Loan Agreement

(Second Programmatic Fiscal Management and Competitiveness Development Policy Loan)

between

REPUBLIC OF PERU

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated December 1, 2008
LOAN AGREEMENT

Agreement dated December 1, 2008, entered into between REPUBLIC OF PERU ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") 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; and (b) the Borrower’s maintenance of an appropriate macro-economic policy framework. 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 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 US$370,000,000 (three hundred and seventy million Dollars), 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"). The Borrower may withdraw the equivalent of $70,000,000 on or after the Effective Date and keep the remaining $300,000,000 of the Loan as a contingency for future withdrawals.

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.

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. In the event that the Borrower elects not to capitalize the Front-end Fee, the Borrower shall pay the Front-end Fee not later than 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 Fixed 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 March 15 and September 15 in each year.

2.06. (a) Except as otherwise provided in paragraph (b) of this Section, the principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 2 to this Agreement.

(b) The Bank and the Borrower may at any time agree on repayment provisions different from those set out in Schedule 2 to this Agreement for the Unwithdrawn Loan Balance at the time, provided that: (i) the average maturity of each Withdrawal of an amount of such Unwithdrawn Loan Balance does not exceed 18 years from the Maturity Fixing Date and the final maturity of such Withdrawal does not exceed 30 years from the Maturity Fixing Date (or such other average maturity and/or final maturity as may be generally applicable to loans made by the Bank to the Borrower at the time of such agreement); and (ii) such repayment provisions have been agreed between the Borrower and the Bank prior to the Withdrawal Date of any such Withdrawal.

2.07. (a) The Borrower may at any time 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 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 5.10 of the General Conditions, 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.

2.09. The Borrower’s Minister of Economy and Finance or the Borrower’s Director of Public Indebtedness, and any person whom he or she shall designate in writing is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article II of the General Conditions.

ARTICLE III — PROGRAM

3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.10 of the General Conditions:

(a) the Borrower and the Bank shall: (i) regularly monitor the Borrower’s macroeconomic policy framework and the progress achieved in carrying out the Program; and (ii) from time to time, at the request of either party, exchange views on these matters and the actions specified in Section I of Schedule 1 to this Agreement;

(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 any situation that has arisen that has or would have the effect of materially: (i) impairing the Borrower’s ability to maintain an appropriate macroeconomic policy framework; or (ii) reversing the objectives of the Program, or any action taken under the Program, including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist on 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) The Borrower’s macroeconomic policy framework has become inconsistent with the objectives of the Program.

(c) 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.

ARTICLE V — EFFECTIVENESS

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 February 5, 2010.

ARTICLE VI— REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.09 of this Agreement, the Borrower’s Representative is its Minister of Economy and Finance, provided that the Borrower’s Director of Public Indebtedness may, by him or herself, represent the Borrower to sign amendments to this Agreement which are considered of an administrative and non-financial nature. The signing by such Director of an amendment shall constitute a representation by the Borrower that any such amendment is considered to be administrative and non-financial in nature.

6.02. The Borrower’s Address is:

Ministry of Economy and Finance  
Jr. Junín 319  
Lima, Perú

Facsimile: (511) 626-9921

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 Lima, Peru, as of the day and year first above written.

REPUBLIC OF PERU

By /s/ Pedro Sanchez Gamarra
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ C. Felipe Jaramillo
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 include the following:

A. The Borrower has taken significant steps to strengthen sustainability and transparency of fiscal policy by having: (i) fully complied with fiscal rules, as evidenced by the declaration of compliance with fiscal responsibility published in the Ministry of Economy’s website (www.mef.gob.pe/DGAES), on May 29, 2008; and (ii) issued Legislative Decree No. 1012 of May 13, 2008 approving the framework law for the treatment, limits and registering of firm and contingent operations associated with private and public partnerships.

B. The Borrower has taken measures for improving the efficiency and neutrality of the tax system by issuing Legislative Decrees No. 971 of December 22, 2006, Nos. 975, 976, 977 and 978 of March 14, 2007, providing the legal framework for the implementation of: (i) a gradual elimination of regional and sectoral exemptions; (ii) a requirement of a cost-benefit analysis for maintaining current tax exemptions and granting new ones; and (iii) a reduction of the financial transactions tax rate to 0.07% starting in 2008, and reducing to 0.05% starting in 2010.

C. The Borrower has taken measures to strengthen its budgetary management by: (i) issuing a Supreme Decree No. 082-2007-EF of June 28, 2007, and the Directorate Resolution No. 013-2008-EF/77.15 of April 30, 2008, regulating the incorporation, in the treasury single account at the Banco de la Nación, of all “ear-marked resources”; and (ii) issuing Supreme Decree No. 068-2008-EF of May 24, 2008 approving a new functional budgetary classification.

D. The Borrower has taken significant steps to gradually implement the result-based budget management system referred to in Law 28927 (2007 budget law) of December 12, 2006, Law 29142 (2008 budget law) of December 10, 2007 and Directorate Resolution No. 027-2007-EF/76.01 of July 2, 2007, aimed at the improvement, control and impact of public spending at a national, sub-national and sectoral levels, including the introduction of programmatic formulation for the budget, as well as five priority programs with a results framework.

E. The Borrower has taken measures to make public sector processes more transparent, accessible and agile, by: (i) integrating the Borrower’s procurement electronic system (SEACE) with the Borrower’s integrated financial management system (SIAF) at the process level, as evidenced by Memorandum No. 443-2008-EF/42.01 from the MEF’s General Office of Statistics and Informatics; (ii)

F. The Borrower has continued to carry out significant efforts to expand and deepen international trade by: (i) completing the negotiations for a free trade agreement with Canada, as evidenced by the minutes of negotiations dated January 28, 2008; (ii) issuing Supreme Decrees Nos. 091-2007-EF of July 9, 2007, 105-2007-EF of July 19, 2007, 158-2007-EF of October 13, 2007, 163-2007-EF of October 27, 2007, and 038-2008-EF of March 17, 2008, to reduce the average tariff rate to 5% and the tariff dispersion to 5.9%; and (iii) implementing measures to facilitate external trade through the regulation of the one-stop-shop for foreign trade (Ventanilla Unica de Comercio Exterior), evidenced by the issuance of Supreme Decree No. 010-2007-MINCETUR, and the issuance of regulations for the Law on Foreign Trade Facilitation through Supreme Decree No. 022-2008-EF, with the objective of establishing uniform procedures for authorization and control of imports and exports subject to non-tariff measures.

G. The Borrower has expanded the business licensing and construction permit simplification program (TRAMIFACIL Program) to municipalities in the following five regions: Puno, Cajamarca and Lima, as evidenced by the findings set forth in the report published by the International Finance Corporation in December 2007.

H. The Borrower has taken the necessary steps to promote sustainable financial deepening of micro and consumer credit by issuing, through its superintendence of banks and insurance, Resolutions SBS No. 1237-2006 of September 22, 2006, No. 1122-2006 of August 29, 2006, and No. 215-2007 of February 27, 2007 respectively, approving rules for: (i) retail debtor’s over indebtedness risk management; (ii) expansion of the operations of non-banking financial institutions; and (iii) provision of micro-insurance (more info on this last one).

I. The Borrower, through its stock and business supervisory commission (CONASEV), has taken measures to deepen financial instruments and services by approving Resolution CONASEV No. 087-2007-EF/94.01.1 of November 16, 2007, allowing the use of assets in the securitization process.

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 Borrower shall be entitled to withdraw the proceeds of the Loan from the Loan account in support of the Program in various
drawdowns of a single tranche. The Borrower may withdraw the equivalent of $70,000,000 on or after the Effective Date and keep the remaining $300,000,000 of the Loan as a contingency for future withdrawals, all withdrawals subject to the conditions set forth in paragraph D below. The categories of items that may be financed out of the proceeds of the Loan ("Category"), and 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 Tranche Allocated (expressed in Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Tranche</td>
<td>370,000,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>370,000,000</td>
</tr>
</tbody>
</table>

C. **Payment of Front-end Fee.** No withdrawal shall be made from the Loan Account until the Bank has received payment in full of the Front-end Fee.

D. **Withdrawal of Loan Proceeds.** If at any time prior to the receipt by the Bank of a request for withdrawal of an amount of the Loan, in the course of its monitoring referred to in Section 3.01 of this Agreement, the Bank determines that a review of the Borrower’s macroeconomic policy framework or of its progress in carrying out the Program is warranted, the Bank shall give notice to the Borrower to that effect. Upon the giving of such notice, no withdrawals shall be made of the Unwithdrawn Loan Balance unless and until the Bank has notified the Borrower of its satisfaction, after an exchange of views as described in paragraphs (a) and (b) of said Section 3.01, with: (1) the progress achieved by the Borrower in carrying out the Program; and (2) the appropriateness of the Borrower’s macroeconomic policy framework.

E. **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.

F. **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.

G. Closing Date. The Closing Date is August 5, 2011. The Bank may, by notice to the Borrower, extend said Closing Date up to three more years, provided that the overall Program continues to be implemented in a manner satisfactory to the Bank and macroeconomic policies are adequate.
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>March 15, 2022</td>
<td>10%</td>
</tr>
<tr>
<td>September 15, 2022</td>
<td>10%</td>
</tr>
<tr>
<td>March 15, 2023</td>
<td>12.70%</td>
</tr>
<tr>
<td>September 15, 2023</td>
<td>12.70%</td>
</tr>
<tr>
<td>March 15, 2028</td>
<td>16.21%</td>
</tr>
<tr>
<td>September 15, 2028</td>
<td>16.21%</td>
</tr>
<tr>
<td>March 15, 2029</td>
<td>11.35%</td>
</tr>
<tr>
<td>September 15, 2029</td>
<td>10.83%</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.
APPENDIX

Section I.  Definitions

1. “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.

2. “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.

3. “MEF” means Ministerio de Economía y Finanzas, the Borrower’s Ministry of Economy and Finance.

4. “Program” means the program of actions, objectives and policies designed to achieve fiscal management and competitiveness reforms in the Borrower’s economy, so as to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated May 9, 2008, from the Borrower to the Bank declaring the Borrower’s continuous commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution.

5. “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.

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 3 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 3 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 3 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 “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.”
(b) The term “Financial Statements” and its definition as set forth in the Appendix are deleted in their entirety.

(c) The term “Fixed Spread” is modified to read as follows:

“Fixed Spread” means, for each Withdrawal, the Bank’s fixed spread for the Loan Currency of the Withdrawal in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.02 (d), that is 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; (b) for purposes of fixing the Variable Spread pursuant to Section 4.02, “Fixed Spread” means the Bank’s fixed spread for the Loan Currency in effect at 12:01 a.m. Washington, D.C. time on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance pursuant to Section 4.04 (a), the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.

(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.”

(e) The term “Variable Spread” is modified to read as follows:

“Variable Spread” means, for each Withdrawal and each Interest Period: (1) the Bank’s standard variable spread for Loans in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) LIBOR, or other reference rates, for six-month deposits, in respect of the Bank’s outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread; as reasonably determined by the Bank and expressed as a percentage per annum. In the case of a Loan denominated in more than one Currency, “Variable Spread” applies separately to each of such Currencies.

(f) A new term “Withdrawal” is added to read as follows:

“Withdrawal” means each amount of the Loan withdrawn by the Borrower from the Loan Account pursuant to Section 2.01.
(g) A new term “Withdrawal Date” is added to read as follows:

“Withdrawal Date” means, for each Withdrawal, the date on which the Bank pays the Withdrawal.