

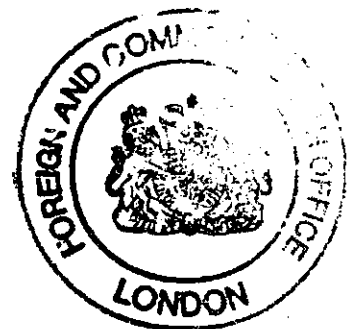
**NOTE № ESB020/2**

The Foreign and Commonwealth Office presents its compliments to the Embassy of the Russian Federation and has the honour to refer to the Agreement with the Government of the Russian Federation on the Debt Due to Foreign Official Creditors which was signed at the Conference held in Paris on 29 April 1996, and to inform the Embassy of the Russian Federation that the Government of the United Kingdom of Great Britain and Northern Ireland is prepared to provide debt relief to the Government of the Russian Federation on the terms and conditions set out in the Annex to this Note in English and Russian.

If these terms and conditions are acceptable to the Government of the Russian Federation, the Foreign and Commonwealth Office has the honour to propose that this Note together with its Annex, and your reply to that effect, shall constitute an Agreement between our two Governments in this matter which shall be known as the "The United Kingdom/Russia Debt Agreement No 4 (1996)" and which shall enter into force on the date of your reply.

The Foreign and Commonwealth Office avails itself of this opportunity to express to the Embassy of the Russian Federation the assurance of its highest consideration.

for the Secretary of State  
Foreign and Commonwealth Office  
London SW1A 2AH



**Anne Pringle**  
**Head of Eastern Department**

## **ANNEX**

### **SECTION 1 Definitions and Interpretation**

- (1) In this Annex, unless the contrary intention appears:
- (a) “the Agreement” means the Agreement with the Government of the Russian Federation on the Debt Due to Foreign Official Creditors which was signed at the Conference held in Paris on 29 April 1996;
  - (b) “Appropriate Market Rate” means:
    - (i) 7.50 per cent per annum for debt denominated in Sterling, or
    - (ii) 7.083 per cent per annum for debt denominated in US dollars;
  - (c) “the Bank” means Vnesheconombank of the USSR, or any other institution which the Government of the Russian Federation may nominate for the purposes of this Annex;
  - (d) “Business Day” means a day on which banks are open for domestic and foreign exchange business in London and, in the case of payments to be made in US dollars, in New York;
  - (e) “the Consolidation Period” means the period from 1 January 1996 to 31 March 1999, both dates inclusive;
  - (f) “Contract” means a contract (including any agreement supplemental thereto), the parties to which include the Debtor and Creditor and which either was for the sale of goods and/or services from outside the USSR to a buyer in the USSR, or was for the financing of such a sale, and which was either:
    - (i) entered into before 1 January 1991 and granted or allowed credit for a period exceeding one year (a “Medium - Term Contract”);  
or
    - (ii) entered into before 4 January 1992 and granted or allowed credit for a period of one year or less (a “Short-Term Contract”);
  - (g) “Creditor” means a person or body of persons or corporation resident or carrying on business in the United Kingdom, the Channel Islands or the Isle of Man, or any successor in title thereto;

- (h) "Debt" means any of the debts specified in Section 2 (1);
- (i) "Debtor" means the Government of the Russian Federation either in its own right or as successor to the Government of the USSR or any legally authorised entity with whom a Creditor has entered into a Contract;
- (j) "Declaration" means the declaration acknowledging certain foreign debts of the USSR, which was signed by the Government of the Russian Federation in Paris on 2 April 1993 and which forms an integral part of the Agreement;
- (k) "the Department" means the Secretary of State of the Government of the United Kingdom acting through the Export Credits Guarantee Department or any other Department of the Government of the United Kingdom which that Government may subsequently nominate for the purpose hereof;
- (l) "the First Agreement" means the Agreement between the Government of the United Kingdom and the Government of the Russian Federation on Certain Commercial Debts signed on 25 May 1994;
- (m) "the Previous Agreements" means collectively the First Agreement, the Second Agreement and the Third Agreement;
- (n) "Russia" means the Russian Federation;
- (o) "the Second Agreement" means the Agreement between the Government of the United Kingdom and the Government of the Russian Federation on Certain Commercial Debts signed on 28 February 1995;
- (p) "the Third Agreement" means the Agreement between the Government of the United Kingdom and the Government of the Russian Federation on Certain Commercial Debts signed on 26 February 1996;
- (q) "the United Kingdom" means the United Kingdom of Great Britain and Northern Ireland;
- (r) "the USSR" means the former Union of Soviet Socialist Republics.

(2) All interest payable pursuant to this Annex shall be calculated on the basis of actual days elapsed and a year of 360 days, in the case of Debts denominated in US dollars, and 365 days, in the case of Debts denominated in Sterling.

- (3) Where the context of this Annex so allows, words importing the singular include the plural and vice versa.
- (4) Unless otherwise indicated, reference to a specified Section shall be construed as a reference to that Section of this Annex.
- (5) The headings to the Sections are for ease of reference only.

## **SECTION 2**

### **The Debt**

- (1) The provisions of this Annex shall, subject to the provisions of paragraph (2) of this Section and Article V (1) (a) of the Agreement, apply to unpaid Debts:

- (a) falling due for payment during the Consolidation Period, in respect of any amount of:

- (i) principal payable under Previous Agreements in respect of Medium-Term Contracts;
    - (ii) capitalised interest payable under the Previous Agreements, except payments specified at Section 4 (d)(ii) of the First Agreement falling due for payment on or after 1 January 1997;
    - (iii) principal payable under the Previous Agreements in respect of Short-Term Contracts;
    - (iv) principal or interest (excluding late interest) payable under a Medium-Term Contract covered by the Declaration, guaranteed by the Department, not expressed to be payable in Roubles, falling due between:

(a) 1 January 1996 and 31 December 1998 inclusive, or

(b) 1 January 1999 and 31 March 1999 inclusive;

- (b) falling due for payment after the Consolidation Period in respect of the remaining amount of:

- (i) principal payable under the Previous Agreements in respect of Medium-Term Contracts;
    - (ii) capitalised interest payable under the Second Agreement and the Third Agreement;
    - (iii) principal payable under the Previous Agreements in respect of Short-Term Contracts.

- (2) The Department and the Bank shall, as soon as possible, agree and draw up a list of Debts ("the Debt List") to which this Annex shall apply. The Debt List may be reviewed from time to time at the request of the Department or of the Bank, but may not be added to or amended without the agreement of both the Department and the Bank. Delay in the completion of the Debt List shall neither prevent nor delay the implementation of the other provisions of this Annex.
- (3) For the purpose of this Annex where the currency of the Debt specified in the relevant contract or in Previous Agreements is a currency other than Sterling or US dollars, each such Debt shall be converted into Sterling at the middle spot rate of exchange of such currency for Sterling. The middle spot rate shall be determined by reference to the closing rates in London, as recorded in the Financial Times, four Business Days prior to the date at which the Debt becomes subject to the provisions of this Agreement in accordance with Section 3(2) below. Where such date is a date on which there is, or was, no foreign exchange trading in London, the applicable date will be the nearest available preceding date on which such trading took place. In the event that there is no published record in the Financial Times for any such date the rate to be applied for such date will be the closing middle spot rate quoted by a bank to be agreed upon by the Department and the Bank. The Department shall promptly notify such spot rate to the Bank.

### **SECTION 3**

#### **Payments under the Previous Agreements**

- (1) Subject to the operation of this Section and of Section 10, with the exception of interest accruing on reducing principal balances during the Consolidation Period under Section 5 (2) of each of the First Agreement, the Second Agreement and the Third Agreement, and payment of capitalised interest and interest due thereon in accordance with Section 4 (d) (ii) of the First Agreement falling due on or after 1 January 1997, the provisions of the Contracts and the Previous Agreements insofar as they relate to the payment of any Debt shall cease to apply upon entry into force of this Annex.
- (2) For as long as this Annex remains in force, the parties agree that the provisions of the Contracts and Previous Agreements remaining in force will be superseded by the corresponding provisions herein as to each Debt from the earlier of its previously scheduled due date and April 1, 1999.

## SECTION 4

### Payment of Debt

The Government of Russia shall pay to the Department, in accordance with the provisions of Section 6(1), the following:

- (1) in respect of 100% of each Debt specified in Sections 2 (1)(a)(i), 2(1)(a)(iv)(a), 2(1)(b)(i) and 40% of each Debt specified in Section 2(1)(a)(iv)(b), on the following dates and in the following percentages:

0.90% on 20 February 2002;	0.90% on 20 August 2002;
1.68% on 20 February 2003;	1.78% on 20 August 2003;
2.08% on 20 February 2004;	2.18% on 20 August 2004;
2.29% on 20 February 2005;	2.40% on 20 August 2005;
2.43% on 20 February 2006;	2.43% on 20 August 2006;
2.55% on 20 February 2007;	2.68% on 20 August 2007;
2.81% on 20 February 2008;	2.94% on 20 August 2008;
3.08% on 20 February 2009;	3.23% on 20 August 2009;
3.37% on 20 February 2010;	3.53% on 20 August 2010;
3.69% on 20 February 2011;	3.85% on 20 August 2011;
4.02% on 20 February 2012;	4.20% on 20 August 2012;
4.38% on 20 February 2013;	4.57% on 20 August 2013;
4.76% on 20 February 2014;	4.96% on 20 August 2014;
5.17% on 20 February 2015;	5.38% on 20 August 2015;
5.60% on 20 February 2016;	2.16% on 20 August 2016;
0.50% on 20 February 2017;	0.50% on 20 August 2017;
0.50% on 20 February 2018;	0.50% on 20 August 2018;
0.50% on 20 February 2019;	0.50% on 20 August 2019;
0.50% on 20 February 2020;	0.50% on 20 August 2020;

- (2) in respect of 100% of each Debt specified in Sections 2(1)(a)(ii); 2(1)(a)(iii); 2(1)(b)(ii) and 2(1)(b)(iii) on the following dates and in the following percentages:

0.90% on 20 February 2002;	0.90% on 20 August 2002;
1.68% on 20 February 2003;	1.78% on 20 August 2003;
2.08% on 20 February 2004;	2.18% on 20 August 2004;
2.29% on 20 February 2005;	2.40% on 20 August 2005;
2.43% on 20 February 2006;	2.43% on 20 August 2006;
2.55% on 20 February 2007;	2.68% on 20 August 2007;
2.81% on 20 February 2008;	2.94% on 20 August 2008;

3.08% on 20 February 2009;  
3.37% on 20 February 2010;  
3.69% on 20 February 2011;  
4.02% on 20 February 2012;  
4.38% on 20 February 2013;  
4.76% on 20 February 2014;  
5.17% on 20 February 2015;  
5.60% on 20 February 2016;

3.23% on 20 August 2009;  
3.53% on 20 August 2010;  
3.85% on 20 August 2011;  
4.20% on 20 August 2012;  
4.57% on 20 August 2013;  
4.96% on 20 August 2014;  
5.38% on 20 August 2015;  
6.16% on 20 August 2016.

## **SECTION 5**

### **Interest**

- (1) Interest on the balance of each Debt shall be deemed to have accrued and shall accrue until the settlement of the Debt by payment to the Department from:
  - (a) the due date for the payment or repayment thereof under
    - (i) the Previous Agreements in respect of Debt specified in Sections 2(1)(a)(i); 2(1)(a)(ii) and 2(1)(a)(iii); or
    - (ii) the relevant Medium-Term Contract or a promissory note or bill of exchange pursuant thereto in respect of Debt specified in Section 2(1)(a)(iv);
  - (b) 31 March 1999 in respect of Debt specified in Section 2(1)(b).
- (2) The Government of Russia shall be liable for and shall pay to the Department in accordance with the provisions of Section 6(1) and of this Section interest on each Debt to the extent that it has not been settled by payment to the Department. Such interest shall be paid to the Department first on 20 August and 20 February (the "Due Dates") each year, except that the first interest payment hereunder shall be 30 days after the entry into force of this Annex, with respect of interest accruing through August 20, 1998.
- (3) If any amount of interest payable in accordance with the provisions of paragraph (2) of this Section is not paid on the Due Date for payment thereof, the Government of Russia shall be liable for and shall pay to the Department interest on such amount of overdue interest. Such interest shall accrue from the Due Date for payment thereof to the date of receipt of the payment by the Department, and shall be due without further notice or demand.

- (4) Interest payable in accordance with the provisions of this Section in respect of each Debt shall be paid at the Appropriate Market Rate.

## **SECTION 6**

### **Payment to the Department**

- (1) When payment becomes due under Section 4 or 5, the Bank shall arrange for the necessary amounts to be paid without deduction of any banking fees or charges in respect of such payment accruing outside the United Kingdom or taxes of any nature whatsoever imposed by or within Russia or any political subdivision or taxing authority thereof or therein, except to the extent that such taxes may be required by Russian law. If any such taxes are deducted, such additional amounts will be paid as may be necessary for the Department to receive the amount that it would have received if such taxes had not been deducted. Each such payment will be paid into an account notified by the Department to the Bank.
- (2) If the day on which such a payment falls due is not a Business Day payment shall be made on the next succeeding Business Day.
- (3) The Bank shall give the Department full particulars of the Debts and/or interest to which the payments relate.

## **SECTION 7**

### **Exchange of Information**

The Department and the Bank shall exchange all information required for the implementation of this Annex.

## **SECTION 8**

### **Other Debt Settlements**

- (1) The Government of Russia undertakes to fulfil its commitments under Articles IV and V(1)(a)(3) of the Agreement.



- (2) The Government of Russia agrees to accord to the United Kingdom terms no less favourable than those agreed with any other creditor for comparable credits.
- (3) The provisions of paragraph (2) of this Section shall not apply to matters relating to the calculation or payment of interest determined by Section 5.

## **SECTION 9**

### **Preservation of Rights and Obligations**

This Annex and its implementation shall not affect the rights or obligations of any Creditor or Debtor under a Contract other than those rights and obligations of a Creditor or Debtor in respect of which the Government of the United Kingdom and the Government of Russia are authorised, respectively, to act with binding effect on such Creditor and Debtor.

## **SECTION 10**

### **Conditionality**

The provisions of this Annex shall apply in the circumstances described at Article V(1)(a) of the Agreement. The Annex will cease to apply only following a multilateral determination by the participating creditor countries that the Agreement will cease to apply in accordance with its terms. In the event that this Annex ceases to apply, amounts due hereunder shall instead be due on the date or dates specified by the participating creditor countries party to the Agreement.

## NOTE № 29

The Embassy of the Russian Federation presents its compliments to the Foreign and Commonwealth Office of the United Kingdom of Great Britain and Northern Ireland and has the honour to acknowledge receipt of its Note No. ESB 020/2 of 9 June 2000, which reads as follows:

“The Foreign and Commonwealth Office presents its compliments to the Embassy of the Russian Federation and has the honour to refer to the Agreement with the Government of the Russian Federation on the Debt Due to Foreign Official Creditors which was signed at the Conference held in Paris on 29 April 1996, and to inform the Embassy of the Russian Federation that the Government of the United Kingdom of Great Britain and Northern Ireland is prepared to provide debt relief to the Government of the Russian Federation on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the Russian Federation, the Foreign and Commonwealth Office has the honour to propose that this Note together with its Annex, and your reply to that effect, shall constitute an Agreement between our two Governments in this matter which shall be known as the “The United Kingdom/Russia Debt Agreement No 4 (1996)” and which shall enter into force on the date of your reply.

The Foreign and Commonwealth Office avails itself of this opportunity to express to the Embassy of the Russian Federation the assurance of its highest consideration.

For the Secretary of State  
Foreign and Commonwealth Office  
London SW1A 2AH

Anne Pringle  
Head of Eastern Department

## **ANNEX**

### **SECTION 1**

#### **Definitions and Interpretation**

- (1) In this Annex, unless the contrary intention appears:
- (a) “the Agreement” means the Agreement with the Government of the Russian Federation on the Debt Due to Foreign Official Creditors which was signed at the Conference held in Paris on 29 April 1996;
  - (b) “Appropriate Market Rate” means:
    - (i) 7.50 per cent per annum for debt denominated in Sterling, or
    - (ii) 7.083 per cent per annum for debt denominated in US dollars;
  - (c) “the Bank” means Vnesheconombank of the USSR, or any other institution which the Government of the Russian Federation may nominate for the purposes of this Annex;
  - (d) “Business Day” means a day on which banks are open for domestic and foreign exchange business in London and, in the case of payments to be made in US dollars, in New York;
  - (e) “the Consolidation Period” means the period from 1 January 1996 to 31 March 1999, both dates inclusive;
  - (f) “Contract” means a contract (including any agreement supplemental thereto), the parties to which include the Debtor and Creditor and which either was for the sale of goods and/or services from outside the USSR to a buyer in the USSR, or was for the financing of such a sale, and which was either:
    - (i) entered into before 1 January 1991 and granted or allowed credit for a period exceeding one year (a “Medium - Term Contract”);  
or
    - (ii) entered into before 4 January 1992 and granted or allowed credit for a period of one year or less (a “Short-Term Contract”);
  - (g) “Creditor” means a person or body of persons or corporation resident or carrying on business in the United Kingdom, the Channel Islands or the Isle of Man, or any successor in title thereto;

- (h) "Debt" means any of the debts specified in Section 2 (1);
  - (i) "Debtor" means the Government of the Russian Federation either in its own right or as successor to the Government of the USSR or any legally authorised entity with whom a Creditor has entered into a Contract;
  - (j) "Declaration" means the declaration acknowledging certain foreign debts of the USSR, which was signed by the Government of the Russian Federation in Paris on 2 April 1993 and which forms an integral part of the Agreement;
  - (k) "the Department" means the Secretary of State of the Government of the United Kingdom acting through the Export Credits Guarantee Department or any other Department of the Government of the United Kingdom which that Government may subsequently nominate for the purpose hereof;
  - (l) "the First Agreement" means the Agreement between the Government of the United Kingdom and the Government of the Russian Federation on Certain Commercial Debts signed on 25 May 1994;
  - (m) "the Previous Agreements" means collectively the First Agreement, the Second Agreement and the Third Agreement;
  - (n) "Russia" means the Russian Federation;
  - (o) "the Second Agreement" means the Agreement between the Government of the United Kingdom and the Government of the Russian Federation on Certain Commercial Debts signed on 28 February 1995;
  - (p) "the Third Agreement" means the Agreement between the Government of the United Kingdom and the Government of the Russian Federation on Certain Commercial Debts signed on 26 February 1996;
  - (q) "the United Kingdom" means the United Kingdom of Great Britain and Northern Ireland;
  - (r) "the USSR" means the former Union of Soviet Socialist Republics.
- (2) All interest payable pursuant to this Annex shall be calculated on the basis of actual days elapsed and a year of 360 days, in the case of Debts denominated in US dollars, and 365 days, in the case of Debts denominated in Sterling.

- (3) Where the context of this Annex so allows, words importing the singular include the plural and vice versa.
- (4) Unless otherwise indicated, reference to a specified Section shall be construed as a reference to that Section of this Annex.
- (5) The headings to the Sections are for ease of reference only.

## SECTION 2

### The Debt

- (1) The provisions of this Annex shall, subject to the provisions of paragraph (2) of this Section and Article V (1) (a) of the Agreement, apply to unpaid Debts:
  - (a) falling due for payment during the Consolidation Period, in respect of any amount of:
    - (i) principal payable under Previous Agreements in respect of Medium-Term Contracts;
    - (ii) capitalised interest payable under the Previous Agreements, except payments specified at Section 4 (d)(ii) of the First Agreement falling due for payment on or after 1 January 1997;
    - (iii) principal payable under the Previous Agreements in respect of Short-Term Contracts;
    - (iv) principal or interest (excluding late interest) payable under a Medium-Term Contract covered by the Declaration, guaranteed by the Department, not expressed to be payable in Roubles, falling due between:
      - (a) 1 January 1996 and 31 December 1998 inclusive, or
      - (b) 1 January 1999 and 31 March 1999 inclusive;
  - (b) falling due for payment after the Consolidation Period in respect of the remaining amount of:
    - (i) principal payable under the Previous Agreements in respect of Medium-Term Contracts;
    - (ii) capitalised interest payable under the Second Agreement and the Third Agreement;
    - (iii) principal payable under the Previous Agreements in respect of Short-Term Contracts.

- (2) The Department and the Bank shall, as soon as possible, agree and draw up a list of Debts ("the Debt List") to which this Annex shall apply. The Debt List may be reviewed from time to time at the request of the Department or of the Bank, but may not be added to or amended without the agreement of both the Department and the Bank. Delay in the completion of the Debt List shall neither prevent nor delay the implementation of the other provisions of this Annex.
- (3) For the purpose of this Annex where the currency of the Debt specified in the relevant contract or in Previous Agreements is a currency other than Sterling or US dollars, each such Debt shall be converted into Sterling at the middle spot rate of exchange of such currency for Sterling. The middle spot rate shall be determined by reference to the closing rates in London, as recorded in the Financial Times, four Business Days prior to the date at which the Debt becomes subject to the provisions of this Agreement in accordance with Section 3(2) below. Where such date is a date on which there is, or was, no foreign exchange trading in London, the applicable date will be the nearest available preceding date on which such trading took place. In the event that there is no published record in the Financial Times for any such date the rate to be applied for such date will be the closing middle spot rate quoted by a bank to be agreed upon by the Department and the Bank. The Department shall promptly notify such spot rate to the Bank.

### **SECTION 3**

#### **Payments under the Previous Agreements**

- (1) Subject to the operation of this Section and of Section 10, with the exception of interest accruing on reducing principal balances during the Consolidation Period under Section 5 (2) of each of the First Agreement, the Second Agreement and the Third Agreement, and payment of capitalised interest and interest due thereon in accordance with Section 4 (d) (ii) of the First Agreement falling due on or after 1 January 1997, the provisions of the Contracts and the Previous Agreements insofar as they relate to the payment of any Debt shall cease to apply upon entry into force of this Annex.
- (2) For as long as this Annex remains in force, the parties agree that the provisions of the Contracts and Previous Agreements remaining in force will be superseded by the corresponding provisions herein as to each Debt from the earlier of its previously scheduled due date and April 1, 1999.

## SECTION 4

### Payment of Debt

The Government of Russia shall pay to the Department, in accordance with the provisions of Section 6(1), the following:

- (1) in respect of 100% of each Debt specified in Sections 2 (1)(a)(i), 2(1)(a)(iv)(a), 2(1)(b)(i) and 40% of each Debt specified in Section 2(1)(a)(iv)(b), on the following dates and in the following percentages:

0.90% on 20 February 2002;	0.90% on 20 August 2002;
1.68% on 20 February 2003;	1.78% on 20 August 2003;
2.08% on 20 February 2004;	2.18% on 20 August 2004;
2.29% on 20 February 2005;	2.40% on 20 August 2005;
2.43% on 20 February 2006;	2.43% on 20 August 2006;
2.55% on 20 February 2007;	2.68% on 20 August 2007;
2.81% on 20 February 2008;	2.94% on 20 August 2008;
3.08% on 20 February 2009;	3.23% on 20 August 2009;
3.37% on 20 February 2010;	3.53% on 20 August 2010;
3.69% on 20 February 2011;	3.85% on 20 August 2011;
4.02% on 20 February 2012;	4.20% on 20 August 2012;
4.38% on 20 February 2013;	4.57% on 20 August 2013;
4.76% on 20 February 2014;	4.96% on 20 August 2014;
5.17% on 20 February 2015;	5.38% on 20 August 2015;
5.60% on 20 February 2016;	2.16% on 20 August 2016;
0.50% on 20 February 2017;	0.50% on 20 August 2017;
0.50% on 20 February 2018;	0.50% on 20 August 2018;
0.50% on 20 February 2019;	0.50% on 20 August 2019;
0.50% on 20 February 2020;	0.50% on 20 August 2020;

- (2) in respect of 100% of each Debt specified in Sections 2(1)(a)(ii); 2(1)(a)(iii); 2(1)(b)(ii) and 2(1)(b)(iii) on the following dates and in the following percentages:

0.90% on 20 February 2002;	0.90% on 20 August 2002;
1.68% on 20 February 2003;	1.78% on 20 August 2003;
2.08% on 20 February 2004;	2.18% on 20 August 2004;
2.29% on 20 February 2005;	2.40% on 20 August 2005;
2.43% on 20 February 2006;	2.43% on 20 August 2006;
2.55% on 20 February 2007;	2.68% on 20 August 2007;
2.81% on 20 February 2008;	2.94% on 20 August 2008;

3.08% on 20 February 2009;	3.23% on 20 August 2009;
3.37% on 20 February 2010;	3.53% on 20 August 2010;
3.69% on 20 February 2011;	3.85% on 20 August 2011;
4.02% on 20 February 2012;	4.20% on 20 August 2012;
4.38% on 20 February 2013;	4.57% on 20 August 2013;
4.76% on 20 February 2014;	4.96% on 20 August 2014;
5.17% on 20 February 2015;	5.38% on 20 August 2015;
5.60% on 20 February 2016;	6.16% on 20 August 2016.

## SECTION 5

### Interest

- (1) Interest on the balance of each Debt shall be deemed to have accrued and shall accrue until the settlement of the Debt by payment to the Department from:
  - (a) the due date for the payment or repayment thereof under
    - (i) the Previous Agreements in respect of Debt specified in Sections 2(1)(a)(i); 2(1)(a)(ii) and 2(1)(a)(iii); or
    - (ii) the relevant Medium-Term Contract or a promissory note or bill of exchange pursuant thereto in respect of Debt specified in Section 2(1)(a)(iv);
  - (b) 31 March 1999 in respect of Debt specified in Section 2(1)(b).
- (2) The Government of Russia shall be liable for and shall pay to the Department in accordance with the provisions of Section 6(1) and of this Section interest on each Debt to the extent that it has not been settled by payment to the Department. Such interest shall be paid to the Department first on 20 August and 20 February (the "Due Dates") each year, except that the first interest payment hereunder shall be 30 days after the entry into force of this Annex, with respect of interest accruing through August 20, 1998.
- (3) If any amount of interest payable in accordance with the provisions of paragraph (2) of this Section is not paid on the Due Date for payment thereof, the Government of Russia shall be liable for and shall pay to the Department interest on such amount of overdue interest. Such interest shall accrue from the Due Date for payment thereof to the date of receipt of the payment by the Department, and shall be due without further notice or demand.



- (4) Interest payable in accordance with the provisions of this Section in respect of each Debt shall be paid at the Appropriate Market Rate.

## **SECTION 6**

### **Payment to the Department**

- (1) When payment becomes due under Section 4 or 5, the Bank shall arrange for the necessary amounts to be paid without deduction of any banking fees or charges in respect of such payment accruing outside the United Kingdom or taxes of any nature whatsoever imposed by or within Russia or any political subdivision or taxing authority thereof or therein, except to the extent that such taxes may be required by Russian law. If any such taxes are deducted, such additional amounts will be paid as may be necessary for the Department to receive the amount that it would have received if such taxes had not been deducted. Each such payment will be paid into an account notified by the Department to the Bank.
- (2) If the day on which such a payment falls due is not a Business Day payment shall be made on the next succeeding Business Day.
- (3) The Bank shall give the Department full particulars of the Debts and/or interest to which the payments relate.

## **SECTION 7**

### **Exchange of Information**

The Department and the Bank shall exchange all information required for the implementation of this Annex.

## **SECTION 8**

### **Other Debt Settlements**

- (1) The Government of Russia undertakes to fulfil its commitments under Articles IV and V(1)(a)(3) of the Agreement.
- (2) The Government of Russia agrees to accord to the United Kingdom terms no less favourable than those agreed with any other creditor for comparable credits.
- (3) The provisions of paragraph (2) of this Section shall not apply to matters relating to the calculation or payment of interest determined by Section 5.

## **SECTION 9**

### **Preservation of Rights and Obligations**

This Annex and its implementation shall not affect the rights or obligations of any Creditor or Debtor under a Contract other than those rights and obligations of a Creditor or Debtor in respect of which the Government of the United Kingdom and the Government of Russia are authorised, respectively, to act with binding effect on such Creditor and Debtor.

## **SECTION 10**

### **Conditionality**

The provisions of this Annex shall apply in the circumstances described at Article V(1)(a) of the Agreement. The Annex will cease to apply only following a multilateral determination by the participating creditor countries that the Agreement will cease to apply in accordance with its terms. In the event that this Annex ceases to apply, amounts due hereunder shall instead be due on the date or dates specified by the participating creditor countries party to the Agreement.”

The Embassy of the Russian Federation has the honour to confirm that the terms and conditions set out in the Annex to the Note of the Foreign and Commonwealth Office are acceptable to the Government of the Russian Federation and that the Note together with its Annex, and this reply, shall constitute an Agreement

between the two Governments in this matter which shall be known as “The United Kingdom/Russia Debt Agreement No. 4 (1996)” and which shall enter into force today.

The Embassy of the Russian Federation avails itself of this opportunity to express to the Foreign and Commonwealth Office the assurance of its highest consideration.

For the Government of the Russian Federation

Grigory B. Karasin  
Ambassador Extraordinary and Plenipotentiary  
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