

CONFORMED COPY

LOAN NUMBER 4802-0 MK

Amended and Restated Guarantee Agreement - MR Transport JSC – Skopje

(Railways Reform Project)

between

FORMER YUGOSLAV REPUBLIC OF MACEDONIA (“GUARANTOR”)

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated February 21, 2008

LOAN NUMBER 4280-0 MK

GUARANTEE AGREEMENT

AGREEMENT, dated February 21, 2008, entered into between the Guarantor and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) (“Guarantee Agreement”) in connection with the Amended and Restated Loan Agreement of same date between the Bank and MR Transport JSC – Skopje (“Borrower”) (“Loan Agreement”).

WHEREAS (A) by the Guarantee Agreement dated February 10, 2006, between the Guarantor and the Bank (the Guarantee Agreement), the Guarantor has agreed to guarantee the obligations of MR in respect of a loan in the amount of fifteen million Euro (□5,000,000), on the terms and conditions set forth in the Loan Agreement of even date as the Guarantee Agreement;

(B) MR was subsequently restructured, with two legal successor companies, PE MR Infrastructure – Skopje and the Borrower;

(C) The Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend parts of the Loan to PE MR Infrastructure – Skopje and the Borrower, respectively, upon the terms and conditions set forth in the Amended and Restated Loan Agreement - PE MR Infrastructure – Skopje and in the Amended and Restated Loan Agreement - MR Transport JSC – Skopje, of even date herewith;

(D) The Guarantor has agreed to guarantee the obligations of PE MR Infrastructure – Skopje and the Borrower with regard to the respective loans.

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 this 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.

Section 2.02. The Guarantor shall cause the Borrower to conduct prudential business policy with regard to the minimization of activities beyond Project expenditures. The Guarantor shall provide the funds necessary to cover the financial needs of the Borrower in accordance with the Guarantor's laws setting the amount of funds projected on an annual basis in the Guarantor's budget for the public service obligation.

ARTICLE III - OTHER COVENANTS

Section 3.01. The Guarantor shall ensure that: the Railways Laws shall not be amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under the Loan Agreement.

Section 3.02. The Guarantor shall maintain, at all times during the course of Project implementation, the Steering Committee to oversee Project implementation.

Section 3.03. The Guarantor shall inform the Bank of any plan to make an investment estimated to cost more than one hundred thousand Euro (□100,000) in its railways sector and afford the Bank an opportunity to exchange views on such plan.

Section 3.04. The Guarantor shall, by not later than June 30, 2008, decide which loss-making passenger services will continue to be operated and enter into a contractual agreement with the relevant services providers in accordance with the Guarantor's applicable laws and regulations and under terms and conditions acceptable to the Bank.

ARTICLE IV - REPRESENTATIVE; ADDRESSES

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

Section 4.02. The Guarantor's Address is:

Ministry of Finance
Dame Gruev 14
1000 Skopje

Facsimile:

+389-2- 311-7280

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

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

AGREED at Skopje, Macedonia, as of the day and year first above written.

GUARANTOR

By: /s/ Trajko Slaveski
Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By: /s/ Markus Repnik
Authorized Representative