

CONFORMED COPY

LOAN NUMBER 3345-0-TU  
3345-1-TU

Amended Guarantee Agreement

(TEK Restructuring Project)

between

REPUBLIC OF TURKEY

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated July 5, 1995

LOAN NUMBER 3345-0-TU  
3345-1-TU

AMENDED GUARANTEE AGREEMENT

AGREEMENT, dated July 5, 1995, between REPUBLIC OF TURKEY (the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) by a loan agreement between the Bank and Turkiye Elektrik Kurumu (TEK), dated September 13, 1991 (the Loan Agreement), the Bank made a loan (the Loan) to TEK in an amount in various currencies equivalent to \$300,000,000 on the terms and conditions set forth in the Loan Agreement;

(B) by a guarantee agreement between the Republic of Turkey (the Guarantor) and the Bank, dated September 13, 1991 (the Guarantee Agreement), the Guarantor guaranteed all the obligations of TEK contained or referred to in the Loan Agreement on the terms and conditions set forth in the Guarantee Agreement;

(C) by Decree No. 93/4789 of the Guarantor, Turkiye Elektrik Iletim ve Uretim A.S. (TEAS) and Turkiye Elektrik Dagitim A.S. (TEDAS) were created, and TEAS assumed TEK's functions, assets and liabilities relating to power generation and transmission, and TEDAS assumed TEK's functions, assets and liabilities relating to power distribution;

(D) by a loan assumption agreement of even date herewith between the Bank and

TEAS (TEAS Loan Assumption Agreement), TEAS has agreed to assume a portion of the Loan to TEK in the amount of \$260,000,000 equivalent, of which the principal amount of about \$80,000,000 equivalent was disbursed and outstanding as of November 20, 1994;

(E) by a loan assumption agreement of even date herewith between the Bank and TEDAS (TEDAS Loan Assumption Agreement), TEDAS has agreed to assume a portion of the Loan to TEK in the amount of \$40,000,000 equivalent;

(F) the TEAS Loan Assumption Agreement and the TEDAS Loan Assumption Agreement between the Bank and TEDAS, both of even date herewith, supersede the Loan Agreement; and

WHEREAS the Guarantor, having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to the TEAS Loan Assumption Agreement and the TEDAS Loan Assumption Agreement, both of even date herewith, has agreed to guarantee the obligations of TEAS and TEDAS in respect of the Loan to TEAS and the Loan to TEDAS and to undertake such other obligations, all as provided in this Amended Guarantee Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### Amendments to the Guarantee Agreement

1. Section 1.01 of the Guarantee Agreement is hereby amended to read as follows:

"Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth in Section 1.01 of the Loan Assumption Agreements (the General Conditions) constitute an integral part of this Agreement."

2. Section 1.02 of the Guarantee Agreement is hereby amended to read as follows:

"Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Assumption Agreements have the respective meanings therein set forth."

3. Section 2.01 of the Guarantee Agreement is hereby amended to read as follows:

##### Guarantee; Provision of Funds

"Section 2.01. The Guarantor declares its commitment to the objectives of the Projects as set forth in Schedule 2 to the Loan Assumption Agreements and, to this end, without limitation or restriction upon any of its other obligations under this Amended Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loans, and the premium, if any, on the prepayment of the Loans, and the punctual performance of all other obligations of TEAS and TEDAS, all as set forth in the TEAS Loan Assumption Agreement and the TEDAS Loan Assumption Agreement."

4. Section 2.02 of the Guarantee Agreement is hereby amended to read as follows:

"Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Amended Guarantee Agreement, the Guarantor shall (a) whenever there is reasonable cause to believe that the funds available to TEAS or TEDAS will be inadequate to meet the estimated expenditures required for the carrying out of the Project for which TEAS or TEDAS is responsible, make arrangements, satisfactory to the Bank, promptly to provide TEAS or TEDAS or cause TEAS or TEDAS, as the case may be, to be provided with such funds as are needed to meet such expenditures; and (b) ensure that the departments, agencies and other entities of the Guarantor shall pay amounts due for electricity supplied to them by TEAS or TEDAS within three months of the billing date."

5. Section 3.01 of the Guarantee Agreement is hereby amended to read as follows:

Section 3.01. The Guarantor, acting in conjunction with TEAS and TEDAS, shall: (i) ensure, by December 31, 1995, the preparation and the start of implementation of the electricity pricing policy referred to in Part A (1) of the Project; (ii) until such policy is implemented, enable TEAS and TEDAS to maintain electricity prices at least at the minimum level specified in paragraph A (1) (b) of Schedule 5 to the Loan Agreement; and (iii) by July 31, 1995 take all measures to eliminate the obligation of TEAS to make payments to the Guarantor's Public Participation Fund all amounts which shall accrue from that day onwards on account of hydro generation.

## ARTICLE II

### Effective Date

Section 2.01. (a) This Amended Guarantee Agreement shall become effective on the date upon which the Bank dispatches to the Guarantor notice of its acceptance of evidence that: (i) the execution and delivery of this Amended Guarantee Agreement on behalf of the Guarantor have been authorized or ratified by all necessary governmental action; and (ii) all conditions precedent to the TEAS Loan Assumption Agreement and the TEDAS Loan Assumption Agreement have been fulfilled, other than those related to the effectiveness of this Amended Guarantee Agreement.

(b) As part of such evidence, there shall be furnished to the Bank an opinion satisfactory to the Bank of counsel acceptable to the Bank showing, on behalf of the Guarantor, that this Amended Guarantee Agreement has been duly authorized or ratified and executed and delivered on behalf of the Guarantor and is legally binding upon the Guarantor in accordance with its terms.

## ARTICLE III

### Representative of the Guarantor; Addresses

Section 3.01. The Undersecretary of the Treasury of the Guarantor is designated as the representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 3.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

Basbakanlik Hazine  
Mustesarligi  
Inonu Bulvari  
Emek - Ankara  
Republic of Turkey

Cable address:

MALIYE-HAZINE

Telex:

821-42285 (MLYE-TR) or  
821-42689 (ANK-TR)

For the Bank:

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

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

197688 (TRT),  
248423 (RCA),  
64145 (WUI) or

82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF TURKEY

By /s/ Mahfi Egilmez

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Rachel Lomax

Acting Regional Vice President  
Europe and Central Asia

