Loan Agreement

(First Programmatic Adjustment Loan for Sustainable and Equitable Growth)

between

FEDERATIVE REPUBLIC OF BRAZIL

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated June 21, 2004
AGREEMENT, dated June 21, 2004, between the FEDERATIVE REPUBLIC OF BRAZIL (the Borrower) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Bank has received a letter, dated January 20, 2004, from the Borrower: (i) describing its macroeconomic framework and a program of actions, objectives and policies to support a set of microeconomic and institutional reforms that will foster sustainable growth by favoring capital accumulation and productivity gains in Brazil, especially aiming at reducing logistics costs, enhancing business environment, improving financial sector efficiency, access and soundness, and increasing technological progress and innovation (the Program), which Program consists of actions that have already been taken as described in Schedule 2 to this Agreement (the First Phase of the Program), and actions and policies that the Borrower intends to take and adopt in the near future; (ii) declaring the Borrower’s commitment to the objectives of the Program; and (iii) requesting assistance from the Bank in support of the Program during the execution thereof; and

(B) on the basis, inter alia, of the foregoing, the Bank has decided in support of the First Phase of the Program to provide such assistance to the Borrower by making the loan provided for in Article II of this Agreement (the Loan) as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The “General Conditions Applicable to Loan and Guarantee Agreements for Fixed-Spread Loans” of the Bank dated September 1, 1999, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) Section 2.01, paragraph 41, is modified to read:

“‘Project’ means the first phase of the program, referred to in the Preamble to the Loan Agreement, in support of which the Loan is made.”;
(b) Section 3.08 is modified to read:

“Each withdrawal of an amount of the Loan from the Loan Account shall be made in the Loan Currency of such amount. If the Loan Currency is not the currency of the deposit account specified in Section 2.02 (b) of the Loan Agreement, the Bank, at the request and acting as an agent of the Borrower, shall purchase with the Loan Currency withdrawn from the Loan Account the currency of such deposit account as shall be required to deposit the withdrawn amount into such deposit account.”;

(c) Section 5.01 is modified to read:

“The Borrower shall be entitled to withdraw the proceeds of the Loan from the Loan Account in accordance with the provisions of the Loan Agreement and of these General Conditions.”;

(d) the last sentence of Section 5.03 is deleted;

(e) Section 9.07 (c) is modified to read:

“(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution of the first phase of the program referred to in the Preamble to the Loan Agreement, the performance by the Borrower and the Bank of their respective obligations under the Loan Agreement and the accomplishment of the purposes of the Loan.”; and

(f) Section 9.05 is deleted and Sections 9.06, 9.07 (as modified above), 9.08 and 9.09 are renumbered, respectively, Sections 9.05, 9.06, 9.07 and 9.08.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) “Central Bank” means Banco Central do Brasil, the Borrower's central bank; and
(b) “Deposit Account” means the account referred to in Section 2.02 (b) of this Agreement;

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount equal to four hundred twenty-seven million two hundred thousand Euros (EUR 427,200,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Agreement.

Section 2.02. (a) Subject to the provisions of paragraphs (b) and (c) of this Section, the Borrower shall be entitled to withdraw the amount of four hundred twenty-two million nine hundred twenty-eight thousand Euros (EUR 422,928,000) from the Loan Account in support of the First Phase of the Program.

(b) Prior to furnishing to the Bank the first request for withdrawal from the Loan Account, the Borrower shall open and thereafter maintain in the Central Bank a deposit account in Dollars on terms and conditions satisfactory to the Bank. All withdrawals of the amount referred to in paragraph (a) above shall be deposited by the Bank into the Deposit Account.

(c) The Borrower undertakes that the proceeds of the Loan shall not be used to finance expenditures excluded pursuant to the provisions of Schedule 1 to this Agreement. If the Bank shall have determined at any time that any proceeds of the Loan shall have been used to make a payment for an expenditure so excluded, the Borrower shall, promptly upon notice from the Bank: (i) deposit into the Deposit Account an amount equal to the amount of said payment, or (ii) if the Bank shall so request, refund such amount to the Bank. Amounts refunded to the Bank upon such request shall be credited to the Loan Account for cancellation.

Section 2.03. The Closing Date shall be December 31, 2004, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a front-end fee in an amount equal to one per cent (1%) of the amount of the Loan. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of said fee.
Section 2.05. The Borrower shall pay to the Bank a commitment charge on the principal amount of the Loan not withdrawn from time to time, at a rate equal to: (a) eighty five one-hundredths of one per cent (0.85%) per annum from the date on which such charge commences to accrue in accordance with the provisions of Section 3.02 of the General Conditions to but not including the fourth anniversary of such date; and (b) seventy five one-hundredths of one per cent (0.75%) per annum thereafter.

Section 2.06. The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, in respect of each Interest Period, at the Variable Rate; provided that, upon a Conversion of all or any portion of the principal amount of the Loan, the Borrower shall, during the Conversion Period, pay interest on such amount in accordance with the relevant provisions of Article IV of the General Conditions.

Section 2.07. Interest and other charges shall be payable semiannually in arrears on April 15 and October 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.09. (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 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 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 said 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 Section 2.01(7) of the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III
Particular Covenants

Section 3.01. The Borrower shall exchange views with the Bank on any proposed action to be taken after the disbursement of the Loan which would have the effect of materially reversing the objectives of the First Phase of the Program, or any action specified in Schedule 2 to this Agreement.

Section 3.02. Upon the Bank’s request, the Borrower shall:

(a) have the Deposit Account audited in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(b) furnish to the Bank as soon as available, but in any case not later than four (4) months after the date of the Bank’s request for such audit, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(c) furnish to the Bank such other information concerning the Deposit Account and the audit thereof as the Bank shall have reasonably requested.

ARTICLE IV

Remedies of the Bank

Section 4.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified:

(a) The Borrower’s macroeconomic policy framework has become inconsistent with the objectives of the First Phase of the Program.

(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 Schedule 2 to this Agreement, in a manner that would, in the opinion of the Bank, adversely affect the achievement of the objectives of the First Phase of the Program.

ARTICLE V

Effective Date; Termination
Section 5.01. The following is specified as an additional matter, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that this Agreement has been validly registered with the Central Bank.

Section 5.02. The date August 20, 2004, is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministério da Fazenda
Procuradoria Geral da Fazenda Nacional
Esplanada dos Ministérios, Bloco “P” - 8º andar
70048-900 Brasília, D.F.
Brazil

Facsimile: (011-55-61) 412-1740

With copy to:

Ministério do Planejamento, Orçamento e Gestão
Secretaria de Assuntos Internacionais
Esplanada dos Ministérios, Bloco "K" - 5º andar
70040-906 Brasília, D.F.
Brazil

Facsimile: (011-55-61) 225-4022

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: (202) 477-6391

6391
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the city of Brasília, Federal District, Brazil, as of the day and year first above written.

FEDERATIVE REPUBLIC OF BRAZIL

By /s/ Antonio Palocci Filho
   Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Vinod Thomas
   Authorized Representative
SCHEDULE 1

Excluded Expenditures

For purposes of Section 2.02 (c) of this Agreement, the proceeds of the Loan shall not be used to finance any of the following expenditures:

1. expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;

2. expenditures for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association shall have financed or agreed to finance, or which the Bank or the Association shall have financed or agreed to finance under another loan or a credit;

3. expenditures for goods included in the following groups or subgroups 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>Subgroup</th>
<th>Description of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td>-</td>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>121</td>
<td>-</td>
<td>Tobacco, unmanufactured, 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</td>
</tr>
<tr>
<td>Group</td>
<td>Subgroup</td>
<td>Description of Items</td>
</tr>
<tr>
<td>-------</td>
<td>----------</td>
<td>----------------------</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>

4. expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;

5. expenditures for environmentally hazardous goods (for purposes of this paragraph the term “environmentally hazardous goods” means 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);

6. expenditures: (a) in the territories of any country which is not a member of the Bank or for goods procured in, or services supplied from, such territories, or (b) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
7. expenditures under a contract in respect of which the Bank determines that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Loan during the procurement or execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation.
SCHEDULE 2

First Phase of the Program

1. The Program, as reflected in the Borrower’s *Roteiro para Agenda de Desenvolvimento*, was made available to the public in July 2003.

2. Progress has occurred in the geographical restructuring of railway concessions in the Borrower’s territory, with the definition of the restructuring approved by the Borrower as part of the *Plano de Revitalização das Ferrovias*, and the ongoing discussions within a working group, comprising representatives of the Ministry of Transport, the *Agência Nacional de Transportes Terrestres-ANTT* and railway concessionaires, to implement such plan.

3. A strategy for the reform of the Borrower’s customs system was approved by the Borrower’s Ministry of Finance, as set out in the letter delivered to the Bank on January 2, 2004, aiming at shifting the customs’ mission from revenue collection to trade facilitation and border protection, through revision of human resources policy, increased focus on accountability and transparency, and simplification and expansion of customs clearance systems and procedures.

4. The Borrower’s transport administration was restructured pursuant to the Borrower’s Law No. 10,233, of June 5, 2001, complemented by the Borrower’s Decrees Nos. 4,721, of June 5, 2003, which approved the reorganization of the Borrower’s Ministry of Transport, and 4,749, of June 17, 2003, which approved the organization of *Departamento Nacional de Infra-Estrutura de Transportes - DNIT*.

5. About nine percent of non-trunk roads under the Borrower’s jurisdiction were transferred to 15 states of the Borrower, pursuant to the Borrower’s *Medida Provisória* No. 82, of December 7, 2002, and the corresponding agreements (*Termos de Transferência*) entered into between the Borrower’s Ministry of Transport and such states.

6. The land and water transport regulatory agencies (*Agência Nacional de Transportes Terrestres-ANTT* and *Agência Nacional de Transportes Aquaviários-ANTAQ*) were established pursuant to the Borrower’s Law No. 10,233, of June 5, 2001, and the Borrower’s Decrees Nos. 4,130 and 4,122, both dated February 13, 2002, and have been operating in a satisfactory manner.

7. Bill of Law No. 2,546/2003, which establishes general rules for bidding and contracting procedures for public-private partnership in the public administration, at the
federal, state, Federal District and municipal levels, was submitted on November 10, 2003, by the Borrower’s Executive Branch to the Borrower’s Congress.

8. A draft proposal to reform the Borrower’ antitrust legislation (Law No. 8,884/94) was prepared, in April 2003, by a working group composed by representatives of the Borrower’s Ministry of Finance (Secretaria de Assuntos Econômicos) and Ministry of Justice (Secretaria de Direito Econômico and Conselho Administrativo de Defesa Econômica).

9. A simplification of the procedures for registration of enterprises has been adopted in certain states of the Borrower, known as “FÁCIL”, which consists essentially of a physical unification of some of the federal, state and municipal agencies participating in the registration procedure.

10. The Borrower’s Congress promulgated the Constitutional Amendment No. 42, on December 19, 2003, which, inter alia, authorizes the establishment of a unified tax collection system, at the federal, state, Federal District and municipal levels, for micro and small enterprises.

11. Export norms have been simplified pursuant to Portaria No. 12, of September 3, 2003, of the Secretary of Foreign Trade of the Borrower’s Ministry of Development, Industry and Foreign Trade.

12. (a) Bill of Law No. 4376-E, of 1993, providing for a new bankruptcy law, was approved by the House of Representatives (Câmara de Deputados) of the Borrower’s Congress on October 15, 2003.

(b) Bill of Law No. 72/03 (Emenda Aglutinativa Substitutiva Global ao Projeto de Lei Complementar No. 72/03), which amends certain provisions of the Borrower’s Law No. 5172, of October 25, 1966 (the National Tax Code), applicable to enterprise bankruptcy and restructuring proceedings, was approved by the House of Representatives (Câmara de Deputados) of the Borrower’s Congress on October 15, 2003.

13. Bill of Law No. 344/2002, which extends application of antitrust provisions to the banking industry, submitted by the Borrower’s Executive Branch to the Borrower’s Congress on November 11, 2002, was approved by the Financial and Tax Commission of the House of Representatives (Câmara de Deputados) of the Borrower’s Congress on October 22, 2003.
The Borrower’s Congress promulgated the Constitutional Amendment No. 40, of May 29, 2003, which amended Article 192 of the Borrower’s Constitution dealing with the financial system, to enable the development of appropriate and specialized legislation for different segments or themes in the financial system, instead of requiring a single overarching law for the entire system.

The Borrower has completed the installation of the new large value payments system which is now functioning satisfactorily and processing large volumes of payments, as documented in the Central Bank’s Relatório de Estabilidade Financeira – May 2003 and November 2003, and in the details of volumes of transactions in the Central Bank’s Estatísticas do Sistema Brasileiro de Pagamentos.

The Borrower has issued regulations to: (a) clarify allocation and eligibility criteria for assets of companies in the insurance sector pursuant to Resolution of the National Council of Private Insurance No. 98, of September 30, 2002, and Resolution of the National Monetary Council No. 3,034, of October 29, 2002; (b) improve registration and custody arrangements for insurance companies pursuant to Circular of the Superintendence of Private Insurance No. 220, of December 13, 2002; and (c) define accounting norms and auditing requirements for insurance companies pursuant to Resolution of the National Council of Private Insurance No. 86, of August 19, 2002.

The Borrower has enabled the expanded access to financial services at banks, through: (a) the establishment of simplified accounts for individuals, which offer a basic package of bank services and are free of charge up to certain transaction limits, as provided in Resolutions of the National Monetary Council Nos. 3,104, of June 25, 2003, and 3,113 of July 31, 2003; (b) simplified conditions for opening a bank account, without the need for proof of income, as provided in Resolutions of the National Monetary Council Nos. 3,104, of June 25, 2003, and 3,113, of July 31, 2003; (c) an expansion in the scope of services offered by correspondent banks including the opening of accounts and credit facilities, as provided in Resolution of the National Monetary Council No. 3,110, of July 31, 2003; and (d) payroll loans, as provided in the Borrower’s Medida Provisória No.130, of September 17, 2003.

Bill of Law No. 7282/2002, which provides for incentives to technological and scientific research and to innovation in public research institutions, and establishes management mechanisms applicable to such institutions, was submitted to the Borrower’s Congress on November 5, 2002.

(a) The Borrower issued Decree No. 4,195, of April 11 2002, to implement the provisions of: (i) the Borrower’s Law No. 10,168, of December 29, 2000, which promotes the linkages between the public universities and research centers and the private sector (through Fundo Verde-Amarelo); and (ii) the Borrower’s Law No. 10,332, of
December 19, 2001, which creates instruments to support private sector research and development activities.

(b) Criteria were established, pursuant to Portarias Nos. 595 e 597, of the Borrower’s Minister of Science and Technology, both dated September 25, 2002, for the use of public funds in the equalization of interest rates in loans for private sector research and development activities made by Financiadora de Estudos e Projetos (FINEP), and for the participation in venture capital funds and other risk-sharing instruments to support private sector research and development activities.

20. (a) The Kyoto Protocol on the United Nations Framework Convention for Climate Change was ratified by the Borrower on August 23, 2002, after the Borrower’s Congress approval of such Protocol pursuant to Decreto Legislativo No. 144, of June 20, 2002.

(b) The Borrower’s Inter-ministerial Commission on Global Climate Change has become operational pursuant to Portaria MCT No. 863, of November 27, 2003, of the Borrower’s Minister of Science and Technology.

(c) The Borrower’s Inter-ministerial Commission on Global Climate Change issued, through Resolution No. 1, of September 11, 2003, the procedures for approval of projects under the clean development mechanism.
SCHEDULE 3

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 shall 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) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment 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>Payment Date</th>
<th>Installment Share (Expressed as a %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15</td>
<td></td>
</tr>
<tr>
<td>Beginning April 15, 2009</td>
<td>6.25%</td>
</tr>
<tr>
<td>through October 15, 2011</td>
<td></td>
</tr>
<tr>
<td>On April 15, 2012 and October 15, 2012</td>
<td>0.00%</td>
</tr>
<tr>
<td>Beginning April 15, 2013</td>
<td></td>
</tr>
<tr>
<td>through October 15, 2017</td>
<td>6.25%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan shall not 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 as follows:

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

   (b) Any withdrawal made 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 shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date,
such repayment amounts 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) Withdrawals made 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 3, if at any time the Bank shall adopt 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 principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be 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 said Conversion by either: (a) the exchange rate that reflects the amounts of principal in said Approved Currency payable by the Bank under the Currency Hedge Transaction relating to said Conversion; or (b) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be 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.