

CONFORMED COPY

LOAN NUMBER 4061 KZ

Loan Assumption Agreement

(Uzen Oil Field Rehabilitation Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

**CLOSED JOINT STOCK COMPANY
“NATIONAL COMPANY “KAZMUNAYGAS”**

Dated May 20, 2003

LOAN NUMBER 4061 KZ

LOAN ASSUMPTION AGREEMENT

AGREEMENT, dated May 20, 2003, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and CLOSED JOINT STOCK COMPANY "NATIONAL COMPANY "KAZMUNAYGAS" (the Borrower).

WHEREAS (A) by amended and restated loan agreement between the Bank and the Closed Joint Stock Company "National Oil and Gas Company "Kazakhoil"" (Kazakhoil), dated July 18, 1996 (the Loan Agreement), the Bank made a loan (the Kazakhoil Loan) to Kazakhoil in an amount in various currencies equivalent to the amount of one hundred nine million dollars (\$109,000,000) on the terms and conditions set forth in the Loan Agreement;

(B) by a guarantee agreement between the Republic of Kazakhstan (the Guarantor) and the Bank, dated July 16, 1999 (the Guarantee Agreement), the Guarantor guaranteed all the obligations of Kazakhoil contained or referred to in the Loan Agreement on the terms and conditions set forth in the Guarantee Agreement;

(C) by the Presidential Decree No. 811 dated February 20, 2002, and the Resolution No. 248 of the Government dated February 25, 2002, of the Guarantor, Closed Joint Stock Company "National Company "KazMunayGas" (the Borrower) was created and assumed all rights and obligations of Kazakhoil;

(D) the Borrower has agreed to assume the Kazakhoil Loan in the amount of \$109,000,000 equivalent, of which the principal amount of about \$66,422,611.42 equivalent was disbursed and outstanding as of October 27, 2002;

(E) the Borrower, having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to this Loan Assumption Agreement, has requested the Bank to agree to the undertaking by the Borrower of the obligations in respect of the Loan as provided in this Loan Assumption Agreement;

(F) the Bank has agreed to the request of the Borrower ;

(G) this Loan Assumption Agreement supersedes the Loan Agreement;

(H) by an amended guarantee agreement between the Guarantor and the Bank of even date herewith (the Amended Guarantee Agreement) the Guarantor guarantees all obligations of the Borrower contained or referred to in this Loan Assumption Agreement on the terms and conditions set forth in the Amended Guarantee Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to enter into this Loan Assumption Agreement on the terms and conditions hereinafter set forth;

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 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) The second sentence of Section 5.01 is modified to read:

"Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

(c) 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 General Conditions and in the Preamble to this Loan Assumption Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Block 3A" means the area demarcated as Block 3A in the Uzen Oil Field.

(b) “Project Agreement” means the agreement between the Bank and Uzenmunaigas (UMG) dated July 18, 1996, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.

(c) “Project Preparation Advance” means the project preparation advance granted by the Bank to the Republic of Kazakhstan pursuant to a Letter Agreement dated November 8, 1995 between the Republic of Kazakhstan and the Bank.

(d) “Short-term Working Capital Financing Plan” means the short-term working capital financing plan for UMG, dated May 31, 1996, as said plan may be amended from time to time with the concurrence of the Bank.

(e) “Special Account” means the account referred to in Section 2.02 (b) of this Agreement.

(f) “Subsidiary Loan Agreement” means the agreement to be entered into between Kazakhoil and UMG pursuant to Section 3.01 (b) of the Loan Agreement, as the same may be amended from time to time, and such terms included as schedules to the Subsidiary Loan Agreement, which shall be restated by the Borrower by executing supplementary agreement between the Borrower and UMG; and the term “Subsidiary Loan” provided thereunder.

(g) “Technical and Management Know-How Services” means services for the transfer of technical and management know-how and includes other consulting services.

(h) “Technical Services” means the wells testing, logging, perforating and wells recompletion services, and rigs workover services to be provided under Parts B.1 and B.2 of the Project.

(i) “UMG” or “Uzenmunaigas” means Uzenmunaigas, a legal entity established and existing under the laws of the Borrower, and includes any successor or successors thereto acceptable to the Bank.

(j) “Privatization Implementation Plan” means the Borrower’s plan for privatization of UMG, referred to in Section 3.05 of this Agreement, as said plan may be amended from time to time with the concurrence of the Bank.

(k) “Uzen Oil Field” means the Borrower’s Uzen Oil Field delineated as such under the Borrower’s License Number 254 dated September 5, 1995.

ARTICLE II

The Loan

Section 2.01. The Borrower agrees to assume the Kazakhoil Loan in the amount of one hundred nine million dollars (\$109,000,000) equivalent in accordance with the provisions of this Agreement. 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 nine million Dollars (\$109,000,000), 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 fully withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made in respect of the reasonable cost of goods and services required for Part C 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, acceptable to the Bank, 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.

(c) Promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 2005 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower 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 per cent ($3/4$ 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 the Loan Agreement was 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 2.04 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 semiannually 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 cause UMG to perform in accordance with the provisions of the Project Agreement all the obligations of UMG therein set forth, shall take or cause to be taken all actions, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable UMG to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall relend the proceeds of the Loan to UMG under a subsidiary loan agreement to be assumed by the Borrower from Kazakhoil with UMG, under terms and conditions which shall have been approved by the Bank including the following:

- (i) the term of the Subsidiary Loan shall be twelve (12) years, including a four (4) year grace period;
- (ii) the Borrower shall charge a commitment fee at a rate equal to the rate of commitment charge payable under Section 2.04 of this Agreement;
- (iii) the Borrower shall charge interest on the principal amount of the Subsidiary Loan withdrawn and outstanding from time to time at the rate not less than payable by the Borrower under Section 2.05 of this Agreement; and
- (iv) the principal amount of the Subsidiary Loan shall be the equivalent in Dollars (determined as of the date or respective dates of repayment) of the value of currency or currencies withdrawn from the Loan Account on account of expenditures for the Project.

(c) The Borrower shall exercise its rights under the 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 the Subsidiary Loan Agreement or any provision thereof.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works (including Technical Services), 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 Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by UMG pursuant to Section 2.03 of the Project Agreement.

Section 3.04. The Borrower shall, jointly with UMG, implement the Short-term Working Capital Financing Plan, in a manner satisfactory to the Bank.

Section 3.05. Except as the Bank shall otherwise agree, the Borrower shall: (a) prepare a Privatization Implementation Plan based on terms of reference agreed with the Bank; and (b) implement the said plan in a manner satisfactory to the Bank.

Section 3.06. The Borrower shall take all reasonable steps to ensure that UMG crude oil is marketed in a commercially appropriate manner.

ARTICLE IV

Financial Covenants

Section 4.01. (a) 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 sound accounting practices, records and accounts reflecting such expenditures;
- (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained 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; and

- (iii) enable the Bank's representatives to examine such records.
- (b) The Borrower shall:
- (i) have the records and accounts referred to in paragraph (a) (i) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate 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 six (6) months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested, including 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; and
 - (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

Section 4.02. (a) Borrower shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

- (b) Borrower shall:
- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate 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 six (6) months after the end of each such year, (A) certified copies of its 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 said records, accounts and financial statements as well as the audit thereof, as the Bank shall from time to time reasonably request.

Section 4.03. (a) Except as the Bank shall otherwise agree, Borrower shall not incur any debt, unless the net revenues of Borrower for the audit fiscal year immediately preceding the date of such incurrence or for a later twelve-month period ended prior to the date of such incurrence, whichever is the greater, shall be at least 1.5 times the estimated maximum debt service requirements of Borrower for any succeeding fiscal year on all debt of Borrower, including the debt to be incurred.

- (b) For the purposes of this Section:
 - (i) The term “debt” means any indebtedness of the Borrower including its consolidated subsidiaries.
 - (ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
 - (iii) The term “net revenues” means the difference between:
 - (A) the sum of revenues from all sources related to operations and net non-operating income; and
 - (B) the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.
 - (iv) The term “net non-operating income” means the difference between:
 - (A) revenues from all sources other than those related to operations; and
 - (B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.
 - (v) The term “debt service requirements” means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.

- (vi) Whenever for the purposes of this Section, it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

ARTICLE V

Remedies of the Bank

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

- (a) UMG shall have failed to perform any of its obligations under the Project Agreement.

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

- (c) The Charter of UMG, dated November 25, 1994, or any other organizational document in its place, agreed to by the Bank, shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of UMG to perform any of its obligations under the Project Agreement.

- (d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of UMG 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:

- (a) any event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower;

- (b) any event specified in paragraph (c) and (d) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date

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

- (i) the execution and delivery of this Loan Assumption Agreement on behalf of the Borrower has been duly authorized or ratified by all necessary governmental and corporate action;
- (ii) all conditions precedent to the effectiveness of the Amended Project Agreement and the Amended Guarantee Agreement, other than those related to the effectiveness of this Agreement, have been fulfilled; and
- (iii) the Subsidiary Loan Agreement has been executed on behalf of the Borrower and UMG.

(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 Borrower that this Loan Assumption Agreement has been duly authorized or ratified and executed and delivered on behalf of the Borrower and is legally binding upon the Borrower in accordance with its terms.

Section 6.02. The date ninety (90) days after the date of this Loan Assumption Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The President 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:
Closed Joint Stock Company
“National Company “KazMunayGas”
22 Kabanbai Batyr Avenue
Astana, 473000, Kazakhstan

Facsimile:
3172-786000

For the Bank:

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

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI), or 64145 (MCI)	(202) 477 6391

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

CLOSED JOINT STOCK COMPANY
“NATIONAL COMPANY “KAZMUNAYGAS”

By: /s/ Daniyar Berlibaev

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: /s/ Roman Solodchenko

Authorized Representative

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:

	<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollars) Equivalent</u>	<u>% of Expenditures to be Financed</u>
(1)	Goods	53,000,000.00	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 75% of local expenditures for other items procured locally
(2)	Works/surface facilities under Part A.2 of the Project	29,000,000.00	82%
(3)	Technical Services	8,500,000.00	100% of foreign expenditures
(4)	Technical and Management Know-How Services	14,800,000.00	100%
(5)	Training	2,200,000.00	100%
(6)	Refunding of Project Preparation Advance	13,705.55	Amounts due pursuant to Section 2.02 (c) of this Agreement
(7)	Unallocated	<u>1,486,294.45</u>	
	TOTAL	<u>109,000,000.00</u>	

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. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for: (a) goods, works and training under contracts costing less than \$50,000 equivalent, and (b) services under contracts, in case of firms, costing less than \$100,000 equivalent and, in case of individuals, costing less than \$50,000 equivalent, under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to:

- (i) reduce the rate of decline in production of the Uzen Oil Field and generate resources for reinvestment therefor;
- (ii) promote the reorganization of Uzenmunaigas into viable corporate units and its/their privatization;
- (iii) assess the impact of past operating practices on the present condition of the reservoirs, wells and the environment of the field;
- (iv) contribute to the remediation of past environmental damage to the field and strengthen environmental monitoring and management; and
- (v) train Uzenmunaigas' staff in modern oil field operating practices and strengthen its capacity to manage the implementation of the rehabilitation program and oil field operations.

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: Physical Investments

1. Subsurface Rehabilitation

- (a) Provision of equipment and spare parts for the workover of about 400 producer wells and about 100 injector wells.
- (b) Provision of chemicals for workover and oil production.

2. Surface Facilities Rehabilitation

- (a) Replacement of about 45 flowlines of total length of about 10 kilometers (km) between production wells and manifolds, replacement of about 2 km of transfer lines between manifolds and the gathering stations.
- (b) Replacement of one (1) gathering station, with manifolds and test separators and associated flow measuring and control equipment.

(c) Replacement of about 6 km of oil and water transfer lines between the gathering station and the UPSV (Free Water Knock-Out) facility located in Block 3A.

(d) Installation of a complete reservoir pressure maintenance water treatment system.

(e) Replacement of the high pressure pumping system, pipework distribution system, and manifolds and flow control chokes for each injection point.

3. Environmental Protection and Remediation

(a) Provision of environmental monitoring and laboratory testing equipment; clean-up and pilot re-vegetation of selected areas; and preparation of baseline data on the Uzen Oil Field's environmental condition; and

(b) Training of UMG staff on the use of the laboratory testing equipment for the monitoring and evaluation of oil spills.

Part B: Physical Investment Implementation Support

1. Provision of wells testing, logging, perforating and wells recompletion services.

2. Provision of rigs workover services to implement a workover programs.

3. Provision of Technical and Management Know-How Services for project planning and management, engineering design and construction and workover supervision; reservoir and production management; and training for Uzenmunaigas staff.

Part C: Organizational Development

1. Strengthening of Uzenmunaigas' management by improving its financial and operating information systems through provision of Technical and Management Know-How Services and equipment.

2. Improvement of Uzenmunaigas' financial management and accounting practices and systems through provision of Technical and Management Know-How Services and equipment.

* * *

The Project is expected to be completed by June 30, 2005.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in Dollars)*
November 15, 2001	4,540,000
May 15, 2002	4,540,000
November 15, 2002	4,540,000
May 15, 2003	4,540,000
November 15, 2003	4,540,000
May 15, 2004	4,540,000
November 15, 2004	4,540,000
May 15, 2005	4,540,000
November 15, 2005	4,540,000
May 15, 2006	4,540,000
November 15, 2006	4,540,000
May 15, 2007	4,540,000
November 15, 2007	4,540,000
May 15, 2008	4,540,000
November 15, 2008	4,540,000
May 15, 2009	4,540,000
November 15, 2009	4,540,000
May 15, 2010	4,540,000
November 15, 2010	4,540,000
May 15, 2011	4,540,000
November 15, 2011	4,540,000
May 15, 2012	4,540,000
November 15, 2012	4,540,000
May 15, 2013	4,580,000

* 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 three years before maturity	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than 11 years before maturity	0.65
More than 11 years but not more than 15 years before maturity	0.88
More than 15 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), (3), (4), and (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; for the avoidance of doubt, it is clarified that the term “eligible” categories will be deemed to include the categories specified above only if and to the extent the conditions of disbursements, if any, in respect thereof provided in paragraph 3 of Schedule 1 to this Agreement has been fulfilled;

(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 \$600,000 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 \$100,000 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 \$3,000,000.

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 a deposit or deposits 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; or

(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, less the amount of any outstanding special commitment 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 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.