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**LOAN NUMBER 7965-KZ**

# **Guarantee Agreement**

**(Alma Electricity Transmission Project)**

**between**

**REPUBLIC OF KAZAKHSTAN**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated December 25, 2010**



**LOAN NUMBER 7965-KZ**

**GUARANTEE AGREEMENT**

AGREEMENT, dated December 25, 2010, entered into between REPUBLIC OF KAZAKHSTAN (“Guarantor”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) (“Guarantee Agreement”) in connection with the Loan Agreement of same date between the Bank and JOINT STOCK COMPANY “KAZAKHSTAN ELECTRICITY GRID OPERATING COMPANY” (“Borrower” or “KEGOC”) (“Loan Agreement”) and further to the Resolutions of the Government of the Guarantor No. 531 and No. 1375, dated June 7, 2010 and December 20, 2010 respectively, by which the Guarantor has agreed to guarantee the obligations of the Borrower with respect to the Loan. The Guarantor and the Bank hereby agree as follows:

**ARTICLE I – GENERAL CONDITIONS; DEFINITIONS**

Section 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.

Section 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Loan Agreement.

**ARTICLE II – GUARANTEE; PROVISION OF FUNDS**

Section 2.01. The Guarantor declares its commitment to the objectives of the Project. To this end, without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of all Loan Payments payable by the Borrower pursuant to the Loan Agreement, and the punctual performance of all the other obligations of the Borrower set forth or referred to in the Loan Agreement.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, promptly to provide the Borrower with the funds needed to meet such expenditures.

**ARTICLE III**

**Other Covenants**

Section 3.01. The Guarantor shall ensure that KEGOC's tariffs are maintained at levels sufficient to fully cover the company's prudently incurred operating costs as well as a regulated rate of return on fixed assets employed.

**ARTICLE IV – REPRESENTATIVE; ADDRESSES**

Section 4.01. The Guarantor's Representative is the Minister of Finance of the Guarantor.

Section 4.02. The Guarantor's Address is:

Ministry of Finance  
11 Pobedy Street  
Astana 010000  
Republic of Kazakhstan

Telex:  
265126 (FILIN)

Facsimile:  
(7) (7172) 717785

With a copy to the Borrower:

Joint Stock Company  
"Kazakhstan Electricity Grid Operating Company"  
37 Beibitshilik Street,  
Astana 010000  
Republic of Kazakhstan

Telephone:  
7 (7172) 970159

Facsimile:  
(7) (7172) 97 04 55

Section 4.03. The Bank's Address is:

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

Cable:  
INTBAFRAD  
Washington, D.C.

Telex:  
248423 (MCI) or  
64145 (MCI)

Facsimile:  
(202) 477-6391

AGREED at Astana, Republic of Kazakhstan, as of the day and year first above written.

REPUBLIC OF KAZAKHSTAN

By /s/ Bolat Zhamishev  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Ilyas Sarsenov  
Authorized Representative