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LOAN NUMBER 4284 MK

# **Amended Guarantee Agreement**

**(Power System Improvement Project)**

**between**

**FORMER YUGOSLAV REPUBLIC OF MACEDONIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated April 28, 2006**

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**LOAN NUMBER 4284 MK**

**AMENDED GUARANTEE AGREEMENT**

AGREEMENT, dated April 28, 2006, between the Guarantor and the Bank.

WHEREAS (A) by a loan agreement between the Bank and Electrostopanstvo na Makedonija (ESM), dated May 20, 1998 (the Loan Agreement), the Bank made a loan (the ESM Loan) to ESM in an amount equal to sixty-one million five hundred thousand Deutsche Marks (DEM 61,500,000) on the terms and conditions set forth in the Loan Agreement;

(B) by a guarantee agreement between the Guarantor and the Bank, dated May 20, 1998 (the Guarantee Agreement), the Guarantor guaranteed all the obligations of ESM contained or referred to in the Loan Agreement on the terms and conditions set forth in the Guarantee Agreement;

(C) by Government Decision No. 19-2626/1 of the Guarantor, dated June 30, 2005, Elektrani na Makedonija (the Borrower) was created and assumed ESM's assets, rights and obligations;

(D) by a loan assumption agreement of even date herewith between the Bank and the Borrower (the Loan Assumption Agreement), the Borrower has agreed to assume the Loan in the amount of DEM 61,500,000, all of which has been disbursed and of which the amount of twenty four million three hundred and fifty two thousand six hundred and ninety eight Euro and thirty seven cents (€24,352,698.37) is outstanding;

(E) the Loan Assumption Agreement supersedes the Loan Agreement;

(F) the Guarantor and the Borrower have requested the Bank to agree to the undertaking by Borrower of the obligations in respect of the ESM Loan as provided in the Loan Assumption Agreement;

(G) the Guarantor has agreed to confirm its obligations set forth or referred to in the Guarantee Agreement;

(H) the Bank has agreed to the request of the Guarantor and the Borrower;  
and

WHEREAS on the basis, *inter alia*, of the foregoing, the Guarantor and the Bank have agreed to enter into this Amended Guarantee Agreement on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

## **ARTICLE I**

### **General Conditions; Definitions**

Section 1.01. Section 1.01 of the Guarantee Agreement is hereby amended to read as follows:

“The “General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans” of the Bank, dated May 30, 1995 (as amended through May 1, 2004), with the modifications set forth in Section 1.01 of the Loan Assumption Agreement (the General Conditions) constitute an integral part of this Agreement.”

Section 1.02. Section 1.02 of the Guarantee Agreement is hereby amended to read as follows:

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

Section 1.03. Section 2.01. of the Guarantee Agreement is hereby amended to read as follows:

“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 this Amended Guarantee Agreement, the Guarantor 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, and the punctual performance of all the other obligations of the Borrower, all as set forth in the Loan Assumption Agreement.”

Section 1.04. Section 2.02 of the Guarantee Agreement is hereby deleted.

Section 1.05. Sections 3.02, 3.03, 3.04 and 3.05 of the Guarantee Agreement are hereby deleted.

## **ARTICLE II**

### **Effective Date**

Section 2.01. (a) This Amended Guarantee Agreement shall become effective on the date upon which the Bank dispatches to the Guarantor notice of its acceptance of evidence that: (i) the execution and delivery of this Amended Guarantee Agreement on behalf of the Guarantor have been authorized or ratified by all necessary governmental action; and (ii) all conditions precedent to the Loan Assumption Agreement have been fulfilled, other than those related to the effectiveness of this Amended Guarantee Agreement.

(b) As part of such evidence, there shall be furnished to the Bank an opinion satisfactory to the Bank of legal counsel acceptable to the Bank showing, on behalf of the Guarantor, that this Amended Guarantee Agreement has been duly authorized or ratified and executed and delivered on behalf of the Guarantor and is legally binding upon the Guarantor in accordance with its terms.

## **ARTICLE III**

### **Representative of the Guarantor; Addresses**

Section 3.01. The Minister of Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 11.03 of the General Conditions.

Section 3.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

Ministry of Finance  
Dame Gruev 14  
91000 Skopje

Cable address:

Telex:

Facsimile:

51119

(389-2) 311-7280

For the Bank:

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

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

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

GUARANTOR

By /s/ Nikola Popovski

Authorized Representative

BANK

By /s/ Sandra Bloemenkamp

Authorized Representative