



Mreža za afirmaciju nevladinog sektora - MANS

Dalmatinska 188, 81000 Podgorica, Crna Gora
Tel/fax: +382 20 266 326; 266 327; +382 69 446 094
mans@t-com.me, www.mans.co.me

Crna Gora
MINISTARSTVO FINANSIJA
PODGORICA

Primljeno:			
05 07 2019			
Org. jed.	Broj	Prilog	Vrijednost
01-6	1201		

Ministarstvo finansija

NVO MANS

Broj: 128744
Podgorica, 04.07.2019.

Predmet: Zahtjev za slobodan pristup informacijama

Poštovani,

Molimo Vas da nam na osnovu Zakona o slobodnom pristupu informacijama dostavite KOPIJU ugovora koji je Vlada Crne Gore zaključila sa Credit Suisse bankom 2012. godine za kredit od 150 miliona eura, od kojih je 30 miliona obezbijeđeno zlatom.

Rješenje donešeno po ovom zahtjevu i tražene informacije možete dostaviti putem pošte na adresu Dalmatinska ulica broj 188, 81000 Podgorica ili ih poslati na e-mail adresu spi@mans.co.me.

Podnosilac zahtjeva:

Vanja Čalović Marković

Izvršni direktor NVO MANS



Broj: 01-6-120/2
Podgorica, 18. 7. 2019. godine

Ministarstvo finansija rješavajući po zahtjevu za slobodan pristup informacijama Mreže za afirmaciju nevladinog sektora iz Podgorice broj 19/128744 od 4. 7. 2019. godine, na osnovu člana 30 Zakona o slobodnom pristupu informacijama („Službeni list Crne Gore“, broj 44/12, 30/17), donosi

R J E Š E N J E

I Usvaja se zahtjev Mreže za afirmaciju nevladinog sektora iz Podgorice za pristup informacijama broj 19/128744 od 4. 7. 2019. godine, tako da se dozvoljava pristup informacijama dostavljanjem kopije:

- ugovora koji je Vlada Crne Gore zaključila sa Credit Suisse bankom 2012. godine za kredit od 150 miliona eura, od kojih je 30 miliona obezbijeđeno zlatom.

II Pristup predmetnoj informaciji ostvariće se dostavom fotokopije putem pošte, na adresu podnosioca zahtjeva, a sve nakon dostavljanja dokaza o uplati troškova postupka.

III Troškove postupka, u iznosu od 1,25 €, snosi podnosilac zahtjeva i isti je dužan da ih uplati na žiro - račun Budžeta Crne Gore broj: 832-7133-41 sa naznakom „troškovi postupka za pristup informacijama“.

IV Žalba protiv ovog rješenja ne odlaže njegovo izvršenje.

O b r a z l o ž e n j e

Mreža za afirmaciju nevladinog sektora – MANS iz Podgorice obratio se Ministarstvu finansija zahtjevom za slobodan pristup informacijama broj 19/128744 od 4. 7. 2019. godine, kojim je tražio dostavu kopije:

- ugovora koji je Vlada Crne Gore zaključila sa Credit Suisse bankom 2012. godine za kredit od 150 miliona eura, od kojih je 30 miliona obezbijeđeno zlatom.

Razmatrajući predmetni zahtjev, Ministarstvo finansija je utvrdilo da posjeduje tražene informacije, te da se u dijelu iste opisanom u stavu I dispozitiva rješenja ne nalaze podaci čijim bi se objelodanjivanjem ugrozio neki od interesa iz člana 14 Zakona o slobodnom pristupu informacijama.

Odredbom člana 13 Zakona o slobodnom pristupu informacijama („Službeni list Crne Gore“, broj 44/12, 30/17) propisano je da je organ vlasti dužan da fizičkom ili pravnom licu koje traži pristup informaciji (u daljem tekstu: podnosilac zahtjeva) omogući pristup informaciji ili njenom dijelu koju posjeduje, osim u slučajevima predviđenim ovim zakonom.

Odredbom člana 33 stav 2 citiranog Zakona propisano je da podnosilac zahtjeva snosi troškove postupka za pristup informaciji, koji se odnose na stvarne troškove

organa vlasti radi kopiranja, skeniranja i dostavljanja tražene informacije, u skladu sa propisom Vlade Crne Gore.

Visina troškova postupka određena je odredbom člana 2 stav 1 tačka 1 Uredbe o naknadi troškova u postupku za pristup informacijama („Službeni list Crne Gore“, broj 66/16), na osnovu koje je određeno da troškovi postupka iznose 1,25 €.

Shodno navedenom, odlučeno je kao u dispozitivu ovog rješenja.

PRAVNA POUKA: Protiv ovog rješenja može se izjaviti žalba Agenciji za zaštitu ličnih podataka i slobodan pristup informacijama u roku od 15 dana od dana prijema rješenja. Žalba se predaje ovom organu ili šalje putem pošte.

MINISTAR

Darko Radunović

Dostavljeno:

- Podnosiocu zahtjeva
- U spise predmeta
- a/a



Dated 10 April 2012

**MONTENEGRO
(ACTING THROUGH ITS MINISTRY OF FINANCE)**

and

CREDIT SUISSE SECURITIES (EUROPE) LIMITED

**SUBSCRIPTION AGREEMENT RELATING
TO
EUR 30,000,000
SECURED FLOATING RATE
NOTES DUE 2017**

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THIS AGREEMENT is made on 10 April 2012

BETWEEN:

- (1) **MONTENEGRO** (acting through its Ministry of Finance) (the "**Issuer**"); and
- (2) **CREDIT SUISSE SECURITIES (EUROPE) LIMITED** as lead manager (the "**Lead Manager**").

WHEREAS:

- (A) The Issuer has authorised the creation and issue of EUR 30,000,000 in aggregate principal amount of Secured Floating Rate Notes due 2017 (the "**Notes**", which expression, where the context so admits, shall include the global note (the "**Global Note**") in registered form and any Note Certificate (a "**Note Certificate**") in registered form for which interests in the Global Note may be exchanged). The Notes will be sold in offshore transactions in reliance on Regulation S under the Securities Act (as defined in Clause 1 (*Definitions*) below). The terms of the Notes are set out in the Fiscal Agency Agreement referred to below.
- (B) The Notes will be in registered form and will be subject to and have the benefit of a deed of covenant to be dated on or around 11 April 2012 (the "**Deed of Covenant**") of the Issuer and an account pledge agreement over, *inter alia*, a gold account held by the Issuer with Credit Suisse AG executed by the Issuer in favour of Wilmington Trust (London) Limited as security agent (the "**Security Agent**") and dated on or around 11 April 2012 (the "**Account Pledge Agreement**"). Payments on the Notes will be made on behalf of the Issuer by the fiscal agent appointed under a fiscal agency agreement to be dated on or around 11 April 2012 (the "**Fiscal Agency Agreement**") between the Issuer and the fiscal agent, the calculation agent, the registrar and the paying and transfer agent(s) named therein (collectively, the "**Agents**"). This Agreement, the Deed of Covenant, the Security Documents (as defined below), the Fiscal Agency Agreement, the Security Agreement (as defined below), the Participation Deed (as defined below) and the Fee Letter (as defined in Clause 1 (*Definitions*) below) are together referred to herein as the "**Documents**".

IT IS AGREED as follows:

1. DEFINITIONS

1.1 In this Agreement the following expressions have the following meanings:

"**Authorisation**" means an authorisation, consent, Governmental Approval, any other approval, resolution, licence, clearance, order, exemption, filing, notarisation, decree or registration.

"**Business Day**" means a day which is a day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and which is also a day (other than a Saturday or Sunday) on which banks are open for general business in Podgorica (Montenegro) and a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System, or any successor thereto is open.

"**Closing Date**" means the date which is expected to be 11 April 2012 at 1200 hours (Central European time) or such other date, not being later than ten Business Days after the signing of this Agreement, as the Issuer and the Lead Manager may agree.

"**Conditions**" has the meaning given to that term in the Fiscal Agency Agreement.

"**euro**", "**€**" or "**EUR**" means the single currency of Participating Member States.

"**Fee Letter**" means the letter dated on or about the date of this Agreement between the Lead Manager and the Issuer setting out the Management Commission.

"**FSMA**" means the Financial Services and Markets Act 2000.

"**Governmental Approval**" means any action, decision or legal act necessary or required by the Law on Budget ("Official Journal of the Republic of Montenegro" nos. 40/01, 44/01, 28/04 and 71/05, "Official Journal of Montenegro" nos. 12/07, 73/08, 53/09, 46/10 and 49/10); Law on Budget of Montenegro for 2012 ("Official Journal of Montenegro" no. 66/11), Law on Securities ("Official Journal of the Republic of Montenegro" nos. 59/00, 10/01, 43/05 and 28/06, "Official

Journal of Montenegro" nos. 53/09, 73/10 and 40/11) or by other legal acts of Montenegro and/or any applicable law:

- (A) for the execution, delivery or admissibility in evidence in England, Montenegro and Switzerland of this Agreement, any other Document or any Note;
- (B) to render this Agreement, any other Document or any Note legal, valid, binding and enforceable against the Issuer;
- (C) to enable the Issuer to create and issue the Notes;
- (D) to enable the Issuer to waive its sovereign immunity in accordance with the Documents and the Notes;
- (E) to enable the Issuer to enter into the transactions contemplated by this Agreement, any other Document or any Note;
- (F) to enable the Issuer to make payments under this Agreement, any other Document or any Note; and
- (G) to enable the Issuer to exercise its rights and to perform its obligations under any Document or any Note (including, without limitation, the making of any payment or the transfer or remittance of any funds).

"International Monetary Assets" has the meaning given to that term in Condition 6 (*Definitions*).

"Issue Price" means the issue price of 100 per cent. of the principal amount of the Notes.

"Management Commission" means a combined underwriting, management and selling commission referred to in Clause 4.1 (*Commission*).

"Material Adverse Effect" means the effect of any event or circumstance which has a material and adverse effect on:

- (A) or is or is reasonably likely to be materially prejudicial to, the financial condition of the Issuer;
- (B) the ability of the Issuer to pay or repay amounts which are or will become outstanding or to perform any other material obligation of the Issuer under this Agreement, any other Document or the Notes; or
- (C) the validity or enforceability of any Document or the Notes or any Security purported to be created by any Document.

"OFAC" means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Participating Member State" means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with the legislation of the European Union relating to Economic and Monetary Union.

"Participation Deed" means the participation deed dated on or around 11 April 2012 between Credit Suisse International and the Issuer.

"Private Placement Memorandum" means the private placement memorandum prepared by the Issuer dated 10 April 2012.

"Public Indebtedness" means any indebtedness of the Issuer which (a) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument, (b) is, or was intended by the issuer thereof to be at the time such indebtedness was issued, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any automated trading system or over-the-counter market) and (c) has a maturity date falling more than one year after its issue date.

"Regulation S" means Regulation S under the Securities Act.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Security Agreement" means a security agreement dated on or around 11 April 2012 between Credit Suisse International, the Security Agent and the Issuer.

"Security Documents" means the Account Pledge Agreement and any other document designated as such in writing by the Issuer and the Lead Manager.

"Subscription Price" means the Issue Price, less:

- (A) the Management Commission (together with any VAT thereon); and
- (B) the amount of costs and expenses which are payable by the Issuer pursuant to Clause 4.2 (*Costs and expenses*) (together with any VAT thereon).

"Taxes" means any taxes, duties, assessments, levies, imposts or governmental charges of whatever nature.

"Transaction Security" means the Security created or expressed to be created in favour of the Security Agent pursuant to or evidenced by the Security Documents.

"VAT" means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

1.2 Other Definitions

Terms used in this Agreement but not defined in this Agreement have the respective meanings given to them in the Conditions.

1.3 Agreed form

Any reference in this Agreement to a document being in "agreed form" means that the document in question has been agreed between the proposed parties thereto, subject to any amendments that the parties may agree prior to the Closing Date.

1.4 Legislation

Any reference in this Agreement to any enacting legislation or provision thereof or to any secondary legislation made thereunder shall be construed as a reference to such primary or secondary legislation as the same may have been, or may from time to time be, amended or re-enacted.

1.5 Headings

Headings and the table of contents are for ease of reference only and shall not affect the interpretation or construction of this Agreement.

1.6 Clauses

Any reference in this Agreement to a Clause is, unless otherwise stated, to a Clause hereof.

1.7 Construction

1.7.1 Unless a contrary indication appears, any reference in this Agreement to:

- (A) "assets" includes present and future properties, revenues and rights of every description;
- (B) the words "include(s)", "including" and "in particular" shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words;
- (C) "indebtedness" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent, secured or unsecured;
- (D) a "person" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;

- (E) a "regulation" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of the European Union or of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and
- (F) "Montenegro" and "Montenegrin" means:
- (1) when used in the definition of "Governmental Approval", any office, ministerial or non-ministerial department, executive agency or other body, whatever its legal form, responsible for the national government or national administration of Montenegro; and
 - (2) at all other times, the Ministry of Finance as a representative of the Montenegrin government, and any other office, ministerial or non-ministerial department, executive agency or other body, whatever its legal form, which is responsible for the raising of finance for or on behalf of Montenegro.

2. SUBSCRIPTION

2.1 Subscription of the Notes

Subject to and in accordance with the provisions of this Agreement, the Issuer agrees to issue the Notes on the Closing Date and the Lead Manager agrees to subscribe for the Notes at the Subscription Price. In consideration of the Lead Manager entering into this Agreement and agreeing to subscribe for the Notes in accordance and subject to the terms of this Agreement, the Issuer will enter into the Participation Deed with the Lead Manager's affiliate Credit Suisse International.

2.2 Private Placement Memorandum

The Issuer confirms that it authorises the Lead Manager to distribute copies of the Private Placement Memorandum in connection with the offering and sale of the Notes, subject to the provisions of Clause 9 (*Lead Manager's Representations, Warranties and Undertakings*).

3. CLOSING

3.1 Issue of Notes

Subject to the provisions of this Agreement, on the Closing Date the Issuer will issue the Notes and deliver to the Lead Manager or its order in such place as the Lead Manager may reasonably require the Global Note duly executed and authenticated in accordance with the Fiscal Agency Agreement.

3.2 Payment

Against such delivery the Lead Manager will subscribe for the Notes at the Subscription Price. Such subscription shall be made by or on behalf of the Lead Manager, in euro in immediately available funds to such euro account as shall be notified by the Issuer to the Lead Manager, evidence of such subscription taking the form of a confirmation from the Lead Manager's paying bank that it has made the relevant payment to the Issuer.

4. COMMISSIONS AND EXPENSES

4.1 Commissions

In consideration of the agreement by the Lead Manager to subscribe for the Notes, the Issuer will pay to the Lead Manager the Management Commission in the amount and at the time specified in the Fee Letter.

4.2 Initial costs and expenses

The Issuer shall, promptly on demand, pay the Lead Manager the amount of all costs and expenses (including legal fees and any applicable VAT) reasonably incurred by the Lead Manager in connection with the negotiation, preparation, printing, administration and execution of any Document and/or the Notes whether or not the subscription and sale of the Notes is completed.

4.3 On-going costs and expenses

In addition, the Issuer shall be responsible for the payment of all costs and expenses in respect of fees and expenses of the Fiscal Agent, the Registrar, the Paying and Transfer Agent, the Calculation Agent as well as the Security Agent and any publication costs for notices under the Conditions, including but not limited to the publication of the Rate of Interest (as defined in the Conditions).

5. NO LISTING

The Notes will not be listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any automated trading system or over-the-counter market).

6. REPRESENTATIONS, WARRANTIES AND INDEMNITY

6.1 Issuer's Representations, etc.

The Issuer represents, warrants and agrees to and with the Lead Manager as follows:

6.1.1 **Status:** It has the power to sue and be sued in its own name and to own and dispose of its assets.

6.1.2 **Binding obligations:**

(A) Subject to Clause 6.1.2(B):

(1) this Agreement has been duly authorised, executed and delivered by the Issuer and constitutes, and each of the other Documents has been duly authorised and executed by the Issuer and on the Closing Date will constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms and each Document is in the proper form for its enforcement in Montenegro; and

(2) (without limiting the generality of Clause 6.1.2(A)(1)), each Security Document creates the Security which that Security Document purports to create and such Security is valid and effective.

(B) References to any obligation or agreement being valid, binding and enforceable shall be construed as being subject to (a) the principle that equitable remedies are remedies which may be granted or refused at the discretion of a court, (b) the limitation of enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors, (to the extent they are applicable to sovereign debtors), and (c) the time barring of claims by statute.

6.1.3 **Issue of Notes:** The issue of the Notes has been duly authorised by the Issuer and the Notes, when authenticated, issued, paid for and delivered, with entries in respect thereof having been duly made in the register maintained in accordance with the Fiscal Agency Agreement, subject to Clause 6.1.2(B), will constitute valid and legally binding obligations of the Issuer enforceable in accordance with their terms.

6.1.4 **Public Procurement:** The issuance of the Notes and the transactions contemplated under the Documents are exempted from the Law on Public Procurement ("Official Journal of Montenegro" no. 42/11).

6.1.5 **Budget:** The issuance of the Notes and the execution, delivery and performance of the Documents is made by the Issuer within the limits and for the purpose(s) permitted under the Law on Budget of Montenegro for 2012; adequate appropriation (*aproprijacija* in Montenegrin) is provided in the annual budget for payments to be made under the Documents and the Notes; and the indebtedness incurred under the Documents and the Notes has been inscribed in the state indebtedness records kept by the Ministry of Finance. The Issuer is permitted under the Law on Budget of Montenegro for 2012 to discharge its obligations under the existing facility agreements as envisaged under Clause 8.1.10 (*Existing financing*).

- 6.1.6 **Private and Commercial Acts:** The execution, delivery and performance by the Issuer of the Documents and the issue and offer of the Notes by the Issuer and the performance of the terms thereof by the Issuer, constitute private and commercial acts done and performed for private and commercial purposes.
- 6.1.7 **Status:** Upon issue, the Notes and the Issuer's obligations under the Notes will constitute secured, direct, general and unconditional obligations of the Issuer, and the Notes will at all times rank *pari passu* among themselves.
- 6.1.8 **No Approvals:** No consents, licences, clearances, approvals, Authorisations, orders, filings, registrations or qualifications of or with any court, governmental agency or regulatory body, save for those listed in Clause 8 (*Conditions Precedent*), are required and all actions or things required to be taken, fulfilled or done in connection with the creation and issue of the Notes, the consummation of the other transactions contemplated by the Documents or the compliance by the Issuer with the Conditions and the Documents, as the case may be, have been, or will on or prior to the Closing Date be, obtained and are, or will on the Closing Date be, unconditional and in full force and effect.
- 6.1.9 **Non-conflict with other obligations:**
The entry into and performance by it of, and the transactions contemplated by, the Documents (including without limitation the creation and issue of the Notes) and the Notes and the granting of the Transaction Security do not and will not conflict with:
- (A) any Authorisation;
 - (B) the constitution of Montenegro;
 - (C) any treaty, law, rule, regulation, judgment, order or decree (whether published or unpublished) applicable to it or any of its properties or assets; or
 - (D) any agreement, mortgage, bond or other undertaking or instrument which is binding upon it or any of its material assets.
- 6.1.10 **Power and authority:** It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Documents and the Notes and the transactions contemplated by those Documents and the Notes.
- 6.1.11 **Validity and admissibility in evidence:**
All Authorisations required:
- (A) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Documents and the Notes; and
 - (B) to make the Documents and the Notes admissible in evidence in Montenegro, have been obtained or effected and are unconditional and in full force and effect.
- 6.1.12 **Securities laws:** Issuance of the Notes and transactions contemplated under the Documents are permissible under the securities laws and regulations of Montenegro and they are not subject to any local regulatory requirements stemming from the Securities Law of Montenegro and secondary regulations pertaining to that law, save for the obligation of the Issuer to notify the Securities and Exchange Commission in accordance with the Article 112g paragraph 3 of the Securities Law of Montenegro both before and after the issue of Notes, which notice the Issuer has duly filed and the Issuer will provide the subsequent notice to the Securities and Exchange Commission within eight days of the date of issue of the Notes.
- 6.1.13 **Submission to jurisdiction:** The Issuer has validly submitted to the jurisdiction of (a) the arbitral tribunal for the purposes of this Agreement as contemplated by Clause 19.2 (*Arbitration*) and for the purposes of the other Documents and the Notes as contemplated by the terms of such Documents and the Notes; and (b) the Commercial Court in Zurich under the terms of the Account Pledge Agreement and the courts as

contemplated by Clause 19.4 (*Jurisdiction*) and by the terms of the other Documents and the Notes.

- 6.1.14 **Enforcement of Judgments:** Under Montenegrin law any judgment against Montenegro of a court in England or the Commercial Court in Zurich, Switzerland or any other court made in connection with Documents and/or the Notes is capable of being enforced in the courts of Montenegro (without retrial or further review of the merits of the case), subject to compliance with the conditions prescribed for recognition and enforcement of judgments of foreign courts under the Law on Conflict of Laws (*Zakon o rešavanju sukoba zakona sa propisima drugih zemalja*, "Official Gazette of SFRJ" Nos. 43/82 and 72/82, and "Official Gazette of SRJ" No. 46/96).
- 6.1.15 **Enforcement of Arbitral Awards:** Any arbitral award made in London under the Rules (as defined in Clause 19.2 (*Arbitration*)) in relation to a Document or a Note will be recognised and enforced in Montenegro without a re-trial or re-examination of the merits of the case.
- 6.1.16 **Recognition of Foreign Law:** The choice of English law as the governing law of the Documents (other than the Account Pledge Agreement) and the Notes and the choice of Swiss law as the governing law of the Account Pledge Agreement is a valid choice of law under the laws of Montenegro and, accordingly, would be applied by the courts of Montenegro if the Documents or any of the Notes or any claim made thereunder is brought before any such court upon proof of the relevant provisions of English or Swiss law (as applicable) and provided that such provisions are not contrary to the public policy of Montenegro; no provision in the Documents or the Notes conflicts with the public policy of Montenegro.
- 6.1.17 **No adverse consequences:**
- (A) It is not necessary under the laws of Montenegro:
- (1) in order to enable the Lead Manager to enforce its rights under any Document or the Notes; or
- (2) by reason of the execution of any Document or the subscription for Notes or the performance by it of its obligations under any Document or any Note,
- that the Lead Manager should be licensed, qualified or otherwise entitled to carry on business in Montenegro.
- (B) The Lead Manager is not or will not be deemed to be resident, domiciled or carrying on business in Montenegro by reason only of the execution, performance and/or enforcement of any Document or the subscription for any Notes.
- 6.1.18 **Taxation:** (A) Payments in respect of the Notes will be made subject to such withholding or deduction for or on account of, Taxes imposed by or on behalf of Montenegro as disclosed in the Private Placement Memorandum and the Issuer is authorised to gross-up for any such withholding or deduction, in accordance with Condition 10 (*Taxation*); (B) the withholding tax pursuant to the Montenegrin Corporate Income Tax Law ("Official Journal of the Republic of Montenegro" nos. 65/2001, 12/2002 and 80/2004, "Official Journal of Montenegro" nos. 40/2008, 86/2009, 73/2010, 40/2011 and 14/2012) applicable to payments of interest in respect of the Notes will not apply to the Notes while they are represented by the Global Note and held by a Common Depositary (as defined in the Fiscal Agency Agreement) on behalf of the relevant clearing systems by reason of the Common Depositary (as defined in the Fiscal Agency Agreement) (as holder of the Global Note) having any connection with Montenegro other than the mere holding of the Global Note; and (C) all other payments by the Issuer under the Documents, may be made free and clear of, and without withholding or making any deduction for or on account of, any Taxes (including all interest penalties or similar liabilities with respect thereto) imposed by or

on behalf of Montenegro or any political subdivision thereof or any authority therein having power to tax.

- 6.1.19 **No filing or stamp taxes:** Under the laws of Montenegro or Switzerland it is not necessary that the Documents or the Notes be filed, recorded or enrolled with any court or other authority in that jurisdiction (other than: (i) notification about the issuance of the Notes to be filed by the Issuer with the Securities and Exchange Commission both prior and after issuance of the Notes, (ii) recording of the indebtedness incurred under the Notes in the state indebtedness records kept by the Ministry of Finance of Montenegro) and (iii) filing of the Account Pledge Agreement and Security Agreement with the institutions referred to in Article 61 of the Law of State Property ("Official Journal of Montenegro" nos. 21/09 and 40/11) or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Documents and the Notes or the transactions contemplated by the Documents or the Notes.
- 6.1.20 **No Event of Default or Mandatory Prepayment Event:**
- (A) No event has occurred or circumstance arisen which, had the Notes already been issued, would (whether or not with the giving of notice and/or passage of time and/or fulfilment of any other requirement) constitute an event described under "Events of Default" in Condition 12 (*Events of Default*).
 - (B) No Mandatory Prepayment Event (as defined in Condition 9(b) (*Mandatory Redemption*)) has occurred and is continuing or might reasonably be expected to result from the issuance of any Notes or the entry into, the performance of, or any transaction contemplated by, any Document or the Notes.
 - (C) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any treaty or any other agreement or instrument which is binding on it or to which its assets are subject which has or would reasonably be expected to have a Material Adverse Effect.
- 6.1.21 **No misleading information:**
- (A) All factual information provided in the Private Placement Memorandum or otherwise by the Issuer or on its behalf to the Lead Manager or its advisers was true, complete and accurate in all material respects as at the date it was provided or stated and is not misleading in any material respect.
 - (B) All expressions of opinion or intention provided by the Issuer or on its behalf were made after careful consideration and were fair and based on reasonable grounds.
 - (C) Nothing has occurred or been omitted from the information provided by the Issuer to the Lead Manager and no information has been given or withheld that results in the information provided by the Issuer to the Lead Manager for the purpose of evaluating whether to enter into this Agreement and/or purchase any Notes being untrue or misleading in any material respect.
 - (D) Any financial projection or forecast contained, or referred to, in any information or document provided by the Issuer or on its behalf to the Lead Manager (including in any government budget projection and/or financing plan) has been prepared on the basis of recent historical information and on the basis of reasonable assumptions and was fair (as at the date of the relevant information or document containing the projection or forecast was provided or stated) and arrived at after careful consideration.
- 6.1.22 **Directed Selling Efforts:** Neither the Issuer nor any of its affiliates (as defined in Rule 405 under the Securities Act) nor any persons acting on its or their behalf (other than the Lead Manager, or any of its affiliates, or any person acting on behalf of any of

- them, as to whom the Issuer makes no representation) have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes.
- 6.1.23 **Full Faith and Credit:** The full faith and credit of the Issuer has been pledged for the due and punctual payment of the principal of and interest on the Notes and the performance of its obligations thereunder.
- 6.1.24 **OFAC/European Union measures:** None of the Issuer nor, to the best of the Issuer's knowledge, any officer, agent or employee of the Issuer is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (the "OFAC Regulations") or any equivalent European Union measure, and the Issuer covenants and agrees that it will not directly or indirectly use the proceeds of the offering of the Notes hereunder, or lend, contribute or otherwise make available such proceeds to any person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC (including persons listed on the Specially Designated Nationals List) or any equivalent European Union measure.
- 6.1.25 **No breach of laws:** It has not breached any law or regulation (whether such breach is of the laws of Montenegro, the laws of any other state or public international law or otherwise) which breach has or is reasonably likely to have a Material Adverse Effect.
- 6.1.26 **No Security:**
- (A) The execution by it of the Documents to which it is a party, the creation and issue of the Notes and the exercise of its rights and the performance of its obligations under those Documents or any Notes will not result in the creation of, or any obligation to create, any Security over or in respect of any of its assets other than under the Transaction Security.
- (B) No Security exists over the International Monetary Assets of the Issuer or any part thereof other than Transaction Security and except for the security granted in respect of the existing financing being repaid as contemplated by Clause 8.1.10.
- 6.1.27 **Ranking of Security:** The Transaction Security has or will have first ranking priority and it is not subject to any prior ranking or *pari passu* ranking Security.
- 6.1.28 **Legal and beneficial ownership:** It is the sole legal and beneficial owner of the assets over which it purports to grant Security.
- 6.1.29 **No Immunity:** Under the laws of Montenegro, pursuant to Clause 20 (*Waiver of Immunity*) and pursuant to the equivalent provisions of the other Documents and the Notes, the Issuer has validly waived sovereign immunity and in any proceedings taken in Montenegro, England, Switzerland and elsewhere (to the extent that under applicable laws (other than the laws of Montenegro, England and Switzerland) the Issuer is able to waive its sovereign immunity in such other jurisdiction) in relation to the Documents and the Notes, it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.
- 6.1.30 **No proceedings pending or threatened:** No litigation, arbitration, judicial or administrative proceedings of or before any court, arbitral body or agency have (to the best of its knowledge and belief) been started or threatened against the Issuer other than any such litigation, arbitration, judicial or administrative proceedings which could not reasonably be expected to result in a Material Adverse Effect.
- 6.1.31 **No Material Adverse Effect:** No event or circumstance has occurred and is continuing which has had a Material Adverse Effect.
- 6.1.32 **International Monetary Fund:** Montenegro is a member in good standing and eligible to use the resources of the International Monetary Fund.
- 6.1.33 **International Monetary Assets:** It has and may exercise full rights of ownership in respect of, the International Monetary Assets of Montenegro and the Central Bank of

Montenegro has and may exercise full authority, power and control in respect of the International Monetary Assets of Montenegro in accordance with the Law on the Central Bank of Montenegro ("Official Journal of Montenegro" nos. 40/40 and 46/10).

6.2 Repetition

The representations and warranties contained in Clause 6.1 (*Issuer's Representations, etc.*) shall be deemed to be repeated (with reference to the facts and circumstances then subsisting) on each date from the date hereof to the Closing Date (inclusive).

6.3 Indemnity

6.3.1 Without prejudice to the other rights or remedies of the Lead Manager, the Issuer undertakes to the Lead Manager that if the Lead Manager or any of its affiliates, officers, directors, employees, agents or controlling persons (within the meaning of Section 15 of the Securities Act and Section 20 of the United States Securities Exchange Act of 1934, as amended) (together with the Lead Manager, each a "Relevant Party") incurs any liability, damages, claim or loss (a "Loss") arising out of, in connection with or based on:

- (A) **Misrepresentation:** any untrue statement or alleged (other than an allegation made by any Relevant Party) untrue statement of fact contained in the Private Placement Memorandum; or
- (B) **Omissions:** any omission or alleged (other than an allegation made by any Relevant Party) omission to state in the Private Placement Memorandum a fact necessary to make the statements in the Private Placement Memorandum, in the light of the circumstances under which they are made, not misleading in any respect; or
- (C) **Breach:** any breach or alleged (other than an allegation made by any Relevant Party) breach by the Issuer of any of the representations, warranties, undertakings and agreements contained in, or deemed to be made pursuant to, this Agreement (including, without limitation, the failure by the Issuer to issue the Notes),

the Issuer shall pay to the Lead Manager on demand an amount equal to such Loss and all costs, charges and expenses reasonably incurred which the Lead Manager or Relevant Party may pay or incur in connection with investigating, disputing or defending any such action or claim as such costs, charges and expenses are incurred. The Lead Manager shall not have any duty or obligation, whether as fiduciary or trustee for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this Clause 6.3 (*Indemnity*).

6.3.2 **Notification and Liability for Defence Expense:** If any action shall be brought against any Relevant Party in respect of which recovery may be sought from the Issuer under this Clause 6.3 (*Indemnity*), the Lead Manager shall notify the Issuer promptly in writing but failure to so notify the Issuer will not relieve the Issuer from any liability under this Agreement. The Issuer may (subject to Clause 6.3.3 (*Assumption of Defence*)) participate in the defence of any action at its own expense.

6.3.3 **Assumption of Defence:** If the Issuer so elects (and provided that such election is made within a reasonable time after receipt of the notice referred to in Clause 6.3.2 (*Notification and Liability for Defence Expense*)) the Issuer may assume the defence of an action and appoint legal advisers chosen by it and approved by the Relevant Party (such approval not to be unreasonably withheld or delayed). Notwithstanding such election, a Relevant Party may engage separate legal advisers if:

- (A) the use of the legal advisers chosen by the Issuer to represent the Relevant Party would present such legal advisers with an actual or potential conflict of interest;

- (B) the actual or potential defendants in, or targets of, any such action include the Relevant Party and the Issuer and the Relevant Party concludes that there may be legal defences available to it and/or other Relevant Parties which are different from or additional to those available to the Issuer;
- (C) the Issuer has not engaged legal advisers satisfactory to the Relevant Party to represent the Relevant Party within a reasonable time after notice of the commencement of such action is given to the Issuer in accordance with Clause 6.3.2 (*Notification and Liability for Defence Expense*); or
- (D) the Issuer authorises the Relevant Party to engage separate legal advisers at the expense of the Issuer.

If the Issuer assumes the defence of the action, the Issuer shall not be liable for any fees and expenses of legal advisers of the Relevant Party incurred thereafter in connection with the action, except as may be incurred by the Relevant Party on engaging separate legal advisers pursuant to paragraphs (A) to (D) of Clause 6.3.3 (*Assumption of Defence*).

6.3.4 **Settlement:** The Issuer shall not, without the prior written consent of the Relevant Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or action in respect of which recovery may be sought pursuant to this Clause 6.3 (*Indemnity*) (whether or not any Relevant Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each Relevant Party from all liability arising out of such claim or action and does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of the Relevant Party.

7. COVENANTS OF THE ISSUER

The Issuer undertakes with the Lead Manager that:

7.1 Stamp Taxes

The Issuer will pay any stamp, registration, documentary or other Taxes (including interest and penalties) payable in the United Kingdom, Montenegro, Switzerland, Belgium or Luxembourg on or in connection with the issue or offering of the Notes or the execution or delivery of, or in respect of, the Documents or the Notes.

7.2 Value added tax

7.2.1 All amounts set out, or expressed to be payable under this Agreement or the Fee Letter by the Issuer to the Lead Manager which (in whole or in part) constitute the consideration for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply, and accordingly, subject to Clause 7.2.2 below, if VAT is chargeable on any supply made by the Lead Manager to the Issuer under any such Document, the Issuer shall pay to the Lead Manager (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT (and the Lead Manager shall promptly provide an appropriate VAT invoice to the Issuer).

7.2.2 Where this Agreement or the Fee Letter requires the Issuer to reimburse the Lead Manager for any costs or expenses, the Issuer shall also at the same time pay and indemnify the Lead Manager against all VAT incurred by the Lead Manager in respect of such costs or expenses.

7.3 Other Taxes

All payments by the Issuer pursuant to this Agreement and the Fee Letter shall be made free and clear of, and without withholding or deduction for, any Taxes imposed, levied, collected, withheld or assessed by or within Montenegro or any political subdivision thereof or any authority therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Lead Manager of such amounts as would have been received by it if no such withholding or deduction had been required.

7.4 Delivery of Private Placement Memorandum

The Issuer will deliver to the Lead Manager, without charge, on the date of this Agreement and hereafter from time to time as requested, such number of copies of the Private Placement Memorandum (and any supplements and amendments thereto and replacements thereof) as the Lead Manager may reasonably request.

7.5 Announcements

Between the date of this Agreement and the Closing Date (both dates inclusive), the Issuer shall not, without the prior approval of the Lead Manager (such approval not to be unreasonably withheld) make any public announcement which would reasonably be expected to (in the opinion of the Lead Manager) have an adverse effect on the marketability of the Notes.

7.6 Clear Market

During the period from (and including) the date of this Agreement to (and including) the date falling 10 days after the date of this Agreement, the Issuer shall not announce, enter into discussions to raise, raise or attempt to raise any other finance in the international or any relevant domestic loan, debt, bank or capital market(s) (including, but not limited to, any bilateral or syndicated facility, bond or note issuance or private placement and any refinancing or restructuring of any of the foregoing) (other than with, or underwritten by, the Lead Manager) without the prior written consent of the Lead Manager.

7.7 Notification

The Issuer will notify the Lead Manager promptly of any material change affecting any of its representations, warranties, agreements and indemnities in this Agreement at any time prior to payment being made to the Issuer on the Closing Date and take such steps as may be reasonably requested by the Lead Manager to remedy and/or publicise this.

7.8 Definitive Note Certificates

The Issuer will use all reasonable endeavours to make such arrangements satisfactory to the Lead Manager as it can to ensure that the definitive Note certificates are printed and issued to the extent required by the Fiscal Agency Agreement.

7.9 Use of Proceeds

The Issuer will use the net proceeds as described in "Use of Proceeds" in the Private Placement Memorandum.

7.10 Directed Selling Efforts

Neither the Issuer nor any of its affiliates (as defined in Rule 405 under the Securities Act), nor any person acting on its or their behalf (other than the Lead Manager, or any of its affiliates, or any person acting on behalf of any of them, as to whom the Issuer makes no representation) will engage in any "directed selling efforts" (as defined in Regulation S) with respect to the Notes.

7.11 OFAC

The Issuer will ensure that the proceeds raised in connection with the issue of the Notes will not directly or indirectly be lent, contributed or otherwise made available to any person or entity (whether or not related to the Issuer) for the purposes of financing the activities of any person or for the benefit of any country currently subject to any U.S. sanctions administered by OFAC or any equivalent European Union measure.

8. CONDITIONS PRECEDENT

8.1 The Lead Manager shall only be under obligation to subscribe for the Notes if the following conditions precedent are fulfilled:

8.1.1 *Closing Documents:* The Notes, the Deed of Covenant, the Fiscal Agency Agreement, the Participation Deed, the Account Pledge Agreement, the Security Agreement and the Fee Letter, each in the agreed form, shall have been executed by all parties thereto on or prior to the Closing Date.

- 8.1.2 **Security related documents:** On or prior to the Closing Date, there shall have been delivered to the Lead Manager (in each case in form and substance satisfactory to the Lead Manager):
- (A) A certified copy of any notices, acknowledgements or documents required to be given or executed under the terms of the Account Pledge Agreement (including, for the avoidance of doubt, an acknowledgement of the notice of pledge signed by and a "signature rights card" from the Account Bank (as defined in the Account Pledge Agreement) to the Security Agent);
 - (B) A certified copy of the duly signed and dated general terms and conditions of the account opened by the Issuer with Credit Suisse AG setting out the terms of the gold deposit;
 - (C) A certified copy of an account balance certificate from Credit Suisse AG showing that the account opened by the Issuer with Credit Suisse AG has a credit balance of at least 38,477.69 fine troy ounces of gold (fineness and form complying with the standards of the London Bullion Market Association); and
 - (D) Copies of confirmations from institutions referred in Article 61 of the Law on State Property (Official Gazette of Montenegro no. 21/09 and 40/11) of Montenegro that the Account Pledge Agreement has been duly filed with such institutions as required by Article 61 of such law, within 15 days as of signing of the Account Pledge Agreement.
- 8.1.3 **Legal Opinions:** On or prior to the Closing Date, there shall have been delivered to the Lead Manager opinions, each in the agreed form, dated the Closing Date, of:
- (A) Herbert Smith LLP, legal advisers to the Lead Manager as to English law;
 - (B) Harrison's Solicitors, legal advisers to the Lead Manager as to Montenegrin law;
 - (C) Froriep Renggli LLP, legal advisers to the Security Agent and the Lead Manager as to Swiss law; and
 - (D) the Protector of the Property – Legal Interests of Montenegro as to certain matters relevant to the Issuer and the issue of the Notes by the Issuer under Montenegrin law.
- 8.1.4 **Authorisations:** On or prior to the Closing Date, there having been delivered to the Lead Manager a copy (in form and substance satisfactory to the Lead Manager), certified by a duly authorised signatory of the Issuer, of:
- (A) the Decision (*odluka* in Montenegrin) of the Government of Montenegro signed by the Prime Minister (i) approving (*inter alia*) the total indebtedness to be incurred by the Issuer under the Documents and the Notes by issuance of eurobonds (*euroobveznice* in Montenegrin) (including principal of EUR 30,000,000, interest and all associated fees, costs, expenses and indemnities) for the purposes permitted under the Law on Budget of Montenegro for 2012, (ii) authorising the execution of the Documents, the issue of the Notes by way of a private (closed) emission abroad and the entry into and performance of the transactions contemplated hereby and thereby, (iii) authorising the Minister of Finance of Montenegro to sign the Documents and the Notes on behalf of the Issuer, and (iv) containing all other necessary and/or customary elements, with the evidence of such decision being announced in the "Official Journal of Montenegro" and becoming effective; and
 - (B) the Conclusion (*zaključak* in Montenegrin) of the Government of Montenegro authorising the execution of the Documents, the issue of the Notes and the entry into and performance of the transactions contemplated hereby and thereby (including approval of the final drafts of the Documents and

authorisation for the Minister of Finance to sign the Documents and the Notes on behalf of the Issuer).

- 8.1.5 **Certificate:** On or prior to the Closing Date, there having been delivered to the Lead Manager a certificate signed by the Minister of Finance (in form and substance satisfactory to the Lead Manager) certifying that (i) each copy document relating to the Issuer (other than the opinions referred to in Clause 8.1.2 above) is correct, complete and in full force and effect on the Closing Date; (ii) any indebtedness limits stated in the Law on Budget of Montenegro for 2012 shall not be exceeded by issuance of the Notes and execution and performance of the Documents; and (iii) the purpose(s) for which indebtedness will be incurred by issuance of the Notes and entering into and performance of the Documents are permitted under the Law on Budget of Montenegro for 2012.
- 8.1.6 **Notification:** On or prior to the Closing Date, there having been delivered to the Lead Manager a copy certified by duly authorised signatories thereof of the notification by the Issuer filed with the Securities and Exchange Commission in accordance with the Article 112g paragraph 3 of the Securities Law of Montenegro.
- 8.1.7 **Other:** On or prior to the Closing Date, there having been delivered to the Lead Manager (in form and substance satisfactory to the Lead Manager) any other Authorisation or other document, opinion or assurance which the Lead Manager considers to be necessary or desirable in connection with the issuance of the Notes or entry into and performance of the Documents.
- 8.1.8 **Specimen signatures:** On or prior to the Closing Date, there having been delivered to the Lead Manager a specimen of the signature of the Minister of Finance of Montenegro.
- 8.1.9 **Process Agent's Acceptance:** On or prior to the Closing Date, there having been delivered to the Lead Manager a copy of the written acceptance of the person mentioned in Clause 19 (*Governing Law, Jurisdiction and Arbitration*) of its appointment as set out in that Clause and in relation to the other Documents (in form and substance satisfactory to the Lead Manager).
- 8.1.10 **Existing financing:** On or prior to the Closing Date, there having been delivered to the Lead Manager evidence (in form and substance satisfactory to the Lead Manager) that (i) the obligations of the Issuer pursuant to an up to US\$35,000,000 facility agreement dated 30 July 2009 (as amended and restated pursuant to a deed of amendment and restatement dated 12 November 2010) between the Issuer and, amongst others, Credit Suisse AG, London Branch as facility agent and security agent and the related finance documents shall be discharged in full on or before the Closing Date; and (ii) that all Security granted pursuant to the terms of that facility agreement has been or shall be released on or before the Closing Date.
- 8.1.11 **Accuracy of Representations and Closing Certificates:** At the Closing Date:
- (A) the representations and warranties of the Issuer herein shall be true, accurate and correct at, and as if made on, the Closing Date;
 - (B) the Issuer shall have performed all of its obligations under this Agreement to be performed on or before the Closing Date;
 - (C) no Default (as defined in Condition 12(c) (*Events of Default*)) has occurred and is continuing or would result from the issue of or the subscription for the Notes; and
 - (D) there shall have been delivered to the Lead Manager a certificate, dated the Closing Date, of a duly authorised representative of the Issuer to such effect.

8.2 English language

All the documents and other evidence provided by the Issuer pursuant to Clause 8.1 must be:

- 8.2.1 in English; or
- 8.2.2 if not in English, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

8.3 **Waiver**

The Lead Manager may at its discretion waive compliance with the whole or any part of this Clause 8 (*Conditions Precedent*).

9. **LEAD MANAGER'S REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

The Lead Manager represents, warrants and agrees as follows:

9.1 **General**

9.1.1 No action has been or will be taken in any jurisdiction that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Private Placement Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

9.1.2 The Lead Manager will obtain any consent, approval or permission which is, to the best of its knowledge and belief, required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any such purchase, offer, sale or delivery. The Lead Manager will, to the best of its knowledge and belief, comply with all such laws and regulations.

9.2 **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States of America except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Lead Manager represents, warrants and agrees that it has not offered or sold, and agrees that it will not offer or sell, any Notes constituting part of its allotment within the United States of America except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that neither it nor any of its affiliates (including any person acting on behalf of the Lead Manager or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meaning given to them by Regulation S.

9.3 **United Kingdom**

The Lead Manager represents, warrants and agrees that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

9.4 **Montenegro**

The Lead Manager represents, warrants and agrees that it will not, as part of its initial distribution of the Notes, offer or sell any Notes to residents of Montenegro or legal entities incorporated in Montenegro.

9.5 **Indemnity**

The Lead Manager undertakes to indemnify the Issuer against any Loss which the Issuer may incur, or which may be made against the Issuer or any of its officers, employees or agents, as a result of or in relation to any failure by that Lead Manager to observe any of the restrictions or requirements set out in this Clause 9 (*Lead Manager's Representations, Warranties and Undertakings*), provided that the Lead Manager shall not be liable for any Loss arising from the sale of any Notes to any person believed in good faith by the Lead Manager, on reasonable grounds and after making reasonable investigations, to be a person to whom the Notes could legally be sold or to whom any material could lawfully be given in compliance with the above restrictions and requirements. For the purposes of this Clause 9.5 (*Indemnity*), Clauses 6.3.2 to 6.3.4 inclusive with respect to the conduct and settlement of actions shall apply, save that

references to "the Relevant Party" shall mean "the Issuer", references to "the Issuer" shall mean "the Lead Manager" and references to "this Clause 6.3 (*Indemnity*)" shall mean "this Clause 9.5 (*Indemnity*)".

10. TERMINATION

10.1 Notwithstanding anything contained in this Agreement, the Lead Manager may, by notice to the Issuer given at any time prior to payment of the net subscription monies for the Notes to the Issuer on the Closing Date, terminate this Agreement in any of the following circumstances:

10.1.1 *Inaccuracy of Representation*: If there shall have come to the notice of the Lead Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in Clause 6 (*Representations, Warranties and Indemnity*) (or any deemed repetition thereof) of this Agreement.

10.1.2 *Breach of Obligation*: The Issuer fails to perform any of its obligations under this Agreement.

10.1.3 *Failure of Condition Precedent*: If any of the conditions specified in Clause 8 (*Conditions Precedent*) has not been satisfied or waived by the Lead Manager on or before the Closing Date.

10.1.4 *Force Majeure*: If, in the Lead Manager's opinion, following consultation with the Issuer to the extent reasonably practicable, there shall have been since the date of this Agreement such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as in the reasonable opinion of the Lead Manager would impair or may impair the investment quality of the Notes.

10.2 Consequences of Termination

Upon such notice being given, this Agreement shall terminate and each of the parties to this Agreement shall be released and discharged from their respective remaining obligations under this Agreement, except that:

10.2.1 the Issuer shall remain liable under Clause 6.3 (*Indemnity*) in respect of any cause of action accrued or any liability arising before or in relation to such termination;

10.2.2 the parties shall remain liable under Clause 4 (*Commissions and Expenses*) for the payment of the commissions, costs and expenses already incurred or incurred in consequence of such termination; and

10.2.3 the respective obligations of the parties under Clause 11 (*Survival of Representations and Obligations*) which would have continued had the arrangements for the subscription and issue of the Notes been completed, shall continue.

11. SURVIVAL OF REPRESENTATIONS AND OBLIGATIONS

The representations, warranties, agreements, undertakings and indemnities in this Agreement shall continue in full force and effect notwithstanding completion of the arrangements for the subscription and issue of the Notes or any investigation made by or on behalf of the Lead Manager.

12. ABSENCE OF FIDUCIARY RELATIONSHIP

12.1 The Issuer acknowledges and represents that it is acting for its own account and acknowledges and agrees that the Lead Manager is acting solely pursuant to a contractual relationship with the Issuer on an arm's length basis with respect to the issue of the Notes (including in connection with determining the terms of, and sale of, the Notes (the "Offering")) and not as a financial adviser or a fiduciary to the Issuer or any other person. Additionally, the Issuer acknowledges that the Lead Manager is not advising the Issuer or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction (it being understood that information and explanations relating to the terms and conditions of any Document or the Notes shall not be considered as being any such advice or as a recommendation to enter into the Documents and/or to create and issue any Notes). The Issuer shall consult with such advisers

concerning such matters as it deems necessary and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated by the Documents (including, without limitation, as to the creation and issuance of the Notes) and whether it is appropriate or proper for it to enter into, based upon its own judgment and upon advice from such advisers as it has deemed necessary, and the Lead Manager shall have no responsibility or liability to the Issuer with respect thereto.

- 12.2 The Issuer further acknowledges and agrees that any review by the Lead Manager of the Issuer, the Offering, the terms of the Notes, the terms of the Documents and other matters relating thereto will be performed solely for the benefit of the Lead Manager and shall not be on behalf of the Issuer or any other person. No communication (either written or oral) received from the Lead Manager shall be deemed to be an assurance or a guarantee as to the expected outcome of any of the transactions contemplated under the Documents. The Issuer confirms and represents that it is capable of assuring, and does hereby assume, the financial and other risks relating to the Documents and the creation and issuance of the Notes and confirms and represents that it is capable of assessing the merits of (whether on its own behalf or through independent professional advice), and thereby understands and accepts the terms, conditions and risks relating to the Document and the creation and issuance of the Notes.

13. INDEMNITIES

13.1 Currency indemnity

13.1.1 If any sum due from the Issuer under this Agreement or the Fee Letter (a "Sum"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "First Currency") in which that Sum is payable into another currency (the "Second Currency") for the purpose of:

- (A) making or filing a claim or proof against the Issuer; or
- (B) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Issuer shall as an independent obligation, within three Business Days of demand, indemnify the Lead Manager against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

13.1.2 The Issuer waives any right it may have in any jurisdiction to pay any amount under this Agreement or the Fee Letter in a currency or currency unit other than that in which it is expressed to be payable.

13.2 Other indemnities

The Issuer shall, within three Business Days of a written demand, indemnify the Lead Manager against any cost, loss or liability incurred by the Lead Manager as a result of the Lead Manager funding, or making arrangements to fund, the Subscription Price for the Notes which are not subscribed for by the Lead Manager by reason of the operation of any one or more of the provisions of this Agreement (other than by reason default or negligence by the Lead Manager alone).

14. NOTICES

Any notice or notification in any form to be given by one party to the other may be delivered in person or sent by letter or facsimile transmission (but in the case of notification by facsimile transmission with subsequent confirmation by letter) addressed to it as follows:

in the case of the Issuer, to:

Montenegro (acting through the Ministry of Finance)

Stanka Dragojevic Str. No. 2
81000 Podgorica
Montenegro

Fax: +382 20 224 450

Attention: Milorad Katnic, Minister of Finance

in the case of the Lead Manager, to:

Credit Suisse Securities (Europe) Limited

One Cabot Square
London E14 4QJ

Fax: +44 207905 6424

Attn.: Emerging Markets Team – Head of Trading

Any such notice shall take effect, in the case of a letter, at the time of delivery, or in the case of facsimile transmission, at the time of despatch.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

16. PARTIAL INVALIDITY

If, at any time, any provision of this Agreement or the Fee Letter is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

17. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Lead Manager, any right or remedy under this Agreement or the Fee Letter shall operate as a waiver, of any such right or remedy or constitute an election to affirm this Agreement or the Fee Letter (as the case may be). No election to affirm this Agreement or the Fee Letter (as the case may be) on the part of the Lead Manager shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

18. SET-OFF

The Lead Manager may set off any obligation (whether or not matured) due from the Issuer (to the extent beneficially owned by the Lead Manager) against any obligation (whether or not matured) owed by the Lead Manager to the Issuer, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lead Manager may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Lead Manager may set off in an amount estimated by it in good faith to be the amount of that obligation.

19. GOVERNING LAW, JURISDICTION AND ARBITRATION

19.1 Governing law

This Agreement including any non-contractual obligations arising out of or in connection with this Agreement are governed by, and shall be construed in accordance with, English law.

19.2 Arbitration

19.2.1 Subject to Clause 19.3 (*Lead Manager's Option*), any claim, dispute or difference of whatever nature arising under, out of or in connection with this Agreement (including a claim, dispute or difference regarding its existence, termination or validity, the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Agreement) (a "Dispute"), shall be referred to and finally settled by arbitration under the Arbitration Rules of the London Court of International Arbitration ("LCIA Court") as at present in force and as modified by this Clause 19.2 (*Arbitration*) (the "Rules"), which Rules are deemed to be incorporated into this Clause by reference.

19.2.2 The number of arbitrators shall be three. The claimant(s), irrespective of number, shall nominate jointly one arbitrator in the Request (as defined in the Rules); the respondent(s), irrespective of number, shall nominate jointly one arbitrator in the Response (as defined in the Rules). If either the claimant(s) or respondent(s) fails to nominate an arbitrator by the date on which the Response (as defined in the Rules) was submitted then, on the application of either the claimant(s) or the respondent(s), LCIA Court shall appoint such arbitrator as soon as practicable. A third arbitrator shall be nominated jointly by the first two arbitrators within 30 days of the nomination of the second arbitrator and shall serve as Chairman of the tribunal. If no agreement is reached within such 30 days on the identity of the Chairman of the tribunal, on application of either the claimant(s) or the respondent(s), the LCIA Court shall appoint the Chairman of the tribunal as soon as practicable.

19.2.3 The seat of arbitration shall be London, England and the language of the arbitration shall be English.

19.2.4 This arbitration agreement, including its validity and scope, shall be governed by English law.

19.2.5 If arbitral proceedings have already been commenced under any separate agreement related to this Agreement (a "Related Agreement") or under this Agreement (in either case a "Pre-Existing Arbitration"), and the Lead Manager contends that a Dispute has arisen relating to issues which are substantially related to and/or involve the same parties as issues to be determined in a Pre-Existing Arbitration, then the Lead Manager may seek to refer the Dispute to the arbitral tribunal in the Pre-Existing Arbitration. If the Lead Manager exercises its rights in this regard:

(A) the parties to this Agreement agree that the arbitral tribunal in the Pre-Existing Arbitration shall have the discretion, taking into account the interests of justice and efficiency, the stage of the proceedings and all other relevant circumstances, to determine the Dispute in the Pre-Existing Arbitration upon such terms or conditions as the arbitral tribunal thinks fit; and

(B) the parties to this Agreement expressly accept that any Dispute under this Agreement may be disposed of in the same arbitration proceedings as any other dispute arising under the Related Agreement.

19.2.6 Save as provided in Clause 19.3 (*Lead Manager's Option*), the Parties exclude the jurisdiction of the courts under Sections 45 and 69 of the Arbitration Act 1996.

19.3 Lead Manager's Option

At any time before the Lead Manager has filed a Request or Response as such terms are defined in the Rules (as the case may be), the Lead Manager, at its sole option, may elect by notice in writing to the Issuer that such Dispute(s) or a specific Dispute be heard by a court of law. If the

Lead Manager gives such notice, the Dispute to which such notice refers shall be determined in accordance with Clause 19.4 (*Jurisdiction*). If the Lead Manager requires all Disputes or a specific Dispute to be heard by a court of law, the Issuer agrees forthwith to withdraw any request for arbitration and such arbitration shall be discontinued unless the relevant court finds that the Lead Manager has waived such right by substantially participating in the arbitration without having raised their rights under this Clause.

19.4 **Jurisdiction**

In the event that the Lead Manager serves a written notice of election in respect of any Dispute(s) pursuant to Clause 19.3 (*Lead Manager's Option*), the provisions of Clauses 19.5 (*Courts*) shall apply.

19.5 **Courts**

19.5.1 Subject to Clause 19.5.3, the courts of England shall have exclusive jurisdiction to settle any Dispute pursued in accordance with Clause 19.3 (*Lead Manager's Option*).

19.5.2 Subject to Clause 19.5.3, the Parties agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and accordingly the Issuer irrevocably waives any right that it might have to object to an action being brought in those courts, to claim that the action has been brought in an inconvenient forum, or to claim that those courts do not have jurisdiction.

19.5.3 This Clause 19.5 (*Courts*) is for the benefit of the Lead Manager only. As a result, and notwithstanding Clause 19.5.1, the Lead Manager may take proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Lead Manager may take concurrent proceedings in any number of jurisdictions.

19.6 **Service of Process**

The Issuer agrees that the process by which any proceedings relating to a Dispute are commenced in England pursuant to Clause 19.5 (*Courts*) or by which any proceedings are commenced in the English courts in support of, or in connection with, an arbitration commenced pursuant to Clause 19.2 (*Arbitration*) may be served on it by being delivered to the Ambassador of Montenegro at 18 Callcott Street, London W8 7SU or, if different, official address for the time being or at any address of the Issuer in the United Kingdom at which process may be served on it in accordance with English law. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer agrees that it shall, on the written demand of the Lead Manager, appoint a further person in England to accept service of process on its behalf. Nothing in this paragraph shall affect the right of the Lead Manager to serve process in any other manner permitted by law.

20. **WAIVER OF IMMUNITY**

The Issuer expressly and irrevocably waives generally all immunity (including all rights to sovereign immunity) it or its assets (including without limitation its International Monetary Assets) or revenues may otherwise have in any jurisdiction, from jurisdiction, enforcement and any other purpose whatsoever. Such waiver shall extend to all commercial and non-commercial property, including bank accounts (save that such waiver shall not extend to any bank accounts opened in the name of the Central Bank of Montenegro, unless any such account is held by the Central Bank of Montenegro on behalf of the Issuer).

For the avoidance of doubt, this waiver includes a waiver of immunity from:

20.1.1 any service of process, suit or other legal, judicial or arbitral process arising out of, in relation to, or in connection with any Document or the Notes;

20.1.2 the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; and

20.1.3 any effort to confirm, enforce, or execute any decision, settlement, award, judgment, service of process, execution order, or attachment (including pre-judgment attachment), or in an action in rem, any effort to arrest, detain or sell any of its assets or revenues, that

results from any arbitration, or any legal, judicial or administrative proceedings arising out of, in relation to, or in connection to any Document or any Note,

provided that immunity is not waived with respect to present or future "premises of the mission" as defined in the Vienna Convention on Diplomatic Relations signed in 1961, "consular premises" as defined in the Vienna Convention on Consular Relations signed in 1963 or military property or military assets or property or assets of the Issuer relating to any of the foregoing assets.

21. COUNTERPARTS



This Agreement may be executed in two counterparts, each of which shall be deemed to be an original.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SIGNATURES

ISSUER

MONTENEGRO (acting through its Ministry of Finance)

By:  

LEAD MANAGER

CREDIT SUISSE SECURITIES (EUROPE) LIMITED

By:

SIGNATURES

ISSUER

MONTENEGRO (acting through its Ministry of Finance)

By:

LEAD MANAGER

CREDIT SUISSE SECURITIES (EUROPE) LIMITED

By: 

**Markus Niemeier
Managing Director
Fixed Income**


**Surjen Singh
Director
Fixed Income**

DATED 10 April 2012

**MONTENEGRO
(ACTING THROUGH ITS MINISTRY OF FINANCE)**

and

CREDIT SUISSE SECURITIES (EUROPE) LIMITED

**SUBSCRIPTION AGREEMENT RELATING
TO**

EUR 120,000,000

FLOATING RATE AMORTISING

NOTES DUE 2017

Herbert Smith LLP

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THIS AGREEMENT is made on 10 April 2012

BETWEEN:

- (1) MONTENEGRO (acting through its Ministry of Finance) (the "Issuer"); and
- (2) CREDIT SUISSE SECURITIES (EUROPE) LIMITED as lead manager (the "Lead Manager").

WHEREAS:

- (A) The Issuer has authorised the creation and issue of EUR 120,000,000 in aggregate principal amount of Floating Rate Amortising Notes due 2017 (the "Notes", which expression, where the context so admits, shall include the global note (the "Global Note") in registered form and any Note Certificate (a "Note Certificate") in registered form for which interests in the Global Note may be exchanged). The Notes will be sold in offshore transactions in reliance on Regulation S under the Securities Act (as defined in Clause 1 (*Definitions*) below). The terms of the Notes are set out in the Fiscal Agency Agreement referred to below.
- (B) The Notes will be in registered form and will be subject to and have the benefit of a deed of covenant to be dated on or around 11 April 2012 (the "Deed of Covenant") of the Issuer. Payments on the Notes will be made on behalf of the Issuer by the fiscal agent appointed under a fiscal agency agreement to be dated on or around 11 April 2012 (the "Fiscal Agency Agreement") between the Issuer and the fiscal agent, the calculation agent, the registrar and the paying and transfer agent(s) named therein (collectively, the "Agents"). This Agreement, the Deed of Covenant, the Fiscal Agency Agreement and the Fee Letter (as defined in Clause 1 (*Definitions*) below) are together referred to herein as the "Documents".

IT IS AGREED as follows:

1. DEFINITIONS

1.1 In this Agreement the following expressions have the following meanings:

"**Authorisation**" means an authorisation, consent, Governmental Approval, any other approval, resolution, licence, clearance, order, exemption, filing, notarisation, decree or registration.

"**Business Day**" means a day which is a day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and which is also a day (other than a Saturday or Sunday) on which banks are open for general business in Podgorica (Montenegro) and a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System, or any successor thereto is open.

"**Closing Date**" means the date which is expected to be 11 April 2012 at 12.00 hours (Central European time) or such other date, not being later than ten Business Days after the signing of this Agreement, as the Issuer and the Lead Manager may agree.

"**Conditions**" has the meaning given to that term in the Fiscal Agency Agreement.

"**euro**", "**€**" or "**EUR**" means the single currency of Participating Member States.

"**Fee Letter**" means the letter dated on or about the date of this Agreement between the Lead Manager and the Issuer setting out the Management Commission.

"**FSMA**" means the Financial Services and Markets Act 2000.

"**Governmental Approval**" means any action, decision or legal act necessary or required by the Law on Budget ("Official Journal of the Republic of Montenegro" nos. 40/01, 44/01, 28/04 and 71/05, "Official Journal of Montenegro" nos. 12/07, 73/08, 53/09, 46/10 and 49/10), Law on Budget of Montenegro for 2012 ("Official Journal of Montenegro" no. 66/11), Law on Securities ("Official Journal of the Republic of Montenegro" nos. 59/00, 10/01, 43/05 and 28/06, "Official Journal of Montenegro" nos. 53/09, 73/10 and 40/11) or by other legal acts of Montenegro and/or any applicable law:

- (A) for the execution, delivery or admissibility in evidence in England and Montenegro of this Agreement, any other Document or any Note;

- (B) to render this Agreement, any other Document or any Note legal, valid, binding and enforceable against the Issuer;
- (C) to enable the Issuer to create and issue the Notes;
- (D) to enable the Issuer to waive its sovereign immunity in accordance with the Documents and the Notes;
- (E) to enable the Issuer to enter into the transactions contemplated by this Agreement, any other Document or any Note;
- (F) to enable the Issuer to make payments under this Agreement, any other Document or any Note; and
- (G) to enable the Issuer to exercise its rights and to perform its obligations under any Document or any Note (including, without limitation, the making of any payment or the transfer or remittance of any funds).

"International Monetary Assets" has the meaning given to that term in Condition 6 (*Definitions*).

"Issue Price" means the issue price of 100 per cent. of the principal amount of the Notes.

"Management Commission" means a combined underwriting, management and selling commission referred to in Clause 4.1 (*Commission*).

"Material Adverse Effect" means the effect of any event or circumstance which has a material and adverse effect on:

- (A) or is or is reasonably likely to be materially prejudicial to, the financial condition of the Issuer;
- (B) the ability of the Issuer to pay or repay amounts which are or will become outstanding or to perform any other material obligation of the Issuer under this Agreement, any other Document or the Notes; or
- (C) the validity or enforceability of any Document or the Notes.

"OFAC" means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Participating Member State" means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with the legislation of the European Union relating to Economic and Monetary Union.

"Private Placement Memorandum" means the private placement memorandum prepared by the Issuer dated 10 April 2012.

"Public Indebtedness" means any indebtedness of the Issuer which (a) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument, (b) is, or was intended by the issuer thereof to be at the time such indebtedness was issued, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any automated trading system or over-the-counter market) and (c) has a maturity date falling more than one year after its issue date.

"Regulation S" means Regulation S under the Securities Act.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Security Interest" has the meaning given to that term in Condition 6 (*Definitions*).

"Subscription Price" means the Issue Price, less:

- (A) the Management Commission (together with any VAT thereon); and
- (B) the amount of costs and expenses which are payable by the Issuer pursuant to Clause 4.2 (*Costs and expenses*) (together with any VAT thereon).

"Taxes" means any taxes, duties, assessments, levies, imposts or governmental charges of whatever nature.

"VAT" means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

1.2 Other Definitions

Terms used in this Agreement but not defined in this Agreement have the respective meanings given to them in the Conditions.

1.3 Agreed form

Any reference in this Agreement to a document being in "agreed form" means that the document in question has been agreed between the proposed parties thereto, subject to any amendments that the parties may agree prior to the Closing Date.

1.4 Legislation

Any reference in this Agreement to any enacting legislation or provision thereof or to any secondary legislation made thereunder shall be construed as a reference to such primary or secondary legislation as the same may have been, or may from time to time be, amended or re-enacted.

1.5 Headings

Headings and the table of contents are for ease of reference only and shall not affect the interpretation or construction of this Agreement.

1.6 Clauses

Any reference in this Agreement to a Clause is, unless otherwise stated, to a Clause hereof.

1.7 Construction

1.7.1 Unless a contrary indication appears, any reference in this Agreement to:

- (A) "assets" includes present and future properties, revenues and rights of every description;
- (B) the words "include(s)", "including" and "in particular" shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words;
- (C) "indebtedness" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent, secured or unsecured;
- (D) a "person" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;
- (E) a "regulation" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of the European Union or of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and
- (F) "Montenegro" and "Montenegrin" means:
 - (1) when used in the definition of "Governmental Approval", any office, ministerial or non-ministerial department, executive agency or other body, whatever its legal form, responsible for the national government or national administration of Montenegro; and
 - (2) at all other times, the Ministry of Finance as a representative of the Montenegrin government, and any other office, ministerial or non-ministerial department, executive agency or other body, whatever its legal form, which is responsible for the raising of finance for or on behalf of Montenegro.

2. SUBSCRIPTION

2.1 **Subscription of the Notes**

Subject to and in accordance with the provisions of this Agreement, the Issuer agrees to issue the Notes on the Closing Date and the Lead Manager agrees to subscribe for the Notes at the Subscription Price.

2.2 **Private Placement Memorandum**

The Issuer confirms that it authorises the Lead Manager to distribute copies of the Private Placement Memorandum in connection with the offering and sale of the Notes, subject to the provisions of Clause 9 (*Lead Manager's Representations, Warranties and Undertakings*).

3. **CLOSING**

3.1 **Issue of Notes**

Subject to the provisions of this Agreement, on the Closing Date the Issuer will issue the Notes and deliver to the Lead Manager or its order in such place as the Lead Manager may reasonably require the Global Note duly executed and authenticated in accordance with the Fiscal Agency Agreement.

3.2 **Payment**

Against such delivery the Lead Manager will subscribe for the Notes at the Subscription Price. Such subscription shall be made by or on behalf of the Lead Manager, in euro in immediately available funds to such euro account as shall be notified by the Issuer to the Lead Manager, evidence of such subscription taking the form of a confirmation from the Lead Manager's paying bank that it has made the relevant payment to the Issuer.

4. **COMMISSIONS AND EXPENSES**

4.1 **Commissions**

In consideration of the agreement by the Lead Manager to subscribe for the Notes, the Issuer will pay to the Lead Manager the Management Commission in the amount and at the time specified in the Fee Letter.

4.2 **Initial costs and expenses**

The Issuer shall, promptly on demand, pay the Lead Manager the amount of all costs and expenses (including legal fees and any applicable VAT) reasonably incurred by the Lead Manager in connection with the negotiation, preparation, printing, administration and execution of any Document and/or the Notes whether or not the subscription and sale of the Notes is completed.

4.3 **On-going costs and expenses**

In addition, the Issuer shall be responsible for the payment of all costs and expenses in respect of fees and expenses of the Fiscal Agent, the Registrar, the Paying and Transfer Agent, the Calculation Agent as well as any publication costs for notices under the Conditions, including but not limited to the publication of the Rate of Interest (as defined in the Conditions)

5. **INTENTION TO LIST ON SECURITIES MARKET**

The Notes will not be listed, quoted or traded on any stock exchange, however, it is the Issuer's intention that the Notes may be quoted or traded on a securities market (including, without limitation, an automated trading system or over-the-counter market).

6. **REPRESENTATIONS, WARRANTIES AND INDEMNITY**

6.1 **Issuer's Representations, etc.**

The Issuer represents, warrants and agrees to and with the Lead Manager as follows:

6.1.1 **Status:** It has the power to sue and be sued in its own name and to own and dispose of its assets.

6.1.2 **Binding obligations:**

- (A) Subject to Clause 6.1.2(B), this Agreement has been duly authorised, executed and delivered by the Issuer and constitutes, and each of the other Documents has been duly authorised and executed by the Issuer and on the Closing Date will constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms and each Document is in the proper form for its enforcement in Montenegro.
- (B) References to any obligation or agreement being valid, binding and enforceable shall be construed as being subject to (a) the principle that equitable remedies are remedies which may be granted or refused at the discretion of a court, (b) the limitation of enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors, (to the extent they are applicable to sovereign debtors), and (c) the time barring of claims by statute.
- 6.1.3 **Issue of Notes:** The issue of the Notes has been duly authorised by the Issuer and the Notes, when authenticated, issued, paid for and delivered, with entries in respect thereof having been duly made in the register maintained in accordance with the Fiscal Agency Agreement, subject to Clause 6.1.2(B), will constitute valid and legally binding obligations of the Issuer enforceable in accordance with their terms.
- 6.1.4 **Public Procurement:** The issuance of the Notes and the transactions contemplated under the Documents are exempted from the Law on Public Procurement ("Official Journal of Montenegro" no. 42/11). The Notes when issued will be deemed to be Public Indebtedness.
- 6.1.5 **Budget:** The issuance of the Notes and the execution, delivery and performance of the Documents is made by the Issuer within the limits and for the purpose(s) permitted under the Law on Budget of Montenegro for 2012; adequate appropriation (*aproprijacija* in Montenegrin) is provided in the annual budget for payments to be made under the Documents and the Notes; and the indebtedness incurred under the Documents and the Notes has been inscribed in the state indebtedness records kept by the Ministry of Finance. The Issuer is permitted under the Law on Budget of Montenegro for 2012 to discharge its obligations under the existing facility agreements as envisaged under Clause 8.1.9 (*Existing financing*).
- 6.1.6 **Private and Commercial Acts:** The execution, delivery and performance by the Issuer of the Documents and the issue and offer of the Notes by the Issuer and the performance of the terms thereof by the Issuer, constitute private and commercial acts done and performed for private and commercial purposes.
- 6.1.7 **Status:** Upon issue, the Notes and the Issuer's obligations under the Notes will constitute direct, general, unconditional and unsecured obligations of the Issuer, and the Notes will at all times rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. Its payment obligations under the Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors.
- 6.1.8 **No Approvals:** No consents, licences, clearances, approvals, Authorisations, orders, filings, registrations or qualifications of or with any court, governmental agency or regulatory body, save for those listed in Clause 8 (*Conditions Precedent*), are required and all actions or things required to be taken, fulfilled or done in connection with the creation and issue of the Notes, the consummation of the other transactions contemplated by the Documents or the compliance by the Issuer with the Conditions and the Documents, as the case may be, have been, or will on or prior to the Closing Date be, obtained and are, or will on the Closing Date be, unconditional and in full force and effect.
- 6.1.9 **Non-conflict with other obligations:**

The entry into and performance by it of, and the transactions contemplated by, the Documents (including without limitation the creation and issue of the Notes) and the Notes do not and will not conflict with:

- (A) any Authorisation;
 - (B) the constitution of Montenegro;
 - (C) any treaty, law, rule, regulation, judgment, order or decree (whether published or unpublished) applicable to it or any of its properties or assets; or
 - (D) any agreement, mortgage, bond or other undertaking or instrument which is binding upon it or any of its material assets.
- 6.1.10 **Power and authority:** It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Documents and the Notes and the transactions contemplated by those Documents and the Notes.
- 6.1.11 **Validity and admissibility in evidence:**
All Authorisations required:
- (A) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Documents and the Notes; and
 - (B) to make the Documents and the Notes admissible in evidence in Montenegro, have been obtained or effected and are unconditional and in full force and effect.
- 6.1.12 **Securities laws:** Issuance of the Notes and transactions contemplated under the Documents are permissible under the securities laws and regulations of Montenegro and they are not subject to any local regulatory requirements stemming from the Securities Law of Montenegro and secondary regulations pertaining to that law, save for the obligation of the Issuer to notify the Securities and Exchange Commission in accordance with the Article 112g paragraph 3 of the Securities Law of Montenegro both before and after the issue of Notes, which notice the Issuer has duly filed and the Issuer will provide the subsequent notice to the Securities and Exchange Commission within eight days of the date of issue of the Notes.
- 6.1.13 **Submission to jurisdiction:** The Issuer has validly submitted to the jurisdiction of (a) the arbitral tribunal for the purposes of this Agreement as contemplated by Clause 19.2 (*Arbitration*) and for the purposes of the other Documents and the Notes as contemplated by the terms of such Documents and the Notes; and (b) the courts as contemplated by Clause 19.4 (*Jurisdiction*) and by the terms of the other Documents and the Notes.
- 6.1.14 **Enforcement of Judgments:** Under Montenegrin law any judgment against Montenegro of a court in England or any other court made in connection with Documents and/or the Notes is capable of being enforced in the courts of Montenegro (without retrial or further review of the merits of the case), subject to compliance with the conditions prescribed for recognition and enforcement of judgments of foreign courts under the Law on Conflict of Laws (*Zakon o rešavanju sukoba zakonu sa propisima drugih zemalju*, "Official Gazette of SFRJ" Nos. 43/82 and 72/82, and "Official Gazette of SRJ" No. 46/96).
- 6.1.15 **Enforcement of Arbitral Awards:** Any arbitral award made in London under the Rules (as defined in Clause 19.2 (*Arbitration*)) in relation to a Document or a Note will be recognised and enforced in Montenegro without a re-trial or re-examination of the merits of the case.
- 6.1.16 **Recognition of English Law:** The choice of English law as the governing law of the Documents and the Notes is a valid choice of law under the laws of Montenegro and, accordingly, would be applied by the courts of Montenegro if the Documents or any of the Notes or any claim made thereunder is brought before any such court upon proof of

the relevant provisions of English law and provided that such provisions are not contrary to the public policy of Montenegro; no provision in the Documents or the Notes conflicts with the public policy of Montenegro.

6.1.17 ***No adverse consequences:***

(A) It is not necessary under the laws of Montenegro:

- (1) in order to enable the Lead Manager to enforce its rights under any Document or the Notes; or
- (2) by reason of the execution of any Document or the subscription for Notes or the performance by it of its obligations under any Document or any Note,

that the Lead Manager should be licensed, qualified or otherwise entitled to carry on business in Montenegro.

(B) The Lead Manager is not or will not be deemed to be resident, domiciled or carrying on business in Montenegro by reason only of the execution, performance and/or enforcement of any Document or the subscription for any Notes.

6.1.18 ***Taxation:*** (A) Payments in respect of the Notes will be made subject to such withholding or deduction for or on account of, Taxes imposed by or on behalf of Montenegro as disclosed in the Private Placement Memorandum and the Issuer is authorised to gross-up for any such withholding or deduction, in accordance with Condition 10 (*Taxation*); (B) the withholding tax pursuant to the Montenegrin Corporate Income Tax Law ("Official Journal of the Republic of Montenegro" nos. 65/2001, 12/2002 and 80/2004, "Official Journal of Montenegro" nos. 40/2008, 86/2009, 73/2010, 40/2011 and 14/2012) applicable to payments of interest in respect of the Notes will not apply to the Notes while they are represented by the Global Note and held by a Common Depository (as defined in the Fiscal Agency Agreement) on behalf of the relevant clearing systems by reason of the Common Depository (as defined in the Fiscal Agency Agreement) (as holder of the Global Note) having any connection with Montenegro other than the mere holding of the Global Note; and (C) all other payments by the Issuer under the Documents, may be made free and clear of, and without withholding or making any deduction for or on account of, any Taxes (including all interest penalties or similar liabilities with respect thereto) imposed by or on behalf of Montenegro or any political subdivision thereof or any authority therein having power to tax.

6.1.19 ***No filing or stamp taxes:*** Under the laws of Montenegro it is not necessary that the Documents or the Notes be filed, recorded or enrolled with any court or other authority in that jurisdiction (other than: (i) notification about the issuance of the Notes to be filed by the Issuer with the Securities and Exchange Commission both prior and after issuance of the Notes and (ii) recording of the indebtedness incurred under the Notes in the state indebtedness records kept by the Ministry of Finance of Montenegro) or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Documents and the Notes or the transactions contemplated by the Documents or the Notes.

6.1.20 ***No Event of Default or Mandatory Prepayment Event:***

- (A) No event has occurred or circumstance arisen which, had the Notes already been issued, would (whether or not with the giving of notice and/or passage of time and/or fulfilment of any other requirement) constitute an event described under "Events of Default" in Condition 12 (*Events of Default*).
- (B) No Mandatory Prepayment Event (as defined in Condition 9(b) (*Mandatory Redemption*)) has occurred and is continuing or might reasonably be expected to result from the issuance of any Notes or the entry into, the performance of, or any transaction contemplated by, any Document or the Notes.

- (C) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any treaty or any other agreement or instrument which is binding on it or to which its assets are subject which has or would reasonably be expected to have a Material Adverse Effect.

6.1.21 ***No misleading information:***

- (A) All factual information provided in the Private Placement Memorandum or otherwise by the Issuer or on its behalf to the Lead Manager or its advisers was true, complete and accurate in all material respects as at the date it was provided or stated and is not misleading in any material respect.
- (B) All expressions of opinion or intention provided by the Issuer or on its behalf were made after careful consideration and were fair and based on reasonable grounds.
- (C) Nothing has occurred or been omitted from the information provided by the Issuer to the Lead Manager and no information has been given or withheld that results in the information provided by the Issuer to the Lead Manager for the purpose of evaluating whether to enter into this Agreement and/or purchase any Notes being untrue or misleading in any material respect.
- (D) Any financial projection or forecast contained, or referred to, in any information or document provided by the Issuer or on its behalf to the Lead Manager (including in any government budget projection and/or financing plan) has been prepared on the basis of recent historical information and on the basis of reasonable assumptions and was fair (as at the date of the relevant information or document containing the projection or forecast was provided or stated) and arrived at after careful consideration.

6.1.22 ***Directed Selling Efforts:*** Neither the Issuer nor any of its affiliates (as defined in Rule 405 under the Securities Act) nor any persons acting on its or their behalf (other than the Lead Manager, or any of its affiliates, or any person acting on behalf of any of them, as to whom the Issuer makes no representation) have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes.

6.1.23 ***Full Faith and Credit:*** The full faith and credit of the Issuer has been pledged for the due and punctual payment of the principal of and interest on the Notes and the performance of its obligations thereunder.

6.1.24 ***OFAC/European Union measures:*** None of the Issuer nor, to the best of the Issuer's knowledge, any officer, agent or employee of the Issuer is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (the "OFAC Regulations") or any equivalent European Union measure, and the Issuer covenants and agrees that it will not directly or indirectly use the proceeds of the offering of the Notes hereunder, or lend, contribute or otherwise make available such proceeds to any person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC (including persons listed on the Specially Designated Nationals List) or any equivalent European Union measure.

6.1.25 ***No breach of laws:*** It has not breached any law or regulation (whether such breach is of the laws of Montenegro, the laws of any other state or public international law or otherwise) which breach has or is reasonably likely to have a Material Adverse Effect.

6.1.26 ***No Security:***

- (A) The execution by it of the Documents to which it is a party, the creation and issue of the Notes and the exercise of its rights and the performance of its obligations under those Documents or any Notes will not result in the creation

of, or any obligation to create, any Security Interests over or in respect of any of its assets.

- (B) No Security Interest exists over the International Monetary Assets of the Issuer or any part thereof other than any Security Interests securing indebtedness the principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security Interests given by the Issuer) does not exceed €45,000,000 (or its equivalent in any other currency or currencies).

- 6.1.27 **No Immunity:** Under the laws of Montenegro, pursuant to Clause 20 (*Waiver of Immunity*) and pursuant to the equivalent provisions of the other Documents and the Notes, the Issuer has validly waived sovereign immunity and in any proceedings taken in Montenegro, England and elsewhere (to the extent that under applicable laws (other than the laws of Montenegro and England) the Issuer is able to waive its sovereign immunity in such other jurisdiction) in relation to the Documents and the Notes, it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.
- 6.1.28 **No proceedings pending or threatened:** No litigation, arbitration, judicial or administrative proceedings of or before any court, arbitral body or agency have (to the best of its knowledge and belief) been started or threatened against the Issuer other than any such litigation, arbitration, judicial or administrative proceedings which could not reasonably be expected to result in a Material Adverse Effect.
- 6.1.29 **No Material Adverse Effect:** No event or circumstance has occurred and is continuing which has had a Material Adverse Effect.
- 6.1.30 **International Monetary Fund:** Montenegro is a member in good standing and eligible to use the resources of the International Monetary Fund.
- 6.1.31 **International Monetary Assets:** It has and may exercise full rights of ownership in respect of, the International Monetary Assets of Montenegro and the Central Bank of Montenegro has and may exercise full authority, power and control in respect of the International Monetary Assets of Montenegro in accordance with the Law on the Central Bank of Montenegro ("Official Journal of Montenegro" nos. 40/40 and 46/10).

6.2 Repetition

The representations and warranties contained in Clause 6.1 (*Issuer's Representations, etc.*) shall be deemed to be repeated (with reference to the facts and circumstances then subsisting) on each date from the date hereof to the Closing Date (inclusive).

6.3 Indemnity

- 6.3.1 Without prejudice to the other rights or remedies of the Lead Manager, the Issuer undertakes to the Lead Manager that if the Lead Manager or any of its affiliates, officers, directors, employees, agents or controlling persons (within the meaning of Section 15 of the Securities Act and Section 20 of the United States Securities Exchange Act of 1934, as amended) (together with the Lead Manager, each a "Relevant Party") incurs any liability, damages, claim or loss (a "Loss") arising out of, in connection with or based on:
- (A) **Misrepresentation:** any untrue statement or alleged (other than an allegation made by any Relevant Party) untrue statement of fact contained in the Private Placement Memorandum; or
- (B) **Omissions:** any omission or alleged (other than an allegation made by any Relevant Party) omission to state in the Private Placement Memorandum a fact necessary to make the statements in the Private Placement Memorandum, in the light of the circumstances under which they are made, not misleading in any respect; or

- (C) **Breach:** any breach or alleged (other than an allegation made by any Relevant Party) breach by the Issuer of any of the representations, warranties, undertakings and agreements contained in, or deemed to be made pursuant to, this Agreement (including, without limitation, the failure by the Issuer to issue the Notes),

the Issuer shall pay to the Lead Manager on demand an amount equal to such Loss and all costs, charges and expenses reasonably incurred which the Lead Manager or Relevant Party may pay or incur in connection with investigating, disputing or defending any such action or claim as such costs, charges and expenses are incurred. The Lead Manager shall not have any duty or obligation, whether as fiduciary or trustee for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this Clause 6.3 (*Indemnity*).

- 6.3.2 **Notification and Liability for Defence Expense:** If any action shall be brought against any Relevant Party in respect of which recovery may be sought from the Issuer under this Clause 6.3 (*Indemnity*), the Lead Manager shall notify the Issuer promptly in writing but failure to so notify the Issuer will not relieve the Issuer from any liability under this Agreement. The Issuer may (subject to Clause 6.3.3 (*Assumption of Defence*)) participate in the defence of any action at its own expense.

- 6.3.3 **Assumption of Defence:** If the Issuer so elects (and provided that such election is made within a reasonable time after receipt of the notice referred to in Clause 6.3.2 (*Notification and Liability for Defence Expense*)) the Issuer may assume the defence of an action and appoint legal advisers chosen by it and approved by the Relevant Party (such approval not to be unreasonably withheld or delayed). Notwithstanding such election, a Relevant Party may engage separate legal advisers if:

- (A) the use of the legal advisers chosen by the Issuer to represent the Relevant Party would present such legal advisers with an actual or potential conflict of interest;
- (B) the actual or potential defendants in, or targets of, any such action include the Relevant Party and the Issuer and the Relevant Party concludes that there may be legal defences available to it and/or other Relevant Parties which are different from or additional to those available to the Issuer;
- (C) the Issuer has not engaged legal advisers satisfactory to the Relevant Party to represent the Relevant Party within a reasonable time after notice of the commencement of such action is given to the Issuer in accordance with Clause 6.3.2 (*Notification and Liability for Defence Expense*); or
- (D) the Issuer authorises the Relevant Party to engage separate legal advisers at the expense of the Issuer.

If the Issuer assumes the defence of the action, the Issuer shall not be liable for any fees and expenses of legal advisers of the Relevant Party incurred thereafter in connection with the action, except as may be incurred by the Relevant Party on engaging separate legal advisers pursuant to paragraphs (A) to (D) of Clause 6.3.3 (*Assumption of Defence*).

- 6.3.4 **Settlement:** The Issuer shall not, without the prior written consent of the Relevant Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or action in respect of which recovery may be sought pursuant to this Clause 6.3 (*Indemnity*) (whether or not any Relevant Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each Relevant Party from all liability arising out of such claim or action and does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of the Relevant Party.

7. COVENANTS OF THE ISSUER

The Issuer undertakes with the Lead Manager that:

7.1 Stamp Taxes

The Issuer will pay any stamp, registration, documentary or other Taxes (including interest and penalties) payable in the United Kingdom, Montenegro, Belgium or Luxembourg on or in connection with the issue or offering of the Notes or the execution or delivery of, or in respect of, the Documents or the Notes.

7.2 Value added tax

7.2.1 All amounts set out, or expressed to be payable under this Agreement or the Fee Letter by the Issuer to the Lead Manager which (in whole or in part) constitute the consideration for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply, and accordingly, subject to Clause 7.2.2 below, if VAT is chargeable on any supply made by the Lead Manager to the Issuer under any such Document, the Issuer shall pay to the Lead Manager (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT (and the Lead Manager shall promptly provide an appropriate VAT invoice to the Issuer).

7.2.2 Where this Agreement or the Fee Letter requires the Issuer to reimburse the Lead Manager for any costs or expenses, the Issuer shall also at the same time pay and indemnify the Lead Manager against all VAT incurred by the Lead Manager in respect of such costs or expenses.

7.3 Other Taxes

All payments by the Issuer pursuant to this Agreement and the Fee Letter shall be made free and clear of, and without withholding or deduction for, any Taxes imposed, levied, collected, withheld or assessed by or within Montenegro or any political subdivision thereof or any authority therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Lead Manager of such amounts as would have been received by it if no such withholding or deduction had been required.

7.4 Delivery of Private Placement Memorandum

The Issuer will deliver to the Lead Manager, without charge, on the date of this Agreement and hereafter from time to time as requested, such number of copies of the Private Placement Memorandum (and any supplements and amendments thereto and replacements thereof) as the Lead Manager may reasonably request.

7.5 Announcements

Between the date of this Agreement and the Closing Date (both dates inclusive), the Issuer shall not, without the prior approval of the Lead Manager (such approval not to be unreasonably withheld) make any public announcement which would reasonably be expected to (in the opinion of the Lead Manager) have an adverse effect on the marketability of the Notes.

7.6 Clear Market

During the period from (and including) the date of this Agreement to (and including) the date falling 10 days after the date of this Agreement, the Issuer shall not announce, enter into discussions to raise, raise or attempt to raise any other finance in the international or any relevant domestic loan, debt, bank or capital market(s) (including, but not limited to, any bilateral or syndicated facility, bond or note issuance or private placement and any refinancing or restructuring of any of the foregoing) (other than with, or underwritten by, the Lead Manager) without the prior written consent of the Lead Manager.

7.7 Notification

The Issuer will notify the Lead Manager promptly of any material change affecting any of its representations, warranties, agreements and indemnities in this Agreement at any time prior to payment being made to the Issuer on the Closing Date and take such steps as may be reasonably requested by the Lead Manager to remedy and/or publicise this.

7.8 Definitive Note Certificates

The Issuer will use all reasonable endeavours to make such arrangements satisfactory to the Lead Manager as it can to ensure that the definitive Note certificates are printed and issued to the extent required by the Fiscal Agency Agreement.

7.9 Use of Proceeds

The Issuer will use the net proceeds as described in "Use of Proceeds" in the Private Placement Memorandum.

7.10 Directed Selling Efforts

Neither the Issuer nor any of its affiliates (as defined in Rule 405 under the Securities Act), nor any person acting on its or their behalf (other than the Lead Manager, or any of its affiliates, or any person acting on behalf of any of them, as to whom the Issuer makes no representation) will engage in any "directed selling efforts" (as defined in Regulation S) with respect to the Notes.

7.11 OFAC

The Issuer will ensure that the proceeds raised in connection with the issue of the Notes will not directly or indirectly be lent, contributed or otherwise made available to any person or entity (whether or not related to the Issuer) for the purposes of financing the activities of any person or for the benefit of any country currently subject to any U.S. sanctions administered by OFAC or any equivalent European Union measure.

8. CONDITIONS PRECEDENT

8.1 The Lead Manager shall only be under obligation to subscribe for the Notes if the following conditions precedent are fulfilled:

8.1.1 **Closing Documents:** The Notes, the Deed of Covenant, the Fiscal Agency Agreement and the Fee Letter, each in the agreed form, shall have been executed by all parties thereto on or prior to the Closing Date.

8.1.2 **Legal Opinions:** On or prior to the Closing Date, there shall have been delivered to the Lead Manager opinions, each in the agreed form, dated the Closing Date, of:

- (A) Herbert Smith LLP, legal advisers to the Lead Manager as to English law;
- (B) Harrison's Solicitors, legal advisers to the Lead Manager as to Montenegrin law, and
- (C) the Protector of the Property – Legal Interests of Montenegro as to certain matters relevant to the Issuer and the issue of the Notes by the Issuer under Montenegrin law.

8.1.3 **Authorisations:** On or prior to the Closing Date, there having been delivered to the Lead Manager a copy (in form and substance satisfactory to the Lead Manager), certified by a duly authorised signatory of the Issuer, of:

- (A) the Decision (*odluka* in Montenegrin) of the Government of Montenegro, signed by the Prime Minister (i) approving (*inter alia*) the total indebtedness to be incurred by the Issuer under the Documents and the Notes by issuance of eurobonds (*euroobveznice* in Montenegrin) for the purposes permitted under the Law on Budget of Montenegro for 2012, (ii) authorising the execution of the Documents, the issue of the Notes by way of a private (closed) emission abroad and the entry into and performance of the transactions contemplated hereby and thereby, (iii) authorising the Minister of Finance of Montenegro to sign the Documents and the Notes on behalf of the Issuer, and (iv) containing all other necessary and/or customary elements, with the evidence of such decision being announced in the "Official Journal of Montenegro" and becoming effective; and
- (B) the Conclusion (*zaključak* in Montenegrin) of the Government of Montenegro authorising the execution of the Documents, the issue of the Notes and the

entry into and performance of the transactions contemplated hereby and thereby (including approval of the final drafts of the Documents and authorisation for the Minister of Finance to sign the Documents and the Notes on behalf of the Issuer).

- 8.1.4 **Certificate:** On or prior to the Closing Date, there having been delivered to the Lead Manager a certificate signed by the Minister of Finance (in form and substance satisfactory to the Lead Manager) certifying that (i) each copy document relating to the Issuer (other than the opinions referred to in Clause 8.1.2 above) is correct, complete and in full force and effect on the Closing Date; (ii) any indebtedness limits stated in the Law on Budget of Montenegro for 2012 shall not be exceeded by issuance of the Notes and execution and performance of the Documents; and (iii) the purpose(s) for which indebtedness will be incurred by issuance of the Notes and entering into and performance of the Documents are permitted under the Law on Budget of Montenegro for 2012.
- 8.1.5 **Notification:** On or prior to the Closing Date, there having been delivered to the Lead Manager a copy certified by duly authorised signatories thereof of the notification by the Issuer filed with the Securities and Exchange Commission in accordance with the Article 112g paragraph 3 of the Securities Law of Montenegro.
- 8.1.6 **Other:** On or prior to the Closing Date, there having been delivered to the Lead Manager (in form and substance satisfactory to the Lead Manager) any other Authorisation or other document, opinion or assurance which the Lead Manager considers to be necessary or desirable in connection with the issuance of the Notes or entry into and performance of the Documents.
- 8.1.7 **Specimen signatures:** On or prior to the Closing Date, there having been delivered to the Lead Manager a specimen of the signature of the Minister of Finance of Montenegro.
- 8.1.8 **Process Agent's Acceptance:** On or prior to the Closing Date, there having been delivered to the Lead Manager a copy of the written acceptance of the person mentioned in Clause 19 (*Governing Law, Jurisdiction and Arbitration*) of its appointment as set out in that Clause and in relation to the other Documents (in form and substance satisfactory to the Lead Manager).
- 8.1.9 **Existing financing:** On or prior to the Closing Date, there having been delivered to the Lead Manager evidence (in form and substance satisfactory to the Lead Manager) that the obligations of the Issuer pursuant to an up to €70,000,000 facility agreement dated 30 July 2009 between the Issuer and, amongst others, Credit Suisse AG, London Branch and the related finance documents shall be discharged in full on or before the Closing Date.
- 8.1.10 **Accuracy of Representations and Closing Certificates:** At the Closing Date:
- (A) the representations and warranties of the Issuer herein shall be true, accurate and correct at, and as if made on, the Closing Date;
 - (B) the Issuer shall have performed all of its obligations under this Agreement to be performed on or before the Closing Date;
 - (C) no Default (as defined in Condition 12(c) (*Events of Default*)) has occurred and is continuing or would result from the issue of or the subscription for the Notes; and
 - (D) there shall have been delivered to the Lead Manager a certificate, dated the Closing Date, of a duly authorised representative of the Issuer to such effect.

8.2 English language

All the documents and other evidence provided by the Issuer pursuant to Clause 8.1 must be:

- 8.2.1 in English; or

8.2.2 if not in English, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

8.3 Waiver

The Lead Manager may at its discretion waive compliance with the whole or any part of this Clause 8 (*Conditions Precedent*).

9. LEAD MANAGER'S REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

The Lead Manager represents, warrants and agrees as follows:

9.1 General

9.1.1 No action has been or will be taken in any jurisdiction that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Private Placement Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

9.1.2 The Lead Manager will obtain any consent, approval or permission which is, to the best of its knowledge and belief, required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any such purchase, offer, sale or delivery. The Lead Manager will, to the best of its knowledge and belief, comply with all such laws and regulations.

9.2 United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States of America except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Lead Manager represents, warrants and agrees that it has not offered or sold, and agrees that it will not offer or sell, any Notes constituting part of its allotment within the United States of America except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that neither it nor any of its affiliates (including any person acting on behalf of the Lead Manager or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meaning given to them by Regulation S.

9.3 United Kingdom

The Lead Manager represents, warrants and agrees that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

9.4 Montenegro

The Lead Manager represents, warrants and agrees that it will not, as part of its initial distribution of the Notes, offer or sell any Notes to residents of Montenegro or legal entities incorporated in Montenegro.

9.5 Indemnity

The Lead Manager undertakes to indemnify the Issuer against any Loss which the Issuer may incur, or which may be made against the Issuer or any of its officers, employees or agents, as a result of or in relation to any failure by that Lead Manager to observe any of the restrictions or requirements set out in this Clause 9 (*Lead Manager's Representations, Warranties and Undertakings*), provided that the Lead Manager shall not be liable for any Loss arising from the sale of any Notes to any person believed in good faith by the Lead Manager, on reasonable grounds and after making reasonable investigations, to be a person to whom the Notes could legally be sold or to whom any material could lawfully be given in compliance with the above restrictions and requirements. For the purposes of this Clause 9.5 (*Indemnity*), Clauses 6.3.2 to 6.3.4 inclusive with respect to the conduct and settlement of actions shall apply, save that references to "the Relevant Party" shall mean "the Issuer", references to "the Issuer" shall mean

"the Lead Manager" and references to "this Clause 6.3 (*Indemnity*)" shall mean "this Clause 9.5 (*Indemnity*)".

10. TERMINATION

10.1 Notwithstanding anything contained in this Agreement, the Lead Manager may, by notice to the Issuer given at any time prior to payment of the net subscription monies for the Notes to the Issuer on the Closing Date, terminate this Agreement in any of the following circumstances:

10.1.1 *Inaccuracy of Representation*: If there shall have come to the notice of the Lead Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in Clause 6 (*Representations, Warranties and Indemnity*) (or any deemed repetition thereof) of this Agreement.

10.1.2 *Breach of Obligation*: The Issuer fails to perform any of its obligations under this Agreement.

10.1.3 *Failure of Condition Precedent*: If any of the conditions specified in Clause 8 (*Conditions Precedent*) has not been satisfied or waived by the Lead Manager on or before the Closing Date.

10.1.4 *Force Majeure*: If, in the Lead Manager's opinion, following consultation with the Issuer to the extent reasonably practicable, there shall have been since the date of this Agreement such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as in the reasonable opinion of the Lead Manager would impair or may impair the investment quality of the Notes.

10.2 Consequences of Termination

Upon such notice being given, this Agreement shall terminate and each of the parties to this Agreement shall be released and discharged from their respective remaining obligations under this Agreement, except that:

10.2.1 the Issuer shall remain liable under Clause 6.3 (*Indemnity*) in respect of any cause of action accrued or any liability arising before or in relation to such termination;

10.2.2 the parties shall remain liable under Clause 4 (*Commissions and Expenses*) for the payment of the commissions, costs and expenses already incurred or incurred in consequence of such termination; and

10.2.3 the respective obligations of the parties under Clause 11 (*Survival of Representations and Obligations*) which would have continued had the arrangements for the subscription and issue of the Notes been completed, shall continue.

11. SURVIVAL OF REPRESENTATIONS AND OBLIGATIONS

The representations, warranties, agreements, undertakings and indemnities in this Agreement shall continue in full force and effect notwithstanding completion of the arrangements for the subscription and issue of the Notes or any investigation made by or on behalf of the Lead Manager.

12. ABSENCE OF FIDUCIARY RELATIONSHIP

12.1 The Issuer acknowledges and represents that it is acting for its own account and acknowledges and agrees that the Lead Manager is acting solely pursuant to a contractual relationship with the Issuer on an arm's length basis with respect to the issue of the Notes (including in connection with determining the terms of, and sale of, the Notes (the "Offering")) and not as a financial adviser or a fiduciary to the Issuer or any other person. Additionally, the Issuer acknowledges that the Lead Manager is not advising the Issuer or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction (it being understood that information and explanations relating to the terms and conditions of any Document or the Notes shall not be considered as being any such advice or as a recommendation to enter into the Documents and/or to create and issue any Notes). The Issuer shall consult with such advisers concerning such matters as it deems necessary and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated by the Documents

(including, without limitation, as to the creation and issuance of the Notes) and whether it is appropriate or proper for it to enter into, based upon its own judgment and upon advice from such advisers as it has deemed necessary, and the Lead Manager shall have no responsibility or liability to the Issuer with respect thereto.

- 12.2 The Issuer further acknowledges and agrees that any review by the Lead Manager of the Issuer, the Offering, the terms of the Notes, the terms of the Documents and other matters relating thereto will be performed solely for the benefit of the Lead Manager and shall not be on behalf of the Issuer or any other person. No communication (either written or oral) received from the Lead Manager shall be deemed to be an assurance or a guarantee as to the expected outcome of any of the transactions contemplated under the Documents. The Issuer confirms and represents that it is capable of assuming, and does hereby assume, the financial and other risks relating to the Documents and the creation and issuance of the Notes and confirms and represents that it is capable of assessing the merits of (whether on its own behalf or through independent professional advice), and thereby understands and accepts the terms, conditions and risks relating to the Document and the creation and issuance of the Notes.

13. INDEMNITIES

13.1 Currency indemnity

13.1.1 If any sum due from the Issuer under this Agreement or the Fee Letter (a "Sum"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "First Currency") in which that Sum is payable into another currency (the "Second Currency") for the purpose of:

- (A) making or filing a claim or proof against the Issuer; or
- (B) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Issuer shall as an independent obligation, within three Business Days of demand, indemnify the Lead Manager against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

13.1.2 The Issuer waives any right it may have in any jurisdiction to pay any amount under this Agreement or the Fee Letter in a currency or currency unit other than that in which it is expressed to be payable.

13.2 Other indemnities

The Issuer shall, within three Business Days of a written demand, indemnify the Lead Manager against any cost, loss or liability incurred by the Lead Manager as a result of the Lead Manager funding, or making arrangements to fund, the Subscription Price for the Notes which are not subscribed for by the Lead Manager by reason of the operation of any one or more of the provisions of this Agreement (other than by reason default or negligence by the Lead Manager alone).

14. NOTICES

Any notice or notification in any form to be given by one party to the other may be delivered in person or sent by letter or facsimile transmission (but in the case of notification by facsimile transmission with subsequent confirmation by letter) addressed to it as follows:

in the case of the Issuer, to:

Montenegro (acting through the Ministry of Finance)
Stanka Dragojevic Str. No. 2

81000 Podgorica
Montenegro
Fax: +382 20 224 450
Attention: Milorad Katnic, Minister of Finance

in the case of the Lead Manager, to:

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
Fax: +44 207905 6424
Attn.: Emerging Markets Team – Head of Trading

Any such notice shall take effect, in the case of a letter, at the time of delivery, or in the case of facsimile transmission, at the time of despatch.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

16. PARTIAL INVALIDITY

If, at any time, any provision of this Agreement or the Fee Letter is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

17. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Lead Manager, any right or remedy under this Agreement or the Fee Letter shall operate as a waiver, of any such right or remedy or constitute an election to affirm this Agreement or the Fee Letter (as the case may be). No election to affirm this Agreement or the Fee Letter (as the case may be) on the part of the Lead Manager shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

18. SET-OFF

The Lead Manager may set off any obligation (whether or not matured) due from the Issuer (to the extent beneficially owned by the Lead Manager) against any obligation (whether or not matured) owed by the Lead Manager to the Issuer, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lead Manager may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Lead Manager may set off in an amount estimated by it in good faith to be the amount of that obligation.

19. GOVERNING LAW, JURISDICTION AND ARBITRATION

19.1 Governing law

This Agreement including any non-contractual obligations arising out of or in connection with this Agreement are governed by, and shall be construed in accordance with, English law.

19.2 Arbitration

19.2.1 Subject to Clause 19.3 (*Lead Manager's Option*), any claim, dispute or difference of whatever nature arising under, out of or in connection with this Agreement (including a claim, dispute or difference regarding its existence, termination or validity, the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Agreement) (a "**Dispute**"), shall be referred to and finally settled by arbitration under the Arbitration Rules of the London Court of International Arbitration ("**LCIA Court**") as at present in force and as modified by this Clause 19.2 (*Arbitration*) (the "**Rules**"), which Rules are deemed to be incorporated into this Clause by reference.

19.2.2 The number of arbitrators shall be three. The claimant(s), irrespective of number, shall nominate jointly one arbitrator in the Request (as defined in the Rules); the respondent(s), irrespective of number, shall nominate jointly one arbitrator in the Response (as defined in the Rules). If either the claimant(s) or respondent(s) fails to nominate an arbitrator by the date on which the Response (as defined in the Rules) was submitted then, on the application of either the claimant(s) or the respondent(s), LCIA Court shall appoint such arbitrator as soon as practicable. A third arbitrator shall be nominated jointly by the first two arbitrators within 30 days of the nomination of the second arbitrator and shall serve as Chairman of the tribunal. If no agreement is reached within such 30 days on the identity of the Chairman of the tribunal, on application of either the claimant(s) or the respondent(s), the LCIA Court shall appoint the Chairman of the tribunal as soon as practicable.

19.2.3 The seat of arbitration shall be London, England and the language of the arbitration shall be English.

19.2.4 This arbitration agreement, including its validity and scope, shall be governed by English law.

19.2.5 If arbitral proceedings have already been commenced under any separate agreement related to this Agreement (a "**Related Agreement**") or under this Agreement (in either case a "**Pre-Existing Arbitration**"), and the Lead Manager contends that a Dispute has arisen relating to issues which are substantially related to and/or involve the same parties as issues to be determined in a Pre-Existing Arbitration, then the Lead Manager may seek to refer the Dispute to the arbitral tribunal in the Pre-Existing Arbitration. If the Lead Manager exercises its rights in this regard:

(A) the parties to this Agreement agree that the arbitral tribunal in the Pre-Existing Arbitration shall have the discretion, taking into account the interests of justice and efficiency, the stage of the proceedings and all other relevant circumstances, to determine the Dispute in the Pre-Existing Arbitration upon such terms or conditions as the arbitral tribunal thinks fit; and

(B) the parties to this Agreement expressly accept that any Dispute under this Agreement may be disposed of in the same arbitration proceedings as any other dispute arising under the Related Agreement.

19.2.6 Save as provided in Clause 19.3 (*Lead Manager's Option*), the Parties exclude the jurisdiction of the courts under Sections 45 and 69 of the Arbitration Act 1996.

19.3 Lead Manager's Option

At any time before the Lead Manager has filed a Request or Response as such terms are defined in the Rules (as the case may be), the Lead Manager, at its sole option, may elect by notice in writing to the Issuer that such Dispute(s) or a specific Dispute be heard by a court of law. If the

Lead Manager gives such notice, the Dispute to which such notice refers shall be determined in accordance with Clause 19.4 (*Jurisdiction*). If the Lead Manager requires all Disputes or a specific Dispute to be heard by a court of law, the Issuer agrees forthwith to withdraw any request for arbitration and such arbitration shall be discontinued unless the relevant court finds that the Lead Manager has waived such right by substantially participating in the arbitration without having raised their rights under this Clause.

19.4 Jurisdiction

In the event that the Lead Manager serves a written notice of election in respect of any Dispute(s) pursuant to Clause 19.3 (*Lead Manager's Option*), the provisions of Clauses 19.5 (*Courts*) shall apply.

19.5 Courts

19.5.1 Subject to Clause 19.5.3, the courts of England shall have exclusive jurisdiction to settle any Dispute pursued in accordance with Clause 19.3 (*Lead Manager's Option*).

19.5.2 Subject to Clause 19.5.3, the Parties agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and accordingly the Issuer irrevocably waives any right that it might have to object to an action being brought in those courts, to claim that the action has been brought in an inconvenient forum, or to claim that those courts do not have jurisdiction.

19.5.3 This Clause 19.5 (*Courts*) is for the benefit of the Lead Manager only. As a result, and notwithstanding Clause 19.5.1, the Lead Manager may take proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Lead Manager may take concurrent proceedings in any number of jurisdictions.

19.6 Service of Process

The Issuer agrees that the process by which any proceedings relating to a Dispute are commenced in England pursuant to Clause 19.5 (*Courts*) or by which any proceedings are commenced in the English courts in support of, or in connection with, an arbitration commenced pursuant to Clause 19.2 (*Arbitration*) may be served on it by being delivered to the Ambassador of Montenegro at 18 Callcott Street, London W8 7SU or, if different, official address for the time being or at any address of the Issuer in the United Kingdom at which process may be served on it in accordance with English law. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer agrees that it shall, on the written demand of the Lead Manager, appoint a further person in England to accept service of process on its behalf. Nothing in this paragraph shall affect the right of the Lead Manager to serve process in any other manner permitted by law.

20. WAIVER OF IMMUNITY

The Issuer expressly and irrevocably waives generally all immunity (including all rights to sovereign immunity) it or its assets (including without limitation its International Monetary Assets) or revenues may otherwise have in any jurisdiction, from jurisdiction, enforcement and any other purpose whatsoever. Such waiver shall extend to all commercial and non-commercial property, including bank accounts (save that such waiver shall not extend to any bank accounts opened in the name of the Central Bank of Montenegro, unless any such account is held by the Central Bank of Montenegro on behalf of the Issuer).

For the avoidance of doubt, this waiver includes a waiver of immunity from:

- 20.1.1 any service of process, suit or other legal, judicial or arbitral process arising out of, in relation to, or in connection with any Document or the Notes;
- 20.1.2 the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; and
- 20.1.3 any effort to confirm, enforce, or execute any decision, settlement, award, judgment, service of process, execution order, or attachment (including pre-judgment attachment), or in an action in rem, any effort to arrest, detain or sell any of its assets or revenues, that

results from any arbitration, or any legal, judicial or administrative proceedings arising out of, in relation to, or in connection to any Document or any Note,

provided that immunity is not waived with respect to present or future "premises of the mission" as defined in the Vienna Convention on Diplomatic Relations signed in 1961, "consular premises" as defined in the Vienna Convention on Consular Relations signed in 1963 or military property or military assets or property or assets of the Issuer relating to any of the foregoing assets.

21. COUNTERPARTS

This Agreement may be executed in two counterparts, each of which shall be deemed to be an original.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SIGNATURES

ISSUER

MONTENEGRO (acting through its Ministry of Finance)

By:  

LEAD MANAGER

CREDIT SUISSE SECURITIES (EUROPE) LIMITED

By:

SIGNATURES

ISSUER

MONTENEGRO (acting through its Ministry of Finance)

By:

LEAD MANAGER

CREDIT SUISSE SECURITIES (EUROPE) LIMITED

By: 

Markus Niemeler
Managing Director
Fixed Income



Surjen Singh
Director
Fixed Income