

CONFORMED COPY

LOAN NUMBER 3857 IN

Modernization and Institutional Development Loan Agreement

(Financial Sector Development Project)

between

INDUSTRIAL DEVELOPMENT BANK OF INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated March 24, 1995

LOAN NUMBER 3857 IN

LOAN AGREEMENT

AGREEMENT, dated March 24, 1995, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI) (the Borrower).

WHEREAS (A) India (the Guarantor) and the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of Part B of the Project;

(B) by an agreement of even date herewith between the Guarantor and the Bank (the Modernization and Institutional Development Guarantee Agreement), the Guarantor is agreeing to guarantee the obligations of the Borrower in respect of the Loan and to undertake such other obligations as are set forth in the Modernization and Institutional Development Guarantee Agreement;

(C) Part B of the Project will be carried out by the Reserve Bank of India (RBI) with the Borrower's assistance;

(D) The Guarantor has requested the Bank to provide assistance towards the financing of Part A of the Project and by an agreement of even date herewith between the Guarantor and the Bank (Capital Restructuring Loan Agreement), the Bank is agreeing to provide such assistance in an aggregate principal amount equivalent to three hundred and fifty million dollars (\$350,000,000) (the Capital Restructuring Loan);

(E) the Borrower has requested the Bank to provide assistance towards the financing of Part C of the Project and by an agreement of even date herewith between the Borrower and the Bank (Backstop Facility Loan Agreement), the Bank is agreeing to provide such assistance in an aggregate principal amount equivalent to two hundred million dollars (\$200,000,000) (the Backstop Facility Loan);

(F) by an agreement of even date herewith between the Guarantor and the Bank (the Backstop Facility Guarantee Agreement), the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Backstop Facility Loan and to undertake such other obligations as are set forth in the Backstop Facility Guarantee Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth or referred to in this Agreement, the Capital Restructuring Loan Agreement, the Modernization and

Institutional Development Guarantee Agreement, the Backstop Facility Loan Agreement, the Backstop Facility Guarantee Agreement and the Project Agreement respectively;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

(a) The last sentence of Section 3.02 is deleted.

(b) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement".

Section 1.02. Unless the context otherwise requires, the several terms defined in the Preamble to this Agreement, the General Conditions, the Capital Restructuring Loan Agreement and the Backstop Facility Loan Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Project Agreement" means the Project Agreement of even date herewith between the Bank and RBI for the Project;

(b) "Participating Bank" or "PB" means (i) Allahabad Bank; (ii) Bank of India; (iii) Dena Bank; (iv) Indian Bank; (v) Indian Overseas Bank; and (vi) Syndicate Bank; and "Participating Banks" or "PBs" means all six Participating Banks;

(c) "Allahabad Bank" means the body corporate constituted under the Guarantor's Banking Companies (Acquisition Act), 1970;

(d) "Bank of India" means the body corporate constituted under the Guarantor's Banking Companies (Acquisition Act), 1970;

(e) "Dena Bank" means the body corporate constituted under the Guarantor's Banking Companies (Acquisition Act), 1970;

(f) "Indian Bank" means the body corporate constituted under the Guarantor's Banking Companies (Acquisition Act), 1970;

(g) "Indian Overseas Bank" means the body corporate constituted under the Guarantor's Banking Companies (Acquisition Act), 1970;

(h) "Syndicate Bank" means the body corporate constituted under the Guarantor's Banking Companies (Acquisition Act), 1970;

(i) "Performance Agreement" means an agreement between RBI and a PB, revised annually, in which performance targets for the PB are set out;

(j) "Business Plan" means an annual Business Plan of a PB;

(k) "Modernization and Institutional Development Subsidiary Loan Agreement" means an agreement between the Borrower and a PB to be entered into pursuant to Section 3.01(b) of this Agreement;

(l) "Reserve Bank of India" or "RBI" means the Guarantor's central bank,

established under the Reserve Bank of India Act, 1934;

(m) "rupees" or "Rs." means the currency of the Guarantor;

(n) "Special Account" means the account referred to in Section 2.02 (b) hereof;

(o) "Pass Through Agreement (Modernization and Institutional Development Loan)" means the agreement between the Borrower and RBI pursuant to Section 3.04 of this Agreement;

(p) "Charter" means the Guarantor's Industrial Development Bank of India Act, 1964, as amended to the date of this Agreement; and

(q) "Statement of Policy" means the statement of lending and investment policy of the Borrower, as amended to the date of this Agreement.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of one hundred and fifty million dollars (\$150,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for Part B of the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower may, for the purposes of the Project, open and maintain in dollars a special deposit account in a commercial bank, RBI, or other depository institution, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be October 31, 2000, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ($1/2$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower and the Guarantor of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans

which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower and the Guarantor of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under the Loan Agreement, shall: (i) carry out Part B of the Project and conduct its operations and affairs in accordance with sound financial standards and practices, with qualified management and personnel, and in accordance with the Charter and the Statement of Policy; (ii) cause RBI to perform in accordance with the provisions of the Project Agreement all the obligations of RBI therein set forth; (iii) take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable RBI to perform such obligations; and (iv) not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall on-lend the proceeds of the Loan to each PB, under a Modernization and Institutional Development Subsidiary Loan Agreement with each PB, on terms and conditions satisfactory to the Bank, including maturity of up to 10 years (including 3 years' grace) at a market-based variable lending rate.

(c) The Borrower shall exercise its rights under each Modernization and Institutional Development Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any Modernization and Institutional Development Subsidiary Loan Agreement or any provision thereof.

(d) Without limitation or restriction upon any of its other obligations under this Agreement, the Borrower shall perform all its obligations set forth in each Modernization and Institutional Development Subsidiary Loan Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to the Project Agreement.

Section 3.03. The Borrower shall carry out a mid-term review of Part B of the Project by September 30, 1997, with scope and content satisfactory to the Bank, shall

discuss the results of such review with the Guarantor, the Bank and RBI and thereafter take necessary action to implement the findings and recommendations of such review.

Section 3.04. The Borrower shall enter into and carry out a Pass Through Agreement (Modernization and Institutional Development Loan) with RBI, on terms and conditions satisfactory to the Bank, setting out the Borrower's and IDBI's respective responsibilities with regard to on-lending of the proceeds of the Modernization and Institutional Development Loan to PBs.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain, and cause to be maintained, records and accounts adequate to monitor and record the progress of the Project and to reflect in accordance with consistently maintained sound accounting practices its operations and financial condition.

(b) The Borrower shall:

(i) have the records and accounts referred to in Section 4.01 (a) of this Agreement, its accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts for the Special Account for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than nine months after the end of each such year: (A) certified copies of said financial statements for such year as so audited; and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning the said records, accounts and financial statements and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with Section 4.01 (a) of this Agreement, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Bank's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (a) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) The Borrower shall maintain on the average a Risk-Based Capital Adequacy Ratio satisfactory to the Bank.

(b) For purposes of this Section, the term "Risk-Based Capital Adequacy Ratio" means the ratio calculated according to criteria and methods satisfactory to the Bank.

(c) In the event RBI, or any other regulatory or supervising entity or agency shall enact regulations prescribing a higher level of capital for banks or financial institutions than that required by the Bank pursuant to sub-section (a) of this

Section, any non-compliance by the Borrower with such regulations shall be deemed to constitute non-compliance with the provisions of this Section.

Section 4.03. The Bank and the Borrower shall, from time to time, at the request of either party, exchange views through their representatives with regard to the operations and financial condition of the Borrower and the Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the operations and financial condition of the Borrower.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified, namely, that:

(a) The Charter or the Statement of Policy shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or the financial condition of the Borrower or its ability to carry out the Project or to perform any of its obligations under this Agreement.

(b) RBI shall have failed to perform any of its obligations under the Project Agreement.

(c) The Borrower or RBI shall have failed to perform any of its obligations under the Pass Through Agreement (Modernization and Institutional Development Loan).

(d) The Borrower or any PB shall have failed to perform any of its obligations under any Modernization and Institutional Development Subsidiary Loan Agreement.

(e) Any PB shall have failed to carry out its Performance Agreement or Business Plan so as to affect materially and adversely the ability of the Guarantor, the Borrower or RBI to achieve the objectives of Parts A or B of the Project.

(f) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that RBI will be able to perform its obligations under the Project Agreement.

(g) The RBI Act, 1934, shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of RBI to perform any of its obligations under the Project Agreement.

(h) The Guarantor or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of RBI or for the suspension of its operations.

(i) The Guarantor or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Borrower or for the suspension of its operations.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified, namely, that :

(a) the event specified in paragraph (b), (c), (d), (e) or (f) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower; and

(b) the events specified in paragraphs (a), (g), (h) or (i) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Loan Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) all conditions precedent to the effectiveness of the Capital Restructuring Loan Agreement and the Backstop Facility Loan Agreement, other than those related to the effectiveness of this Agreement, have been fulfilled; and

(b) the Pass Through Agreement (Modernization and Institutional Development Loan) shall have been duly executed between the Borrower and RBI.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02(b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that the Project Agreement has been duly authorized or ratified by RBI, and is legally binding upon RBI in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. The Chairman and Managing Director or any Executive Director of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

The Chairman
Industrial Development Bank of India
IDBI Towers, Cuffe Parade
Colaba, Bombay 400 005
India

Cable address:

INDBANK IN
Bombay

Telex:

118-2193
118-4812

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.

INDUSTRIAL DEVELOPMENT BANK OF INDIA

By /s/ N. Valluri

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ H. Vergin

Acting Regional Vice President
South Asia

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Goods, materials under Part B	116,200,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 60% of local expenditures for other items procured locally
(2) Works under Part B	9,800,000	85%
(3) Consultants' services and training under Part B	14,000,000	100%
(4) Unallocated	10,000,000	
TOTAL	150,000,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made: (a) in respect of payments made for expenditures prior to the date of this Agreement; and (b) in respect of payments made to or by any PB, unless: (i) the Bank shall have received legal opinions on behalf of the Borrower and such PB, satisfactory to the Bank, that the Borrower and the PB have entered into a Modernization and Institutional Development Subsidiary Loan Agreement in accordance with the provisions of this Agreement, and that such Modernization and Institutional Development Subsidiary Loan Agreement, having been duly executed and delivered on behalf of the Borrower and such PB, has become binding on each of them in accordance with its terms; (ii) the Bank shall have received in respect to that PB, the Modernization and Institutional Development Plan, satisfactory to the Bank, referred to in paragraph 7 of Schedule 2 to the Project Agreement; and (iii) the Bank shall have received a long-form audit report, satisfactory to the Bank, in respect of such PB.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for: (a) goods and works under contracts not exceeding \$300,000 equivalent; and (b) services and training under contracts not exceeding \$100,000 equivalent for employment of consulting firms and \$50,000 equivalent for employment of individual consultants respectively, all under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The main objectives of the Project are to foster greater competition, allocative efficiency, and market-orientation in India's financial system and contribute to meeting the long-term financing needs of its investors as a means of stimulating economic growth. The Project will assist the Borrower in sustaining financial liberalization, institutional development of public sector commercial banks and integration into global capital markets. The Project will facilitate expansion of private equity ownership in public sector commercial banks and development of term foreign exchange lending.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Capital Restructuring

Capital restructuring of PBs so as to achieve capital adequacy norms established by RBI, including by provision of Subordinated Loans by the Borrower to PBs for the financing of specific development projects through Sub-loans to Investment Enterprises, and the public issue of shares by PBs.

Part B: Modernization and Institutional Development of Participating Banks

Implementation of a modernization program for PBs to build their financial strength and long-term competitiveness in a more liberalized business and banking environment consisting, inter alia, of:

(i) Strategic Planning: Strengthening strategic planning functions of PBs, inter alia, by developing capacity to articulate goals for the future and plan operations accordingly; development of marketing plans to bring marketing practices to bear on depositor and client relationships; identification of actions required to meet revenue and funding targets; and development of market research and product development plans;

(ii) Automation and Computerization: Automation and computerization of payment and accounting systems to improve customer service; internal controls; decision-making; and productivity and profitability, including by fully automating selected branches, computerizing functions such as credit management, strengthening treasury and asset-liability management and management information systems; establishing electronic communication capabilities within each PB and with outside entities; installing automatic teller machines where warranted by market conditions; and providing computer training to staff;

(iii) Human Resource Development: Designing and developing human resource development (HRD) plans for PBs, including reviewing changes required in current human resource development capabilities; designing improved internal training programs in areas in which expertise is not available in-house for each PB; and identifying extramural training needs in new functional and business areas such as automation, computerization, merchant banking, credit analysis and management, marketing, product pricing, lending in new sectors, treasury management, asset-liability management, foreign exchange, management information systems, strategic planning and auditing of computerized processes;

(iv) Organizational Improvements: Reviewing the organizational structures of PBs in the light of emerging business priorities and their strategic plans, to rationalize zone-region-branch configurations as well as head office functions to eliminate excess costs, improve customer services; and rationalize chronic, loss-making branches; and open new branches for specialized functions such as export credit and leasing;

(v) Asset-Liability and Treasury Management: Strengthening asset-liability and treasury management to control overall balance sheet risk and liquidity volatility, inter alia, by establishing automated management information systems (MIS) for asset-liability management with capacity to gather all relevant data on loans, deposits, liquidity positions, margins, maturity gaps, and interest rate gaps; and evaluating use of certificates of deposits (CDs), inter-bank funds and similar instruments to manage liability positions and improve foreign exchange management capabilities; and

(vi) Credit Management: Strengthening evaluation of credit risk, in particular to enhance incorporation of environmental impact assessment in the loan appraisal processes; pricing credit in relation to risk; streamlining loan documentation and approval procedures; improving identification of risk concentrations and opportunities

at the sectoral level; preparation of credit aspects of strategic plans; formulation of credit policies; and development of financial products.

Part C: Backstop Facility

Providing eligible banks liquidity assurance to assist in an orderly development of the foreign currency lending market in India by offering them an option to borrow funds, under stipulated conditions, during financial market disruption, for the financing of specific development projects through Sub-loans to Investment Enterprises.

* * *

Parts A and B of the Project are expected to be completed by April 30, 2000 and Part C of the Project is expected to be completed by April 30, 2002.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
November 15, 1998	8,460,000
May 15, 1999	8,760,000
November 15, 1999	9,070,000
May 15, 2000	9,390,000
November 15, 2000	9,725,000
May 15, 2001	10,070,000
November 15, 2001	10,425,000
May 15, 2002	10,795,000
November 15, 2002	11,180,000
May 15, 2003	11,575,000
November 15, 2003	11,985,000
May 15, 2004	12,410,000
November 15, 2004	12,850,000
May 15, 2005	13,305,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than two years before maturity	.20
More than two years but not more than four years before maturity	.40
More than four years but not more than 6 years before maturity	.60
More than 6 years but not more than 8 years before maturity	.80

More than 8 years before
maturity

1.00

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2) and (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$10,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$6,000,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$50,000,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories for the Project, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories for the Project shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

