

**MEMORANDUM OF UNDERSTANDING
ON THE BELGRADE METRO PROJECT**

This Memorandum of Understanding (the "MoU") is made and entered into this day 18th November 2011 (the "Effective Date"), by and between:

- The City of Belgrade, having its office at 2, St. Dragoslava Jovanovica, 11000 Belgrade, Serbia (hereinafter the "City of Belgrade"),

and

- ALSTOM Transport SA, a company duly constituted and existing under the laws of France, having its registered office at 3, avenue André Malraux, 92300 Levallois - Perret, France (hereinafter "Alstom Transport").

The "City of Belgrade" and "Alstom Transport", are also hereinafter referred to collectively as "Parties" and individually as "Party".

WHEREAS Within the framework of the Strategic Partnership Agreement signed on April 8th 2011 between France and Serbia, the City of Belgrade is intending to implement the Line 1 of the Metro of Belgrade (hereinafter the "Project").

WHEREAS In October 2010, the French government has accepted to grant to Serbia a subvention for a FASEP pre-feasibility study (the Study) of the Project, composed of a first phase for Overall Concept - Phase 1 of the Study, that shall last four (4) months and a second phase for Preliminary Design - Phase 2 of the Study, that shall last 11 (eleven) months, as stated in the letter from the Embassy of France (Government of France) and in the letter from Egis Rail (ref 8146AA/LK110115A), both dated August 31st 2011. Such Study will be based on the document adopted by the Assembly of the City of Belgrade on 30 June 2010, titled "Belgrade Metro – the basis for selection of the solution"

WHEREAS The Project, whose guide lines are described in the Technical Annex, will include two parts : (i) Civil Works ("CW") including tunnels, platforms, stations, depot and (ii) System delivery ("System") including supply and installation of equipment including track laying, catenaries, power supply, and all necessary electrical and mechanical systems and subsystems and delivery of train sets. The Project also includes the technical support (engineering expertise) to

AS Sfe

implement the CW and System parts in an integrated manner, in line with international standards.

WHEREAS Alstom Transport is interested in taking part in the Project implementation, especially on the System part. The City of Belgrade is interested to assign the Project to Alstom Transport within the framework of the aforesaid Strategic Partnership Agreement.

WHEREAS City of Belgrade considers three scenarios for financing of the Project:

Scenario 1 = French side + partner(s), based on the letter of the French Prime Minister to the Serbian Prime Minister, dated July 27th 2011, as well as the proposal sent on June 30th 2011 by Alstom Transport (Gian Luca Erbacci) to City of Belgrade (Mayor Dragan Djilas) as starting point for negotiations between French and Serbian state representatives.

Scenario 2 = French financing for System part, other financing scheme from International Financing Institutions or other sources for the CW part, such scheme being under the responsibility of City of Belgrade.

Scenario 3 = Concession or PPP scheme for the Project, id est its System part and/or CW part, such scheme being under responsibility of City of Belgrade and potential concessionaire/PPP partner.

Therefore, the Parties agree as follows:

ARTICLE 1 - PURPOSE OF THE COOPERATION

1.1. The purpose of this MoU is to define the framework and the conditions of cooperation between the City of Belgrade and Alstom Transport in the development of the different phases of the Project.

1.2. In scenario 1 :

- Alstom Transport, in cooperation with the City of Belgrade, will do the follow-up of the financing of the Project.
- Alstom Transport, with his Civil Work partner(s), will prepare an offer for the Project following the completion of the Study

1.3. In scenario 2 :

- Alstom Transport will do the follow-up of the financing of the System and will provide its assistance to the extent practicable

to the obtaining by the City of Belgrade of a financing solution for the CW part.

- Alstom Transport will prepare an offer for the System following the completion of the Study.
- Alstom Transport will specify interfaces between E&M and CW, provide its support to the City of Belgrade to select CW Contractor(s), control during construction phase the respect from the CW Contractor of the interfaces requested for the E&M.

1.4. In scenario 3 :

In accordance with concession or PPP scheme still to be defined:

- Alstom Transport will consider the possibility to participate in the Concessionnaire Company.
- Alstom Transport will prepare an offer for the System following the completion of the Study, and an offer for maintenance of the System for the duration of concession or PPP.
- Alstom Transport will specify interfaces between E&M and CW, provide its support to the City of Belgrade to select CW Contractor(s), control during construction phase the respect from the CW Contractor of the interfaces requested for the E&M

ARTICLE 2 - EXCLUSIVITY

The City of Belgrade, considering the willingness of both French and Serbian Governments to be strategic partners in the development of the Project, confirms its intention to cooperate and negotiate, for a period of two years starting from completion of Phase 1 of the Study, with Alstom Transport, on an exclusive basis, as the supplier for the System part of the Project.

If negotiations cannot be concluded positively at the end of this two year exclusivity period no contract between the Parties will be signed for the Project.

ARTICLE 3 - ASSISTANCE FROM THE CITY OF BELGRADE

3.1. The City of Belgrade will do its best efforts to carry out the necessary actions from its side to progress on the Project in a timely manner.

Handwritten initials or signature in the bottom left corner.

3.2. The City of Belgrade shall assist Alstom Transport and the company in charge of the Study in the following areas, for the Study as well as for Project implementation :

- Providing all existing information on previous studies,
- Allocating the appropriate personnel,
- Granting approval on documents in due time,
- Granting access to site free of charge,
- Issuing necessary permits and agreements,
- Cooperating in all other necessary areas of the project.

ARTICLE 4 – ENTERING INTO FORCE - DURATION - TERMINATION

This MoU will enter into force upon completion of three following conditions :

- Its signature by both Parties
- The ratification of Strategic Partnership Agreement by Republic of Serbia (such Agreement being already ratified by French Government)
- The signature of “Tri-partite Declaration of Interest” between Serbian Government, French Government and City of Belgrade.

Unless extended by agreement in writing of the Parties, this MoU shall remain in full force and effect until, and automatically terminate upon (without any compensation by any Party to the other), the earlier to occur of the following events:

- The Parties mutually agree to terminate this Memorandum;
- Upon the signature of a contract with Alstom Transport for the performance of the Project;
- In any case, at the end of exclusivity period (as defined in article 2), unless expressly extended in writing by the Parties.

In case of termination of this Memorandum, no Party shall have any liability towards the other Party nor further obligations under this Memorandum except such obligations as have accrued as of the date of such termination or by their express terms survive the expiration or earlier termination of this Memorandum.

ARTICLE 5 - CONFIDENTIALITY

5.1. Unless otherwise mutually agreed by both Parties, each Party agrees for the duration of this MoU and 10 years after its expiry to keep confidential and not to disclose to third parties (including the Parties employees, except to those who mandatorily need to have access to such information, in which case these persons should be identified on a list) or not to use for any purposes other than the cooperation here under between the Parties confidential information which may have been

AS SE

disclosed by the other Party for the purposes of this Memorandum but this obligation shall not apply to:

- Information already in the possession of the receiving Party at the date of disclosure;
- Information which is in the public domain or enters the public domain through no fault of the receiving Party;
- Information received by the receiving Party from a third party which it was reasonable to believe was both lawfully in possession of the same and had not received the information directly or indirectly from the disclosing Party.

Each Party agrees to keep confidential, in accordance with the national regulations and laws of the Parties, the contents of this Memorandum.

ARTICLE 6 - LIABILITY

No Party shall be liable to the other Party whether by way of indemnity or in contract or in tort (including negligence) for any indirect or consequential loss or damages or loss of profit, loss of use, loss of production or loss of contract or for any financial or economic loss whatever and howsoever caused.

ARTICLE 7 - DISPUTE RESOLUTION

The Parties shall make every effort to resolve amicably by direct informal negotiation any disagreement or dispute arising between them out of or in connection with this Memorandum. In case a dispute cannot be solved amicably within 30 (thirty) days, any dispute shall be finally resolved by arbitration under the Rules of Arbitration of the International Chamber of Commerce (ICC) by arbitrators appointed in accordance with the said Rules. The Venue of the Arbitration shall be Geneva, Switzerland. The language of the proceedings shall be English.

ARTICLE 8 - APPLICABLE LAW

This MOU is governed by and construed in accordance with the laws of Serbia.

ARTICLE 9 - ASSIGNMENT

No Party may assign its obligations under this MoU in whole or in part without the prior written consent of the other Party, which consent shall not unreasonably be withheld.

However, it is understood by the Parties that Alstom Transport may decide that any other member of the ALSTOM Group of companies may join the contract for the Project (in replacement or with Alstom Transport).

ARTICLE 10 - MISCELLANEOUS

- 10.1 A person who is not a party to this MoU has no right to enforce or to enjoy the benefit of any term of this MoU.
- 10.2 This MoU may be executed in any number of counterparts and by the parties to it on separate counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.
- 10.3 Each Party declares that this MOU is in conformity with European law, and with the legislations of its own country.

For City of Belgrade

Mayor Dragan Djilas

For Alstom Transport

Gian Luca Erbacci

TECHNICAL ANNEX – Project Definition

«Belgrade Metro» Project has been defined in the following documents : the document “Belgrade Metro – the basis for selection of the solution” adopted by the Assembly of the City of Belgrade on 30 June 2010, the Pre-Feasibility Study prepared in 2003, including the Annex prepared in 2009, and the Terms of Reference agreed by the City of Belgrade and EGIS Rail on 27.10.2010. Pre-feasibility Study prepared in 2003, including the Annex prepared in 2009, estimates the capacity in peak hour up to 14.000 passengers per day (passengers per hour per direction) at the most frequent section of the Line 1 up to 2030.

The following options from the aforementioned documentation have also been taken into consideration:

- About 15 km of infrastructure, to be operated in a “Y” structure, one branch at 4 minute frequency, the other 12 minute frequency.
- 8 km line protected from road traffic.
- 7 km in tunnel.
- A bridge of 750m across the Sava River including the Approach Roads approximately 670 m long.
- 25 stations of which 11 underground.
- Rolling stock of the type full low floor with a conductor cabin at each end, 2,65 m wide, approximately 30 to 40 m long and having the possibility to couple two train sets together, with a capacity of approximately 600 passengers with 6p/m² density, track gauge of 1435 mm, power supply by overhead contact line.
- Overhead contact line, traction power supply, as well as other necessary electrical and mechanical systems and subsystems.

These features may evolve following results of the Study.