

No. 7013

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**

**Guarantee Agreement—*Malta Electricity Board Project*
(with annexed Loan Regulations No. 4 and Loan Agree-
ment between the Bank and the State of Malta). Signed
at Washington, on 6 September 1963**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
11 December 1963.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD**

**Contrat de garantie — *Projet relatif au Malta Electricity
Board* (avec, en annexe, le Règlement n° 4 sur les em-
prunts et le Contrat d'emprunt entre la Banque et
l'État de Malte). Signé à Washington, le 6 septembre
1963**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 11 décembre 1963.*

No. 7013. GUARANTEE AGREEMENT¹ (*MALTA ELECTRICITY BOARD PROJECT*) BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 6 SEPTEMBER 1963

AGREEMENT, dated September 6, 1963, between UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the State of Malta (hereinafter called the Borrower) and the Bank, which agreement (including the schedules therein referred to) is hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies in an aggregate principal amount equivalent to seven million five hundred thousand dollars (\$7,500,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee such loan as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961.² subject, however, to the modifications thereof set forth in Schedule 3³ to the Loan Agreement (such Loan Regulations No. 4, as so modified, being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

¹ Came into force on 4 December 1963, upon notification by the Bank to the Government of the United Kingdom of Great Britain and Northern Ireland.

² See p. 182 of this volume.

³ See p. 198 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as provided in the Loan Agreement and the Bonds.

Section 2.02. Whenever there is reasonable cause to believe that the Borrower will not have sufficient funds to carry out or cause to be carried out the Project in accordance with the Loan Agreement, the Guarantor will, in consultation with the Bank and the Borrower, take appropriate measures to assist the Borrower to obtain the additional funds necessary therefor.

Article III

Section 3.01. It is the mutual understanding of the Guarantor and the Bank that, except as otherwise herein provided, the Guarantor will not grant in favor of any external debt any preference or priority over the Loan. To that end, the Guarantor undertakes that, except as otherwise herein provided or as shall be otherwise agreed between the Guarantor and the Bank, if any lien shall be created on any assets or revenues of the Guarantor as security for any external debt, such lien shall equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect. This Section shall not apply to the following :

- (a) the creation of any lien on any property purchased, at the time of the purchase, solely as security for the payment of the purchase price of such property;
- (b) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or
- (c) any pledge by or on behalf of the Guarantor of any of its assets in the ordinary course of banking business to secure any indebtedness maturing not more than one year after its date.

For the purpose of this Section, the expression "assets or revenues of the Guarantor" shall include assets or revenues of any territorial subdivision of the Guarantor which has power to raise revenues by taxation and to charge such revenues or any of its assets as security for external debt.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully towards achievement of the purposes of the Loan. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) Within the limits of its constitutional powers, the Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor (including those of the Borrower) for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Guarantor; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions now or at any time hereafter imposed under the laws of the Guarantor.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Secretary of the Treasury of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

H.M. Treasury
Treasury Chambers
Great George Street
London, S.W. 1, United Kingdom

Alternative address for cablegrams and radiograms :

Proflist
London

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 5.02. The Ambassador of the Guarantor to the United States of America is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names, and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

United Kingdom of Great Britain and Northern Ireland :

By Denis GREENHILL
Authorized Representative

International Bank for Reconstruction and Development :

By George D. WOODS
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 400, p. 212.*]

LOAN AGREEMENT

(MALTA ELECTRICITY BOARD PROJECT)

AGREEMENT, dated September 6, 1963, between STATE OF MALTA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,¹ subject, however, to the modifications thereof set forth in Schedule 3² to this Agreement (such Loan Regulations No. 4, as so modified, being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement :

(1) The term "Electricity Act" means the Electricity Act, 1963 of the Borrower and shall include all amendments thereto.

(2) The term "the Board" means the Malta Electricity Board established pursuant to the Electricity Act and shall include any successor entity or agency.

(3) The term "Subsidiary Loan Agreement" means the agreement between the Borrower and the Board referred to in Section 5.01 of this Agreement.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to seven million five hundred thousand dollars (\$7,500,000).

¹ See above.

² See p. 198 of this volume.

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

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

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2¹ to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. The Borrower undertakes that all goods financed out of the proceeds of the Loan shall be imported into its territories and shall there be used exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

¹ See p. 196 of this volume.

Section 4.02. The Minister responsible for finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall enter into a Subsidiary Loan Agreement with the Board, satisfactory to the Bank, providing for the relending of the proceeds of the Loan to the Board and containing appropriate provisions with respect to the financing and carrying out of the Project and of the other obligations of the Borrower under the Loan Agreement. Such Subsidiary Loan Agreement shall not be amended, assigned or abrogated, nor shall any material waiver of any provision thereof be given by either party, without the consent of the Bank.

Section 5.02. The Borrower shall cause the Board to conduct at all times its business and operations in accordance with sound public utility practices under the supervision of competent management.

Section 5.03.(a) The Borrower shall cause the Project to be carried out by the Board with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) In the carrying out of the Project, the Borrower shall cause the Board to employ competent and experienced consulting engineers.

Section 5.04. Whenever there is reasonable cause to believe that the funds available to the Board will be inadequate to meet the estimated expenditures required for carrying out the Project, the Borrower shall make arrangements, satisfactory to the Bank, promptly to provide the Board or cause the Board to be provided with such funds as are needed to meet such expenditures.

Section 5.05. (a) The Borrower shall cause the Board so to exercise its functions as to secure that the tariffs for supply of electricity it prescribes are adequate to provide sufficient revenue :

- (i) to cover operating expenses, including taxes, if any, and to provide adequate maintenance and depreciation, interest payments on borrowings and other interest payments;
- (ii) to meet periodic repayments on long-term indebtedness to the extent that any such repayments exceed the provisions for depreciation;
- (iii) to create reserves to finance a reasonable part of the cost of future expansion.

(b) The Borrower shall make adequate arrangements for the purchase from the Board of the water produced by the distillation plant included in the Project at a price sufficient to cover the actual costs to the Board of producing and delivering such water, including adequate maintenance and depreciation and financial charges attributable to such assets of the Board as are required for the production and delivery of such water.

Section 5.06. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall not permit the Board to incur any long-term indebtedness unless the Board's

net revenues for any twelve consecutive months out of the fifteen-month period last preceding the date of such incurrence shall not be less than 1.6 times the maximum debt service requirements on all the Board's long-term indebtedness (including the debt to be incurred) in any succeeding fiscal year of the Board. For the purposes of this Section :

- (a) the term " long-term indebtedness " shall mean any debt maturing by its terms more than one year after the date on which it is originally incurred;
- (b) debt shall be deemed to be incurred on the date of execution and delivery of the contract or loan agreement providing for such debt;
- (c) the term " net revenues " shall mean gross revenues from all sources, adjusted to take account of tariffs in effect at the time of incurrence of debt even though they were not in effect during the twelve consecutive months to which such revenues related, less operating and administrative expenses, including provision for taxes, if any, but before provision for depreciation and debt service requirements;
- (d) the term " debt service requirements " shall mean the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on debt;
- (e) all indebtedness payable in currency other than that of the Borrower shall be valued at the rate of exchange at which such other currency shall be obtainable by the Board, on the date such indebtedness is incurred, for the purpose of servicing such indebtedness or, if such other currency is not so obtainable, at the rate of exchange that will be reasonably determined by the Bank.

Section 5.07. Unless otherwise agreed between the Borrower and the Bank, if the Board shall repay, in advance of maturity, part or all of its indebtedness to the Borrower arising from the relending of the proceeds of the Loan, the Borrower shall promptly repay, in advance of maturity and in accordance with the Loan Agreement, an equivalent amount of the Loan.

Section 5.08. The Borrower shall cause the accounts of the Board to be regularly audited, at least once a year, by independent auditors.

Section 5.09. (a) The Borrower and the Bank shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.10. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term “assets of the Borrower” as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any statutory authority established by the Borrower or of any agency of the foregoing, including the assets of the Board of Commissioners of Currency or any other institution or statutory authority which at any time shall perform the functions of a central bank or issue currency of the Borrower.

Section 5.11. The Loan Agreement, the Guarantee Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay or cause to be paid all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 5.12. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxes on payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.13. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations or in Section 6.02 of this Agreement shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in the Loan Agreement or in the Bonds to the contrary notwithstanding.

Section 6.02. For the purposes of Section 5.02 of the Loan Regulations the following additional event is specified, namely : a default shall have occurred in the performance of any covenant or agreement in the Subsidiary Loan Agreement.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations :

(a) that the Subsidiary Loan Agreement, in form and substance satisfactory to the Bank, shall have been duly executed and delivered by the parties thereto, and shall have become fully effective in accordance with its terms subject only to the effectiveness of the Loan Agreement;

(b) the Borrower and the Board shall have agreed upon a net value, acceptable to the Bank, of the assets transferred to the Board by the Borrower under the provisions of the Electricity Act.

Section 7.02. The following is specified as an additional matter within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and the Board and has become effective and is a valid and binding obligation of the parties thereto in accordance with its terms, subject only to the effectiveness of the Loan Agreement.

Section 7.03. A date ninety days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be March 31, 1966, or such other date as shall be agreed upon by the Borrower and the Bank.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Ministry of Finance
Valletta
Malta

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 8.03. The Minister responsible for finance of the Borrower is designated for the purposes of Section 8.03*bis* of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

State of Malta :

By G. Borg OLIVIER
Authorized Representative

International Bank for Reconstruction and Development :

By George D. WOODS
President

SCHEDULE 1
AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
April 15, 1966	\$130,000	April 15, 1975	\$210,000
October 15, 1966	135,000	October 15, 1975	220,000
April 15, 1967	140,000	April 15, 1976	225,000
October 15, 1967	140,000	October 15, 1976	230,000
April 15, 1968	145,000	April 15, 1977	235,000
October 15, 1968	150,000	October 15, 1977	245,000
April 15, 1969	155,000	April 15, 1978	250,000
October 15, 1969	155,000	October 15, 1978	255,000
April 15, 1970	160,000	April 15, 1979	265,000
October 15, 1970	165,000	October 15, 1979	270,000
April 15, 1971	170,000	April 15, 1980	280,000
October 15, 1971	175,000	October 15, 1980	285,000
April 15, 1972	180,000	April 15, 1981	295,000
October 15, 1972	185,000	October 15, 1981	300,000
April 15, 1973	190,000	April 15, 1982	310,000
October 15, 1973	195,000	October 15, 1982	320,000
April 15, 1974	200,000	April 15, 1983	330 000
October 15, 1974	205,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	1/2 %
More than three years but not more than six years before maturity	1 1/2 %
More than six years but not more than eleven years before maturity	2 1/2 %
More than eleven years but not more than sixteen years before maturity	3 1/2 %
More than sixteen years but not more than eighteen years before maturity	4 1/2 %
More than eighteen years before maturity	5 1/2 %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of the first stage of the Malta " B " thermal power and sea water distillation station and workshop, office and stores buildings, which will be constructed on a site at Marsa, adjacent to the existing Malta " A " thermal power and sea water

distillation station; and the installation of twin water mains from the Malta " B " station to an existing reservoir at Luqa.

The " B " station will have an initial installed generating capacity of 25 MW and a water production capacity of one million imperial gallons per day. It will be designed for an ultimate capacity of 100 MW and a water production of six million imperial gallons per day.

The generating plant will consist of two 12.5 MW pass-out turbo-alternator sets, and two 200,000 lbs. per hour boilers. The turbines will be designed to operate with steam conditions of 600 pounds per square inch and 850°F. The boilers will be of the outdoor type and will be operated on bunker " C " fuel oil. Sea water will be used for cooling purposes. The electrical output of the station will be fed into the existing 11 kv distribution system.

The distillation plant will consist of a multi-stage flash type distiller which will utilize low pressure pass-out steam from the turbo-alternator sets. The output of distilled water will be pumped through twin mains to the Luqa reservoir, some 4,000 yards from the station, where it will be blended with water from underground sources.

The Project is scheduled for completion by December 31, 1965.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961, shall be deemed to be modified as follows :

(a) By the deletion of the word " Guarantor " in Section 4.01, wherever it appears, and the substitution therefor of the word " Borrower ".

(b) By the deletion of subparagraphs (b), (d), (e) and (f) of Section 5.02 and the substitution therefor of the following subparagraphs :

" (b) A default shall have occurred in the payment of principal or interest or any other payment required under any other loan agreement or under any guarantee agreement between the Borrower and the Bank or under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement. "

" (d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower or the Guarantor will be able to perform its obligations under the Loan Agreement or the Guarantee Agreement or the Bonds, or there shall occur any such change in the nature and constitution of the Borrower as shall make it improbable that the Borrower will be able to carry out its obligations under the Loan Agreement or the Bonds. "

" (e) The Board shall have been unable to pay its debts as they mature or any action or proceeding shall have been taken by the Borrower or the Board or others whereby the undertaking of the Board, or any substantial part of such undertaking, shall or may be assigned or in any manner transferred or delivered to any other person, or whereby any property of the Board shall or may be distributed among the creditors of the Board. "

“(f) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Board or for the suspension of its operations or for a material modification of its powers or functions.”

(c) By the deletion of Section 7.02 and the substitution therefor of the following new section :

“SECTION 7.02. *Obligations of the Guarantor.* The obligations of the Guarantor under the Guarantee Agreement shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrower or the Board or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower or the Board, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to the Borrower or the Board; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or the Board or in respect of any security for the Loan; any modification or amplification of the provisions of the Loan Agreement or the Subsidiary Loan Agreement contemplated by the terms thereof; any failure of the Borrower or the Board to comply with any requirement of any law, regulation or order of the Guarantor or of the Borrower or of any political subdivision or agency of the Guarantor or of the Borrower.”

(d) By the deletion of the last sentence of Section 7.04 (k) and the substitution therefor of the following sentence :

“Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Borrower or the Guarantor (as the case may be) except as such procedure may be available against the Borrower or the Guarantor (as the case may be) otherwise than by reason of the provisions of this Section.”

(e) By the deletion of the first sentence of Section 7.04 (l) and the substitution therefor of the following sentence :

“(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made upon the Bank and (to the extent that such proceeding is available against the Borrower or the Guarantor) upon the Borrower or the Guarantor in the manner provided in Section 8.01.”

(f) By the insertion, after Section 8.03, of the following new Section :

“SECTION 8.03bis. *Action on Behalf of the Borrower.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Loan Agreement on behalf of the Borrower may be taken or executed by the representative of the Borrower designated in the Loan Agreement for the purposes of this Section or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of the Loan Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by the representative so designated or any person thereunto authorized in writing by him; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not

substantially increase the obligations of the Borrower under the Loan Agreement. The Bank may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Loan Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder."

(g) By the deletion of the second sentence in paragraph 7 of Section 10.01 and the substitution therefor of the following sentences :

"Whenever reference is made to the currency of the Guarantor, the term 'currency' means such coin or currency as at the time referred to is legal tender for the payment of public and private debts in the United Kingdom of Great Britain and Northern Ireland. Whenever reference is made to the currency of the Borrower, the term 'currency' means coin or currency issued by the Board of Commissioners of Currency of the Borrower, or such other coin or currency as may hereafter become legal tender for the payment of public and private debts in the territory of the Borrower."

(h) By the deletion in paragraph 12 of Section 10.01 of the word "Guarantor" and the substitution therefor of the word "Borrower".

(i) By the deletion of paragraph 13 of Section 10.01 and the substitution therefor of the following paragraph :

"13. Where used in Section 3.01 of the Guarantee Agreement, the term 'external debt' means any debt payable in any medium other than currency of the Guarantor, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium; and, where used in Section 5.10 of the Loan Agreement, the term 'external debt' means any debt payable in any medium other than in currency of the Borrower, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium."

(j) By the deletion of the eighth paragraph of the Form of Bond set forth in Schedule 1 and the seventh paragraph of the Form of Bond set forth in Schedule 2 and the substitution therefor, in each such Schedule of the following paragraph :

"The principal of the Bonds, the interest accruing thereon and the premium, if any, on the redemption thereof shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature or any restrictions now or at any time hereafter imposed under the laws of (name of Guarantor), or of (name of Borrower) or laws in effect in its territories; *provided, however, that the provisions of this paragraph shall not apply to taxation imposed (a) under the laws of (name of Guarantor) on or in connection with payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of (name of Guarantor) or (b) under the laws of (name of Borrower) or laws in effect in its territories on or in connection with payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of (name of Borrower).*