Loan Agreement

(Fiscal Sustainability, Human Development and Competitiveness Development Policy Loan
- Programa de Desenvolvimento Econômico, Social e de Sustentabilidade Fiscal do Estado do
Rio de Janeiro – PRODESF)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

STATE OF RIO DE JANEIRO

Dated March 22, 2010
LOAN AGREEMENT

Agreement dated March 22, 2010, entered into between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and THE STATE OF RIO DE JANEIRO (“Borrower”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, inter alia, of: (a) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; (b) the Guarantor’s maintenance of an appropriate macroeconomic policy framework; and (c) the Borrower’s maintenance of an appropriate expenditure program and fiscal arrangements with the Guarantor. The Borrower and the Bank therefore 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 the Loan 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 four hundred and eighty five million Dollars ($485,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”).

2.02. The Borrower may withdraw the proceeds of the Loan in support of the Program in accordance with Section II of Schedule 1 to this Agreement. The Borrower’s representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Borrower’s Secretary of Finance.

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.

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; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. 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 days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.

2.05. The Payment Dates are April 15 and October 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 2 to this Agreement.

2.07. (a) The Borrower may at any time, in each case with the prior non-objection of the Guarantor, through the Secretariat of the National Treasury of the Guarantor’s Ministry of Finance, request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

2.08. Without limitation upon the provisions of Section 5.08 of the General Conditions (renumbered as such pursuant to paragraph 4 of Section II of the Appendix to this Agreement and relating to Cooperation and Consultation), the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.08 of the General Conditions:

(a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and

(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Borrower shall promptly inform the Bank of: (i) any situation that would have the effect of materially compromising the objectives of the Program or reversing any action taken under the Program, including any action specified in
Section I of Schedule 1 to this Agreement; and (ii) any situation that would affect its fiscal arrangements with the Guarantor.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) A situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

(b) An action has been taken or a policy has been adopted to reverse any action or policy under the Program (including any action listed in Section I of Schedule 1 to this Agreement) in a manner that would, in the opinion of the Bank, adversely affect the achievement of the objectives of the Program.

(c) The Borrower’s expenditure program, and/or its fiscal arrangements with the Guarantor has/have become inconsistent with the objectives of the Program.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank’s approval of the Loan which expire on August 2, 2011.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. Except for the purposes of Section 2.02 of this Agreement, the Borrower’s Representative is its Governor.

6.02. The Borrower’s Address is:

Palácio Guanabara
Rua Pinheiro Machado, s/n
Rio de Janeiro – RJ, 22231-090
Brazil

Facsimile: (55-21) 2334-3773

With copies to:

SEAIN – Secretaria de Assuntos Internacionais do Ministério do Planejamento, Orçamento e Gestão
Esplanada dos Ministérios, Bloco K – 5º andar
Brasília – DF, 70040-906
Brazil
Facsimile: (55-61) 2020-5006

Secretaria de Estado de Fazenda
Rua da Alfândega, 42 – 1º andar
Rio de Janeiro - RJ, 20070-000
Brazil
Facsimile: (55-21) 2334-4513

6.03. 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 248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)

AGREED at Rio de Janeiro, Federative Republic of Brazil, as of the day and year first above written.

STATE OF RIO DE JANEIRO

By/s/ Sergio Cabral
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By/s/ Makhtar Diop
Authorized Representative
SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions Taken Under the Program

The actions taken by the Borrower under the Program, aimed to improve fiscal management, competitiveness and social service delivery, include the following:

A. Strengthen Fiscal Adjustment, Improving Tax Administration and Controlling Public Expenditures.

1. The Borrower, through its Governor, has adopted the necessary measures to ensure that the Borrower’s social security system is capitalized with oil-based revenues and that those transfers are protected from reallocation by executive discretion, as evidenced by the Borrower’s Decree 42.011/2009 of August 28, 2009.

2. The Borrower, through SEFAZ, has adopted the necessary measures for the enhancement and improvement of the Borrower’s tax collection system, through: (i) the recruitment of qualified staff to join SEFAZ, as well as providing training for the upgrade of qualified existing staff, as evidenced by: (a) the publication in the Borrower’s Official Gazette (Diário Oficial do Estado do Rio de Janeiro) of the administrative order (Ato do Governador) dated November 26, 2008, containing the names and classification of new staff for various positions recruited through selected public exams (Concursos); (b) SEFAZ’s publication in the Official Gazette on December 22, 2008 and September 2, 2009, of the results of two separate Concursos for the recruitment of tax prosecutors, including names and classification of the new recruited staff; and (c) certified copies of SEFAZ’s training records; and (ii) the adoption of electronic fiscal invoices, as evidenced in SEFAZ Resolutions No. 118 and 162 of January 23, 2008, and October 10, 2008, respectively.

3. The Borrower, through SEFAZ and SEPLAG, has taken a series of actions aimed at strengthening the Borrower’s budget procedures, financial management and procurement systems, through: (i) the reorganization of the Borrower’s budget and its financial annual programming procedures, as evidenced by Borrower’s Decree No. 41.682/09 of February 9, 2009; (ii) the definition of budget execution and financial management procedures, as well as the creation of a position of internal control advisor to be appointed in each of the Borrower’s entities, as evidenced by Borrower’s Decree No. 41.880/09 of May 25, 2009; and (iii) the use of price registries and Pregão Eletrônico as preferred methods for the procurement of services, as evidenced by Borrower’s Decrees No. 41.135/08 and No. 41.533/08 of January 21, 2008 and November 4, 2008 respectively.

B. Improving Quality and Efficiency of the Business Registration Process

1. The Borrower, through SEFAZ and SEDEIS, has taken the necessary steps to improve the Borrower’s business environment in order to achieve greater economic diversification and growth, through: (i) the implementation of streamlined business registration processes, as evidenced by SEFAZ Resolution No. 248 of November 9, 2009; and (ii) the creation of integrated service centers (Rio Poupa Tempo) for the provision of services
related to company incorporation, licensing and permits and other related services in one location, as evidenced by Borrower’s Decree No. 41.832 of April 17, 2009.

C. Increasing Quality and Efficiency of the Basic Education System

1. The Borrower, through SEEDUC, has taken a series of actions to increase primary and secondary school completion rates and to reduce age-grade distortion, through the implementation of a high quality accelerated learning program (Projeto Autonomia) that will enable overage students in the last years of fundamental education to complete the curriculum in reduced time in selected Borrower’s schools, as evidenced by: (a) the agreement No. 38/2008 entered into between the Borrower, through SEEDUC and the Roberto Marinho Foundation for the implementation of said accelerated learning program, dated October 31, 2008, published in the Borrower’s Official Gazette on December 18, 2008 and (b) an official list of teachers trained on the accelerated learning program, as well as of the Borrower’s schools currently implementing Projeto Autonomia.

2. The Borrower, through SEEDUC, has taken the necessary steps to modernize the Borrower’s school information system and resource management, so as to increase accountability among teachers and students, as well as to promote efficiency in the use of resources, through the implementation of a new school management information system (Conexão Educação), as evidenced by the contracts ASJUR/SEEDUC No. 33/2008, No. 41/2008 and No.56/2009, entered into between the Borrower and selected consultant firms, for the purposes of developing said new school management system in SEEDUC, implementing said system in the Borrower’s schools and leasing the necessary equipment and providing the necessary maintenance therefor, published in the Borrower’s Official Gazette respectively on December 5, 2008, December 22, 2008 and May 20, 2009.

D. Increasing Access to and Efficiency of Health Services.

1. The Borrower, through SESDEC, has taken the necessary steps to expand the provision of quality coverage for urgent and emergency health care in the Borrower’s low income urban neighborhoods, through the establishment of additional 24-hours operating specialized health units (UPAs), as evidenced by SESDEC Portarias SG No. 07 of August 6, 2008 (Botafogo); No. 08 of August 6, 2008 (Nova Iguaçu); No. 09 of September 1, 2008 (Marechal Hermes); No. 10 of September 1, 2008 (Saramú – Duque de Caixas II); No. 12 of September 19, 2008 (Barra Mansa); No. 14 of October 14, 2008 (Penha); No. 15 of October 14, 2008 (Realengo); and No. 17 of October 14, 2008 (Engenho Novo), together with the proper registration of said UPAs in the Guarantor’s CNES and CNPJ.

2. The Borrower, through SESDEC, has taken the necessary administrative measures for the creation of incentives for municipalities to deliver more efficient and higher quality health services through additional resources tied to performance, through the creation of a performance-based transfer system between the Borrower and its municipalities (Programa de Apoio aos Hospitais do Interior –PAHI), based on improvements in mother-child health and hospital care, as evidenced by SESDEC Resolution No. 843 of September 25, 2009, and published in the Borrower’s Official Gazette on September 29, 2009.
Section II. Availability of Loan Proceeds

A. General. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.

B. Allocation of Loan Amounts. The Loan shall (except for amounts required to pay the Front-end Fee) be withdrawn in a single tranche. The allocation of the amounts of the Loan to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Loan Tranche Allocated (expressed in Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Tranche</td>
<td>483,787,500</td>
</tr>
<tr>
<td>Front-end Fee</td>
<td>1,212,500</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>485,000,000</strong></td>
</tr>
</tbody>
</table>

C. Tranche Release Conditions. No withdrawal shall be made of the Single Tranche unless the Bank is satisfied:

1. with the Program being carried out by the Borrower;
2. that the Guarantor is maintaining a macroeconomic policy framework which is consistent with the objectives of the Program;
3. that an appropriate expenditure program and fiscal arrangements are maintained between the Borrower and the Guarantor;

If the Bank is not so satisfied, it may give notice to the Borrower to that effect and, if within ninety (90) days after the notice, the Borrower has not taken steps satisfactory to the Bank, with respect to paragraphs 1, 2, and 3 above, then the Bank may, by notice to the Borrower, cancel all or any part of the Unwithdrawn Loan Balance.

D. Deposits of Loan Amounts. Except as the Bank may otherwise agree:

1. all withdrawals from the Loan Account shall be deposited by the Bank into an account designated by the Borrower and acceptable to the Bank; and
2. the Borrower shall ensure that upon each deposit of an amount of the Loan into this account, an equivalent amount is accounted for in the Borrower’s budget management system, in a manner acceptable to the Bank.

E. Excluded Expenditures. The Borrower undertakes that the proceeds of the Loan shall not be used to finance Excluded Expenditures. If the Bank determines at any time that an amount of the Loan was used to make a payment for an Excluded Expenditure, the
Borrower shall, promptly upon notice from the Bank, refund an amount equal to the amount of such payment to the Bank. Amounts refunded to the Bank upon such request shall be cancelled.

F. **Closing Date.** The Closing Date is December 31, 2011.
SCHEDULE 2

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15 Beginning April 15, 2016 through October 15, 2038</td>
<td>2.13%</td>
</tr>
<tr>
<td>On April 15, 2039</td>
<td>2.02%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions

1. “CNES” means Cadastro Nacional de Entidades de Saúde, the Guarantor’s national registry of health entities.

2. “CNPJ” means Cadastro Nacional de Pessoas Jurídicas, the Guarantor’s national registry of private and public entities.

3. “Excluded Expenditure” means any expenditure:

(a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association has financed or agreed to finance, or which the Bank or the Association has financed or agreed to finance under another loan, credit, or grant;

(b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Bank by notice to the Borrower:

<table>
<thead>
<tr>
<th>Group</th>
<th>Sub-group</th>
<th>Description of Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td></td>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>121</td>
<td></td>
<td>Tobacco, un-manufactured, tobacco refuse</td>
</tr>
<tr>
<td>122</td>
<td></td>
<td>Tobacco, manufactured (whether or not containing tobacco substitutes)</td>
</tr>
<tr>
<td>525</td>
<td></td>
<td>Radioactive and associated materials</td>
</tr>
<tr>
<td>667</td>
<td></td>
<td>Pearls, precious and semiprecious stones, unworked or worked</td>
</tr>
<tr>
<td>718</td>
<td>718.7</td>
<td>Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors</td>
</tr>
<tr>
<td>728</td>
<td>728.43</td>
<td>Tobacco processing machinery</td>
</tr>
<tr>
<td>897</td>
<td>897.3</td>
<td>Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths’ or silversmiths’ wares (including set gems)</td>
</tr>
<tr>
<td>971</td>
<td></td>
<td>Gold, non-monetary (excluding gold ores and concentrates)</td>
</tr>
</tbody>
</table>
(c) for goods intended for a military or paramilitary purpose or for luxury consumption;

(d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party;

(e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

(f) with respect to which the Bank determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Borrower or other recipient of the Loan proceeds, without the Borrower (or other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.

4. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.

5. “Governor” means the official heading the Borrower’s executive branch of government.


7. “Program” means the program of actions, objectives and policies designed to promote growth and achieve sustainable human development and set forth or referred to in the letter dated September 28, 2009 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution.


9. “SEEDUC” means Secretaria de Estado de Educação, the Borrower’s Secretariat of Education.

10. “SEFAZ” means Secretaria de Estado de Fazenda, the Borrower’s Secretariat of Finance.

11. “SEPLAG” means Secretaria de Planejamento e Gestão, the Borrower’s Secretariat of Planning.

12. “SESDEC” means Secretaria de Estado de Saúde e Defesa Civil, the Borrower’s Secretariat of Health and Civil Defense.
13. “Single Tranche” means the amount of the Loan allocated to the category entitled “Single Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

14. “UPAs” means Unidades de Pronto Atendimento, the Borrower’s urgent and emergency care units.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.

2. Sections 2.04 (Designated Accounts) and 2.05 (Eligible Expenditures) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.

3. Sections 5.01 (Project Execution Generally), and 5.09 (Financial Management; Financial Statements; Audits) are deleted in their entirety, and the remaining Sections in Article V are renumbered accordingly.

4. Paragraph (a) of Section 5.05 (renumbered as such pursuant to paragraph 4 above and relating to Use of Goods, Works and Services) is deleted in its entirety.

5. Paragraph (c) of Section 5.06 (renumbered as such pursuant to paragraph 4 above) is modified to read as follows:

“Section 5.06. Plans; Documents; Records

… (c) The Borrower shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Loan until two years after the Closing Date. The Borrower shall enable the Bank’s representatives to examine such records.”

6. Paragraph (c) of Section 5.07 (renumbered as such pursuant to paragraph 4 above) is modified to read as follows:

“Section 5.07. Program Monitoring and Evaluation

… (c) The Borrower shall prepare, or cause to be prepared, and furnish to the Bank not later than six months after the Closing Date, a report of such scope and in such detail as the Bank shall reasonably request, on the execution of the Program, the performance by the Loan Parties and the Bank of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Loan.”

7. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:
(a) The definition of the term “Conversion Date” is modified to read as follows:

“‘Conversion Date’ means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines.”

(b) The definition of the term “Eligible Expenditure” is modified to read as follows:

“‘Eligible Expenditure’ means any use to which the Loan is put in support of the Program, other than to finance expenditures excluded pursuant to the Loan Agreement.”

(c) The term “Financial Statements” and its definition are deleted in their entirety.

(d) The term “Project” is modified to read “Program” and its definition is modified to read as follows (and all references to “Project” throughout these General Conditions are deemed to be references to “Program”):

“‘Program’ means the program referred to in the Loan Agreement in support of which the Loan is made.”