

Dated 8 December, 2005

**The Republic of Macedonia
as Issuer**

**Citibank, N.A., London
as Fiscal Agent, Principal Paying Agent,
Transfer Agent and Registrar**

**FISCAL AND PAYING AGENCY AGREEMENT
relating to
€150,000,000
4.625% Notes due 2015**

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CONTENTS

CLAUSE	PAGE
1. INTERPRETATION	1
2. APPOINTMENT	3
3. FORM OF THE NOTES	4
4. PAYMENT	6
5. REPAYMENT	7
6. REDEMPTION, CANCELLATION, DESTRUCTION AND RECORDS.....	8
7. REPLACEMENT NOTES	9
8. NOTICES	9
9. DOCUMENTS AND FORMS	10
10. INDEMNITY	10
11. GENERAL.....	11
12. CHANGES IN AGENTS	12
13. COMMISSIONS, FEES AND EXPENSES.....	13
14. COMMUNICATIONS	13
15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999.....	14
16. GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS.....	15
17. COUNTERPARTS	14
18. ARBITRATION	16
SCHEDULE 1 – FORM OF DEFINITIVE NOTE	18
SCHEDULE 2 – FORM OF GLOBAL NOTE	22
SCHEDULE 3 – REGULATIONS CONCERNING THE TRANSFER, EXCHANGE AND REGISTRATION OF THE NOTES	47
SCHEDULE 4 – PROVISIONS FOR MEETINGS OF NOTEHOLDERS.....	49

THIS AGREEMENT is made on 8 December, 2005 between the following parties

BETWEEN

- (1) The Republic of Macedonia (the “**Republic**”); and
- (2) Citibank, N.A., London as fiscal agent and principal paying agent (the “**Fiscal Agent**” which expression shall include any successor fiscal agent), registrar (the “**Registrar**” which expression shall include any successor registrar), principal paying agent (the “**Principal Paying Agent**”) and transfer agent (the “**Transfer Agent**”).

WHEREAS

- (A) The Republic proposes to issue €150,000,000 4.625% Notes due 2015.
- (B) The Notes will be issued in registered form, without interest coupons attached, and will be offered outside the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”).
- (C) The Notes will be represented by a global note (the “**Global Note**”) in registered form, without interest coupons attached, which will be deposited on a date to be agreed (the “**Closing Date**”) with Citibank, N.A., London, as common depositary (the “**Common Depositary**”) for Euroclear and Clearstream, Luxembourg and registered in the name of Citivic Nominees Limited as nominee for such Common Depositary.
- (D) The identity of the Noteholders will be shown on the Register (as defined below), and transfer of the Notes will be effected only by means of an entry in the Register.

IT IS AGREED as follows

1. INTERPRETATION AND DEFINITIONS

1.1 Costs, charges, expenses

Any reference in this Agreement to costs, charges or expenses shall, unless otherwise provided or the context otherwise requires, include any value added tax or similar tax charged or chargeable in respect thereof.

1.2 Statutes

All references in this Agreement to any statute or any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such modification or re-enactment.

1.3 Enforcement

All references in this Agreement to any action, remedy or method of proceeding for the enforcement shall be deemed to include, in respect of any jurisdiction other than England, references to such action, remedy or method of proceeding for the enforcement available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of proceeding described or referred to in this Agreement.

1.4 Schedules, Clauses etc.

In this Agreement references to Schedules, Clauses, sub-clauses, paragraphs and sub-paragraphs shall be construed as references to the Schedules to this Agreement and to the Clauses, sub-clauses, paragraphs and sub-paragraphs of this Agreement respectively.

1.5 Table of contents and headings

In this Agreement, the table of contents and Clause headings are included for ease of reference and shall not affect the construction of this Agreement.

1.6 Singular and plural

Any reference in this Agreement to words denoting the singular shall include the plural and *vice versa*, words denoting one gender only shall include the other genders and words denoting persons only shall include firms and corporations and *vice versa*.

1.7 Definitions

Terms defined in the Notes have the same meanings in this Agreement (except where otherwise defined in this Agreement) and except where the context requires otherwise:

“**Agents**” means the Fiscal Agent, the Principal Paying Agent, the Transfer Agent, the Registrar or any of them;

“**Business Day**” means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;

“**Clearstream, Luxembourg**” means Clearstream Banking, *société anonyme*;

“**Conditions**” means the terms and conditions set out in Schedule 1 (*Form of Definitive Note*) as modified, with respect to any Notes represented by the Global Note, by the provisions of the Global Note, and any reference to a particularly numbered Condition shall be construed accordingly;

“**Definitive Notes**” means the Notes in definitive form for which the Global Note may be exchanged substantially in the form set out in Schedule 1 (*Form of Definitive Note*);

“**euro**” or “**€**” means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community (as amended from time to time);

“**Euroclear**” means Euroclear Bank S.A./N.V., as operator of the Euroclear System;

“**Extraordinary Resolution**” has the meaning set out in Schedule 4 (*Provisions for Meetings of Noteholders*);

“**Fiscal Agent**” means the fiscal agent and principal paying agent for the time being in respect of the Notes appointed from time to time under this Agreement or an agreement supplemental to it, in its capacity as fiscal agent;

“Global Note” means the global note which will represent the Notes, substantially in the form set out in Schedule 2 (*Form of Global Note*);

“Noteholders” or **“holder”** means a person in whose name a Note is registered in the Register (or, in the case of joint holders, the first named thereof);

“Notes” means the €150,000,000 4.625% Notes due 2015 of the Republic and (except in Clause 3 (*Form of the Notes*)) includes the Global Note;

“Outstanding” means, in relation to the Notes, all the Notes issued except (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under the Conditions after such date) have been duly paid to the Fiscal Agent as provided in this Agreement and remain available for payment against presentation of the Notes, (c) those in respect of which claims have become void, (d) those which have been purchased and cancelled as provided in the Conditions, (e) those mutilated or defaced Notes which have been surrendered in exchange for replacement Notes, (f) (for the purpose only of determining how many Notes are outstanding and without prejudice to their status for any other purpose) those Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Notes have been issued, and (g) the Global Note to the extent that it shall have been exchanged for Definitive Notes pursuant to its provisions; provided that for the purposes of (1) ascertaining the right to attend and vote at any meeting of the Noteholders and (2) the determination of how many Notes are outstanding for the purposes of Schedule 4 (*Provisions for Meetings of Noteholders*) those Notes which are beneficially held by, or are held on behalf of, the Republic and not cancelled shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

“Paying Agents” means the paying agents in respect of the Notes appointed from time to time under this Agreement or any agreement supplemental to it and includes the Fiscal Agent;

“Register” means the register maintained by the Registrar pursuant to the Conditions and this Agreement, containing (*inter alia*) details of the Noteholders and any transfers in relation thereto;

“Specified Office” means, in relation to the Fiscal Agent, any Paying Agent, any Transfer Agent or the Registrar, either the office identified with its name at the end of the Conditions or any other office approved by the Fiscal Agent and notified to the Noteholders in accordance with Condition 14; and

“Transfer Agent” means the transfer agents in respect of the Notes appointed from time to time under this Agreement or any agreement supplemental to it.

2. APPOINTMENT

The Republic appoints the Agents as its agents in respect of the Notes in accordance with the Conditions at their respective specified offices referred to in the Notes. Except in Clause 11 (*General*), references to the Agents are to them acting solely through such specified offices. Each Agent shall perform the duties required of it by the Conditions. The obligations of the Agents are several and not joint.

3. FORM OF THE NOTES

3.1 Form of the Notes

The Notes will be represented by beneficial interests in the Global Note, which will be exchangeable in the limited circumstances specified therein for Definitive Notes.

3.2 The Global Note and the Definitive Notes

The Global Note and each Definitive Note shall:

- (a) be printed, lithographed or typewritten in substantially the relevant form (duly completed) set out in Schedule 1 (*Form of Definitive Note*) and Schedule 2 (*Form of Global Note*) to this Agreement, as the case may be, but with such modifications, amendments and additions as the Republic and the Registrar shall have agreed;
- (b) be executed, manually or in facsimile, by or on behalf of the Republic by an authorised signatory and authenticated manually by or on behalf of the Registrar;
- (c) have (in the case of each Definitive Note) attached thereto or endorsed thereon the Conditions; and
- (d) bear (in the case of each Definitive Note) a unique serial number.

3.3 Delivery and Authentication of the Global Notes

The Republic shall, on or prior to the Closing Date, deliver the Global Note to the Registrar for authentication in accordance with Clause 3.6. The Registrar shall, on the Closing Date, deliver the authenticated Global Note to the Common Depositary.

3.4 Further Issues of Notes

If the Republic shall issue further notes forming a single series with the Notes as contemplated by Condition 13 (*Further Issues*), the Republic and the Fiscal Agent shall follow the same procedures set out herein with respect to the initial issuance of such additional notes. In the case of the Global Note:

- (a) a new Global Note reflecting the increased principal amount shall be issued in exchange for the Global Note outstanding prior to such additional issuance and such existing Global Note shall be destroyed; or
- (b) the principal amount of the then existing Global Note shall be increased to reflect the further issuance of Notes,

as the Republic may specify. After any further issuance of Notes, all references herein or in any Note to the aggregate principal amount of Notes shall be deemed to refer to the principal amount as increased by such further issuance.

3.5 Availability of Definitive Notes

If the Republic is required to deliver Definitive Notes pursuant to the Conditions or the Global Note, the Republic shall arrange for Definitive Notes (unauthenticated and with the

names of the registered Noteholders left blank but executed on behalf of the Republic and otherwise complete) in an aggregate principal amount equal to the principal amount Outstanding of the Notes represented by the Global Note to be made available to or to the order of the Registrar by the date falling 60 days after the occurrence of the relevant event. Any Definitive Notes will be held by the Registrar to the Republic's order pending delivery. The Republic shall also arrange, on request, for such Definitive Notes as are required to enable the Paying Agents or the Registrar to perform their respective obligations to be made available to or to the order of the Paying Agents or the Registrar from time to time. Each Agent shall maintain in safekeeping all Definitive Notes and blank Definitive Notes delivered to and held by it and shall ensure that Definitive Notes are issued only in accordance with the Conditions (including the provisions of the Global Note) and the provisions of this Agreement.

3.6 Authority to Authenticate

- (a) The Republic authorises and instructs the Registrar or its agent to authenticate the Global Note and any Definitive Notes in accordance with this Agreement and the Conditions by the signature of any of its officers or any other person duly authorised for the purpose by the Registrar or its agent, as the case may be.
- (b) The Registrar shall hold in safe custody all unauthenticated Definitive Notes delivered to it in accordance with this Clause 3 and shall ensure that such Definitive Notes are authenticated and delivered only in accordance with the terms hereof and of the Conditions.

3.7 Delivery of Definitive Notes

Subject to receipt by the Registrar of Definitive Notes in accordance with Clause 3.5 (*Availability of Definitive Note*), the Registrar shall, against presentation or surrender to it of the Definitive Global Note and in accordance with the terms thereof, authenticate and deliver to the holder thereof or to its order (in accordance with this Agreement, the Global Note and the Conditions) Definitive Notes, provided that in no circumstances shall the aggregate principal amount of such Definitive Notes exceed the aggregate principal amount of the Global Note. The Definitive Notes so issued in exchange for the Global Note shall be issued in such names as the Common Depositary (based on the instructions of Euroclear and Clearstream) shall instruct the Registrar and the Registrar shall (in accordance with this Agreement, the Global Note and the Conditions) deliver or cause to be delivered to the persons designated in such instructions, Definitive Notes in the appropriate principal amounts and the Registrar will enter the names and addresses of such persons on the Register. Definitive Notes issued in exchange for the Global Note pursuant to this Clause 3.7 (*Delivery of Definitive Note*) shall be subject to all restrictions on transfer contained therein to the same extent as the Global Note so exchanged.

3.8 Annotation of Global Note upon exchange for Definitive Notes

When Definitive Notes are delivered in exchange for the Global Note in the limited circumstances specified in the Global Note, the amount of the Global Note shall be reduced by the amount of the Definitive Notes so delivered and the Principal Paying Agent shall procure that there is noted in the schedule to the Global Note:

- (a) the aggregate principal amount of Definitive Notes so delivered; and

(b) the remaining principal amount Outstanding thereof in respect of the Global Note, and shall procure the signature of such notation on its behalf.

When all interests in the Global Note have been exchanged for Definitive Notes, the Registrar shall cancel the Global Note.

4. PAYMENT

4.1 Payment to the Fiscal Agent

The Republic will at least one Business Day before each date on which any payment in respect of the Notes becomes due, transfer to the Fiscal Agent such amount as may be required for the purposes of such payment. The Republic will confirm to the Fiscal Agent by 3.00 pm (local time in the city of the Fiscal Agent's specified office) on the second business day in the city of the Fiscal Agent's specified office before the due date for any such payment that irrevocable instructions have been issued by it for such payment to be made to the Fiscal Agent. In this Clause 4.1 (*Payment to the Fiscal Agent*), the date on which a payment in respect of the Notes becomes due means the first date on which the holder of a Note could claim the relevant payment by transfer to an account under the Conditions, but disregarding the necessity for it to be a business day in any particular place of presentation.

4.2 Notification of Non-Payment

The Fiscal Agent shall as soon as practicable notify by fax each of the other Paying Agents and by fax the Republic if it has not by the time specified for its receipt on the due date for any payment due in respect of the Notes received the amount referred to in Clause 4.1 (*Payment to the Fiscal Agent*).

4.3 Payment by Paying Agents

Unless they receive a notification from the Fiscal Agent under Clause 4.2 (*Notification of Non-Payment*) the Paying Agents will, subject to and in accordance with the Conditions, pay or cause to be paid on behalf of the Republic on and after each due date therefor the amounts due in respect of the Notes and will be entitled to claim any amounts so paid from the Fiscal Agent. If any payment provided for in Clause 4.1 (*Payment to the Fiscal Agent*) is made late but otherwise in accordance with this Agreement, the Paying Agents will nevertheless make such payments in respect of the Notes. However, unless and until the full amount of any such payment has been made to the Fiscal Agent, none of the Paying Agents will be bound to make such payments.

4.4 Reimbursement of Paying Agents

The Fiscal Agent will on demand promptly reimburse each Paying Agent for payments in respect of the Notes properly made by it in accordance with the Conditions and this Agreement.

4.5 Late Payment

If the Fiscal Agent has not by the due date for any payment in respect of the Notes received the full amount payable on such date but receives it later, it will forthwith give notice to the other Paying Agents and the Noteholders that it has received such full amount.

4.6 Method of payment to Fiscal Agent

All sums payable to the Fiscal Agent hereunder will be paid in euro to such account with such bank as the Fiscal Agent may from time to time notify to the Republic.

4.7 Moneys held by Fiscal Agent

The Fiscal Agent may deal with moneys paid to it under this Agreement in the same manner as other moneys paid to it as a banker by its customers except that (i) it may not exercise any lien, right of set-off or similar claim in respect of them and (ii) it shall not be liable to anyone for interest on any sums held by it under this Agreement and (iii) the sums held by it need not be segregated from other moneys except as required by law.

4.8 Duties of the Registrar, Paying Agents and Transfer Agents

- (a) If and to the extent so specified by the Conditions and in accordance therewith and with the terms of this Agreement, or if otherwise requested by the Republic, the Transfer Agents shall:
 - (i) keep the Registrar informed of all requests for transfers and exchanges and forward to the Registrar all Note Certificates and forms of transfer surrendered in connection therewith; and
 - (ii) carry out such other acts as may be necessary to give effect to the Conditions, this Agreement and the Regulations.
- (b) The Registrar shall carry out such other acts as may reasonably be necessary to give effect to the Conditions, this Agreement and the Regulations. In carrying out its functions the Registrar shall act in accordance with the terms of this Agreement, the Regulations and the Conditions.
- (c) Within five Business Days of any request therefore by the Republic or the Paying Agent, so long as any of the Notes are outstanding, the Registrar and the Transfer Agent shall certify to the Republic and the Paying Agents the number of unauthenticated Definitive Notes held by it hereunder.
- (d) Each of the Transfer Agent and the Registrar will give to the Paying Agent and, as appropriate, the Registrar or the Transfer Agent such further information with regard to its activities hereunder as may reasonably be required by them for the proper carrying out of their respective duties.
- (e) The regulations concerning the carrying out of the duties of the Paying Agent, the Transfer Agent and the Registrar, including the carrying out of transfers and exchanges of Notes and the forms and evidence to be provided, are set out in Schedule 4. All such transfers and exchanges will be made subject to the Regulations. The Republic may change the Regulations in a manner which is reasonably required by Macedonia after consultation with the Registrar to reflect

changes in legal requirements or in any other manner which is not prejudicial to the interests of the Noteholders.

- (f) The Registrar shall, on the third Business Day prior to each due date for payment in respect of the Notes, notify the Fiscal Agent of the aggregate principal amount of outstanding Notes.
- (g) The Registrar shall make copies of this Agreement and the Regulations available for inspection at its Specified Office at all reasonable times during local business hours.
- (h) The Registrar shall notify the Noteholders, in accordance with the terms of the relevant Global Note, of the occurrence of any event specified in such Global Note as a result of which such Global Note has become exchangeable for Definitive Certificates as soon as practicable after the occurrence of any such event.

5. REPAYMENT

If claims in respect of any principal or interest become void under the Conditions, the Fiscal Agent shall forthwith repay to the Republic the amount which would have been payable in respect of the relevant Note.

6. REDEMPTION, CANCELLATION, DESTRUCTION AND RECORDS

6.1 Notation of the Register

If the Notes are purchased by the Republic in accordance with the Conditions, the Registrar will, so long as any of the Notes are still outstanding, record all relevant details in the Register. The Registrar shall, as soon as practicable and in any event within one month after the date of any such purchase, furnish to the Republic a certificate or, as the case may be, certificates setting out the aggregate original principal amount of the Notes which have been repurchased.

6.2 Cancellation by Paying Agents

All Notes which are redeemed shall be cancelled forthwith by the Paying Agent by or through which they are redeemed. Such Paying Agent shall send to the Fiscal Agent the details required by the Fiscal Agent for the purposes of this Clause 6.2 (*Cancellation by Paying Agents*) and the cancelled Notes.

6.3 Certification of Cancellation

The Fiscal Agent shall, upon request, within a reasonable period of time after the date of any such redemption and cancellation send to the Republic a certificate stating (i) the aggregate principal amount of Notes (if any) which have been redeemed and cancelled, and (ii) the serial numbers of such Notes in definitive form.

6.4 Destruction

Unless otherwise instructed by the Republic, or unless, in the case of the Global Note, it is to be returned to its holder in accordance with its terms, the Fiscal Agent shall destroy the cancelled Notes in its possession and send the Republic a certificate giving the aggregate

principal amount of Notes represented by such Global Note or Definitive Notes and the serial numbers of such Definitive Notes in numerical sequence.

6.5 Records

The Fiscal Agent, or as the case may be, the Registrar, shall keep a record of the purchase, redemption, replacement, cancellation and destruction of all Notes. It shall make such record available at all reasonable times to the Republic.

7. REPLACEMENT NOTES

7.1 Stocks of Notes

The Republic shall, if Definitive Notes are issued, cause a sufficient quantity of additional forms of Notes to be made available, upon request, to the Fiscal Agent (in such capacity the “**Replacement Agent**”) for the purpose of issuing replacement Notes.

7.2 Replacement

The Replacement Agent shall issue replacement Notes in accordance with the Conditions.

7.3 Cancellation

The Replacement Agent shall cancel and, unless otherwise instructed by the Republic, destroy any mutilated or defaced Notes replaced by it and shall send the Republic and the Fiscal Agent a certificate giving the information specified in Clause 6.4 (*Destruction*).

7.4 Notification

The Replacement Agent shall, on issuing a replacement Note, forthwith inform the other Paying Agents of the certificate numbers of the replacement Note and of the Note which it replaces.

7.5 Presentation of replaced Note

If a Note which has been replaced is presented to a Paying Agent for payment, that Paying Agent shall forthwith inform the Fiscal Agent, which shall inform the Republic.

7.6 Definitive Notes in Issue

As soon as practicable (and in any event within three months) after each Interest Payment date in relation to the Notes, after each date on which Notes are cancelled in accordance with Clause 6.1 (*Cancellation by Paying Agents*) and after the date on which the Notes fall due for redemption in accordance with the Conditions, the Fiscal Agent shall notify the Republic and the other Paying Agents (on the basis of the information available to it) of the number of any Definitive Notes against surrender of which payment has been made and of the number of any Definitive Notes which have not yet been surrendered for payment.

8. NOTICES

At the request and expense of the Republic, the Fiscal Agent shall arrange for the publication of all notices to Noteholders and shall supply a copy to each other Paying

Agent, Euroclear, Clearstream, Luxembourg and any stock exchange on which the Notes may be listed. Notices to Noteholders shall be published in accordance with the Conditions.

9. DOCUMENTS AND FORMS

9.1 The Republic shall send to the Paying Agents:

- (a) specimen Notes (but only if Definitive Notes are issued);
- (b) sufficient copies of all documents required by the Notes, the Prospectus relating to the Notes or any stock exchange on which the Notes are listed from time to time to be available for issue or inspection (and the Paying Agents shall make them so available to Noteholders); and
- (c) as required, forms of voting certificates and block voting instructions, together with instructions as to how to complete, deal with and record the issue of such forms (and the Paying Agents shall make such documents available to Noteholders and perform their other functions as set out in Schedule 4 (*Provisions for Meetings of Noteholders*)).

10. INDEMNITY

10.1 By the Republic

The Republic will indemnify each Agent against any loss, liability, cost, claim, action, demand or expense (including, but not limited to, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) which it may incur or which may be made against it arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from a breach by it of this Agreement or its wilful default, negligence or bad faith or that of its officers or employees.

10.2 Consequential Loss of any Agent

Under no circumstance will the Republic be liable to any Agent or any party to this Agreement for consequential loss (being the loss of business, good will, opportunity or profit) even if advised of the possibility of such loss or damage.

10.3 By Agents

Each Agent shall indemnify the Republic against any loss, liability, cost, claim, action, demand or expense (including, but not limited to, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) which the Republic may incur or which may be made against it as a result of the wilful default, negligence or bad faith of such Agent or that of its officers or employees.

10.4 Consequential Loss of the Republic

Under no circumstances will the Agents be liable to the Republic or any other party to this Agreement for consequential loss (being the loss of business, good will, opportunity or profit) even if advised of the possibility of such loss or damage.

10.5 Survival

The provisions of Clauses 10.1 (*By the Republic*) and 10.3 (*By Agents*) above shall survive any termination or expiry of this Agreement.

11. GENERAL

11.1 No agency or trust

In acting under this Agreement, the Agents shall act solely as agents of the Republic and shall have no obligation towards or relationship of agency or trust with any Noteholder and need only perform the duties set out specifically in this Agreement.

11.2 Holder to be treated as owner

Except as otherwise required by law or order of a court of competent jurisdiction, each Agent will treat the registered holder of a Definitive Note as its absolute owner as provided in the Conditions and will not be liable for doing so.

11.3 No lien

No Paying Agent shall exercise any lien, right of set-off or similar claim against any Noteholder in respect of moneys payable by it under this Agreement.

11.4 Taking of advice

Each Agent may consult on any legal or other matter with any legal or other professional adviser selected by it, who may be an employee of or adviser to the Republic, and it shall not be liable in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser's opinion.

11.5 Reliance on documents etc.

No Agent shall be liable in respect of anything done or suffered by it in reliance on a Note or other document reasonably believed by it to be genuine and to have been signed by the proper parties or on information reasonably believed by it to be genuine and to have been originated by the proper parties.

11.6 Other relationships

Any Agent and any other person, whether or not acting for itself, may acquire, hold or dispose of any Note or other security (or any interest therein) of the Republic, or any other person, may enter into or be interested in any contract or transaction with any such person, and may act on, or as depositary, trustee or agent for, any committee or body of holders of securities of any such person, in each case with the same rights as it would have had if that Agent were not an Agent and need not account for any profit.

11.7 Meetings of Noteholders

The provisions of Schedule 4 shall apply to meetings of the Noteholders and shall have effect in the same manner as if set out in this Agreement provided that, so long as any of the Notes are represented by a Global Note, the expression "Noteholders" or "holder of a

Note”, as used in Schedule 5, shall include the person for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg, as the holders of a particular principal amount of such Notes (each an “**Accountholder**”) (in which regard a certificate or other document issued by Euroclear or Clearstream, Luxembourg, as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding) for all purposes other than with respect to the payment of principal and interest on such Notes, the right to which shall be vested as against the Republic solely in the registered holder of each Global Note in accordance with and subject to its terms, and the expressions “holder” and “holders” shall be construed accordingly and the expression “Notes” shall mean units of €1,000 principal amount of Notes.

12. CHANGES IN AGENTS

12.1 Appointment and Termination

The Republic may at any time appoint additional Paying Agents and/or terminate the appointment of any Agent by giving to the Fiscal Agent and that Agent at least 60 days’ notice to that effect, which notice shall expire at least 30 days before or after any due date for payment of any Notes. The termination of the appointment of an Agent under this Agreement shall not entitle the Agent to any amount by way of compensation but shall be without prejudice to any amount then accrued and due.

12.2 Resignation

Any Agent may resign its appointment at any time by giving the Republic and the Fiscal Agent at least 60 days’ notice to that effect, which notice shall expire at least 30 days before or after any due date for payment of any Notes or Coupons.

12.3 Condition to Resignation and Termination

No resignation or (subject to Clause 12.5 (*Automatic Termination*)) termination of the appointment of the Fiscal Agent or Registrar, as the case may be, shall take effect until a new Fiscal Agent (which shall be a bank or trust company) or Registrar, as the case may be, has been appointed and no resignation or termination of the appointment of a Paying Agent shall take effect if there would not then be Paying Agents as required by the Conditions. If an Agent resigns in accordance with Clause 12.2 (*Resignation*) but by the day falling 10 days before the expiry of any notice under Clause 12.2 (*Resignation*) the Republic has not appointed a new agent, the Fiscal Agent shall be entitled to appoint in its place any reputable bank or financial institution of good standing.

12.4 Change of Office

If an Agent changes the address of its specified office in a city it shall give the Republic and the Fiscal Agent at least 60 days’ notice of the change, giving the new address and the date on which the change is to take effect.

12.5 Automatic Termination

The appointment of any Agent shall forthwith terminate if the such Agent becomes incapable of acting, is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes an assignment for the benefit of its creditors, consents to the appointment of a receiver, administrator or other similar official of all or a substantial part

of its property or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the winding up or dissolution of the Agent, a receiver, administrator or other similar official of the Agent or all or a substantial part of its property is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of any Agent or its property or affairs for the purpose of rehabilitation, conservation or liquidation.

12.6 Delivery of records

If an Agent resigns or its appointment is terminated, it shall on the date on which the resignation or termination takes effect pay to the new Agent (or, if none, the Fiscal Agent) any amount held by it for payment in respect of the Notes and deliver to the new Agent the records kept by it and all Notes held by it pursuant to this Agreement.

12.7 Successor Corporations

A corporation into which an Agent is merged or converted or with which it is consolidated or which results from a merger, conversion or consolidation to which it is a party shall, to the extent permitted by applicable law, be the successor Agent under this Agreement without further formality. The Agent concerned shall forthwith notify such an event to the other parties to this Agreement.

12.8 Notices

The Fiscal Agent shall, at the expense of the Republic, give Noteholders at least 30 days' notice of any proposed appointment, termination, resignation or change under Clauses 12.1 (*Appointment and Termination*) to 12.4 (*Change of Office*) of which it is aware and, as soon as practicable, notice of any succession under Clause 12.7 (*Successor Corporations*) of which it is aware. The Republic shall give Noteholders, as soon as practicable, notice of any termination under Clause 12.7 (*Successor Corporations*) of which it is aware.

13. COMMISSIONS, FEES AND EXPENSES

13.1 Fees

The Republic will pay to the Fiscal Agent the commissions, fees and expenses in respect of the Agents' services as separately agreed with the Fiscal Agent, and the Republic need not concern itself with their apportionment between the Agents.

13.2 Costs

The Republic will also pay on demand all out-of-pocket expenses (including legal, advertising and postage expenses) properly incurred and documented by the Agents in connection with their services under this Agreement together with any applicable value added tax and stamp, issue, documentary or other taxes and duties.

14. COMMUNICATIONS

14.1 Notices

Any communication shall be in English and shall be by letter, telex or fax:

- (a) in the case of the Republic, to it at:

Ministry of Finance of the Republic of Macedonia
14, Dame Gruev Street
Skopje 1000
Republic of Macedonia

Telephone No: +389 2311 6012
Fax No: +389 2311 7820
Attention: The Minister of Finance

- (b) and, in the case of any of the Agents, to it care of:

Citibank, N.A., London
21st Floor
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB

Telephone No: +44 207 508 3809/3821
Fax No: +44 207 508 3872/3878
Attention: Bond Agency

or any other address of which written notice has been given to the parties in accordance with this Clause 14.1 (*Notices*). Such communications will take effect, in the case of a letter, when delivered or, in the case of telex or fax, when despatched. Communications not by letter shall be confirmed by letter but failure to send or receive the letter of confirmation shall not invalidate the original communication.

14.2 Notices through Fiscal Agent

All communications relating to this Agreement between the Republic and any of the Agents or between the Agents themselves shall be made (except where otherwise expressly provided) through the Fiscal Agent.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

16. COUNTERPARTS

This Agreement and any agreement supplemental hereto may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same agreement and any party to this Agreement or any agreement supplemental hereto may enter into the same by executing and delivering a counterpart.

17. MODIFICATION

For the avoidance of doubt, this Agreement may be amended by further agreement among the parties hereto and without the consent of the Noteholders, either (i) for the provision of curing any ambiguity or of curing, correcting or supplementing any defective provision contained in this Agreement or (ii) in any manner which the parties may mutually deem necessary or desirable and which shall not be inconsistent with the Conditions and shall not, in the opinion of the Republic, be materially prejudicial to the interests of the Noteholders.

18. GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS

18.1 Governing Law

This Agreement shall be governed by and construed in accordance with English law.

18.2 Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and accordingly any legal action or proceedings arising out of or in connection with this Agreement (“**Proceedings**”) may be brought in such courts. The Republic irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of the Agents and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

18.3 Service of Process

The Republic irrevocably appoints The Ambassador of the Republic of Macedonia to the Court of St. James from time to time as its authorised agents for service of process in England. If for any reason such agent shall cease to be such agent for the service of process, the Republic shall forthwith appoint a new agent for service of process in England and deliver to the Fiscal Agent a copy of the new agent’s acceptance of that appointment within 30 days. Nothing shall affect the right to serve process in any other manner permitted by law.

18.4 Waiver of immunity

To the extent that the Republic may in any jurisdiction claim for itself or its assets or revenues immunity from suit, arbitral proceeding, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal or arbitral process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Republic or its respective assets or revenues, the Republic agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws and regulations of such jurisdiction, save that such waiver of immunity constitutes only a limited and specific waiver by the Republic for the purposes of this Agreement and under no circumstances shall it be construed as a general waiver by the Republic or a waiver with respect to proceedings unrelated to this Agreement. The Republic does not waive any immunity with respect to: (a) present or future “premises of the mission” as defined in the Vienna Convention on

Diplomatic Relations signed in 1961; (b) “consular premises” as defined in the Vienna Convention on Consular Relations signed in 1963; (c) any other property or assets used solely or mainly for official state purposes in the Republic or elsewhere; (d) military property or military assets of the Republic related thereto, or (e) the natural resources and objects of historical and artistic heritage as referred to in Article 56 of the Constitution of the Republic of Macedonia.

19. ARBITRATION

19.1 Disputes

Without prejudice to the provisions of Clause 18.2 (*Jurisdiction*) above, any Agent may, at its discretion, refer any Dispute to be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force (the “**UNCITRAL Rules**”), which are deemed to be incorporated by reference into this Clause 19.

19.2 Appointment of the arbitral tribunal

The arbitral tribunal shall be composed of three (3) arbitrators one of whom shall be the presiding arbitrator. The appointing authority shall be the London Court of International Arbitration (the “**LCIA**”). The LCIA shall appoint all three (3) members of the arbitral tribunal and shall nominate which of them shall act as the presiding arbitrator. In all matters relating to the appointment of arbitrators under this Agreement, each of the Republic and each Agent agrees that the LCIA shall be free to appoint whomsoever the LCIA considers appropriate in the LCIA’s sole discretion, save that the LCIA shall take account of the views of the parties and shall give effect to any agreement of the parties in relation to the appointment of the arbitrators unless the LCIA determines in the LCIA’s absolute discretion that it is not appropriate to do so.

19.3 Initiation of arbitration proceedings

In the event that an Agent wishes to initiate arbitration, it shall simultaneously:

- (a) give a notice of arbitration to the other relevant parties in accordance with Article 3 of the UNCITRAL Rules; and
- (b) request in writing the LCIA to appoint the three (3) arbitrators and to nominate the presiding arbitrator and give a copy of such request to all the other relevant parties. Each party may make its own representations to the LCIA concerning the appointment of arbitrators within twenty one (21) days of receipt of such notice of arbitration. For the avoidance of doubt, the parties agree that the LCIA may take note of any such representations, but shall otherwise be free in the LCIA’s discretion to appoint whomsoever the LCIA considers appropriate as the three (3) arbitrators.

19.4 Place and language of the arbitration proceedings

The place and seat of the arbitration shall be London, United Kingdom and the language of the arbitral proceedings shall be English.

19.5 The award

All and any awards of the arbitral tribunal shall be made in accordance with the UNCITRAL Rules in writing and shall be final and binding on the relevant parties and the parties agree to waive any right of appeal against the arbitration award. All and any awards shall be made by majority decision. If there be no majority, the award shall be made by the presiding arbitrator alone. The final award shall be made within six (6) months from the appointment of the third arbitrator, but insofar as this is impractical it shall be made as soon as possible thereafter.

19.6 Notice of arbitration

In relation to any arbitration proceedings, the provisions of Clause 14 (*Notices*) shall apply in respect of this Clause 19 in addition to the notification provisions of the UNCITRAL Rules.

19.7 Expedition of arbitration

The arbitral tribunal shall conduct the arbitration in accordance with the UNCITRAL Rules and at all times in such a manner as to ensure a speedy resolution of the Dispute.

The Republic expressly agrees and consents to each of the provisions of Clauses 18 (*Governing Law, Jurisdiction and Service of Process*) and 19 (*Arbitration*).

SCHEDULE 1

FORM OF DEFINITIVE NOTE

On the front:

Denomination	ISIN/Common Code	Series	Serial Number
€50,000	XS0238022445/ 023802244	1	

The Republic of Macedonia
€150,000,000
4.625% Notes due 2015

This Definitive Note is issued in respect of €• in aggregate principal amount of the €150,000,000 4.625% Notes due 2015 (the “**Notes**”) of THE REPUBLIC OF MACEDONIA (“**Macedonia**”). The Notes are issued pursuant and subject to a fiscal and paying agency agreement (as amended or supplemented from time to time, the “**Fiscal and Paying Agency Agreement**”) dated 8 December, 2005 between Macedonia and Citibank, N.A., London as fiscal agent (the “**Fiscal Agent**”), as registrar (the “**Registrar**”), as paying agent (the “**Paying Agent**”) and as transfer agent (the “**Transfer Agent**”). In this Definitive Note, “**Registrar**”, “**Fiscal Agent**”, “**Paying Agent**” and “**Transfer Agent**” shall include any successors thereto appointed from time to time in accordance with the provisions of the Fiscal and Paying Agency Agreement.

Any reference herein to the “**Conditions**” is to the terms and conditions of the Notes endorsed hereon and any reference herein to a particular numbered Condition shall be construed accordingly.

This is to certify that:

is the person registered in the register maintained by the Registrar in relation to the Notes (the “**Register**”) as the duly registered holder of the Notes represented by this Definitive Note or, if more than one person is so registered, the first-named of such persons (the “**Holder**”). Macedonia promises to pay to the Holder, and the Holder is entitled to receive, the principal sum of:

[DENOMINATION IN WORDS AND NUMERALS]

on 8 December, 2005 or on such earlier date or dates as the same may become repayable in accordance with the Conditions, together with interest on such principal sum at the times

and the rate specified in the Conditions together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

This Definitive Note is evidence of entitlement only. Title to the Notes passes only on due registration in the Register and only the Holder is entitled to payment in respect of this Definitive Note.

This Definitive Note shall not be valid for any purpose until it has been authenticated for and on behalf of Citibank, N.A., London as Registrar.

IN WITNESS whereof Macedonia has caused this Global Note to be signed on its behalf

REPUBLIC OF MACEDONIA, represented by the Minister of Finance.

By: _____
(Authorised Signatory)

ISSUED in [•] on [•] 2005

AUTHENTICATED by or on behalf of

CITIBANK, N.A., LONDON as Registrar, without recourse, warranty or liability.

By: _____
(duly authorised)

FORM OF TRANSFER

FOR VALUE RECEIVED, we [name of registered holder], being the registered holder of this Definitive Note, hereby transfer to _____ of _____ €• in principal amount of the €150,000,000 4.625% Notes due 2015 (the “Notes”) of THE REPUBLIC OF MACEDONIA (“Macedonia”) represented by this Definitive Note and to which this form of transfer relates, and we hereby irrevocably request and authorise Citibank, N.A., London, in its capacity as Registrar in relation to the Notes (or any successor to Citibank, N.A., London, in its capacity as such) to effect the relevant transfer by means of appropriate entries in the register relating to the Notes.

Dated: _____

By: _____
(duly authorised)

The name of the person by or on whose behalf this form of transfer is signed must correspond with the name of the registered holder as it appears on the face of this Definitive Note.

- (a) A representative of such registered holder should state the capacity in which he signs, e.g. executor.
- (b) The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a financial institution in good standing, notary public or in such other manner as the Registrar or the relevant Transfer Agent may require.
- (c) Any transfer of Notes shall be in the minimum denomination of €50,000 or any amount in excess thereof which is an integral multiple of €1,000.

[Attached: Terms and Conditions substantially in the form set out on the back hereof]

On the back:

TERMS AND CONDITIONS

**FISCAL AGENT, REGISTRAR,
PAYING AGENT AND TRANSFER AGENT**

21st Floor
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB

SCHEDULE 2
FORM OF GLOBAL NOTE

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE TO NOMINEES OF EUROCLEAR BANK S.A./N.V. AS OPERATOR OF THE EUROCLEAR SYSTEM AND CLEARSTREAM BANKING, SOCIÉTÉ ANONYME OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE.

REPUBLIC OF MACEDONIA

GLOBAL NOTE
representing up to
€ 150,000,000
4.625 % Notes Due 2015

This Global Note is issued in respect of the €150,000,000 4.625% Notes Due 2015 (the “**Notes**”) of THE REPUBLIC OF MACEDONIA (“**Macedonia**”). The Notes are issued pursuant and subject to a Fiscal and Paying Agency Agreement (as amended or supplemented from time to time, the “Fiscal and Paying Agency Agreement”) dated 8 December, 2005 and made between Macedonia and Citibank, N.A., London, as fiscal agent (the “**Fiscal Agent**”), as registrar (the “**Registrar**”), as paying agent (the “**Paying Agent**”) and as transfer agent (the “**Transfer Agent**”). In this Global Note, “**Registrar**”, “**Fiscal Agent**”, “**Paying Agent**” and “**Transfer Agent**” shall include any successors thereto appointed from time to time in accordance with the provisions of the Fiscal and Paying Agency Agreement.

Any references herein to the “**Conditions**” is to the terms and conditions of the Notes attached hereto, and any reference herein to a particular numbered Condition shall be construed accordingly.

1. **Form of Notes.** The Notes represented by this Global Note are in registered form in the minimum denomination of €50,000 or any amount in excess thereof which is an integral multiple of €1,000.
2. **Promise to pay.** This is to certify that Citivic Nominees Limited is the registered holder (the “**Holder**”) of Notes represented by this Global Note. For value received, Macedonia promises to pay to the Holder, and the Holder is entitled to receive, on 8 December, 2015 (or on such earlier date or dates as the principal sum stated below becomes repayable in accordance with the Conditions), such principal sum as is noted at the time of payment on the register relating to the Notes represented by this Global Note (the “**Register**”) as the aggregate principal amount of this Global Note, and to pay in arrear on the dates specified in the Conditions interest on such principal sum at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.
3. **Transfer in whole.** Transfers of this Global Note shall be limited to transfers in whole, but not in part, to nominees of the common depositary for Euroclear and

Clearstream, or a successor of the common depositary for Euroclear and Clearstream or such successor's nominee.

4. **Exchange for Definitive Notes.** This Global Note will become exchangeable, in whole but not (except as provided below) in part, for individual Definitive Notes in definitive form ("**Definitive Notes**"):

- 4.1 if this Global Note is held on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear system ("**Euroclear**") or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), or any alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- 4.2 if principal in respect of any Notes represented by this Global Note is not paid when due and payable.

Whereupon, the Holder may give notice to the Fiscal Agent of its intention to exchange this Global Note for Definitive Notes on or after the Exchange Date specified in the notice. Such Definitive Notes shall be registered in such names as the Holder shall direct in writing.

Macedonia shall procure that the Registrar will notify the Noteholders in accordance with paragraph 7.4 of this Global Note of the occurrence of any of the events specified in paragraphs 4.1 and 4.2 above as soon as practicable thereafter.

On or after giving a default notice referred to in paragraph 7.1 of this Global Note in respect of the Notes, the Holder may in such notice or by giving a further notice to the Fiscal Agent require the exchange of a specified principal amount of this Global Note (which may be equal to or less than the outstanding principal amount of Notes represented hereby) for Definitive Notes on or after the Exchange Date specified in such notice.

"Exchange Date" means a day falling not less than 60 days, or in the case of exchange following the giving of a default notice, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located.

If, for any actual or alleged reason which would not have been applicable had there been no exchange of this Global Note (or part hereof) or in any other circumstances whatsoever, Macedonia does not perform or comply with any one or more of what are expressed to be its obligations under any Definitive Note, then any right or remedy relating in any way to the obligation(s) in question may be exercised or pursued *pro tanto* on the basis of this Global Note, despite its stated cancellation after its exchange in full, as an alternative, or in addition, to the Definitive Notes. With this exception, upon exchange in full of this Global Note, this Global Note shall become void.

Except as otherwise described herein, the Global Note is subject to the Conditions and, until it is exchanged for Definitive Notes, its Holder shall in all respects be entitled to the same benefits as if it were the Holder of the Definitive Notes for which it may be exchanged and as if such Definitive Notes had been issued on the date of this Global Note. Upon exchange in full of this Global Note, this Global Note shall become void.

5. **Delivery of Definitive Notes.** Whenever this Global Note is to be exchanged for Definitive Notes, Macedonia shall procure the prompt delivery of an equal aggregate principal amount of duly executed and authenticated Definitive Notes to the Registrar (and in any event within five business days (as defined below) of receipt by the Registrar or any Transfer Agent of this Global Note and any further information required to authenticate and deliver such Definitive Notes) against the surrender by Citivic Nominees Limited or Citibank, N.A., London, as custodian of this Global Note, at the specified office of the Registrar or such Transfer Agent, all in accordance with the provisions of the Fiscal and Paying Agency Agreement and, in particular, the regulations concerning the transfer, exchange and registration of the Notes set out in Schedule 3 thereof. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which commercial banks are open for business (including dealings in foreign currencies) in the cities in which the Registrar and any such Transfer Agent have their respective specified offices.

Exchange of beneficial interests in this Global Note for Definitive Notes will be effected without charge to the holder or the transferee thereof, but against such indemnity as the Registrar or the relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange.

6. **Form of Definitive Notes.** The Definitive Notes shall be in substantially the form set out in Schedule 1 to the Fiscal and Paying Agency Agreement.

7. **Modification of Conditions.** The Conditions shall be modified with respect to Notes represented by this Global Note by the following provisions:

7.1 *Default.* The Holder hereof may exercise the right to declare Notes represented by this Global Note due and repayable under Condition 6 by stating in the notice (the “**default notice**”) to the Fiscal Agent the principal amount of Notes (which may be less than the outstanding principal amount hereof) to which such notice relates.

7.2 *Direct Rights.* If principal in respect of any Notes is not paid when due and payable (but subject as provided below), the holder of this Global Note may from time to time elect that Direct Rights under the provisions of Part 3 to this Global Note shall come into effect. Such election shall be made by notice to the Fiscal Agent and presentation of this Global Note to or to the order of the Fiscal Agent for reduction of the principal amount of Notes represented by this Global Note to € zero (or to such other figure as shall be specified in the notice) by endorsement in Part 1 and the corresponding endorsement in Part 3 of such principal amount of Notes formerly represented hereby as the principal amount of Notes in respect of which Direct Rights have arisen under Part 3. Upon such notice being given the appropriate Direct Rights shall take effect. No such election may however be made on or before an Exchange Date fixed in accordance with this Global Note with respect to the Notes to which that Exchange Date relates unless the holder elects in such notice that the exchange in question shall no longer take place.

7.3 *Payments.* Payment of principal in respect of this Global Note shall be made against presentation and (if no further payment fails to be made on it) surrender of this Global Note at the specified office of the Paying Agent and shall be effective to satisfy and discharge (*pro tanto*) the corresponding liabilities of Macedonia in respect of the Notes. Payments of interest in respect of this Global Note shall be made to the Holder of this Global Note in accordance with the Conditions. On each

occasion on which a payment of interest or principal is made in respect of this Global Note, Macedonia shall procure that the same is noted on the Register and, in the case of a payment of principal, that the aggregate principal amount of this Global Note is decreased accordingly.

7.4 **Notices.** Notwithstanding Condition 14, while this Global Note is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to holders of Notes represented by a beneficial interest in this Global Note may be given by delivery of the relevant notices to Euroclear and/or Clearstream, Luxembourg except that, so long as the Notes are listed on the London Stock Exchange plc's Gilt Edged and Fixed Interest Regulated Market and the rules of the London Stock Exchange so require, notices will also be published in a leading newspaper having general circulation in London ((which is expected to be the *Financial Times*)).

8. **Conditions apply.** Save as otherwise provided herein, the Holder of this Global Note shall have the benefit of, and be subject to, the Conditions. For the purposes of this Global Note, any reference in the Conditions to "**Definitive Note**" or "**Definitive Notes**" shall, except where the context otherwise requires, be construed so as to include this Global Note.

9. **Determination of entitlement.** This Global Note is not a document of title. Entitlements are determined by the Register and only the duly registered holder from time to time is entitled to payment in respect of this Global Note.

10. **Proper authorisation and valid issue.** Whenever Definitive Notes are issued. Macedonia undertakes that it will take all necessary steps to ensure that the Definitive Notes are properly authorised and validly issued by Macedonia.

11. **Governing law.** This Global Note shall be governed by, and construed in accordance with, English law.

This Global Note shall not be valid for any purpose until it has been authenticated for and on behalf of Citibank, N.A., London, as Registrar.

IN WITNESS whereof, this Global Note has been executed as a deed

REPUBLIC OF MACEDONIA, represented by the Minister of Finance

By: _____

(Authorised Signatory)

ISSUED on 8 December, 2005

AUTHENTICATED by or on behalf of

CITIBANK, N.A., LONDON, as Registrar, without recourse, warranty or liability.

By: _____

(duly authorised)

PART 1

PRINCIPAL AMOUNT OF THIS GLOBAL NOTE

Reductions in the principal amount of this Global Note following redemption or partial exchange for Definitive Notes or exchange for Direct Rights or the purchase and cancellation of Notes are entered in the second and third columns below.

Date	Reason for reduction in the principal amount of this Global Note*	Amount of such reduction	Principal amount of this Global Note following such reduction	Notation made by or on behalf of the Fiscal Agent
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*State whether reduction following (1) redemption of Notes or (2) purchase and cancellation of Notes or (3) exchange of part of this Global Note for Definitive Notes or for Direct Rights.

PART 2

INTEREST PAYMENTS IN RESPECT OF THIS GLOBAL NOTE

The following payments of interest in respect of this Global Note and the Notes represented by this Global Note have been made:

Date Made	Amount of interest due and payable	Amount of interest paid	Notation made by or on behalf of the Fiscal Agent
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PART 3

DIRECT ENFORCEMENT RIGHTS

This Global Note has effect as a deed poll conferring on Relevant Account Holders the Direct Rights referred to in this Schedule in respect of the principal amount of Notes stated in paragraph 5 of this Schedule.

- 1 Interpretation:** In this Schedule, terms are used with the same meanings as in the Global Note, and in addition:

“Clearing System Operator” means the operator of each of Euroclear and Clearstream, Luxembourg and, if relevant, an alternative clearing system

“Direct Rights” means the rights referred to in paragraph 2

“Entry” means any entry relating to this Global Note (or to the relevant part of it) or the Notes represented by it which is or has been made in the securities account of any account holder with a Clearing System Operator and **“Entries”** shall have a corresponding meaning

“Principal Amount” means, in respect of any Entry, the amount which would be due to the holder of the account in which such Entry is credited were the principal amount of this Global Note or the Notes represented by it in respect of which such Entry was made to be paid in full at its maturity

“Relevant Account Holder” means the holder of any account with a Clearing System Operator which at the Relevant Time has credited to its securities account with such Clearing System Operator an Entry or Entries in respect of this Global Note (or the relevant part of it) or the Notes represented by it except for a Clearing System Operator in its capacity as an account holder of another Clearing System Operator and

“Relevant Time” means the time when Direct Rights take effect as contemplated by this Global Note.

- 2 Direct Rights:** Each Relevant Account Holder shall at the Relevant Time acquire against Macedonia all rights which the Relevant Account Holder in question would have had if, immediately before the Relevant Time, it had been the holder of the Definitive Notes issued on the issue date of this Global Note in an aggregate principal amount equal to the Principal Amount of the relevant Entry including, without limitation, the right to receive all payments due at any time in respect of such Definitive Notes, other than payments corresponding to any already made under this Global Note. No further action shall be required on the part of any person in order for such Direct Rights to be acquired and for each Relevant Account Holder to have the benefit of, and to enforce, rights corresponding to all the provisions of the relevant Definitive Notes as if they had been issued and as if such provisions had been specifically incorporated in this Schedule, other than the right to receive payments corresponding to any already made under this Global Note.
- 3 Evidence:** The records of each Clearing System Operator shall, in the absence of manifest error, be conclusive evidence of the identity of the Relevant Account Holders, the number of Entries credited to the securities account of each Relevant Account Holder with such Clearing System Operator at the Relevant Time and the Principal Amount of an Entry. For the purposes of this Clause a statement issued by a Clearing System Operator stating:

- 3.1 the name of the Relevant Account Holder to or in respect of which it is issued
- 3.2 the number of Entries credited to the securities account of such Relevant Account Holder with such Clearing System Operator as at the opening of business on the first day on which the Clearing System Operator is open for business following the Relevant Time and
- 3.3 the Principal Amount of any Entry in the accounts of such Clearing System Operator, shall be conclusive evidence of the records of such Clearing System Operator at the Relevant Time (but without prejudice to any other means of producing such records in evidence). In the event of a dispute, in the absence of manifest error, the determination of the Relevant Time by a Clearing System Operator shall be final and conclusive for all purposes in connection with the Relevant Account Holders with securities accounts with such Clearing System Operator.

Any Relevant Account Holder may, in any proceedings relating to this Global Note, protect and enforce its rights arising out of this Schedule in respect of any Entry to which it is entitled upon the basis of a statement by a Clearing System Operator as provided in this Clause and a copy of this Global Note certified as being a true copy by a duly authorised officer of any Clearing System Operator or the Fiscal Agent without the need for production in such proceedings or in any court of the actual records or this Global Note. Any such certification shall be binding, except in the case of manifest error or as may be ordered by any court of competent jurisdiction, upon Macedonia and all Relevant Account Holders. This Clause shall not limit any right of any Relevant Account Holder to the production of the originals of such records or documents in evidence.

- 4 **Title to Entries:** Any Relevant Account Holder may protect and enforce its rights arising out of this Global Note in respect of any Entry to which it is entitled in its own name without the necessity of using the name of or obtaining any authority from any predecessor in title. Any Relevant Account Holder is entitled to receive payment of the Principal Amount of its Entry and of all other sums referable to its Direct Rights to the exclusion of any other person and payment in full by the Republic to such Relevant Account Holder shall discharge the Republic from all obligations in respect of such Entry and such Direct Rights.
- 5 **Governing Law:** Paragraph 11 of the Global Note shall apply, *mutatis mutandis*, to Direct Rights.
- 6 **Principal Amount:** The principal amount of Notes in respect of which Direct Rights have arisen under this Global Note is shown by the latest entry in the third column below:

Date	Amount of increase in principal amount of Notes in respect of which Direct Rights have arisen	Running total of Principal Amount	Notation made by or on behalf of the Fiscal Agent (other than in respect of initial principal amount)
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Date	Amount of increase in principal amount of Notes in respect of which Direct Rights have arisen	Running total of Principal Amount	Notation made by or on behalf of the Fiscal Agent (other than in respect of initial principal amount)
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FORM OF TRANSFER

FOR VALUE RECEIVED, we [name of registered holder], being the registered holder of this Note, hereby transfer to _____ of _____ [€[•] in principal amount of the €150,000,000 4.625% Notes due 2015 (the “Notes”) of THE REPUBLIC OF MACEDONIA (“Macedonia”) represented by this Note and to which this form of transfer relates, and we hereby irrevocably request and authorise Citibank, N.A., London, in its capacity as registrar in relation to the Notes (or any successor to Citibank, N.A., London, in its capacity as such) to effect the relevant transfer by means of appropriate entries in the register relating to the Notes.

Dated: _____

By: _____
(duly authorised)

The name of the person by or on whose behalf this form of transfer is signed must correspond with the name of the registered holder as it appears on the face of this Note.

- (a) A representative of such registered holder should state the capacity in which he signs, e.g. executor.
- (b) The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a financial institution in good standing, notary public or in such other manner as the Registrar or the relevant Transfer Agent may require.
- (c) Any transfer of Notes shall be in the minimum denomination of €50,000 or any amount in excess thereof which is an integral multiple of €1,000.

[Attached: Terms and Conditions substantially in the form set out on the back hereof]

TERMS AND CONDITIONS OF THE NOTES

The €150,000,000 4.625% Notes due 8 December, 2015 (the “Notes”, which expression includes any further Notes issued pursuant to Condition 13 and forming a single series therewith) of the Republic of Macedonia (the “Republic”, “Macedonia” or the “Issuer”) were authorised by the Republic, acting through the President of the government of the Republic of Macedonia. A fiscal and paying agency agreement to be dated 8 December, 2005 (the “Fiscal and Paying Agency Agreement”) has been entered into in relation to the Notes between Macedonia and Citibank N.A., London in its capacity as registrar (the “Registrar”), as transfer agent (the “Transfer Agent”), as fiscal agent (the “Fiscal Agent”) and principal paying agent (the “Principal Paying Agent”).

In these Conditions, “Registrar”, “Transfer Agent”, “Fiscal Agent” and “Principal Paying Agent” shall include any successors appointed from time to time in accordance with the provisions of the Fiscal and Paying Agency Agreement, and any reference to an “Agent” or “Agents” shall mean any or all (as applicable) of such persons.

Certain provisions of these conditions are summaries of the Fiscal and Paying Agency Agreement. The Fiscal and Paying Agency Agreement includes the form of the Notes. Copies of the Fiscal and Paying Agency Agreement are available for inspection during usual business hours at the principal office of the Fiscal Agent (presently at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England) and at the specified offices of each of the other Agents. The holders of Notes are bound by and are deemed to have full notice of the provisions of the Fiscal and Paying Agency Agreement.

References to “Conditions” are, unless the context otherwise requires, to the numbered paragraphs of these terms and conditions.

1. Form and Denomination

The Notes are in registered form in denominations of €50,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented by beneficial interests in a global note (the “Global Note”) in registered form without interest coupons.

The Global Note will be exchangeable for notes in definitive, fully registered, form (“Definitive Notes”) without coupons, in the circumstances specified in the Global Note.

2. Status

The Notes constitute direct, general, unconditional, (subject as provided in Condition 4) unsecured and unsubordinated obligations of Macedonia and the full faith and credit of Macedonia is pledged for the due and punctual payment of principal of, and interest on, the Notes and for the performance of all obligations of Macedonia with respect to the Notes. The Notes shall at all times rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsecured and unsubordinated indebtedness of Macedonia.

3. Register, Title and Transfer

(a) Register

The Registrar will maintain a register (the “Register”) in respect of the Notes in accordance with the provisions of the Fiscal and Paying Agency Agreement. In these Conditions, the “Holder” of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “Noteholder” shall be construed accordingly. A certificate (each a “Note Certificate”) will be issued to each Noteholder in respect of its registered holding or holdings of Notes only in certain limited circumstances. Each such Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) Title

Title to the Notes will pass by and upon registration in the Register. Each Noteholder shall (except as otherwise required by law) be treated as the absolute owner of such Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

(c) Transfers

Subject to paragraphs (f) and (g) below, a Note may be transferred in whole or in part in an authorised denomination upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the specified office of the Registrar or the Transfer Agent, together with such evidence as the Registrar or, as the case may be, such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the transfer form (the “Transfer Form”); provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are authorised denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

(d) Registration and delivery of Note Certificates

Subject to paragraphs (e) and (f) below, within five Business Days (as defined below) of the surrender of a Note Certificate in accordance with paragraph (c) above, the Registrar will register the transfer in question and deliver a new Note Certificate of the same aggregate principal amount as the Notes transferred to each relevant Holder at its specified office or (as the case may be) the specified office of the Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “Business Day” means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the Transfer Agent has its specified office.

Where some but not all the Notes in respect of which a Note Certificate is issued are to be transferred, a new Note Certificate in respect of the Notes not so transferred will, within

five Business Days of the surrender of the original Note Certificate in accordance with paragraph (c) above, be mailed by uninsured first class mail (airmail if overseas) at the request of the Holder of the Notes not so transferred to the address of such Holder appearing on the Register.

(e) No charge

Registration or transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent but against payment by the Holder of such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty or governmental charge of whatsoever nature which may be levied or imposed in connection with such registration or transfer.

(f) Closed periods

Noteholders may not require transfers to be registered during the period beginning on the 15th calendar day before the due date for any payment of principal or interest in respect of such Notes.

(g) Regulations concerning transfers and registration

All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Fiscal and Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. Negative Pledge and Other Covenants

(a) Negative Pledge

So long as any Note remains outstanding (as defined in the Fiscal and Paying Agency Agreement) Macedonia shall not create, incur, assume or permit to arise or subsist any Lien (as defined below), (other than a Permitted Lien (as defined below)), upon the whole or any part of its existing or future assets or revenues to secure any Public External Indebtedness (as defined below) of Macedonia or any other Person (as defined below), or any Guarantee (as defined below) in respect thereof unless, at the same time or prior thereto, Macedonia's obligations under the Notes are secured equally and rateably therewith or have the benefit of such other arrangement as may be approved by an Extraordinary Resolution (as defined in the Fiscal and Paying Agency Agreement) of the Noteholders.

(b) Other Covenants

So long as any Note remains outstanding:

(i) either Macedonia or an Agency (as defined below) or any of Macedonia's Monetary Authorities (as defined below) shall continue to exercise full ownership, power and control over the International Monetary Assets (as defined below) as they exist from time to time; and

(ii) Macedonia shall duly obtain and maintain in full force and effect all governmental approvals (including any exchange control and transfer approvals) which may be necessary under the laws of Macedonia for the execution and delivery by it of, and performance of its obligations under, the Notes and the Fiscal and Paying Agency Agreement and duly take all necessary governmental and administrative action in Macedonia in order to perform or comply with all or any of its obligations under the Notes and the Fiscal and Paying Agency Agreement (including, without limitation, to make all payments to be made under the Notes as required by these Conditions and the Fiscal and Paying Agency Agreement).

(c) Certain Definitions

For the purposes of these Conditions:

“Agency” means any political sub-division, regional government, ministry, department, authority or statutory corporation of Macedonia or the government thereof (whether or not such statutory corporation is autonomous) and any corporation or other entity (but not any commercial corporation or other commercial entity except, in each case, to the extent that any International Monetary Assets are owned, controlled, held or administered thereby) which is directly or indirectly controlled (whether by reason of whole or partial ownership, control over voting or other relevant decision making power to direct management, the composition of management or otherwise) by Macedonia or the government thereof or one or more Agencies (including, without limitation, the Ministry of Finance, Council of Ministers or the National Bank (as defined below)).

“External Indebtedness” means all obligations, and Guarantees (as defined below) in respect of obligations, for money borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments) denominated or payable, or which at the option of the relevant creditor or holder thereof may be payable, in a currency other than the lawful currency of Macedonia.

“Guarantee” means any guarantee of or indemnity in respect of indebtedness or other like obligation.

“International Monetary Assets” means all Macedonia’s official holdings of gold and all Macedonia’s and Macedonia’s Monetary Authorities’ holdings of (i) Special Drawing Rights, (ii) Reserve Positions in the Fund and (iii) Foreign Exchange, and the terms “Special Drawing Rights”, “Reserve Positions in the Fund” and “Foreign Exchange” have, as to the types of assets included, the meanings given to them in the publication of the International Monetary Fund (“IMF”) entitled “International Financial Statistics” or such other meanings as shall be formally adopted by the IMF from time to time.

“Lien” means lien, pledge, hypothecation, mortgage, security interest, charge or any other encumbrance or arrangement having a similar legal and economic effect including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

“Macedonia’s Monetary Authorities” means the National Bank and, to the extent that they perform monetary authorities’ functions, currency boards, exchange stabilisation funds and treasuries.

“National Bank” means the National Bank of the Republic of Macedonia.

“Permitted Lien” means:

- (i) any Lien upon property to secure Public External Indebtedness incurred for the purpose of financing the acquisition of such property and any renewal and extension of such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing, provided that the principal amount of the Public External Indebtedness secured thereby is not increased;
- (ii) any Lien existing on property at the time of its acquisition (and not created in contemplation of such acquisition) to secure Public External Indebtedness and any renewal and extension of such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing, provided that the principal amount of the Public External Indebtedness secured thereby is not increased ;
- (iii) any Lien securing Public External Indebtedness in existence on 5 December, 2005 or any Lien arising out of an exchange of collateral permitted by the terms of such Public External Indebtedness and the renewal or extension of such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing, provided that the principal amount of the Public External Indebtedness secured thereby is not increased;
- (iv) any Lien securing Public External Indebtedness or any Guarantee of Public External Indebtedness incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project (including any renewal or extension thereof provided that the principal amount secured by any such additional encumbrance does not exceed the principal amount outstanding and secured by the original encumbrance), provided that (a) the holders of such Public External Indebtedness or Guarantee expressly agree to limit their recourse to the assets and revenues (including insurance proceeds) of such project as the principal source of repayment of such Public External Indebtedness and (b) the property over which such Lien is granted consists solely of such assets and revenues or revenues or claims which arise from the operation, failure to meet specifications, exploitation, sale or loss of, or failure to complete, or damage to, such properties;
- (v) any Lien on any assets securing Public External Indebtedness which arises pursuant to any order or attachment, distraint or similar legal process arising in connection with court proceedings so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings; and
- (vi) any Lien arising by operation of law, provided that such Lien is not created or permitted to be created by the Republic to secure any Public External Indebtedness.

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organization, trust or any other juridical entity, including, without limitation, a state or agency of a state (including the Ministry of Finance and Council of Ministers) or other entity (including the National Bank), whether or not having separate legal personality.

“Public External Indebtedness” means External Indebtedness which (i) is in the form of, or represented by, bonds, notes, or other securities or any Guarantees thereof and (ii) is, or is

capable of being, quoted, listed or ordinarily purchased and sold on any stock exchange, automated trading system or over the-counter or on any other securities market.

5. Interest

Each Note bears interest on its principal amount from and including 8 December, 2005 the (“Issue Date”) at the rate of 4.625% per annum. Interest is payable annually in arrear on 8 December in each year commencing on 8 December, 2005 (each an “Interest Payment Date”) until maturity. Interest due on an Interest Payment Date will accrue during the immediately preceding Interest Period (as defined below) and will be paid subject to and in accordance with the provisions of Condition 7.

Each Note will cease to bear interest from the due date for redemption unless, after surrender of such Note, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at the rate specified above (after as well as before judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder of Notes and (b) the day which is seven days after notice has been given to the holders of Notes that the Fiscal Agent has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, the day-count fraction applied to calculate the amount of interest payable in respect of each Note shall be the number of days in the relevant period, from and including the date from which interest begins to accrue, but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an “Interest Period”.

6. Redemption, Purchase and Cancellation

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 8 December, 2015, subject as provided in Condition 7.

(b) No other Redemption

The Issuer shall not be entitled to redeem the Notes other than as provided in paragraph (a) above.

(c) Purchase and Cancellation

Macedonia and its Agencies may at any time purchase Notes in the open market or otherwise at any price. Any Notes so purchased may be cancelled or held and resold. Any Notes so purchased, while held by or on behalf of Macedonia or any Agency, shall not entitle the holder to vote at any meeting of holders of Notes and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of holders of Notes. Any Notes so cancelled will not be reissued.

7. Payments

(a) Method of Payment

Payments of principal and interest in respect of the Notes will be made by euro cheque drawn on a bank in London and mailed to the Holder by uninsured first class mail (airmail if overseas), at the address appearing in the Register at the opening of business on the relevant Record Date (as defined below) or, upon application by a Noteholder to the specified office of the Principal Paying Agent not later than the 15th day before the due date for any such payment, by transfer to a euro account maintained by the payee with a bank in London.

(b) Payments Subject to Fiscal Laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations of Macedonia, but without prejudice to the provisions of Condition 8.

(c) No Commissions

No commission or expenses shall be charged to the Noteholders in respect of any payments of principal or interest in respect of the Notes.

(d) Payments on business days

Where payment is to be made by transfer to a euro account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by a euro cheque, the cheque will be mailed on the due date for payment. A Noteholder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 arriving after the due date for payment or being lost in the mail.

(e) Partial payments

If a Paying Agent makes a partial payment in respect of any Note, the Registrar shall procure that the amount and date of such payment are noted on the Register.

(f) Record date

Payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's specified office on the 15th day before the due date for such payment (the "Record Date").

"Business Day" in respect of the Notes means a day on which banks are open for business and carrying out transactions in euro in the country in which the Fiscal Agent has its specified office, and is a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("TARGET") is operating.

(g) Agents

The Issuer has initially appointed the Fiscal Agent, the Principal Paying Agent, the Registrar and the Transfer Agent named above. The Issuer may at any time vary or

terminate the appointment of any such Agent and appoint another Agent or additional or other Agents outside the United States, provided that, it will at all times, and while any Note is outstanding, maintain one or more Paying Agents having a specified office in Europe for payments on Notes. As long as the Notes remain outstanding, the Issuer has also agreed that, pursuant to the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the EU Council of Ministers (the “ECOFIN Council”) meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive, the Issuer will, to the extent possible as a matter of law, ensure that it maintains a Paying Agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing such conclusions.

Notice of any such termination or appointment and of any change in the specified office of any Agent will be given in accordance with Condition 14.

8. Taxation

All payments of principal and interest in respect of the Notes by Macedonia shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Macedonia or any regional or local subdivision or any authority thereof or therein having power to tax (together “Taxes”), unless such withholding or deduction is required by law. In that event, Macedonia shall pay such additional amounts as will result in the receipt by the holders of Notes of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (a) to a holder, or to a third party on behalf of a holder, if such holder is liable to such Taxes in respect of such Note by reason of having some connection with Macedonia other than the mere holding of such Note; or
- (b) if the Note is surrendered for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the holder would have been entitled to such additional amounts on surrender of such Note for payment on the last day of such period of 30 days.
- (c) where any withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union.

For the purpose of these Conditions, “Relevant Date” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount plus any accrued interest having been so received) notice to that effect has been given to the holders of Notes.

Any reference in these Conditions to payments of principal or interest in respect of the Notes shall be deemed to include any additional amounts which may be payable under this Condition 8.

9. Events of Default

If any of the following events occurs and is continuing:

(a) Non-payment

Macedonia fails to pay any principal on any of the Notes within seven days of the due date for payment or any interest or additional amounts on any of the Notes within 15 days of the due date for payment; or

(b) Breach of other obligations

Macedonia does not perform or comply with any one or more of its other obligations under the Notes, which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after notice of such default has been given to Macedonia at the specified office of the Fiscal Agent by any holder of Notes; or

(c) Cross-default

(i) the holders of any Public External Indebtedness of Macedonia accelerate such Public External Indebtedness or declare such Public External Indebtedness to be due and payable, or required to be prepaid (other than by a regularly scheduled required payment), prior to the originally stated maturity thereof; or

(ii) Macedonia fails to pay in full any principal of, or interest on, any Public External Indebtedness when due (after expiration of any originally applicable grace period) or any Guarantee of any Public External Indebtedness given by Macedonia shall not be honoured when due and called upon (after the expiration of any originally applicable grace period);

provided that the aggregate amount of the relevant Public External Indebtedness or Guarantee in respect of which one or more of the events mentioned above in this paragraph (c) shall have occurred equals or exceeds €20,000,000 or its equivalent in other currencies; or

(d) Moratorium

Macedonia shall suspend payment of, or admit its inability to pay, its Public External Indebtedness or any part thereof or declare a general moratorium on or in respect of its Public External Indebtedness or any part thereof, or anything analogous to the foregoing shall occur; or

(e) Unlawfulness or Invalidity

The validity of the Notes is contested by Macedonia or Macedonia shall deny any of its obligations under the Notes or it is or becomes unlawful for Macedonia to perform or comply with all or any of its obligations set out in the Notes or any of such obligations shall be or become unenforceable or invalid; or

(f) IMF

Macedonia ceases to be a member of the IMF or shall cease to be eligible to use the general resources of the IMF;

then the Fiscal Agent shall, upon receipt of written requests to Macedonia at the specified office of the Fiscal Agent from holders of not less than 25% in aggregate outstanding principal amount of the Notes, declare the Notes due and payable, in each case at their principal amount together with accrued interest, without further formality. Upon such declaration by the Fiscal Agent, the Fiscal Agent shall give notice thereof in the manner provided in the Fiscal and Paying Agency Agreement to Macedonia and to the holders of the Notes in accordance with Condition 14. After any such declaration by the Fiscal Agent, if all amounts then due with respect to the Notes are paid (other than amounts due solely because of such declaration) and all other defaults with respect to the Notes are cured, such declaration may be annulled and rescinded by holders of not less than 50% in aggregate outstanding principal amount of the Notes (the “Required Percentage”) by written notice thereof to Macedonia at the specified office of the Fiscal Agent or by the passing of a resolution by the holders of not less than the Required Percentage.

10. Prescription

Claims in respect of principal and interest will become void unless made within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

11. Replacement of Notes

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or the Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as Macedonia may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

12. Meetings of Noteholders and Modification

(a) Meetings of Noteholders

The Fiscal and Paying Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions (having been approved by the Issuer) or any provisions of the Fiscal and Paying Agency Agreement. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided however, that any proposals relating to a Reserved Matter may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than 75 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting, 25 per cent. in principal amount of the Notes for the time being outstanding, form a quorum. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The holders of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each €1,000 in principal amount of Notes for which the relevant Global Note may be exchanged.

(b) Extraordinary Resolution: In these Conditions “Extraordinary Resolution” means:

(i) in relation to any Reserved Matter:

(A) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Fiscal and Paying Agency Agreement by a majority consisting of not less than 75 per cent. of the outstanding principal amount of the Notes for the time being outstanding; or

(B) a resolution in writing signed by or on behalf of holders of not less than 75 per cent. of the outstanding principal amount of the Notes for the time being outstanding.

(ii) in relation to any other matter:

(A) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Fiscal and Paying Agency Agreement by a majority consisting of not less than 66.67 per cent. of the outstanding principal amount of the Notes for the time being outstanding; or

(B) a resolution in writing signed by or on behalf of holders of not less than 66.67 per cent. of the outstanding principal amount of the Notes for the time being outstanding.

(c) Reserved Matter: In these Conditions “Reserved Matter” means any proposal to:

(i) change any date, or the method of determining the date, fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment;

(ii) effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;

(iii) reduce or cancel the principal amount of the Notes;

(iv) vary the currency or place of payment in which any payment in respect of the Notes is to be made;

(v) amend the status of Notes under Condition 2 (Status);

(vi) amend the obligation of the Issuer to pay additional amounts under Condition 8 (Taxation);

(vii) amend the Events of Default set out in Condition 9 (Events of Default);

(viii) amend the law governing the Notes, the courts to the jurisdiction to which the Issuer has submitted in the Notes, the Issuer's obligation to maintain an agent for service of process in England or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder set out in Condition 16 (Governing Law and Jurisdiction);

(ix) modify the provisions contained in the Fiscal and Paying Agency Agreement concerning the quorum required at any meeting of the Noteholders or any adjournment thereof or concerning the majority required to pass an Extraordinary Resolution or the percentage of votes required for the taking of any action;

(x) change the definition of "Extraordinary Resolution" or "outstanding" in the Conditions and/or Fiscal and Paying Agent Agreement;

(xi) instruct any Noteholder or committee appointed on behalf of all Noteholders pursuant to Condition 12(d) (Meetings of Noteholders; Noteholders' Representative Committee) to withdraw, settle or compromise any proceeding or claim being asserted pursuant to Condition 9 (Events of Default);

(xii) confer upon any committee appointed pursuant to Condition 12(d) (Meetings of Noteholders; Noteholders' Representative Committee) any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution; or

(xiii) amend this definition.

(d) Noteholders' Representative Committee

(i) Appointment: The Noteholders may, by a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Fiscal and Paying Agency Agreement by a majority of at least 50 per cent. in aggregate principal amount of the Notes then outstanding, or by notice in writing to the Issuer (with a copy to the Fiscal Agent) signed by or on behalf of the holders of at least 50 per cent. in aggregate principal amount of the Notes then outstanding, appoint any persons as a committee to represent the interests of the Noteholders if any of the following events shall have occurred:

(A) an Event of Default;

(B) any event or circumstance which would, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfillment of any other requirement provided for in Condition 9 (Events of Default) become an Event of Default; or

(C) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a restructuring of the Notes (whether by amendment, exchange offer or otherwise);

provided, however, that no such appointment shall be effective if the holders of more than 25 per cent. of the aggregate principal amount of the outstanding Notes have either (A) objected to such appointment by notice in writing to the Issuer (with a copy to the Fiscal Agent) during a specified period following notice of the appointment being given (if such notice of appointment is made by notice in writing to the Issuer) where such specified period shall be either 30 days or such other longer or shorter period as the committee may, acting in good faith, determine to be appropriate in the circumstances, or (B) voted against such resolution at a meeting of Noteholders duly convened and held in accordance with the

Fiscal and Paying Agency Agreement. Such committee shall if appointed by notice in writing to the Issuer, give notice of its appointment to all Noteholders in accordance with Condition 14 (Notices) as soon as practicable after the notice is delivered to the Issuer.

(ii) Powers: Such committee in its discretion may, among other things, (i) engage legal advisers and financial advisers to assist it in representing the interests of the Noteholders,

(ii) adopt such rules as it considers appropriate regarding its proceedings and (iii) enter into discussions with the Issuer and/or other creditors of the Issuer. The Issuer shall pay any reasonably incurred fees and expenses of any such committee (including, without limitation, the fees and expenses of the committee's legal advisers and financial advisers, if any) within 30 days of the delivery to the Issuer of a reasonably detailed invoice and supporting documentation.

(e) Outstanding Notes

For the purposes of (i) ascertaining the right to attend and vote at any meeting of Noteholders and (ii) Condition 9 (Events of Default), Condition 12(f) (Meetings of Noteholders; Modification) and Schedule 3 (Provisions for Meetings of Noteholders) to the Fiscal and Paying Agency Agreement, those Notes (if any) which are for the time being held by or on behalf of Macedonia or any Agency shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

(f) Modification

The Fiscal Agent may agree, without the consent of the Noteholders, to any modification of any of the provisions of the Fiscal and Paying Agency Agreement which is in its opinion of a formal, minor or technical nature or is made to correct a manifest error. Any such modification shall be binding on the Noteholders and, if the Fiscal Agent so requires, such modification shall be notified to the Noteholders as soon as practicable.

13. Further Issues

Macedonia may from time to time, without notice to or the consent of the holders of Notes, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects save for the date for and amount of the first payment of interest thereon) so as to form a single series with the Notes.

14. Notices

All notices to Noteholders may be delivered in person or sent by mail or facsimile transmission or telex to them at their respective addresses, facsimile or telex numbers reflected in the Register. Any such notice shall be deemed to have been given, in the case of a letter delivered by hand, at the time of delivery, in the case of a letter sent by mail, at the time of dispatch or, in the case of a telex, on receipt of an answerback confirmation by the sender, except that, so long as the rules of the London Stock Exchange plc so require, notices must be published in a leading daily newspaper of general circulation in London, which is expected to be the *Financial Times*. Such notices will be deemed to have been given on the date of such publication, and if published in such newspaper on different dates, on the date of the first such publication.

15. Currency Indemnity

The euro is the sole currency of account and payment for all sums payable by Macedonia under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than the euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any holders of Notes in respect of any sum expressed to be due to it from Macedonia shall only constitute a discharge to Macedonia to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Note, Macedonia shall indemnify such recipient against any loss sustained by it as a result. In any event, Macedonia shall indemnify the recipient against the cost of making any such purchase. These indemnities constitute separate and independent obligations from Macedonia's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holders of Notes and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any judgment or order.

16. Governing Law and Jurisdiction

(a) Governing Law

The Fiscal and Paying Agency Agreement and the Notes are governed by and shall be construed in accordance with English law.

(b) Jurisdiction

(i) Subject only to Condition 16(b)(ii), the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with the Notes ("Proceedings") may be brought only in such courts. The Issuer irrevocably submits to the exclusive jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(ii) However, the provisions of Condition 16(b)(i) are made for the benefit of each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Agent for Service of Process

The Issuer has in the Fiscal and Paying Agency Agreement irrevocably appointed the Ambassador of the Republic of Macedonia to the Court of St. James's from time to time of Suite 2.1 and 2.2, Bucking Court, 75-83 Buckingham Gate, London, SW1E 6PE, United Kingdom as its authorised agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Consent to Proceedings

Subject to Condition 16(e) below, the Issuer has irrevocably and generally consented in respect of any Proceedings anywhere to the giving of any relief or the issue of any process in connection with those Proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order or judgment which may be made or given in those Proceedings.

(e) Waiver of State Immunity

To the extent that Macedonia or any of its revenues, assets or properties shall be entitled to any immunity from suit, from the jurisdiction of any such court, from attachment in aid of execution of judgment, from execution of a judgment or from any other legal or judicial process or remedy, and to the extent that in any such jurisdiction there shall be attributed such an immunity, Macedonia irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction. Such waiver of immunities constitutes only a limited and specific waiver by the Issuer for the purposes of the Notes and under no circumstances shall it be construed as a general waiver by the Issuer or a waiver with respect to proceedings unrelated to the Notes. The Issuer does not waive any immunity in respect of (a) present or future “premises of the mission” as defined in the Vienna Convention on Diplomatic Regulations signed in 1961, (ii) “consular premises” as defined in the Vienna Convention on Consular Relations signed in 1963, (iii) any other property or assets used solely for official state purposes in the Republic of Macedonia or elsewhere, (iv) military property or military assets of the Republic of Macedonia related thereto, or (v) the natural resources and objects of historical and artistic heritage as referred to in Article 56 of the Constitution of the Republic of Macedonia.

17. Rights of Third Parties

No person who is not a Noteholder has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the Terms and Conditions of the Notes.

FISCAL AGENT, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Citibank, N.A., London
21st Floor
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB

SCHEDULE 3

REGULATIONS CONCERNING THE TRANSFER, EXCHANGE AND REGISTRATION OF THE NOTES

1. The Notes are in a minimum denomination of €50,000 or any amount in excess thereof which is an integral multiple of €1,000 (each, an “**authorised denomination**”). In this Schedule, any reference to “**Note**” or “**Notes**” shall be construed so as to mean, unless the context otherwise requires, any Global Note or Definitive Note.
2. Subject to paragraph 4 below, a Note may be transferred in whole or in part in an authorised denomination by execution of the relevant form of transfer under the hand of the transferor or, where the transferor is a corporation, pursuant to the necessary corporate authorisation for such corporation. Where the form of transfer is executed by an attorney or, in the case of a corporation, pursuant to the necessary corporate authorisation for such corporation, a copy of the relevant power of attorney certified by a financial institution in good standing or a notary public or in such other manner as the Registrar may require or, as the case may be, a certified copy of the appropriate corporate authorisation must be delivered with the form of transfer. In this Schedule, “**transferor**” shall, where the context permits or requires, include joint transferors and shall be construed accordingly.
3. The Note to be transferred or exchanged must be surrendered for registration, together with the form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer) endorsed thereon, duly completed and executed, at the specified office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or, as the case may be, the relevant Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the form of transfer. The signature of the person effecting a transfer or exchange of a Note shall conform to any list of duly authorised specimen signatures supplied by the holder of such Note or be certified by a financial institution in good standing, notary public or in such other manner as the Registrar or such Transfer Agent may require.
4. No Noteholder may require the transfer of a Note to be registered during the period of three business days (for so long as the Notes are represented by the Global Notes) and 15 calendar days (if the Notes are represented by Definitive Notes in definitive form), in each case ending on the due date for any payment of principal or interest in respect of such Note.
5. The executors or administrators of a deceased holder of any Notes (not being one of several joint holders), and, in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders, shall be the only persons recognised by Macedonia as having any title to such Notes.
6. Any person becoming entitled to any Notes in consequence of the death or bankruptcy of the holder of such Notes may, upon producing such evidence that he holds the position in respect of which he proposes to act under this paragraph or of his title as the Registrar or the relevant Transfer Agent shall require (including legal opinions), become registered himself as the holder of such Notes or, subject to the provisions of these Regulations, the Notes and the Conditions as to transfer, may transfer such Notes. Macedonia, the Transfer Agents, the Registrar and the Paying Agent shall be at liberty to retain any amount payable upon the Notes to which any person is so entitled until such person shall be registered as aforesaid or shall duly transfer the relevant Notes.

7. Unless otherwise required by him and agreed by Macedonia, the holder of any Notes shall be entitled to receive only one Definitive Note in respect of his holding.
8. The joint holders of any Note shall be entitled to one Definitive Note only in respect of their joint holding which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the Register in respect of the joint holding.
9. Where there is more than one transferee (to hold other than as joint holders), separate forms of transfer (obtainable from the specified office of the Registrar or any Transfer Agent) must be completed in respect of each new holding.
10. Where a holder of Notes represented by a Definitive Note has transferred part only of Notes comprised therein, there shall be delivered to that holder a Definitive Note in respect of the balance of such holding, provided that neither the part transferred nor the balance not transferred shall be other than in an authorised denomination.
11. Macedonia, the Transfer Agents and the Registrar shall, save in the case of the issue of replacement Notes pursuant to Condition 6, make no charge to the holders for the registration of any holding of Notes or any transfer thereof or for the issue of any Notes or for the delivery thereof at the specified office of any Transfer Agent or the Registrar or by uninsured post to the address specified by the holder, but such registration transfer, issue or delivery shall be effected against such indemnity from the holder or the transferee thereof as the Registrar or the relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such registration, transfer, issue or delivery.
12. Provided a transfer of a Note is duly made in accordance with all applicable requirements and restrictions upon transfer and the Note(s) transferred are presented to a Transfer Agent or the Registrar in accordance with the Fiscal and Paying Agency Agreement and these Regulations and subject to unforeseen circumstances beyond the control of such Transfer Agent or the Registrar arising, such Transfer Agent or the Registrar will, within five business days of the request for transfer being duly made, deliver at its specified office to the transferee or despatch by uninsured post (at the request and risk of the transferee) to such address as the transferee entitled to the Notes represented by such Definitive Note may have specified, a Definitive Note in respect of which entries have been made in the Register, all formalities complied with and the name of the transferee completed on the Definitive Note by or on behalf of the Registrar; and for the purposes of this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which commercial banks are open for business (including dealings in foreign currencies) in the cities in which the Registrar and any such Transfer Agent have their respective specified offices.
13. Notwithstanding any provision to the contrary herein, so long as a Global Note remains outstanding and is held by or on behalf of Euroclear and/of Clearstream, Luxembourg, transfers, exchanges or replacements of that Global Note. in whole or in part, shall only be made in accordance with the legend relating to Euroclear and/or Clearstream, Luxembourg set out thereon.
14. Transfer of Notes may not take place between, on the one hand, a holder of a Definitive Note issued in exchange for a beneficial interest in an exchanged Global Note and, on the other hand, a purchaser wishing to purchase a beneficial interest in the other Global Note.

SCHEDULE 4

PROVISIONS FOR MEETINGS OF NOTEHOLDERS

1 INTERPRETATION

In this Schedule:

- (a) references to a meeting are to a meeting of Noteholders and include, unless the context otherwise requires, any adjournment;
- (b) “**agent**” means a holder of a voting certificate or a proxy for, or representative of, a Noteholder;
- (c) “**block voting instruction**” means an instruction issued in accordance with paragraph 4;
- (d) “**voting certificate**” means a certificate issued in accordance with paragraphs 4 and 7;
- (e) references to persons representing a proportion of the Notes are to Noteholders or agents holding or representing in the aggregate at least that proportion in principal amount of the Notes for the time being outstanding.

2 POWERS OF MEETINGS

(a) Meetings of Noteholders

Noteholders may convene meetings to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Conditions (having been approved by the Republic) or any provisions of the Fiscal and Paying Agency Agreement. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided however, that any proposals relating to a Reserved Matter (as defined below) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than 75 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting, 25 per cent. in principal amount of the Notes for the time being outstanding, form a quorum. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The holders of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each €1,000 in principal amount of Notes for which the relevant Global Note may be exchanged.

(b) **Extraordinary Resolution**

“**Extraordinary Resolution**” means:

- (i) in relation to any Reserved Matter:
 - (A) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Fiscal and Paying Agency Agreement by a majority consisting of not less than 75 per cent. of the outstanding principal amount of the Notes for the time being outstanding; or
 - (B) a resolution in writing signed by or on behalf of holders of not less than 75 per cent. of the outstanding principal amount of the Notes for the time being outstanding.
- (ii) in relation to any other matter:
 - (A) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Fiscal and Paying Agency Agreement by a majority consisting of not less than 66.67 per cent. of the outstanding principal amount of the Notes for the time being outstanding; or
 - (B) a resolution in writing signed by or on behalf of holders of not less than 66.67 per cent. of the outstanding principal amount of the Notes for the time being outstanding.

(c) **Reserved Matter**

“**Reserved Matter**” means any proposal to:

- (i) change any date, or the method of determining the date, fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment;
- (ii) effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Republic or any other person or body corporate formed or to be formed;
- (iii) reduce or cancel the principal amount of the Notes;
- (iv) vary the currency or place of payment in which any payment in respect of the Notes is to be made;
- (v) amend the status of Notes under Condition 2;

- (vi) amend the obligation of the Republic to pay additional amounts under Condition 8;
 - (vii) amend the Events of Default set out in Condition 9;
 - (viii) amend the law governing the Notes, the courts to the jurisdiction to which the Republic has submitted in the Notes, the Republic's obligation to maintain an agent for service of process in England or the Republic's waiver of immunity, in respect of actions or proceedings brought by any Noteholder set out in Condition 16;
 - (ix) modify the provisions contained in the Fiscal and Paying Agency Agreement concerning the quorum required at any meeting of the Noteholders or any adjournment thereof or concerning the majority required to pass an Extraordinary Resolution or the percentage of votes required for the taking of any action;
 - (x) change the definition of "Extraordinary Resolution" or "outstanding" in the Conditions and/or Fiscal and Paying Agent Agreement;
 - (xi) instruct any Noteholder or committee appointed on behalf of all Noteholders pursuant to Condition 12.4 to withdraw, settle or compromise any proceeding or claim being asserted pursuant to Condition 9;
 - (xii) confer upon any committee appointed pursuant to Condition 12.4 any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution; or
 - (xiii) amend this definition.
- (d) **Noteholders' Representative Committee**
- (i) **Appointment:** The Noteholders may, by a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Fiscal and Paying Agency Agreement by a majority of at least 50 per cent. in aggregate principal amount of the Notes then outstanding, or by notice in writing to the Republic (with a copy to the Fiscal Agent) signed by or on behalf of the holders of at least 50 per cent. in aggregate principal amount of the Notes then outstanding, appoint any persons as a committee to represent the interests of the Noteholders if any of the following events shall have occurred:
 - (A) an Event of Default;
 - (B) any event or circumstance which would, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default; or
 - (C) any public announcement by the Republic, to the effect that the Republic is seeking or intends to seek a restructuring of

the Notes (whether by amendment, exchange offer or otherwise).

provided, however, that no such appointment shall be effective if the holders of more than 25 per cent. of the aggregate principal amount of the outstanding Notes have either (A) objected to such appointment by notice in writing to the Republic (with a copy to the Fiscal Agent) during a specified period following notice of the appointment being given (if such notice of appointment is made by notice in writing to the Republic) where such specified period shall be either 30 days or such other longer or shorter period as the committee may, acting in good faith, determine to be appropriate in the circumstances, or (B) voted against such resolution at a meeting of Noteholders duly convened and held in accordance with the Fiscal and Paying Agency Agreement. Such committee shall if appointed by notice in writing to the Republic, give notice of its appointment to all Noteholders in accordance with Condition 14 (Notices) as soon as practicable after the notice is delivered to the Republic.

- (ii) **Powers:** Such committee in its discretion may, among other things, (i) engage legal advisers and financial advisers to assist it in representing the interests of the Noteholders, (ii) adopt such rules as it considers appropriate regarding its proceedings and (iii) enter into discussions with the Republic and/or other creditors of the Republic. The Republic shall pay any reasonably incurred fees and expenses of any such committee (including, without limitation, the fees and expenses of the committee's legal advisers and financial advisers, if any) within 30 days of the delivery to the Republic of a reasonably detailed invoice and supporting documentation.

(e) **Outstanding Notes**

For the purposes of (i) ascertaining the right to attend and vote at any meeting of Noteholders and (ii) Condition 9 (Events of Default), Condition 12(f) (Meetings of Noteholders; Modification) and Schedule 4 (Provisions for Meetings of Noteholders) to the Fiscal and Paying Agency Agreement, those Notes (if any) which are for the time being held by or on behalf of Macedonia or any Agency shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

3 **CONVENING A MEETING**

- (a) The Republic may at any time convene a meeting. If it receives a written request by Noteholders holding at least 10 per cent in principal amount of the Notes for the time being outstanding and is indemnified to its satisfaction against all costs and expenses, the Republic shall convene a meeting. Every meeting shall be held at a time and place approved by the Fiscal Agent.
- (b) At least 21 days' notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Noteholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of meeting and the

nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives, obtain voting certificates and use block voting instructions and the details of the time limits applicable.

4 ARRANGEMENTS FOR VOTING

If a holder of a Note wishes to obtain a voting certificate in respect of it for a meeting, he must deposit it for that purpose at least 48 hours before the time fixed for the meeting with a Paying Agent or to the order of a Paying Agent with a bank or other depositary nominated by the Paying Agent for the purpose. The Paying Agent shall then issue a voting certificate in respect of it.

- (a) A voting certificate shall:
 - (i) be a document in the English language;
 - (ii) be dated;
 - (iii) specify the meeting concerned and the serial numbers of the Notes deposited; and
 - (iv) entitle, and state that it entitles, its bearer to attend and vote at that meeting in respect of those Notes.
- (b) Once a Paying Agent has issued a voting certificate for a meeting in respect of a Note, it shall not release the Note until either:
 - (i) the meeting has been concluded;
 - (ii) the voting certificate has been surrendered to the Paying Agent; or
 - (iii) If a holder of a Note wishes the votes attributable to it to be included in a block voting instruction for a meeting, then, at least 48 hours before the time fixed for the meeting, (i) he must deposit the Note for that purpose with a Paying Agent or to the order of a Paying Agent with a bank or other depositary nominated by the Paying Agent for the purpose and (ii) he or a duly authorised person on his behalf must direct the Paying Agent how those votes are to be cast. The Paying Agent shall issue a block voting instruction in respect of the votes attributable to all Notes so deposited.
- (c) A block voting instruction shall:
 - (i) be a document in the English language;
 - (ii) be dated;
 - (iii) specify the meeting concerned;
 - (iv) list the total number and serial numbers of the Notes deposited, distinguishing with regard to each resolution between those voting for and those voting against it;

- (v) certify that such list is in accordance with Notes deposited and directions received as provided in paragraphs 8, 11 and 14; and
 - (vi) appoint a named person (a “**proxy**”) to vote at that meeting in respect of those Notes and in accordance with that list.
- (d) A proxy need not be a Noteholder.
- (i) Once a Paying Agent has issued a block voting instruction for a meeting in respect of the votes attributable to any Notes;
 - (ii) it shall not release the Notes, except as provided in paragraph 11, until the meeting has been concluded; and
 - (iii) the directions to which it gives effect may not be revoked or altered during the 48 hours before the time fixed for the meeting.
- (e) If the receipt for a Note deposited with a Paying Agent in accordance with paragraph (h) is surrendered to the Paying Agent at least 48 hours before the time fixed for the meeting, the Paying Agent shall release the Note and exclude the votes attributable to it from the block voting instruction.
- (f) Each block voting instruction shall be deposited at least 24 hours before the time fixed for the meeting at the specified office of the Fiscal Agent or such other place as the Republic shall designate or approve, and in default it shall not be valid unless the chairman of the meeting decides otherwise before the meeting proceeds to business. If the Republic requires, a notarially certified copy of each block voting instruction shall be produced by the proxy at the meeting but the Republic need not investigate or be concerned with the validity of the proxy’s appointment.
- (g) A vote cast in accordance with a block voting instruction shall be valid even if it or any of the Noteholders’ instructions pursuant to which it was executed has previously been revoked or amended, unless written intimation of such revocation or amendment is received from the relevant Paying Agent by the Fiscal Agent at its specified office (or such other place as may have been specified by the Republic for the purpose) or by the chairman of the meeting in each case at least 24 hours before the time fixed for the meeting.
- (h) No Note may be deposited with or to the order of a Paying Agent at the same time for the purposes of both paragraph (e) and paragraph (h) for the same meeting.

5 CHAIRMAN

- (a) The Chairman of a meeting shall be such person as the Republic may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders or agents present shall choose one of their number to be chairman, failing which the Republic may appoint a chairman.

- (b) The chairman may, but need not, be a Noteholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.
- (c) No one else may attend or speak.

6 ATTENDANCE

- (a) The following may attend and speak at a meeting:
 - (i) Noteholders and agents;
 - (ii) the chairman;
 - (iii) the Republic and the Fiscal Agent (through their respective representatives) and their respective financial and legal advisers.
- (b) No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.
- (c) The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph or paragraph 18.
- (d) At least 10 days' notice of a meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

7 VOTING

- (a) Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Republic or one or more persons representing two per cent of the Notes.
- (b) Unless a poll is demanded a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.
- (c) If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for

a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

- (d) A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.
- (e) On a show of hands every person who is present in person and who produces a Note or a voting certificate or is a proxy has one vote. On a poll every such person has one vote for each €1,000 principal amount of Notes so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.
- (f) In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

8 EFFECT AND PUBLICATION OF AN EXTRAORDINARY RESOLUTION

An Extraordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Republic shall give notice of the passing of an Extraordinary Resolution to the Noteholders within 14 days but failure to do so shall not invalidate the resolution.

9 MINUTES

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

SIGNATORIES

THE REPUBLIC OF MACEDONIA ACTING THROUGH ITS MINISTRY OF FINANCE as Issuer

By: Nikola Popovski

CITIBANK, N.A., LONDON as Fiscal Agent, Registrar, Principal Paying Agent and Transfer Agent

By: