

**CONFORMED COPY**

---

---

**LOAN NUMBER 4884 KZ**

# **Loan Agreement**

**(Technology Commercialization Project)**

**between**

**REPUBLIC OF KAZAKHSTAN**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated February 2, 2008**

---

---

**LOAN AGREEMENT**

Agreement dated February 2, 2008, between REPUBLIC OF KAZAKHSTAN (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

**ARTICLE I - GENERAL CONDITIONS; DEFINITIONS**

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

**ARTICLE II - LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of thirteen million four hundred thousand Dollars (\$13,400,000) (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread. Notwithstanding the foregoing, if any amount of the withdrawn Loan Balance remains unpaid when due, and such non payment continues for a period of thirty (30) days, then the interest paid by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are January 15 and July 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

### **ARTICLE III - PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the MoES in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV - EFFECTIVENESS; TERMINATION**

- 4.01. The Effectiveness Deadline is the date one hundred eighty (180) days after the date of this Agreement.

### **ARTICLE V - REPRESENTATIVE; ADDRESSES**

- 5.01. The Borrower's Representative is the Minister of Finance.

- 5.02. The Borrower's Address is:

Ministry of Finance  
11 Pobedy Street  
Astana 010000  
Republic of Kazakhstan

Telex:

Facsimile:

265126 (FILIN)

(7) (3172) 717785

- 5.03. 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 address:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423(MCI) or  
64145(MCI)

1-202-477-6391

AGREED at Astana, Republic of Kazakshtan, 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/ Shigeo Katsu

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to demonstrate significantly improved scientific performance and commercial relevance of research performed by inter-disciplinary teams of scientists selected through a transparent competitive process.

The Project consists of the following parts:

#### **Part 1: Strengthening Science Base**

Identifying and developing leading scientists and talented young researchers to conduct research and development at international standards through: (a) the establishment of an International Science and Commercialization Board and an internationally-peer reviewed journal; (b) a Senior Scientist Group (SSG) grant program and a Junior Researcher Group (JRG) grant program; and (c) the establishment of an International Materials Science Center (IMSC).

#### **Part 2: Linking Science to Markets**

Provision of technical assistance for the development of the expertise required to link science more closely to domestic and international markets through: (a) the establishment of a Technology Commercialization Office (TCO) to provide a range of technology commercialization services, including the development of a technology commercialization strategy, and the development of targeted training programs in foreign languages, business planning and communication; (b) undertaking a technology audit to inform policy-makers and scientists about innovation assets and to compile a knowledge map database for the marketing of technology; (c) a review of legal and regulatory provisions, structures and incentives related to technology commercialization, industrial innovation, venture capital and financing, and intellectual property; and (d) conducting a market assessment to complete design and administration of a range of Borrower-financed grant programs.

#### **Part 3: Program Management**

Support the establishment of the PMU for Project coordination, implementation, and management.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

The Borrower shall carry out the Project in accordance with the following institutional and other arrangements:

1. The Borrower, through the MoES, shall carry out the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Operational Manual and the EMP, and shall not assign, amend, abrogate or waive any provisions of the Operational Manual or the EMP without prior approval of the Bank.
2. The ISCB shall provide guidance for all scientific matters associated with the Project, including the selection of the SSGs and JRGs, monitoring of their scientific and commercialization progress, establishment and functioning of an internationally-peer reviewed journal, and oversight of the operation of the IMSC in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Operational Manual, and the EMP.
3. At all times during the implementation of the Project, the Borrower shall maintain the ISCB with a composition, resources, and terms of reference satisfactory to the Bank.
4. Not later than one (1) month after the Effective Date, the Borrower shall appoint to the PMU a financial management specialist, a procurement specialist, and a director on terms of reference satisfactory to the Bank.
5. Not later than six (6) weeks after the Effective Date, the Borrower shall adopt the Operational Manual.
6. The Borrower shall: (a) not later than June 15, 2010, prepare a study that reviews the legal, policy and regulatory framework of intellectual property rights, the restructuring of research and development institutions and technology commercialization in the Republic of Kazakhstan; and (b) exchange views with the Bank on the legal, policy and regulatory measures necessary to improve science management, technology commercialization, intellectual property rights and the restructuring of research and development institutions in the Republic of Kazakhstan, taking into account the outcomes of the study.
7. In order to ensure that adequate funds are available to cover the Borrower's contribution to the Project, the Borrower shall make the appropriate annual budget allocations to the MoES.

##### **B. Sub-projects**

1. For the purposes of Part 1(b) of the Project, the Borrower shall make SSG Grants and JRG Grants in accordance with the eligibility criteria and procedures set forth in the Operational Manual, which shall include the following: grant proposals shall: (i) be market-oriented and scientifically internationally competitive; (ii) have research relevance for the current or future scientific, economic, and industrial development of Kazakhstan, including the possibility of forging research partnerships with local or foreign business firms; (iii) include plans for mentoring graduate and undergraduate students and providing training fellowships aimed at nurturing the next generation of scientists; (iv) have potential for, and interest in conducting multidisciplinary research; (v) include proposals for outreach activities to universities, secondary schools, and the general public; and (vi) shall be selected,

appraised, implemented and evaluated in accordance with the principles and procedures set forth in the Operational Manual, the Procurement Guidelines, and the EMP.

2. The Borrower shall make each SSG Grant under a SSG Grant Agreement and each JRG Grant under a JRG Grant Agreement on terms and conditions approved by the Bank, which shall include the following:

- (a) SSG Grants and JRP Grants shall be denominated in Tenge; and
- (b) the Borrower shall obtain rights adequate to protect its interests and those of the Bank, including the right to:
  - (i) suspend or terminate the right of a SSG or a JRG to use the proceeds of the SSG Grant or JRG Grant, as the case may be, or obtain a refund of all or any part of the amount of the SSG Grant or JRG Grant, upon failure by a SSG or JRG to perform any of its obligations under a SSG Grant Agreement, or a JRG Grant Agreement, respectively; and
  - (ii) require each SSG and each JRG to: (A) carry out its obligations under a SSG Grant Agreement, or a JRG Grant Agreement, as the case may be, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the EMP; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of a SSG Grant Agreement, or a JRG Grant Agreement, as the case may be, in accordance with the provisions of this Agreement, and the Procurement Guidelines; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the Bank's or the Borrower's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank; (F) enable the Borrower and the Bank to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the bank shall reasonably request relating to the foregoing.

3. The Borrower shall exercise its rights under each SSG Grant Agreement, and under each JRG Grant Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any SSG Grant Agreement, or any JRG Grant Agreement or any of their provisions.

## **Section II. Project Monitoring Reporting and Evaluation**

### **A. Project Reports**

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the

indicators agreed with the Bank. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.

2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six (6) months after the Project Closing Date.

3. On or about June 15, 2010, the Borrower, through the MoES, shall carry out jointly with the Bank, a midterm review of the progress made in carrying out the Project (hereinafter referred to as the Midterm Review). The Midterm Review shall cover, amongst other things:

- (a) progress made in meeting the Project's objectives; and
- (b) overall Project performance against Project performance indicators.

4. The Borrower, through the MoES, shall prepare at least four (4) weeks prior to the Midterm Review, and furnish to the Bank, a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally.

#### **B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Goods and Works.** All goods and works required for the Project shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods and Works**



1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding in accordance with the requirements set forth or referred to in Section II of the Procurement Guidelines.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	National Competitive Bidding, subject to additional provisions set forth in the Attachment to this Schedule 2
(b)	Shopping

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	Quality-based Selection
(b)	Selection under a Fixed Budget
(c)	Selection based on Consultants' Qualifications
(d)	Single-source Selection
(e)	Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(f)	Sole Source Procedures for the Selection of Individual Consultants

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed
1. SSG Grants and JRP Grants under Part 1(b) of the Project	10,500,000	50%
2. Consultants’ Services for Part 2(a) of the Project	2,400,000	100%
3. Consultants’ Services for Part 2(c) of the Project	500,000	100%
TOTAL AMOUNT	<u>13,400,000</u>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement; and
  - (b) from the Loan Account until the Bank has received payment in full of the Front-End Fee; and
  - (c) under Category 1, unless the ISCB, as satisfactory to the Bank, has been established; and
  - (d) under Category 3, unless the TCO, as satisfactory to the Bank, has been established.
2. The Closing Date is December 31, 2012.

## **Attachment to SCHEDULE 2**

National Competitive Bidding procedures of the Borrower may be used for procurement of works under the Project provided that the following provisions are complied with:

A. Participation by Government-owned enterprises

Government-owned enterprises on the territory of the Borrower shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

B. Bidding Documents

Procuring entities shall use the appropriate standard bidding documents for the procurement of goods acceptable to the Bank.

C. Bid Opening and Bid Evaluation

- (a) bids shall be opened in public, immediately after the deadline for submission of bids;
- (b) evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents;
- (c) domestic preference should not be applied; and
- (d) contracts shall be awarded to qualified bidder having submitted the lowest evaluated substantially responsive bid and no negotiation shall take place.

D. Price Adjustment

Civil works contracts of long duration (for example, more than eighteen (18) months) shall contain an appropriate price adjustment clause.

E. Cancellation of the Bidding Process

Non-recognition of a tender and soliciting new bids can be done only with the prior concurrence of the Bank.

F. Rejection of an Individual Bid

An individual bid shall be rejected only in the following cases:

- (a) the bidder is not qualified;
- (b) the bidder does not accept the correction of an arithmetical error in his bid by the Tender Commission of the procuring entity; and
- (c) the bidder is not responsive to the requirements of the bidding documents.



### **SCHEDULE 3**

#### **Amortization Schedule**

<u>Principal Payment Date</u>	<u>Principal Amount of the Loan Payable</u> <u>(Expressed in Dollars)</u>
On each January 15 and July 15	
beginning July 15, 2013 through January 15, 2023	670,000

## **APPENDIX**

### **Section I. Definitions**

1. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
2. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
3. “EMP” means the Framework Environmental Management Plan, dated November 5, 2007, adopted by the Borrower, and satisfactory to the Bank, describing the rules, guidelines and procedures to assess environmental impacts and defining measures to reduce, mitigate or offset adverse environmental impacts and enhance positive impacts of activities supported under the Project as well as of investments to be made under the Project, including under Part 1 (b) of the Project, and the same as may be amended from time to time with the prior approval of the Bank
4. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005, with the modifications set forth in Section II of this Appendix.
5. “IMSC” means the International Materials Science Center, to be established by the MoES under Part 1 (c) of the Project, as a world class laboratory facility in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Operational Manual.
6. “ISCB” means the International Science and Commercialization Board, to be established under the MoES pursuant to Part 1 (a) of Schedule 1 to this Agreement in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Operational Manual, and which shall comprise seven (7) individuals including five (5) distinguished scientists and two (2) commercialization experts as satisfactory to the Bank.
7. “Junior Research Group” or “JRG” means an incorporated group of young research scientists who are beneficiaries under a JRG Grant Agreement, selected in accordance with criteria and procedures set forth in the Operational Manual, and “JRGs” means more than one such JRG.
8. “JRG Grant” means a grant made by the Borrower to a JRG under Part 1 (b) of the Project under a JRG Grant Agreement, and “JRG Grants” means more than one such grant.
9. “JRG Grant Agreement” means an agreement entered into between the Borrower and a JRG, referred to in Part B.2 of Section I of Schedule 2 to this Agreement, on terms and conditions approved by the Bank.
10. “MoES” means the Ministry of Education and Science of the Borrower or any successor or successors thereto.
11. “Operational Manual” means the Project operational manual satisfactory to the Bank and to be adopted by the Borrower pursuant to Part A.5 of Section I of Schedule 2 of this Agreement, describing procedures for implementation of the Project, consistent with the provisions of this Agreement and with the national laws and regulations of the Borrower and including, *inter alia*: (i) procedures governing administrative, procurement, accounting, financial management, and monitoring and evaluation arrangements; (ii) sample formats for annual reports; and (iii) terms and conditions for the selection, appraisal, evaluation and implementation of the SSG Grants

and JRP Grants; as the same may be amended from time to time with the agreement of the Bank.

12. “PMU” means the Project Management Unit within the MoES, responsible for implementation of the Project and which shall include the following staff, whose qualifications and terms of reference shall be satisfactory to the Bank: (i) a financial management specialist; (ii) a procurement specialist; and all under the leadership of (iii) a director.
13. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
14. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated December 7, 2007, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
15. “Senior Scientist Group” or “SSG” means an incorporated group of senior research scientists, who are beneficiaries under a SSG Grant Agreement, selected in accordance with criteria and procedures set forth in the Operational Manual, and “SSGs” means more than one such SSG.
16. “SSG Grant” means a grant made by the Borrower to a SSG under Part 1 (b) of the Project under a SSG Grant Agreement, and “SSG Grants” means more than one such grant.
17. “SSG Grant Agreement” means an agreement entered into between the Borrower and a SSG, referred to in Part B.2 of Section I of Schedule 2 to this Agreement, on terms and conditions approved by the Bank.
18. “Sub-project(s)” means the sub-project(s) selected, appraised, and implemented in accordance with the principles and procedures set forth in the Operational Manual, the Procurement Guidelines, and the EMP.
19. “TCO” means the Technology Commercialization Office under the MoES responsible for, *inter alia*, developing a technology commercialization strategy, conducting a technology audit, designing and implementing Borrower-financed grant programs, and training in accordance with the criteria and procedures set forth in the Operational Manual.
20. “Tenge” means the lawful currency of the Borrower.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. Section 3.01 shall read as follows:

“Section 3.01. *Front-end Fee*. The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).”

2. A new paragraph (d) is included in Section 3.02 *Interest* which shall read as follows:

“(d) Notwithstanding the provisions of paragraph (a) of this Section, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the Borrower shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified in the Loan Agreement (or such other interest rate as may be applicable pursuant to Article IV as a result of a Conversion) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be

payable semi-annually in arrears on each Payment Date.”

3. Appendix “Definitions” is amended as follows:

(a) Paragraph 19 “Commitment Charge” is deleted, and subsequent paragraphs are re-numbered accordingly.

(b) New paragraphs 27, 28, 29 and 30 are added to the Appendix:

“27. “Default Interest Period” means for any overdue amount of the Withdrawn Loan Balance, each Interest Period during which such overdue amount remains unpaid; provided, however, that the first such Default Interest Period shall commence on the 31<sup>st</sup> day following the date on which such amount becomes overdue, and the final such Default Interest Period shall end on the date at which such amount is fully paid.”

28. “Default Interest Rate” means for any Default Interest Period:

- (a) in the case of a Variable Spread Loan: Default LIBOR plus the Variable Spread plus one half of one percent (0.5%);
- (b) in the case of a Fixed Spread Loan for which interest on the amount of the Withdrawn Loan Balance to which the Default Interest Rate applies was payable at a Variable Rate immediately prior to the application of the Default Interest Rate: the Default Variable Rate plus one half of one percent (0.5%); and
- (c) in the case of a Fixed Spread Loan for which interest on the amount of the Withdrawn Loan Balance to which the Default Interest Rate applies was payable at a Fixed Rate immediately prior to the application of the Default Interest Rate: Default LIBOR plus the Fixed Spread plus one half of one percent (0.5%).”

29. “Default LIBOR” means LIBOR for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default LIBOR shall be equal to LIBOR for the Interest Period in which the amount referred to in paragraph (d) of Section 3.02 first becomes overdue.

30. “Default Variable Rate” means the Variable Rate for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default Variable Rate shall be equal to the Variable Rate for the Interest Period in which the amount referred to in paragraph (d) of Section 3.02 first becomes overdue.”

(c) Paragraph 43 “Fixed Spread” (as re-numbered) is amended to read as follows:

“43. “Fixed Spread” means the Bank’s fixed spread for the initial Loan Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement; provided, that upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, such fixed spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines; and provided further that notwithstanding the foregoing, for purposes of determining the Default Interest Rate applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the “Fixed Spread” means the Bank’s fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount.”

(d) Paragraph 56 “LIBOR Reset Date” (as re-numbered) is amended to read as follows:



“56. “LIBOR Reset Date” means: (a) for any Loan Currency other than Euro, the day two London Banking Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period of a Variable Spread Loan, the day two London Banking Days prior to the fifteenth day of the month preceding the month in which the Loan Agreement is signed; provided that if the date of the Loan Agreement falls on or after the fifteenth day of the month in which the Loan Agreement is signed, the LIBOR Reset Date shall be the day two London Banking Days prior to the fifteenth day of such month; (ii) in the case of the Initial Interest Period of a Fixed Spread Loan, the day two London Banking Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided, that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the LIBOR Reset Date shall be the day two London Banking Days prior to the date of the Loan Agreement; and (iii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to any Approved Currency other than Euro falls on a day other than a Payment Date, the initial LIBOR Reset Date for the Approved Currency shall be the day two London Banking Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided, that if the Conversion Date falls on the first or fifteenth day of such month, the LIBOR Reset Date for the Approved Currency shall be the day two London Banking Days prior to the Conversion Date); (b) for Euro, the day two Target Settlement Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period for a Variable Spread Loan, the day two Target Settlement Days prior to the fifteenth day of the month preceding the month in which the Loan Agreement is signed; provided that if the date of the Loan Agreement falls on or after the fifteenth day of the month in which the Loan Agreement is signed, the LIBOR Reset Date shall be the day two Target Settlement Days prior to the fifteenth day of such month; (ii) in the case of the Initial Interest Period for a Fixed Spread Loan, the day two Target Settlement Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the LIBOR Reset Date shall be the day two Target Settlement Days prior to the date of the Loan Agreement; and (iii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to Euro falls on a day other than a Payment Date, the initial LIBOR Reset Date for the Approved Currency shall be the day two Target Settlement Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided that if the Conversion Date falls on the first or fifteenth day of such month, the LIBOR Reset Date for the Approved Currency shall be the day two Target Settlement Days prior to the Conversion Date); and (c) notwithstanding sub-paragraphs (a) and (b) of this paragraph, if, for a Currency Conversion to an Approved Currency, the Bank determines that market practice for the determination of the LIBOR Reset Date is on a date other than as set forth in said sub-paragraphs, the LIBOR Reset Date shall be such other date, as further specified in the Conversion Guidelines.”

(e) Paragraph 66 “Loan Payment” (as re-numbered) is amended to read as follows:

“66. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

(f) Paragraph 71 “Payment Date” (as re-numbered) is amended to read as follows:

“71. “Payment Date” means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest is payable.”

