issuing Bank under this Agreement are subject to the LC Issuing Bank having obtained IDA's prior written consent to any proposed change, variation, modification or amendment to the IDA-Supported LC and the Reimbursement Agreement; provided that, IDA's consent shall not be required for any amendment (i) under Clause 1 of the IDA-Supported LC to increase the stated amount of the IDA-Supported LC at the end of the initial one-year by an additional US\$2,500,000; (ii) for the reinstatement of the IDA-Supported LC under, and in accordance with, Clause 7 thereof; or (iii) for any renewal of the IDA-Supported LC under, and in accordance with, Clause 9 thereof.

ARTICLE 3. COVERAGE

3.1 Subject to the provisions of this Agreement, in the event of a UEDCL Repayment Failure, IDA shall reimburse the LC Issuing Bank up to the Maximum Aggregate Liability for amounts owed by UDECL to the LC Issuing Bank under Clause 6 of the



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Reimbursement Agreement in respect of any Advance under the IDA-Supported LC and unpaid at the expiration of the Loan Repayment Period in respect of such Advance (except for any interest payable on interest due and unpaid under Clause 6(2) of the Reimbursement Agreement).

3.2. Except as expressly provided herein, IDA's obligations to the LC Issuing Bank under this Agreement are unconditional and irrevocable.

ARTICLE 4. COMMITMENT PERIOD

4.1. The Commitment Period shall be the period during which a Demand Notice can be submitted, which shall commence on the Effective Date and expire on the fifteenth (15th) day following the last day of the final Loan Repayment Period in respect of the final Advance under the IDA-Supported LC.


ARTICLE 5. CURRENCY

5.1 Except as otherwise provided elsewhere in this Agreement, all payments by IDA and the LC Issuing Bank under this Agreement shall be made in United States Dollars (US\$).

ARTICLE 6. MAXIMUM AGGREGATE LIABILITY

6.1 Subject to Article 10 of the Conditions, the Maximum Aggregate Liability of IDA under this Agreement shall be United States Dollars five million five hundred thousand (US\$5,500,000) in the aggregate, not to exceed the sum of the Maximum Guaranteed Principal and the Maximum Guaranteed Interest (as defined in subparagraphs (a) and (b) below):

- (a) Maximum Guaranteed Principal means the aggregate IDA-Supported Loan Amounts outstanding at any time under the Reimbursement Agreement, not to exceed United States Dollars five million (US\$5,000,000) in the aggregate; and
- (b) the Maximum Guaranteed Interest means Interest due and payable on all IDA-Supported Loan Amounts outstanding at any time, including, for the avoidance of doubt, Interest unpaid by UEDCL after any applicable Loan Repayment Period and that has accrued through the date immediately preceding the date of payment by IDA under the Agreement, not to exceed United States Dollars five hundred thousand (US\$500,000) in the aggregate.


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ARTICLE 7. ADDRESSES

7.1 The following addresses are specified for the purposes of Article 6 of the Conditions.

(i) For IDA:

Address: 1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Vice President
Africa Region

Facsimile: (202) 477-6391

with a copy to:
Director, Infrastructure, Economics and Finance, Infrastructure
Network

Facsimile: (202) 614-0200

(ii) For the LC Issuing Bank:

Address: Citibank Uganda Limited
Centre Court
4 Ternan Avenue
P.O. Box 7505
Kampala, Uganda

Attention: Managing Director

Facsimile: +256 41 340 624

ARTICLE 8. ENTRY INTO FORCE

8.1 This Agreement shall enter into force on the Effective Date.



02/23/05

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names.

INTERNATIONAL DEVELOPMENT ASSOCIATION

CITIBANK UGANDA LIMITED

By: (S)

By: (S)

_____ *.itea*

Authorized Representative
[provide name and title]

Authorized Representative
[provide name and title]

(S) ia

(place and date,

(S) a

(place and date,

February 23, 2005

February 23, 2005

ADDENDUM A

IDA-Supported LC

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

STANDBY LETTER OF CREDIT

NUMBER: _____

ISSUED: _____ 2005

Beneficiary: Umeme Limited
SM Chambers
36 Nile Avenue
P.O. Box 3213
Kampala, Uganda

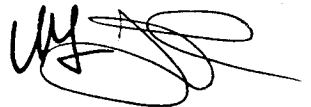
Ladies and Gentlemen:

At the request of our customer, Uganda Electricity Distribution Company Limited, of Amber House, Plot 29/33 Kampala Road, P.O. Box 7390, Kampala, Uganda (the "**Applicant**" or "**UEDCL**"), we, Citibank Uganda Limited of Centre Court, 4 Ternan Avenue, P.O. Box 7505, Kampala, Uganda (the "**Issuing Bank**," "**we**," or "**us**"), hereby establish this Standby Letter of Credit (the "**Letter of Credit**") in favor of Umeme Limited (the "**Beneficiary**," "**UMEME**," or "**you**").

The term "**Escrow Agreement**" when used in this Letter of Credit shall mean the Escrow Agreement, dated on or about the date of issuance of this Letter of Credit, made by and among the Beneficiary, the Applicant and Citibank N.A., London Branch (including a successor to Citibank N.A., London Branch, the "**Escrow Agent**").

1. Amount of Letter of Credit. This Letter of Credit is issued in the amount of US\$2,500,000.00 (Two Million Five Hundred Thousand U.S. Dollars and 00/100) (as such amount may be revised in accordance with this Clause 1 or Clause 7 of this Letter of Credit, the "**Stated Amount**") for an initial period of three (3) years from the date this Letter of Credit becomes effective. On the first anniversary of the date this Letter of Credit becomes effective, the Issuing Bank shall amend this Letter of Credit to increase the Stated Amount by US\$2,500,000.00 (Two Million Five Hundred Thousand U.S. Dollars and 00/100) so that the Stated Amount shall be US\$5,000,000.00 (Five Million U.S. Dollars and 00/100), less the amount of any unreplenished draws made by UMEME and provide the amendment to UMEME. Within three (3) Business Days of such amendment, the Issuing Bank shall deliver a notice in the form of Annex J, along with a copy of the amended Letter of Credit, to UMEME (with a copy to UEDCL, the Escrow Agent, and the International Development Association ("**IDA**")) giving notification of the amendment. The term "**Business Day**" when used in this Letter of Credit shall mean any day Monday to Friday, both days inclusive, other than days when banks are legally authorised to be closed in Uganda.

2. Effectiveness of Letter of Credit. This Letter of Credit shall be effective on the date that the Issuing Bank notifies the Beneficiary, with a copy to the Applicant, the Escrow Agent and IDA, in writing, that (i) it has entered into a commitment agreement with IDA (the "**IDA**



Commitment Agreement,”) (ii) it has entered into a reimbursement agreement with the Applicant and (iii) it has received a notification from IDA that the IDA Commitment Agreement has become effective.

3. Natural Expiration of Letter of Credit. This Letter of Credit will expire at 1500 hours East African Time at the office of the Issuing Bank on the third anniversary of the date of effectiveness of this Letter of Credit (as such expiry date shall be extended by any renewal of this Letter of Credit pursuant to Clause 9 of this Letter of Credit, the “**Expiry Date**”) unless it has been terminated earlier upon the occurrence of an Event of Termination.

4. Early Termination. This Letter of Credit shall terminate immediately upon occurrence of either of the following events: (i) this Letter of Credit is surrendered by the Beneficiary to the Issuing Bank, accompanied by a certificate in the form of Annex G, or (ii) the IDA Commitment Agreement ceases, for any reason, to be in full force and effect in accordance with its terms (the events in (i) and (ii) in this Clause 4 each being an “**Event of Termination**”).

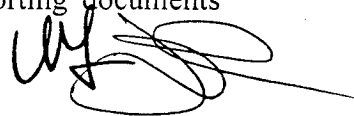
5. Drafts Under Letter of Credit. Absent manifest error, funds under this Letter of Credit shall be available by presentation and surrender by UMEME to us of: (i) a draft, dated no more than five (5) Business Days prior to the date of its presentation to the Issuing Bank, in the form of Annex D signed by a purported “**Authorised Signatory**” of UMEME pursuant to Annex L (an “**Authorised Signatory**”) whose signature reasonably appears to us to conform to the Authorised Signatory’s signature as set forth in Annex L; (ii) a Notice of Escrow Account Shortfall, dated no more than five (5) Business Days prior to the date of its presentation to the Issuing Bank, in the form of Annex E stating in U.S. Dollars the amount of the shortfall in the Escrow Account and signed by the Escrow Agent, which notice shall certify that the amount of the shortfall in the Escrow Account would be, but for such shortfall, due and payable by the Escrow Agent from the Escrow Account; (iii) a notice from UMEME that there is no notice from IDA, then in effect, suspending its reimbursement obligations pursuant to Section 8.1(b) or (c) of the Conditions to the IDA Commitment Agreement and (iv) a copy of the Type B Withdrawal Certificate(s) in the form of one or more of Annex A, Annex B, or Annex C hereto signed by an Authorised Signatory of UMEME, which certificate shall have been presented to the Escrow Agent pursuant to the terms of the Escrow Agreement.

Each draft must be presented to us at our office at Centre Court, 4 Terman Avenue, Kampala between 0900 hours and 1500 hours East African Time on a Business Day.

Drafts honoured by us under this Letter of Credit shall not exceed the Stated Amount, as such amount may be increased or reduced in accordance with this Letter of Credit.

Only one draw under this Letter of Credit is allowed in each period beginning on the fifteenth day of a month and ending on the fourteenth day (inclusive) of the following month, and payment pursuant to any one or more Type B Withdrawal Certificate shall only be against documents complying in all material respects with the requirements (both in terms of the documents and their forms as set out in the annexes hereto) set out herein.

In the event of a payment by the Issuing Bank under this Clause 5, the Issuing Bank shall deliver a Notice of Draw in the form of Annex K along with a copy of all supporting documents



submitted to make such draw to UEDCL (with a copy to UMEME, IDA, and the Escrow Agent) within five (5) Business Days of such payment.

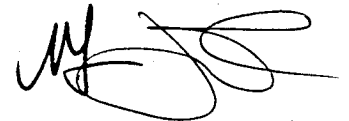
6. Payment. We engage ourselves that each of your drafts drawn and payable under and in compliance with the terms and conditions of this Letter of Credit will be honored and paid within two (2) Business Days of its receipt by us. Payment shall be made to the account specified by UMEME in its draft.

7. Reduction and Reinstatement. After we honour any drawing under this Letter of Credit, the Stated Amount shall automatically be reduced by the amount so drawn. The Letter of Credit shall be amended by us to reinstate the Letter of Credit, up to the maximum amount of the Stated Amount at the time of amendment (which maximum amount shall be US\$2,500,000.00 in the first year beginning on the date of its effectiveness, and US\$5,000,000.00 thereafter), to the extent that amounts drawn by the Beneficiary hereunder are repaid to the Issuing Bank by the Escrow Agent pursuant to the Escrow Agreement or are repaid by UEDCL or the Government of Uganda ("GOU") or any other source other than IDA, no later than the fifth Business Day following such repayment which amendment shall take effect upon its execution. Upon such amendment to reinstate the Letter of Credit, the Issuing Bank shall deliver to UMEME (with a copy to the Escrow Agent, UEDCL and IDA) a notice in the form of Annex F, which notice the Issuing Bank undertakes to deliver within three (3) Business Days following such amount being repaid by the Escrow Agent to the Issuing Bank, along with a copy of the amended Letter of Credit. For the sake of clarity, the Stated Amount shall not be reinstated to the extent that IDA shall have repaid to the Issuing Bank the drawn amount, but rather the maximum Stated Amount shall be permanently reduced by the amounts repaid by IDA.

8. Communications. All notices or other communications to be given or made hereunder shall be in English and in writing, shall be addressed for the attention of the persons indicated below and shall be delivered personally or sent by courier or facsimile. The addresses of the Applicant, the Escrow Agent, IDA, the Beneficiary, and the Issuing Bank and their respective contact numbers shall be:

a) If to the Applicant:

The Managing Director
Uganda Electricity Distribution Company Ltd.
P.O. Box 7390
Amber House
Plot 29/33 Kampala Road
Kampala, Uganda
E-Mail: muloni@infocom.co.ug
Telephone: +256-41-254-098
Facsimile: +256-41-255-600



b) If to the Escrow Agent:

Citibank N.A., London Branch
5 Carmelite Street

London EC4Y 0PA
UNITED KINGDOM
Attn: Specialised Agency

Telephone: +44 207 508 3864
Facsimile: +44 207 508 3883

c) If to IDA:

Sector Manager (Africa Energy Unit)
The World Bank
1818 H Street, NW
Washington, D.C. 20433
U.S.A.

Telephone: +1 202 473 3792
Facsimile: +1 202 473 5123

With a copy to:

Manager (Project Finance and Guarantees Department)
IEF
The World Bank
1818 H Street, NW
Washington, D.C. 20433
U.S.A.

Telephone: 1-202-473-1235
Facsimile: 1-202-522-0761

d) If to the Beneficiary:

The address indicated at the top of this Letter of Credit

Telephone: +256 41 233 204
Facsimile: +256 41 230 388

e) If to the Issuing Bank:

Citibank Uganda Limited
Centre Court
4 Ternan Avenue
P.O. Box 7505
Kampala, Uganda
Attn.: Managing Director
Telephone: +256 41 305 500
Facsimile: +256 41 340 624



Except as otherwise expressly provided in this Letter of Credit, all notices and communications shall be deemed to be delivered (i) when delivered by hand or by overnight courier, (ii) if received during business hours on a business day for the receiving party, when transmitted (as evidenced by a successful transmission receipt) by facsimile to the receiving party's facsimile number and, (iii) if received after business hours or on a day that is not a business day for the receiving party, on the receiving party's first business day following the date transmitted (as evidenced by a successful transmission receipt) by facsimile to the receiving party's facsimile number. Any notice given by facsimile shall be confirmed in a writing by the sending party delivered personally or sent by courier, or by return facsimile from the receiving party.

The Issuing Bank, UMEME, UEDCL, or IDA may by notice change the address(es), addressee(s) and/or contact number(s) to which such notices and communications to it are to be delivered or mailed and the Beneficiary shall have the duty of notifying the Issuing Bank of any change of address, telephone and/or contact number of the Escrow Agent and IDA. Such change of address(es), addressee(s) and/or contact number(s) shall be effective upon delivery of notice in accordance with this Clause 8.

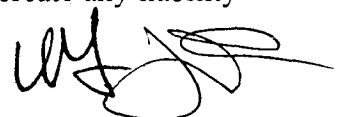
9. Renewal. This Letter of Credit may, upon the Applicant's application and at the discretion of the Issuing Bank, be renewed for additional periods of two (2) years up to but not exceeding seven (7) years from the date of original effectiveness of this Letter of Credit. The Issuing Bank undertakes to consider the Applicant's application for renewal in good faith.

We undertake to determine whether to renew or not to renew this Letter of Credit within one (1) month of our receipt of a renewal application from the Applicant, and within such time to either: (i) in the event we determine to renew this Letter of Credit, notify UMEME, UEDCL, the Escrow Agent, and IDA of such decision by delivering a notice in the form of Annex H, at which time such undertaking to renew shall become binding; or (ii) in the event we determine not to renew this Letter of Credit, notify UMEME, UEDCL, the Escrow Agent, and IDA in writing of this decision, which notice shall not preclude us from renewing this Letter of Credit should we later decide to do so. If we have not agreed to renew this Letter of Credit by the thirtieth day prior to the Expiry Date (or if that day is not a Business Day, the last Business Day before that day), we shall on such day deliver a Final Notice of Non-Renewal in the form of Annex I to the Beneficiary, the Applicant, IDA, and the Escrow Agent, which notice shall not preclude us from renewing this Letter of Credit should we later decide to do so.

10. Additional Terms. The following additional terms apply to this Letter of Credit:

(i) This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except only the annexes hereto and drafts referred to herein and the ISP98 mentioned below, and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such annexes and drafts.

(ii) The Issuing Bank's obligations under this Letter of Credit are payable solely at and by Citibank Uganda Limited, and nothing contained herein shall be construed to create any liability



on any of its affiliates, subsidiaries and/or sister or mother companies in Uganda or abroad, whether explicit or implied.

(iii) This Letter of Credit shall be governed by and construed in accordance with the International Standby Practice, International Chamber of Commerce Publication 590 (the "ISP98"), and, as to matters not addressed by the ISP98, shall be governed and construed in accordance with the laws of Uganda (including any governmental actions, orders, decrees and regulations).

(iv) This Letter of Credit shall not be waived or amended except in a writing signed by the Issuing Bank, the Applicant and the Beneficiary; *provided, however*, that the Issuing Bank may amend this Letter of Credit unilaterally to reinstate in part or in full the Stated Amount of the Letter of Credit pursuant to Clause 7 or to increase the Stated Amount by US\$2.5 million pursuant to Clause 1.

(v) Each of the Issuing Bank and the Beneficiary acknowledge that Citibank N.A., London Branch may be replaced as Escrow Agent pursuant to the terms of the Escrow Agreement, and hereby agree that such replacement will take effect for purposes of this Letter of Credit immediately upon delivery of notice of such replacement by the Beneficiary to the Issuing Bank.

Very truly yours,

CITIBANK UGANDA LIMITED

Name: _____

Title: _____

A handwritten signature in black ink, appearing to be a stylized name, located in the lower right quadrant of the page.

ANNEX A

TYPE B WITHDRAWAL CERTIFICATE - LACK OF TIMELY TARIFF APPROVAL

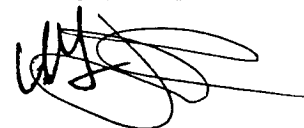
Citibank N.A., London Branch,
5 Carmelite Street
London EC4Y 0PA
UNITED KINGDOM
Attention: Specialised Agency
Facsimile: +44 207 508 3883

The undersigned certifies that he is _____ of Umeme Limited ("UMEME") and is an Authorised Signatory of UMEME.

The undersigned further certifies that:

1. UMEME has lost revenues as a result of the Authority's failure to approve tariff increases consistent with applications (properly calculated) made by UMEME to the Authority as prescribed by and in accordance with the Licences (as defined in the Lease Agreement) subsequent to the Target Date, which is the later of:
 - (i) forty-five (45) days after the date of the tariff application, which forty-five (45) day period finished on or prior to the most recent Rent Payment Date or after such time as UMEME was no longer obligated to pay Rent, each in accordance with the terms of the Lease Agreement, or
 - (ii) the date specified in UMEME's tariff application for the effectiveness of the tariff.
2. This Withdrawal Certificate covers revenues lost by UMEME in the period, subsequent to the Target Date, from _____ to _____ (the "Covered Period").
3. The amount of lost revenues is USH_____, and interest thereon at prescribed rates approved by the Authority is USH_____.
4. Prior to the submission of this Withdrawal Certificate, UMEME has offset Rent to the maximum extent possible in one or more months so as to reduce the amount payable by the Escrow Agent from the Escrow Account pursuant to this Withdrawal Certificate. The amount of such set-off is USH _____.
5. [Certification to be made only if the Letter of Credit is in full force and effect.] UMEME delivered a copy of the notice required by Section 4.2(e)(i) of the Lease Agreement to UEDCL, GOU and IDA no later than five (5) Business Days before the first date on which UMEME could receive funds by making a draw under the Letter of Credit if amounts demanded herein are not paid in full from the Escrow Account.

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6. UMEME has delivered a copy of this Withdrawal Certificate and all attachments hereto to UEDCL, GOU, the Authority and, if the Letter of Credit is in full force and effect, IDA.
7. UMEME has appended to this Withdrawal Certificate calculations supporting this demand for withdrawal from the Escrow Account, showing the difference between the revenue, for each customer class, that would have been invoiced during the Covered Period had the proposed Retail Tariff (as defined in Annex A to the Distribution Supply Licence) been applied to the energy billed during the Covered Period and the revenue actually invoiced at the current Retail Tariff (as defined in Annex A to the Distribution Supply Licence) during the Covered Period:

$$\text{Lost revenue} = \sum_c \text{kWh}_c \times (\text{Proposed RT}_c - \text{Current RT}_c)$$

where

Proposed RT_c = Proposed Retail Tariff for customer class "c".

Current RT_c = Current Retail Tariff for customer class "c".

kWh_c = kilowatt-hours billed for customer class "c" in the Covered Period

c = customer class

Accordingly, UMEME hereby demands that the Escrow Agent promptly pay (in Shillings and then, to the extent that there are insufficient Shillings, with the remainder in Equivalent Dollars) US\$_____ to UMEME from the Escrow Account by wire transfer to the UMEME Account. If the Escrow Amount is insufficient to meet this demand, the Escrow Agent shall deliver a Notice of Escrow Account Shortfall to UMEME in accordance with the terms and conditions of the Escrow Agreement.

Capitalised terms used herein and not defined herein shall have the respective meaning assigned to them in the Escrow Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Withdrawal Certificate on behalf of Umeme Limited this _____ day of _____.

Umeme Limited

Name: _____

Title: _____

ANNEX B

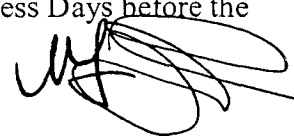
TYPE B WITHDRAWAL CERTIFICATE – INITIAL PERIOD TERMINATION

Citibank N.A., London Branch,
5 Carmelite Street
London EC4Y 0PA
UNITED KINGDOM
Attention: Specialised Agency
Facsimile: +44 207 508 3883

The undersigned certifies that he is _____ of Umeme Limited (“UMEME”) and is an Authorised Signatory of UMEME.

The undersigned further certifies that:

1. The Lease Agreement has been terminated during or at the end of the Initial Period (as defined in the Lease Agreement) and evidence of such termination is attached hereto. This termination occurred on or prior to the most recent Rent Payment Date or after such time as UMEME was no longer obligated to pay Rent, each in accordance with the terms of the Lease Agreement.
2. No Early Company Termination (as defined in the Lease Agreement) has occurred and the amount demanded hereunder is not payable as a result of the occurrence of a Company Event of Default or a Force Majeure Event referred to in Section 10.1(b)(vi) of the Lease Agreement.
3. The Early Termination Amount (as defined in the Lease Agreement) that is payable to UMEME is US\$2,500,000.
4. The amount of cash available from UMEME bank accounts and other sources of available funds (other than from monies held by UMEME that have been borrowed by UMEME or are necessary to repay monies borrowed by UMEME (other than shareholder loans)) including the Company Escrow Account (as defined in the Lease Agreement) is US\$_____. Evidence of the amount of funds available in the Company Escrow Account is attached hereto.
5. Prior to the submission of this Withdrawal Certificate, UMEME has offset Rent to the maximum extent possible in one or more months so as to reduce the amount payable by the Escrow Agent from the Escrow Account pursuant to this Withdrawal Certificate.
6. [Certification to be made only if the Letter of Credit is in full force and effect.] UMEME delivered a copy of the notice required by Section 4.2(e)(i) of the Lease Agreement to UEDCL, GOU and IDA no later than five (5) Business Days before the



first date on which UMEME could receive funds by making a draw under the Letter of Credit if amounts demanded herein are not paid in full from the Escrow Account.

7. UMEME has delivered a copy of this Withdrawal Certificate and all attachments hereto to UEDCL, GOU, the Authority and, if the Letter of Credit is in full force and effect, IDA.
8. UMEME has delivered a copy of the Notice of Intent to Terminate to IDA as required pursuant to Section 4.2 (f) of the Lease Agreement.

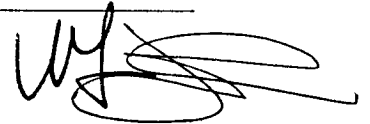
Accordingly, UMEME hereby demands that the Escrow Agent promptly pay (in Dollars and then, to the extent that there are insufficient Dollars, with the remainder in Equivalent Dollars) US\$ _____ to UMEME by wire transfer to the UMEME Account. If the Escrow Amount is insufficient to meet this demand, the Escrow Agent shall deliver a Notice of Escrow Account Shortfall to UMEME in accordance with the terms and conditions of the Escrow Agreement.

Capitalised terms used herein and not defined herein shall have the respective meanings assigned to them in the Escrow Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Withdrawal Certificate on behalf of Umeme Limited this ____ day of _____.

Umeme Limited

Name: _____
Title: _____

A handwritten signature in black ink, appearing to be 'WJ', written over a horizontal line.

ANNEX C

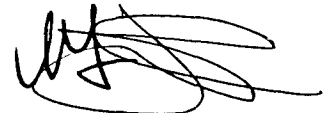
**TYPE B WITHDRAWAL CERTIFICATE - UNPAID GOU ENTITY ELECTRICITY
BILLS**

Citibank N.A., London Branch,
5 Carmelite Street
London EC4Y 0PA
UNITED KINGDOM
Attention: Specialised Agency
Facsimile: +44 207 508 3883

The undersigned certifies that he is _____ of Umeme Limited ("UMEME") and is an Authorised Signatory of UMEME.

The undersigned further certifies that:

1. There are past due amounts arising from and after the Transfer Date related to non-payment of electricity bills by GOU Entities (as defined in the Lease Agreement) which UMEME has reasonably attempted to collect and these amounts have remained unpaid for sixty (60) days following the due date therefor. This sixty (60) day period finished on or prior to the most recent Rent Payment Date or after such time as UMEME was no longer obligated to pay Rent, each in accordance with the terms of the Lease Agreement.
2. The amount of the past due amounts is USH____, and interest thereon at prescribed rates approved by the Authority is USH_____.
3. Prior to the submission of this Withdrawal Certificate, UMEME has offset Rent to the maximum extent possible in one or more months so as to reduce the amount payable by the Escrow Agent from the Escrow Account pursuant to this Withdrawal Certificate. The amount of such set-off is USH _____.
4. UMEME has provided GOU and, if the Letter of Credit is in full force and effect, IDA with fourteen (14) days notice of such non-payment in accordance with Section 4.2(b)(ii)(B) of the Lease Agreement.
5. [Certification to be made only if the Letter of Credit is in full force and effect.] UMEME delivered a copy of the notice required by Section 4.2(e)(i) of the Lease Agreement to UEDCL, GOU and IDA no later than five (5) Business Days before the first date on which UMEME could receive funds by making a draw under the Letter of Credit if amounts demanded herein are not paid in full from the Escrow Account.
6. UMEME has delivered a copy of this Withdrawal Certificate and all attachments hereto to UEDCL, GOU, the Authority and, if the Letter of Credit is in full force and effect, IDA.



UMEME has appended to this Withdrawal Certificate evidence supporting this demand for withdrawal from the Escrow Account, including evidence of the unpaid bills of the relevant GOU Entities.

Accordingly, UMEME hereby demands that the Escrow Agent promptly pay (in Shillings and then, to the extent that there are insufficient Shillings, with the remainder in Equivalent Dollars) US\$_____ to UMEME from the Escrow Account by wire transfer to the UMEME Account. If the Escrow Amount is insufficient to meet this demand, the Escrow Agent shall deliver a Notice of Escrow Account Shortfall to UMEME in accordance with the terms and conditions of the Escrow Agreement.

Capitalised terms used herein and not defined herein shall have the respective meaning assigned to them in the Escrow Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Withdrawal Certificate on behalf of Umeme Limited this ____ day of _____.

Umeme Limited

Name: _____
Title: _____

5
/

ANNEX D

DRAFT IN EVENT OF ESCROW ACCOUNT SHORTFALL

[Date]

To: The Managing Director
Citibank Uganda Limited, Issuing Bank
Centre Court
4 Ternan Avenue
P.O. Box 7505
Kampala, Uganda

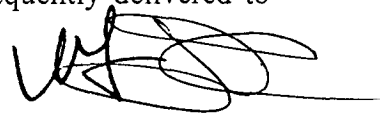
Re: Citibank Uganda Limited Standby Letter of Credit No. _____

Ladies and Gentlemen:

I refer to Standby Letter of Credit No. _____ issued by Citibank Uganda Limited (the "Letter of Credit"). UMEME is the beneficiary under the Letter of Credit. Any term which is defined in the Letter of Credit shall have the same meaning when used herein. The undersigned certifies that he is an Authorised Signatory of UMEME pursuant to Annex L of the Letter of Credit and also hereby certifies to you that:

1. UMEME has submitted a Type B Withdrawal Certificate to the Escrow Agent under the Escrow Agreement demanding payment from the Escrow Account. A copy of such Type B Withdrawal Certificate is attached hereto and forms an integral part of this Draft in Event of Escrow Account Shortfall.
2. The Escrow Agent has issued a Notice of Escrow Account Shortfall stating that there are insufficient funds in the Escrow Account to cover the full amount demanded by UMEME in its Type B Withdrawal Certificate and that the amount of the shortfall in the Escrow Account would be, but for such shortfall, due and payable by the Escrow Agent from the Escrow Account. A copy of such Notice of Escrow Account Shortfall is attached hereto and forms an integral part of this Draft in Event of Escrow Account Shortfall.
3. The amount demanded by us on behalf of UMEME in this draft is the same as the amount of the shortfall, in U.S. Dollars, stated in the Notice of Escrow Account Shortfall issued by the Escrow Agent and attached hereto. Such amount is US\$_____.
4. [UMEME has provided IDA with a copy of the Notice of Intent to Terminate, as defined in the Lease Agreement, delivered to or received from, UEDCL, GOU or the Uganda Electricity Transmission Company Limited ("UETCL"), as the case may be, under the Lease Agreement, the Support Agreement or the Power Sales Agreement respectively, at least twenty (20) days before the delivery by UMEME to UEDCL, GOU or UETCL of the Termination Notice, as defined in the Lease Agreement, subsequently delivered to

D-1



UEDCL, GOU or UETCL, as the case may be, or within ten (10) days of UMEME's receipt of a Notice of Intent to Terminate from UEDCL, GOU or UETCL, as the case may be.]¹

5. UMEME has not submitted to IDA a demand for a disbursement under the development credit agreement dated 18 December 2000, as amended, between IDA and Uganda pursuant to Section 9 of the Project Agreement entered into between IDA and UMEME on or about the date of issuance of the Letter of Credit.
6. The amount demanded by UMEME in this draft has not been paid to UMEME by other sources and remains due and payable to UMEME.

In accordance with the terms of the Letter of Credit, we hereby request that you deposit such amounts into UMEME's account no. _____ within two (2) Business Days of presentation of this draft.

Very truly yours,

Umeme Limited

Name: _____
Title: _____

cc: UEDCL, Escrow Agent, IDA

¹ This certification number 4 shall be required to be made only for a draft in connection with an Early Termination, which is indicated by submission of a Type B Withdrawal Certificate – Early Termination (See Annex C to this Letter of Credit).



ANNEX E

NOTICE OF ESCROW ACCOUNT SHORTFALL

Umeme Limited
SM Chambers
36 Nile Avenue
P.O. Box 3213
Kampala, Uganda

Pursuant to the provisions of the Escrow Agreement between Citibank N.A., London Branch (the "Escrow Agent"), Uganda Electricity Distribution Company Limited ("UEDCL") and Umeme Limited ("UMEME"), UMEME presented a Type B Withdrawal Certificate to the Escrow Agent on the _____ day of _____ 20____, instructing the Escrow Agent [to pay the sum of US\$ _____ out of the Escrow Account, which is equivalent to US\$ _____, as calculated pursuant to the Escrow Agreement] [to pay the sum of US\$ _____ out of the Escrow Account].¹ The Escrow Agent hereby certifies that this amount would be due and payable and would be paid in full by the Escrow Agent but for an inadequate amount of funds being available in the Escrow Account. As at the date of presentation of the Type B Withdrawal Certificate, the cash available in the Escrow Account was US\$ _____ (or its equivalent), thus leaving a cash shortfall of US\$ _____.

Capitalised terms used herein and not defined herein shall have the respective meanings assigned to them in the Escrow Agreement.

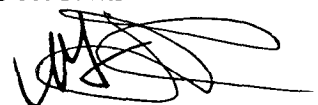
IN WITNESS WHEREOF, the undersigned have executed this Notice of Escrow Account Shortfall on behalf of the Escrow Agent this ____ day of _____.

Citibank N.A, London Branch

Name: _____
Title: _____

c.c. UEDCL, IDA

¹ Only one set of bracketed language in this sentence to be included, as set forth in the Type B Withdrawal Certificate submitted to the Escrow Agent.



ANNEX F

AMENDMENT TO INCREASE STATED AMOUNT
UPON REIMBURSEMENT FOR PRIOR DRAWS

[Date]

To: Umeme Limited
SM Chambers
36 Nile Avenue
P.O. Box 3213
Kampala, Uganda

Re: Citibank Uganda Limited Standby Letter of Credit No. _____

Ladies and Gentlemen:


We refer to Standby Letter of Credit No. _____ (the "Letter of Credit") dated _____, 20__ in favor of UMEME. Any term which is defined in the Letter of Credit shall have the same meaning when used herein.

We hereby notify you that the Issuing Bank has been reimbursed for payment(s) made under the Letter of Credit in the amount of US\$ _____.

Accordingly, we have amended the Letter of Credit to reinstate the Stated Amount of the Letter of Credit to US\$ _____. A copy of such amended Letter of Credit is attached hereto.

Citibank Uganda Limited

Name: _____
Title: _____



cc: UEDCL, Escrow Agent, IDA

ANNEX G

CERTIFICATE OF TERMINATION

[Date]

To: The Managing Director
Citibank Uganda Limited
Centre Court
4 Ternan Avenue
P.O. Box 7505
Kampala, Uganda

Re: Citibank Uganda Limited Standby Letter of Credit No. _____

Ladies and Gentlemen:

We refer to Standby Letter of Credit No. _____ issued by Citibank Uganda Limited (the "Letter of Credit"). Any term that is defined in the Letter of Credit shall have the same meaning when used herein. The undersigned, a duly authorized officer of UMEME, the Beneficiary under the Letter of Credit, hereby certifies to you that:

1. We hereby surrender the attached Letter of Credit to you.
2. The Letter of Credit is hereby terminated in accordance with its terms.
3. No payment is demanded of you in connection with this surrender of the Letter of Credit.
4. We hereby release all your obligation and responsibility under this Letter of Credit.

Very truly yours,



Umeme Limited

Name: _____
Title: _____

cc: UEDCL, Escrow Agent, IDA

ANNEX H

NOTICE OF RENEWAL

[Date]

The Managing Director
Uganda Electricity Distribution Company Ltd.
P.O. Box 7390
Amber House
Plot 29/33 Kampala Road
Kampala, Uganda

Re: Citibank Uganda Limited Standby Letter of Credit No. _____

Ladies and Gentlemen:


We refer to Standby Letter of Credit No. _____ issued by Citibank Uganda Limited (the "Letter of Credit"). Any term that is defined in the Letter of Credit shall have the same meaning when used herein.

Under Clause 9 of the Letter of Credit, the Issuing Bank may, after receipt of the Applicant's application for renewal and at its discretion, renew the Letter of Credit.

We hereby agree to renew the Letter of Credit for an additional two (2) years commencing on the Expiry Date.

Very truly yours,

Citibank Uganda Limited



Name: _____
Title: _____

cc: UMEME, Escrow Agent, IDA

ANNEX I

FINAL NOTICE OF NON-RENEWAL

[Date – 8 Business Days prior to Expiry Date]

Umeme Limited
SM Chambers
36 Nile Avenue
P.O. Box 3213
Kampala, Uganda

Re: Citibank Uganda Limited Standby Letter of Credit No. _____

Ladies and Gentlemen:

We refer to Standby Letter of Credit No. _____ issued by Citibank Uganda Limited (the "Letter of Credit"). Any term that is defined in the Letter of Credit shall have the same meaning when used herein.

Under Clause 9 of the Letter of Credit, the Issuing Bank has undertaken to issue this Final Notice of Non-Renewal on the thirtieth (30th) day prior to the Expiry Date (or if that day is not a Business Day, the last Business Day before that day) in the event that it has opted not to renew the Letter of Credit upon the Expiry Date. Pursuant to Clause 9, we hereby notify you that the Issuing Bank will not renew the Letter of Credit upon the Expiry Date, which is _____.

The Stated Amount as of the date of this Final Notice of Non-Renewal is US\$ _____.

Very truly yours,

Citibank Uganda Limited



Name: _____
Title: _____

cc: UEDCL, Escrow Agent, IDA

ANNEX J

AMENDMENT TO INCREASE STATED AMOUNT
UPON FIRST ANNIVERSARY OF EFFECTIVE DATE

[Date]

Umeme Limited
SM Chambers
36 Nile Avenue
P.O. Box 3213
Kampala, Uganda

Re: Citibank Uganda Limited Standby Letter of Credit No. _____

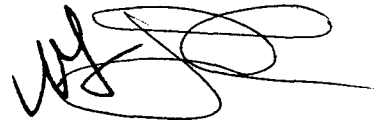
Ladies and Gentlemen:

We refer to Standby Letter of Credit No. _____ (the "Letter of Credit") dated _____, 20__, in favor of UMEME. Any term which is defined in the Letter of Credit shall have the same meaning when used herein.

We hereby notify you that we, as the Issuing Bank, have amended the Letter of Credit to increase the Stated Amount of the Letter of Credit by US\$2,500,000 (Two Million Five Hundred Thousand U.S. Dollars and 00/100) to US\$ [specify amount equal to US\$5 million, less any unreimbursed draws]. The amended Letter of Credit is attached hereto.

Citibank Uganda Limited

Name: _____
Title: _____



cc: UEDCL, Escrow Agent, IDA

ANNEX K
NOTICE OF DRAW
UNDER LETTER OF CREDIT

[Date]

The Managing Director
Uganda Electricity Distribution Company Ltd.
P.O. Box 7390
Amber House
Plot 29/33 Kampala Road
Kampala, Uganda

Re: Citibank Uganda Limited Standby Letter of Credit No. _____

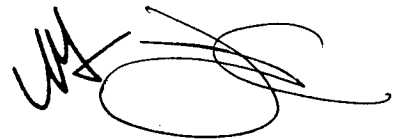
Ladies and Gentlemen:

We refer to Standby Letter of Credit No. _____ (the "Letter of Credit") dated _____, 20__, in favor of UMEME. Any term which is defined in the Letter of Credit shall have the same meaning when used herein.

We hereby notify you that we have received a demand for payment of US\$_____ from UMEME pursuant to Clause 5 of the Letter of Credit. We hereby inform you that we paid US\$_____ to UMEME in accordance with such demand on [day] [month] [year]. A copy of the supporting documents pursuant to which such demand was paid is attached hereto.

Citibank Uganda Limited

Name: _____
Title: _____

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

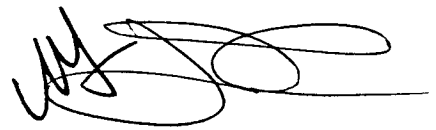
cc: UMEME, Escrow Agent, IDA

ANNEX L

AUTHORISED SIGNATORIES

Each of the following persons is an "Authorised Signatory" of Umeme Limited with respect to a drawing certificate under the Letter of Credit, and set forth beside the name of each person is such person's signature and position:

<u>Name</u>	<u>Position</u>	<u>Signature</u>
[]	[]	_____
[]	[]	_____
[]	[]	_____

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

ATTACHMENT 1

CONDITIONS OF IDA'S COMMITMENT

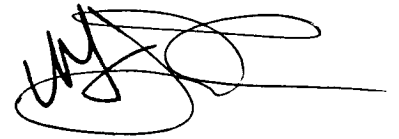
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CHAPTER I. INTRODUCTION

Article 1. Application

1.1 These Conditions set forth certain conditions applicable to the IDA Commitment Agreement between IDA and Citibank Uganda Limited.

Article 2. Definitions, References and Headings

2.1 Terms in initial capital letters herein are used as defined in the Agreement and in Schedule A hereof.

2.2 Unless otherwise stated, all references herein to Chapters, Articles, Sections, Subsections and Schedules are to those of these Conditions.

2.3 Headings in these Conditions are inserted for convenience of reference only. They shall not be taken into account in the application or interpretation of these Conditions.

Article 3. Governing Law and Dispute Resolution

3.1 The Agreement shall be governed by and construed in accordance with the laws of England.

3.2 Any dispute between the LC Issuing Bank and IDA arising out of or in connection with the Agreement shall be settled by arbitration in accordance with the Arbitration Rules, by a single arbitrator appointed by the parties within thirty (30) days of a request by a party for arbitration. The arbitration proceedings shall be conducted in London, England, and the award shall be rendered in the English language. In the event of a difference between the Rules and the terms of this Agreement, the terms of this Agreement shall govern. If the parties fail to timely select an arbitrator (to serve as the Arbitral Tribunal), such arbitrator shall be appointed by the London Court of International Arbitration in accordance with the Arbitration Rules.

3.3 Nothing in the Agreement shall operate as or be construed to constitute a waiver, renunciation or any other modification of any privilege or immunity of IDA under Article VIII of the Articles of Agreement or under any applicable law.

3.4 No award may require IDA to pay to the LC Issuing Bank more than the Maximum Aggregate Liability.

3.5 The award of the Arbitral Tribunal shall be final and binding on the parties and enforceable in any court of competent jurisdiction. The parties shall carry out the award



without delay. This Agreement and the rights and obligations of the parties hereunder shall remain in full force and effect pending the award in any arbitration proceeding instituted hereunder.

3.6 A person who is not party to the Agreement shall not have any right under the Contract (Rights of Third Parties) Act 1999 to enforce any provision of the Agreement.

3.7 The obligations of IDA under the Agreement are not the obligations of any government or member of IDA.

Article 4. Confidentiality

4.1 To the extent the same are not subject to any obligation of confidentiality pursuant to or in connection with any LC Bank Agreement, the LC Issuing Bank waives any rights it may have to prevent or restrict IDA disclosing (and confirms that, as between the LC Issuing Bank and IDA, IDA may disclose) to any other person who, in accordance with IDA's policies and practices as determined by IDA, is entitled to receive the LC Bank Agreements, or information related to the subject matter of such agreements, including disclosure to IDA's external counsel, auditors and consultants.

Article 5. Contract Complete Agreement; Amendments and Waivers

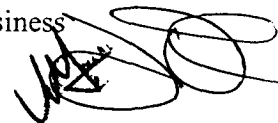
5.1 Without prejudice to Article 3 of these Conditions, the Agreement contains the complete and final agreement between IDA and the LC Issuing Bank relating to the IDA-Supported LC.

5.2 No provision of the Agreement may be modified or supplemented except in a written agreement executed by the authorized representatives of the parties to the Agreement.

5.3 Neither party shall be deemed to have waived any of its rights under the Agreement, unless expressly so stated in a notice by the party waiving such a right to the other party.

Article 6. Notices and Payments

6.1 Any notice, request, application, consent, approval or waiver (hereinafter referred to generally as a "notice") required or permitted to be given or made under the Agreement shall be in writing in the English language. Such notice shall be deemed to have been duly given or made when it shall be delivered by hand, mail or facsimile to the party to which it is required or permitted to be given or made at such party's address specified in the Agreement or at such other address as the party shall have designated, by giving fifteen (15) days' written notice to the other party; provided that any Demand Notice and any notice provided by IDA under Article 8 shall be effective only on the first business



day for the recipient of such notice following its receipt .

6.2 All payments to be made by IDA to the LC Issuing Bank under the Agreement shall be made in immediately available funds, in United States Dollars, before 11:00 a.m. New York time on the due date, to the account of the LC Issuing Bank specified in the Demand Notice.

6.3 Payments to the LC Issuing Bank by IDA of amounts demanded by the LC Issuing Bank pursuant to any Demand Notice shall discharge IDA fully from its obligations in respect of such Demand Notice to the LC Issuing Bank to the extent of the amounts so paid.

Article 7. Conditions Precedent


7.1 IDA's obligations under the Agreement are subject to satisfaction or waiver of the conditions precedent set out in Schedule C (Conditions Precedent) hereto, each in form and substance reasonably satisfactory to IDA. IDA shall notify the LC Issuing Bank in writing upon satisfaction (or waiver) of all such conditions precedent, the date of such notification being the Effective Date of the Agreement.

CHAPTER II. SCOPE OF COVERAGE

Article 8. Exclusions

8.1 IDA shall reimburse the LC Issuing Bank up to the Maximum Aggregate Liability for amounts owed by UDECL to the LC Issuing Bank under Clause 6 of the Reimbursement Agreement in respect of any Advance under the IDA-Supported LC and unpaid at the expiration of the Loan Repayment Period in respect of such Advance (other than amounts owed for any interest payable on interest due and unpaid under Clause 6(2) of the Reimbursement Agreement), except for the following Advances for which IDA shall have no reimbursement obligation :

- (a) any Advance made otherwise than in accordance with the IDA-Supported LC, including any payment made against a nonconforming demand thereunder;
- (b) any Advance as to which IDA has notified the LC Issuing Bank prior to the making of such Advance that IDA shall not have any reimbursement obligation under this Agreement because there has been an act by the Company that constitutes a Corrupt Practice; or
- (c) any Advance as to which IDA has notified the LC Issuing Bank prior to



the making of such Advance that IDA shall not have any reimbursement obligation under this Agreement because the Company is in material default of its obligations under the IDA Project Agreement (including, without limitation, any default by the Company in the payment when due of any fees owing to IDA under the Project Agreement).

8.2 IDA will notify the LC Issuing Bank promptly in the event that the Company has remedied or IDA has waived the material default as to which IDA has notified the LC Issuing Bank under Section 8.1 (c) above. Upon provision of such notice under this Section 8.2., IDA shall have a reimbursement obligation under Section 8.1 above for any such Advance specified in Section 8.1 (c) above.

CHAPTER III. SCOPE OF LOSS COMPENSATION

Article 9. Amount of Loss Compensation

9.1 In the event of a UEDCL Repayment Failure and subject to Articles 10 and 11, the compensation payable for a Loss shall be as described in Article 6 of the Agreement.

9.2 A Loss shall not under any circumstance include, and no compensation shall be paid by IDA, for indemnification costs, breakage costs, late payment interest, or penalty fees for late payment payable by UEDCL to the LC Issuing Bank under the Reimbursement Agreement and/or the IDA-Supported LC.

Article 10. Deductions

10.1 If, after the LC Issuing Bank has served a Demand Notice on IDA pursuant to the Agreement but before IDA has paid the amount demanded, the Escrow Agent pays to the LC Issuing Bank in accordance with the terms of the Escrow Agreement, the whole or any part of any Loss referred to in the Demand Notice, IDA's liability hereunder in respect of such Demand Notice shall be reduced by an amount equal to the amount so received by the LC Issuing Bank, as certified to IDA by the LC Issuing Bank.

CHAPTER IV. DEMANDS AND PAYMENTS

Article 11. Filing of Demands



11.1 Subject to Section 11.2 below, any Demand must be filed in writing with IDA in the form of a Demand Notice as set forth in Schedule B, no later than the Final Demand Date.

A handwritten signature in black ink, consisting of several overlapping loops and a horizontal line extending to the right.

11.2 Each Demand Notice shall be:

- (a) signed by or on behalf of the LC Issuing Bank;
- (b) accompanied by copies of the LC Issuing Bank's demands made on UEDCL under the Reimbursement Agreement or otherwise, with respect to the relevant IDA-Supported Loan Amount (plus any Interest) demanded, with supporting calculations of the Loss due as of the date of the Demand Notice;
- (c) accompanied by copies of the LC Issuing Bank's records showing any payments made to the LC Issuing Bank by the Escrow Agent pursuant to Escrow Agreement, or by UEDCL or the Government, in repayment of an IDA-Supported Loan Amount or Interest thereon;
- (d) accompanied by evidence reasonably satisfactory to IDA of the authority of the signatory to sign such Demand Notice on behalf of the LC Issuing Bank (a copy of the LC Issuing Bank's most recent official signature book which shows the authority of the signatory or an official incumbency certificate signed or sealed by an officer of the LC Issuing Bank showing the authority of the signatory shall, for these purposes, be such reasonable evidence);
- (f) subject to Section 6.1 above, effective only when the Demand Notice is actually received by IDA at its address specified in the Agreement; and
- (g) in the absence of manifest error, conclusive and binding on the parties to the Agreement in respect of all information set out in such Demand Notice.

11.3 If, in connection with a Demand, the LC Issuing Bank fails to comply with any of the requirements or obligations set out in this Article 11, IDA shall be entitled to suspend action on the Demand and grant the LC Issuing Bank thirty (30) days to cure the failure to comply. If the failure to comply is not cured by the expiration of the cure period, IDA may deny payment of the Demand.

Article 12. Payment Period

12.1 Subject to Article 11, IDA shall pay the amount demanded in any Demand Notice on or before the tenth (10th) day following IDA's receipt of the Demand Notice, and, if such tenth (10th) day is not a Business Day in New York, the immediately following Business Day in New York.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, located in the bottom right corner of the page.

CHAPTER V. DUTIES OF LC ISSUING BANK

Article 13. Records and Provision of Information

13.1 As soon as practical after receipt or actual knowledge of the occurrence thereof, the LC Issuing Bank will keep IDA promptly (or with such other regularity as IDA and the LC Issuing Bank may otherwise agree in writing) informed and provide relevant copies of

- (i) any notice of assignment or transfer of the rights or obligations of the Company, UEDCL and/or the Escrow Agent under the LC Bank Agreements;
- (ii) any material notification received from the Escrow Agent or the Company in accordance with the IDA-Supported LC, including each demand (and related Withdrawal Certificate) received for payment of the IDA-Supported LC;
- (iii) any Advance made by the LC Issuing Bank; and
- (iv) any other notices or information required to be provided to IDA pursuant to the LC Bank Agreements.


13.2 As soon as practical after receipt of a written request from IDA, the LC Issuing Bank shall provide such information as IDA may reasonably request relating to any Advance made under the IDA-Supported LC, the status of any IDA-Supported Loan not yet fully repaid (but such information to be provided not more often than on a monthly basis), and any Demand for a Loss made under the Agreement (including the circumstances of such Advance or Demand and the calculation of any Advance paid or Loss claimed).

Article 14. Assignment

14.1 The LC Issuing Bank shall not, without IDA's prior written consent, in its sole discretion, assign, transfer or encumber:

- (a) any right under this Agreement;
- (b) any right, claim, cause of action, demand, security or other interest related to the IDA-Supported LC arising under the IDA-Supported LC, the Reimbursement Agreement, the Escrow Agreement or otherwise; or
- (c) any right to make a Demand in respect of the IDA Credit,

other than to another subsidiary of Citigroup Inc.



SCHEDULE A

DEFINITIONS

“Advance” means any monies properly drawn by, and paid to, the Company on the IDA-Supported LC .

“Agreement” means the IDA Commitment Agreement to which the Conditions apply, including all schedules, addenda, annexes, attachments and amendments thereto. Agreement also includes the Conditions and the Arbitration Rules, both as referred to in the IDA Commitment Agreement.

“Amendment to the IDA Credit Agreement” means the amendment entered into between IDA and the Host Country dated on or about the date hereof to the Development Credit Agreement between the Host Country and IDA dated December 18, 2000 for the Privatization and Utility Sector Reform Project.

“Arbitral Tribunal” means any arbitral tribunal constituted under the Arbitration Rules to decide a dispute arising out of or in connection with the Agreement.

“Arbitration Rules” means the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules as in effect on the date of this Agreement.

“Articles of Agreement” means the Articles of Agreement establishing the International Development Association as amended.

“Business Day(s)” means any day (other than a Saturday or Sunday) when banks are generally open for business in the city specified in the relevant section of the Agreement.

“Commitment Period” means the period so designated in Article 4 of the Agreement.

“Company” means the entity so designated in the Agreement and any duly authorized person acting on behalf of such entity.

“Conditions” means the Conditions set forth as Attachment 1 to the Agreement and constituting an integral part of the Agreement.

“Corrupt Practices” means:

- (a) the offering, promising or giving of any bribe, pay-off, kick-back, unlawful commission or other undue pecuniary or other advantage, whether directly or through intermediaries (including shareholders, directors, officers, employees and agents), to any official of the Government, for that official or for a third

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party to influence the official to act or refrain from acting in relation to the performance of official duties, with the purpose of obtaining or retaining business or any other improper advantage; or

- (b) the acquisition, possession, use, conversion, transfer or concealment of the true nature of property of any description, and legal documents or instruments evidencing title to, or interest in, such property knowing that such property is an economic advantage from criminal offenses, for the purpose of (i) concealing or disguising the illicit origin of the property or (ii) assisting any person who is involved in the commission of a criminal offense as a result of which such property is generated, to evade the legal consequences of such actions.

“Demand” means an application, by means of a Demand Notice, of the LC Issuing Bank to IDA for payment of compensation for a Loss under the Agreement.

“Demand Notice” means a notice from the LC Issuing Bank to IDA (completed as appropriate) substantially in the form of Schedule B (Form of Demand Notice) to the Agreement and making a demand for payment of the IDA Credit in accordance with Article 11 of the Conditions.

“Effective Date” means the date of the notice provided by IDA to the LC Issuing Bank pursuant to Article 7 of the Conditions.

“Escrow Account” has the meaning given to that term in the Escrow Agreement.

“Escrow Agent” means Citibank N.A., London Branch.

“Escrow Agreement” means the escrow agreement between the Company, UEDCL, and the Escrow Agent dated on or about the date hereof.

“Final Demand Date” means, unless otherwise extended by IDA, the fifteenth (15th) day following the eighth (8th) anniversary of the Effective Date, being the last date that a Demand may be made on IDA under the Agreement.

“Guarantee Currency” means United States Dollars (US\$).

“Government” means:

- (a) the present or any succeeding governing authority (without regard to the method of its succession or as to whether it is internationally recognized) in effective control of the territory of the Host Country; and
- (b) any other public authority in or of the Host Country on which regulatory powers are, or have been, conferred by the laws of the Host Country at the



time of the Loss, and for which actions the governing authority of the Host Country may be held liable.

“IBRD” means the International Bank for Reconstruction and Development.

“IDA Agreements” means the IDA Project Agreement, the IDA Credit Amendment, and this Agreement.

“IDA Project Agreement” means the Distribution System Concession Project Agreement entered into between IDA and the Company dated on or about the date hereof.

“IDA-Supported LC” means the standby letter of credit issued by the LC Issuing Bank, in the form set forth in Addendum A to the Agreement, serving as the **“Liquidity Facility”** as defined in the Escrow Agreement, as such letter of credit is further described in Section 2.1 and other provisions of the Agreement.

“IDA-Supported Loan Amount” means the amount of an Advance (not, when aggregated with all other outstanding Advances, to exceed the applicable Maximum Guaranteed Principal) properly drawn under the IDA-Supported LC during the LC Maturity Period that is due and payable by UEDCL to the LC Issuing Bank under the Reimbursement Agreement.

“Interest” means interest calculated at the rate set forth in the Reimbursement Agreement on the outstanding principal amount of any IDA-Supported Loan Amount from time to time (excluding any interest payable on interest due and unpaid under the Reimbursement Agreement).

“LC Bank Agreements” means the IDA-Supported LC, the Reimbursement Agreement and the Escrow Agreement.

“Lease Agreement” has the meaning assigned in the preamble to the Agreement.

“Loan Repayment Date” means the first anniversary of the making of an Advance.

“Loss” means, at any time following a UEDCL Repayment Failure, any portion of an IDA-Supported Loan Amount and accrued but unpaid Interest that remains due and payable to the LC Issuing Bank, and Interest accruing through the date immediately preceding the date of payment by IDA under the Agreement (subject to the Loss not exceeding IDA’s Maximum Aggregate Liability).

“Maximum Aggregate Liability” means the maximum aggregate amount set forth in Article 6 of the Agreement which IDA shall be liable to pay to the LC Issuing Bank during the Commitment Period.

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“Reimbursement Agreement” has the meaning assigned in the preamble to the Agreement.

“Support Agreement” has the meaning assigned in the preamble to the Agreement.

“Transaction Documents” means the LC Bank Agreements, the IDA Agreements, and the Privatization Agreements.

“UEDCL Repayment Failure” means a failure by UEDCL to repay an Advance plus any Interest accrued but unpaid on that Advance by the applicable Loan Repayment Date (regardless of whether such failure results from the inability of the Escrow Agent to repay such IDA-Supported Loan Amount and Interest for lack of available funds under the Escrow Account or for any other reason).

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SCHEDULE B

FORM OF DEMAND NOTICE

To: International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Loan Department

Facsimile: (202) 522-1645

with a copy to: Director, Infrastructure, Economics and Finance, Infrastructure Network

Facsimile: (202) 614-0200

Ladies and Gentlemen,

DEMAND NOTICE

under

IDA Commitment Agreement dated _____, 2005

Number 3411 UG

1. IDA Commitment Agreement

We refer to the IDA Commitment Agreement dated _____, 2005 between (1) you, and (2) ourselves as LC Issuing Bank (the "**IDA Commitment Agreement**").

2. Definitions

In this Demand Notice, all terms defined in the IDA Commitment Agreement and all terms defined in other agreements but incorporated into the IDA Commitment Agreement shall have the meanings given to them in the IDA Commitment Agreement.



3. Payment Demand

We request payment in an amount of [US\$ _____] in accordance with your obligations under the IDA Commitment Agreement.

4. Payment Account

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:

5. Grounds for issuing this Demand Notice

We certify that:

- (a) a valid demand in writing for a draw on the IDA-Supported LC has been made by the Company in the amount of [US\$ _____];
- (b) an Advance was made, pursuant to the IDA-Supported LC, in respect of the amount so demanded by the Company;
- (c) a valid demand in writing has been made on UEDCL pursuant to the Reimbursement Agreement in respect of its repayment of the Advance so drawn on the IDA-Supported LC (plus specified Interest), and such amounts, on the date hereof, remain unpaid, as follows;

Advance/IDA-Supported Loan Amount:

Interest accrued through [_____] (the "Loan Repayment Date"): _____

- (d) we are entitled to issue this Demand Notice pursuant to the Agreement.



6. Accompanying Documents

We enclose:

- (a) a certified copy of our demand(s) on UEDCL referred to in clause 5 above;
and
- (b) certified copies, which are in order and were properly presented, of each demand by the Company on us to draw on the IDA-Supported LC.

Dated [*insert date*]

For and on behalf of
Citibank Uganda Limited, as LC Issuing Bank

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SCHEDULE C
CONDITIONS PRECEDENT TO THE EFFECTIVENESS OF THE IDA
COMMITMENT AGREEMENT

1. Execution by the parties of each of the Amendment to the IDA Credit Agreement and the IDA Project Agreement and satisfaction of all conditions of effectiveness of said Agreements.
2. Delivery to IDA of certified copies of each of the original LC Bank Agreements, certified by an authorized officer of each of the parties to those documents as being executed and in full force and effect, subject only to the effectiveness of the IDA Commitment Agreement.
3. Delivery to IDA of a copy certified by an authorized officer of the Company of an amendment to the Lease Agreement and an amendment to the Support Agreement, in form and substance satisfactory to IDA, , duly executed by all parties thereto.
4. Delivery to IDA of copies certified by an authorized officer of the Company of each of the Privatization Agreements, and each of the documents referred to under Section 2.1 (b) (ii) of the Lease as conditions to the Transfer Date (other than the agreements and documents referred to in subparagraphs (a) and (b) above), duly executed by all parties save to the extent that execution or delivery of the same has been waived in accordance with the terms of the applicable document, and each to be in full force and effect (other than satisfaction of any condition precedent therein for the effectiveness of the IDA Commitment Agreement).
5. Delivery to IDA of documentary evidence of the authority of each person who:
 - (a) has signed each of the Transaction Documents, including the IDA Credit Amendment; and
 - (b) will sign such statements, reports, certificates and other documents as may be required by the IDA Agreements;

on behalf of the Company, UEDCL, UETCL, the Government, the Escrow Agent and the LC Issuing Bank and will otherwise act as a representative of or on behalf of the foregoing parties in relation to the implementation and administration of each of the foregoing documents (such documentary evidence to include certified copies of all actions and consents taken or obtained in order to authorize the execution, delivery and performance of such agreements and the transactions contemplated thereunder and the authenticated specimen signatures of and certificate of incumbency in respect of each person described in subclauses (a) and (b) above).

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