

CONFORMED COPY

LOAN NUMBER 7738 -KZ

Guarantee Agreement

(Moinak Electricity Transmission Project)

between

REPUBLIC OF KAZAKHSTAN

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated November 12, 2009



LOAN NUMBER 7738-KZ

GUARANTEE AGREEMENT

AGREEMENT, dated November 12, 2009, 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 Resolution of the Government of the Guarantor No. 1771, dated November 6, 2009, 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

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/ Sergei Shatalov
Authorized Representative