

CONFORMED COPY

LOAN NUMBER 3068-0 YU

(Seventh Railway Project)

between

SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated November 13, 1990

LOAN NUMBER 3068-0 YU

GUARANTEE AGREEMENT

AGREEMENT, dated November 13, 1990, between SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA (the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Guarantor, Public Railway Transport Enterprise Belgrade (the Borrower) and the Community of Yugoslav Railways (CYR), having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to the Loan Agreement, have requested the Bank to assist in the financing of the Project; and

(B) by the Loan Agreement of even date herewith among the Bank, the Borrower and CYR, the Bank has agreed to extend to the Borrower a loan in various currencies equivalent to forty-three million two hundred thousand dollars (\$43,200,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan and to undertake such other obligations as provided in this Agreement; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower and to undertake such other obligations as provided in this Agreement;

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" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

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

ARTICLE II

Guarantee

Section 2.01. The Guarantor declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, without limitation or restriction upon any of its other obligations under the Guarantee Agreement, hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan, and the premium, if any, on the prepayment of the Loan, all as set forth in the Loan Agreement.

ARTICLE III

Other Covenants

Section 3.01. The Guarantor shall: (a) take or cause to be taken all action necessary on its part to enable the Borrower and CYR to perform their respective obligations under the Loan Agreement, including without limitation, all action necessary to enable the Borrower to adjust the structure or levels of its tariffs in order to comply with its obligations under Sections 5.02 and 5.03 of the Loan Agreement; and (b) not take or permit to be taken any action which would prevent or interfere with the performance by the Borrower or CYR of any of its respective obligations under the Loan Agreement.

ARTICLE IV

Representative of the Guarantor; Addresses

Section 4.01. The Federal Secretary of Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 11.03 of the General Conditions.

Section 4.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

Savezni Sekretarijat Za Finansije
Omladinskih Brigada 1
11070 Belgrade
Yugoslavia

Cable address:

Telex:

SAVEZNI SEKRETARIJAT
ZA FINANSIJE

11062 SIV YU

Belgrade

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
Washington, D.C.

Telex:

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

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 District of Columbia, United States of America, as of the day and year first above written.

SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA

By /s/ D. Mujezinovic

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ E. F. Lari

Acting Regional Vice President
Europe, Middle East and North Africa

