Guarantee Agreement

(Alma Electricity Transmission Project)

between

REPUBLIC OF KAZAKHSTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated December 25, 2010
GUARANTEE AGREEMENT

AGREEMENT, dated December 25, 2010, entered into between REPUBLIC OF KAZAKHSTAN (“Guarantor”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) (“Guarantee Agreement”) in connection with the Loan Agreement of same date between the Bank and JOINT STOCK COMPANY “KAZAKHSTAN ELECTRICITY GRID OPERATING COMPANY” (“Borrower” or “KEGOC”) (“Loan Agreement”) and further to the Resolutions of the Government of the Guarantor No. 531 and No. 1375, dated June 7, 2010 and December 20, 2010 respectively, by which the Guarantor has agreed to guarantee the obligations of the Borrower with respect to the Loan. The Guarantor and the Bank hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

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

Section 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 Loan Agreement.

ARTICLE II – GUARANTEE; PROVISION OF FUNDS

Section 2.01. The Guarantor declares its commitment to the objectives of the Project. To this end, without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of all Loan Payments payable by the Borrower pursuant to the Loan Agreement, and the punctual performance of all the other obligations of the Borrower set forth or referred to in the Loan Agreement.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, promptly to provide the Borrower with the funds needed to meet such expenditures.
ARTICLE III

Other Covenants

Section 3.01. The Guarantor shall ensure that KEGOC’s tariffs are maintained at levels sufficient to fully cover the company’s prudently incurred operating costs as well as a regulated rate of return on fixed assets employed.

ARTICLE IV – REPRESENTATIVE; ADDRESSES

Section 4.01. The Guarantor’s Representative is the Minister of Finance of the Guarantor.

Section 4.02. The Guarantor’s Address is:

Ministry of Finance
11 Pobedy Street
Astana 010000
Republic of Kazakhstan

Telex: 265126 (FILIN)
Facsimile: (7) (7172) 717785

With a copy to the Borrower:

Joint Stock Company
“Kazakhstan Electricity Grid Operating Company”
37 Beibitshilik Street,
Astana 010000
Republic of Kazakhstan

Telephone: 7 (7172) 970159
Facsimile: (7) (7172) 97 04 55

Section 4.03. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
AGREED at Astana, Republic of Kazakhstan, as of the day and year first above written.

REPUBLIC OF KAZAKHSTAN

By /s/ Bolat Zhamishev
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Ilyas Sarsenov
Authorized Representative