

AGREEMENT

for a

U.S. \$ 10,500,000

7 Year Floating Rate Loan

for

THE REPUBLIC OF PERU

Arranged by

RABOMERICA INTERNATIONAL
BANK N.V.

YAMAICHI INTERNATIONAL
(NEDERLAND) N.V.

A LOAN AGREEMENT dated 17th December 1974 and made ^{San Francisco}

Between:

- (1) THE REPUBLIC OF PERU
- (2) BANCO DE LA NACION
- (3) THE SEVERAL BANKS named in the list of signatories to this Agreement
- (4) RABOMERICA INTERNATIONAL BANK N.V. as Agent for the Banks, and
- (5) RABOMERICA INTERNATIONAL BANK N.V. and YAMAICHI INTERNATIONAL (NEDERLAND) N.V. as Managers

WHEREBY IT IS AGREED as follows:

1. PURPOSE AND DEFINITIONS

1.01. This Agreement sets out the terms on which the signatory Banks will, by their several obligations to contribute thereto, make available to the Republic of Peru a U.S.\$ 10,500,000 seven year Floating Rate Loan, arranged by the Managers, to be applied by the Republic of Peru to general purposes pursuant to decree law no. 20811.

1.02. In this Agreement, unless the context otherwise requires:

"Agent" means Rabomerica International Bank N.V., 604 Keizersgracht, Amsterdam.

"Banks" means the lending institutions (including where applicable, the Agent) which are parties to this Agreement at their respective offices identified with their respective signatures to this Agreement and where the context permits their successors and permitted assigns, each of the Banks severally being referred to as a "Bank".

"Borrower" means the Republic of Peru.

"Business Day" means a day on which in London, New York and Amsterdam banks are open for the transaction of business of the nature required for the purposes of this Agreement.

"Commitment"

means the obligation of the Banks (in their several Proportions) to make available to the Borrower in accordance with this Agreement the total sum of up to but not exceeding \$ 10,500,000.

"dollars" and the sign "\$"

means the lawful currency of the United States of America and, in relation to all payments hereunder, New York Clearing House Funds (or such other funds as shall for the time being be customary for the settlement of international Eurodollar transactions).

"Drawdown Date"

means the date on which the Loan is drawdown.

"Financial Agent"

means Banco de la Nacion, an autonomous agency of the Borrower organized under the laws of Peru, acting on behalf of the Borrower for certain purposes under this Agreement, or such other bank or institution appointed by the Borrower with the approval of the Agent to fulfil the obligations of Banco de la Nacion hereunder.

"Interest Payment Date"

means the last day of each Interest Period.

"Interest Period"

means a period the commencement and length of which shall be determined in accordance with the following provisions:

- (1.) the first Interest Period shall commence on the Drawdown Date and each subsequent Interest Period shall commence forthwith upon the expiry of the immediately preceding Interest Period.
- (2.) the length of each Interest Period shall be either three months or six months (except as provided in paragraph (6)).
- (3.) the Financial Agent shall specify the length of the first Interest Period in the notice of drawing referred to in clause 2.02.
- (4.) the Financial Agent may from time to time by notice, served on the Agent not later than the fifth Business Day.

prior to the expiry of any Interest Period, specify the length of the next following Interest Period, and if no such notice shall be served such next following Interest Period shall (subject to paragraph (5)) be of the same length as the immediately preceding Interest Period.

- (5.) Interest Periods shall in any event end on Maturity Dates.
- (6.) if any Interest Period would otherwise end on a day which is not a Business Day that Interest Period shall be extended to the next succeeding day which is a Business Day unless the result of such extension would be to carry such Interest Period over into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day.

"Interest Rate"

means the rate of interest payable in respect of the Loan ascertained in accordance with the provisions of Clause 3.02 and 3.03.

"Loan"

means the principal amount of all monies to be advanced by the Banks to the Borrower in respect of the Commitment or, as the context requires, the outstanding principal amount of all monies so advanced.

"Loan Period"

means the period (ending on the Interest Payment Date preceding and nearest to the end of such period) of 7 years from the date of this agreement or (as the case may be) the period from the Drawdown Date to the date upon which the Loan becomes repayable and is repaid in full or is prepaid in full in accordance with the provisions of this Agreement, whichever shall be the shorter.

"Managers"

means Rabomerica International Bank N.V., 604 Keizersgracht, Amsterdam, The Netherlands and Yamaichi International (Nederland) N.V., 1 Frederiksplein, Amsterdam, The Netherlands.

"Maturity Dates"

means dates, each of which must be the last day of an Interest Period, upon which the Loan will be repayable by semi-annual instalments in accordance with the provisions of Clause 2.05.

"New York Clearing House Funds"

means dollar funds current at the New York Clearing House, or in the event that such funds shall cease to exist or be changed in character such other form of dollar funds as shall, in the opinion of the Agent, be the nearest equivalent thereto from time to time.

"Notes"

means notes of such individual denominations as the Agent shall require to be issued by or on behalf of the Borrower as representing the Loan and interest thereon in the form set out in Schedule I, subject only to such modification as the Agent may approve or the Agent, in order to avoid any invalidity therein by reason of a change of law or other circumstances after the date of this Agreement, may require.

"Proportion"

means in relation to a Bank the proportion which that Bank's obligation to contribute and/or its contribution to the Loan bears to its several obligation to make available the amount of the Commitment set out opposite its name in the list of signatories to this Agreement.

"Reference Banks"

means
Bank of America National Trust and Saving Association, London;
Rabomerica International Bank N.V., Amsterdam;
Yamaichi International (Nederland) N.V., Amsterdam.

"Taxes"

means and includes any and all taxes, levies, imposts, duties, charges, fees, deductions, withholdings and any restrictions or conditions of any nature resulting in a charge.

"Year", "months" and "day"

means year and month according to the Gregorian calendar and day means a period of 24 hours ending at midnight London time or New York time or Amsterdam time as the case may require.

2. THE LOAN

- 2.01. Subject to the terms and conditions of this Agreement, the Banks agree to make available to the Borrower the full amount of the Commitment and the Borrower agrees to borrow the same. The liability of each Bank hereunder is several and no Bank shall be responsible for the liability of any other Bank. The failure of any Bank to make available its Proportion in accordance with its obligations hereunder shall not release any other Bank from its obligations hereunder. Subject as provided herein payments and repayments in respect of the Loan shall be made to the Banks pro rata to their Proportions.
- 2.02. The amount of the Commitment shall be drawn down by the Borrower in full on a day which must be a Business Day falling within the period of three months commencing on the date of this Agreement upon at least 5 Business Days' authenticated cable or tested telex notice, which shall be irrevocable, effective on receipt, from the Financial Agent to the Agent specifying the account to which the funds are to be sent, and the Agent shall promptly notify the Banks of the drawdown notice received in accordance with this Clause.
- 2.03. Each Bank shall, subject to the terms and conditions of this Agreement, make its Proportion available to the Agent not later than 10.00 a.m. (local time) on the Drawdown Date in dollars by credit to the account of the Agent with such bank in New York City as the Agent may notify to the Banks. The Agent shall make the Loan available to the Borrower on the Drawdown Date in accordance with instructions received by the Agent from the Financial Agent.
- 2.04. The Agent shall open and maintain a control account in which the Agent shall promptly enter in respect of the Loan and the Notes the payee Bank, the Drawdown Date and Interest Payment Dates, Maturity Dates, principal amount, Interest Rate as and when determined, interest accrued, interest paid, other amounts payable and paid in relation thereto, assignments and/or other participations notified to the Agent, repayments and reductions.
- 2.05. The Loan shall be repaid in dollars by semi-annual instalments on consecutive Maturity Dates commencing on the Interest Payment Date which precedes and is nearest to the expiration of two years from the date of this agreement. The first such instalment shall be of U.S.\$ 1,000,000 and the remaining 10 instalments shall be of U.S.\$ 950,000 each.

3. INTEREST

- 3.01. The Loan shall carry interest at the Interest Rate on its principal amount outstanding to the date of actual payment such interest being payable (subject to Clause 9.01) on Interest Payment Dates.
- 3.02. The Interest Rate in respect of each Interest Period shall, subject to Clause 3.03, be the rate per annum determined by the Agent to be the aggregate of (a) the Margin (as defined in this Clause 3.02) and (b) the arithmetic mean (rounded upwards to the nearest whole multiple of one-eighth of one per cent.) of the respective rates notified to the Agent 2 Business

Days prior to the beginning of the relevant Interest Period by the Reference Banks as the rate at which each of them is able in accordance with its normal practice to acquire as at 11 a.m. in the London Interbank Market for delivery on the first day of that Interest Period and for the number of days comprised therein a sum in dollars equivalent to or comparable with the amount of the Loan. If any one or more of the Reference Banks shall fail to provide a quotation for any Interest Period the Interest Rate shall be the arithmetic mean (rounded as above) of the rates notified by the remaining Reference Bank or Banks. For the purpose of this Clause, the Margin shall be $1 \frac{3}{8}$ per cent., per annum for the first 3 years from the Drawdown Date and $1 \frac{1}{2}$ per cent. per annum thereafter until the Loan has been repaid in full.

- 3.03. (a) In the event that on any date on which the Interest Rate for the next Interest Period is to be fixed the Agent shall by giving notice to the Financial Agent, certify that: -
- (1) the making or continuation of the Loan is or has become impracticable by reason of (i) the occurrence of a contingency which materially and adversely affects the London Interbank Market or (ii) any change in any applicable law or governmental regulation or order; or
 - (2) by reason of changes affecting the London Interbank Market proper and fair means for ascertaining the Interest Rate do not exist and/or the ability of the Banks to make or maintain the Loan is materially and adversely affected,
- then within the 10 days next following the date of such notice (to which the provisions of Clause 11.06 shall apply) the Borrower may at its option elect to prepay the Loan in full, without penalty, outstanding as at such date, together with all accrued interest (at the last applicable Interest Rate) thereon, such election to be expressed by notice (which shall be irrevocable) to the Agent and such prepayment to be effected 5 days after such notice to the Agent.
- (b) Unless the Borrower shall have given such notice to prepay as is referred to in the last paragraph of sub-clause (a) above, the Agent (on behalf of the Banks and in consultation with the Banks) and the Borrower shall, during the 15 days commencing 15 days after the date of the said notice from the Agent to the Financial Agent, negotiate in good faith with a view to arriving at a mutually satisfactory alternative arrangement for the continuation of the Loan or (where appropriate) an alternative interest rate or basis for computing interest on the Loan (herein called the "Substituted Rate") to constitute the Interest Rate for the purposes of Clause 3.02.
- (c) If, within the said 15 days period, the Borrower and the Agent shall agree in writing upon such alternative arrangement and/or (as the case may be) Substituted Rate then such arrangement and/or Substituted Rate shall be retroactive to, and effective from, the beginning of the

then current Interest Period in respect of the Loan.

(d) If, within such 15 days period, the Borrower and the Agent fail to agree in writing upon an alternative arrangement and/or a Substituted Rate the Banks shall be entitled to certify in writing the Substituted Rate which in their unanimous opinion would be fair and proper in all the circumstances and upon such certification the said rate shall be the Substituted Rate retroactive to, and effective from, the beginning of the then current Interest Period, provided that in the event that the Banks shall not be unanimous as to the Substituted Rate, the Substituted Rate certified by the Agent shall be conclusive.

(e) At the end of each relevant Interest Period under sub-clauses (c) and (d) of this Clause 3.03 the Interest Rate shall again be calculated by reference to the provisions of Clause 3.02 unless the Agent shall then again certify as provided in Clause 3.03 (a) in which event the remaining provisions of this Clause shall again be observed.

- 3.04. The Agent shall give prompt notice by telephone, telex or cable, confirmed in writing, to the Financial Agent, and to each of the Banks, of the Interest Rate (computed as herein provided) in respect of each Interest Period. Each determination of the Interest Rate by the Agent for the purposes of Clause 3.02 shall be conclusive and binding on the Borrower and the Banks. The Agent shall, at the request in writing of the Borrower or the Financial Agent, deliver to the Borrower a statement showing the quotations by the Reference Banks and the computations used by the Agent in determining the Interest Rate.
- 3.05. The Borrower shall pay to the Banks on the Drawdown Date a commitment commission on the amount of the Loan calculated at the rate of one-half of one per cent. per annum from the date of this agreement until the Drawdown Date.
- 3.06. In the event of any default by the Borrower in the payment of the principal amount of the Loan or interest thereon or commitment commission, the Borrower shall, without affecting any other remedy of the Banks, pay interest on the total sum overdue from the date of default to the date of actual payment (as well after as before judgement) accruing on a daily basis at the higher of the Interest Rate fixed for the last Interest Period and the rate computed conclusively by the Agent as being 2 per cent. per annum above the arithmetic mean (rounded upwards to the nearest whole multiple of one-eighth of one per cent.) of the respective quotations of the Reference Banks as notified to the Agent for each day during which the default continues for call deposits in dollars in the London Interbank Market in an amount equal to or comparable with the total sum overdue as at 11 a.m. on each such day.

- 3.07. The Borrower agrees that it will indemnify the Banks against any loss incurred by them as a result of any judgement being obtained and expressed in a currency other than dollars in respect of any amount due to the Banks or the Agent under this Loan Agreement or the Notes and any variation having occurred in rates of exchange between the date of any such amount becoming due and the date of actual payment thereof and that this indemnity shall apply irrespective of any indulgence granted by the Banks or the Agent from time to time and shall continue in full force and effect notwithstanding any such judgement.
- 3.08. Without prejudice to the foregoing the Borrower shall indemnify each of the Banks and the Agent against the actual expenses which any of them may reasonably sustain or incur as a direct consequence of the default by the Borrower in payment of the principal amount of the Loan or interest thereon, including but not limited to any differential interest payable by any of them to lenders of funds borrowed by any of them in order to maintain their Proportion.
4. PROVISIONS RELATING TO PAYMENT
- 4.01. All payments to be made by the Borrower under this Agreement shall be made by the Financial Agent on behalf of the Borrower in dollars to the credit of the account of the Agent at Bank of America, 37-41 Broad Street, New York, N.Y. 10015, or at such other bank in New York City as the Agent may from time to time designate by notice in writing to the Financial Agent not later than 10 a.m. (local time) on the relevant Business Day. All payments of principal of, and interest on, the Loan and the Notes or any other sums falling due under this Agreement shall be made by the Borrower without deduction for and free from any and all taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature now or hereafter imposed, levied, collected or assessed by the Government of Peru or any political subdivision thereof or any local or taxing authority in Peru. If the Borrower is at any time compelled by law to make any such deduction or withholding, it will pay such additional amounts as may be necessary in order that the net amounts received after such deduction or withholding shall equal the amounts which would have been received in the absence of such deduction or withholding. The Agent shall forthwith distribute all payments received by it for account of the Banks rateably in accordance with their respective entitlements and in accordance with instructions received from each of the Banks.
- 4.02. All payments of interest and commitment commission shall be computed on the basis of a year of 360 days and for the actual number of days elapsed.

03. If any change in any applicable law or regulation or in the interpretation thereof by any governmental authority charged with the administration thereof shall make it unlawful for any Bank to maintain its Proportion or give effect to its obligations under this Agreement, the Borrower shall repay at the end of the then current Interest Period to such Bank its Proportion, together with accrued interest thereon to the date of such repayment and together with any additional amounts payable hereunder and such Bank shall forthwith be discharged from any liability to fulfil its obligations under this Agreement.
04. If any law promulgated hereafter or any change in any applicable law or regulation or regulatory requirement or in the interpretation thereof by any governmental authority charged with the administration thereof shall:
- (a) subject any Bank to any currency premium or to any United States Interest Equalization Tax or other similar tax; or
 - (b) introduce or make applicable any reserve or special deposit requirements; or
 - (c) impose on any Bank any other conditions in respect of the Loan or the Notes;

and the result of any of the foregoing is to increase the cost to such Bank of maintaining its Proportion then in any such case such Bank shall have the right:

- (i) (notwithstanding the provisions of Clause 11.02) to assign its rights and obligations under this Agreement to another Bank; or
- (ii) to request the Borrower to pay to it such additional amount or amounts as will compensate that Bank for such additional cost and such amount shall be paid by the Borrower on the last day of the then current Interest Period.

Each Bank agrees that it will promptly notify the Agent which shall forthwith notify the Financial Agent of any event which will entitle that Bank to such additional amount or amounts or to assign its rights and obligations under this Agreement pursuant to this Clause.

A certificate as to such additional amount or amounts so required submitted by that Bank to the Agent, accompanied by a copy of any applicable law or regulations, and submitted by the Agent to the Financial Agent, shall be conclusive.

05. The Borrower shall be entitled on any Interest Payment Date on giving to the Agent not less than 30 days' written notice, which shall be irrevocable, effective upon receipt:

- (a) to prepay without premium in whole (but not in part) the Proportion of a Bank in respect of which, by virtue of Clause 4.04, the Borrower has become bound to pay additional amounts together with interest at the Interest Rate to the date of prepayment and the additional amounts aforesaid;
- (b) to prepay the Loan without penalty in part (in minimum amounts of \$ 2,500,000 or, if in excess thereof, in multiples of \$ 2,500,000) or in whole, together with interest on the amount prepaid at the Interest Rate to the date of prepayment, provided that on any such prepayment within two years after the date of this agreement the Borrower shall pay a premium in dollars equal to 3 per cent. of the amount of the Loan so prepaid, such premium reducing to 2 per cent. in the third year and 1 per cent. in the fourth year and so that there shall be no premium payable on prepayment on the expiration of a period of 4 years from such date. Any partial prepayments shall be applied towards satisfaction of the mandatory redemption instalments stipulated in Clause 2.05 in inverse chronological order.
- 4.06. If any Interest Payment Date or Maturity Date is not a Business Day, the next succeeding Business Day shall be substituted for such date unless such next succeeding Business Day falls in the following calendar month in which case the preceding Business Day shall be substituted for such date.

5. NOTES

- 5.01. The Loan shall be made available against and the Loan and Interest thereon shall be evidenced by Notes issued by and on behalf of the Borrower, representing:
- (a) the principal amount of the Loan and maturing on the appropriate dates for mandatory redemption instalments and final repayment stipulated in Clause 2.05;
- (b) interest on the Loan at the applicable Interest Rate and maturing on the Interest Payment Date falling at the end of the relevant Interest Period.
- In the event that a part of the Loan is repaid or prepaid in accordance with the provisions of Clause 4.03 or Clause 4.05 the Agent shall cause to be returned to the Borrower a Note or Notes representing the amount of such repayment or prepayment, provided that if a Note or Notes representing the exact amount of such repayment or prepayment is or are not in existence the Borrower shall deliver to the Agent a new Note or Notes representing the then outstanding principal amount of the Loan and upon receipt of such Note or Notes the Agent shall cancel and return to the Borrower the Note or Notes held by it and so that there shall at all times be in existence Notes representing the amount of the Loan.

- 5.02. Notes in respect of the principal amount of the Loan shall be delivered on behalf of the Borrower by the Financial Agent to the Agent at its address stated herein not less than 5 Business Days before the Drawdown Date and Notes in respect of interest on the Loan shall be delivered by the Financial Agent on behalf of the Borrower to Bank of America N.T. & S.A., Jiron Antonio Miro Quesada 327, Lima, Peru (to be sent by it to the Agent at its address stated herein) not later than the Drawdown Date and the first day of each successive Interest Period and shall be in favour of the Agent on behalf of the Banks and in such denominations as the Agent shall notify to the Financial Agent. The Notes shall be duly signed on behalf of the Borrower and the Financial Agent and shall be held by the Agent on behalf of the Banks.
- 5.03. The Agent undertakes with the Borrower that the Notes will not be presented for payment to the Borrower so long as (i) the interest on the Loan and commitment commission are duly paid without any deduction on due date and (ii) the principal of the Loan is duly paid without any deduction in accordance with the provisions hereof.
- 5.04. Upon due payment or satisfaction by the Borrower of each Note the same shall be cancelled and returned to the Financial Agent by the Agent on behalf of the Banks.

5. REPRESENTATIONS AND WARRANTIES

- 5.01. To induce the Banks to enter into this Agreement and to make and maintain the Loan, the Borrower represents and warrants to and undertakes with the Banks and each of them severally that:
- (a) this Agreement constitutes the valid and legally binding obligation of the Borrower enforceable in accordance with its terms, and that all the authorizations that are necessary in order to fulfil its obligations under this Agreement have been obtained;
 - (b) the execution, delivery or performance of this Agreement and the Notes will not conflict or be inconsistent with, or result in any breach of any of the terms of, or constitute a default under, or result in the creation or imposition of any lien or security interest pursuant to the terms of, any undertaking or obligation of any nature to which the Borrower is a party or to which it may be subject;
 - (c) the Loan and the Notes will be direct and unconditional general unsecured obligations of the Borrower and will, subject to the operation of Clause 7.01, rank pari passu, without in the case of the Notes any preference one above the other by reason of priority of date of issue or otherwise, with all other unsecured present and future obligations of the Borrower, including loan indebtedness guaranteed by the Borrower;

- (d) neither the Borrower nor the Financial Agent is in default under the provisions of any agreement or instrument evidencing or relating to borrowed money nor is any other entity whose obligations are guaranteed or avaled by any of the foregoing or in respect of which any of the foregoing is otherwise contingently liable in default under the provisions of any agreement or instrument evidencing or relating to such obligation;
- (e) the Notes when signed on behalf of the Borrower, will constitute valid and legally binding obligations of the Borrower according to the apparent tenor thereof and the execution and performance of the Notes will not contravene any applicable law, regulation or contractual restriction binding on the Borrower;
- (f) the Financial Agent has power to act in executing, delivering and performing this Agreement;
- (g) the obligations of the Borrower hereunder represent the full faith and credit of the Republic of Peru which is hereby pledged for the due and punctual payment of all sums due under this Agreement and the Notes;
- (h) it will at all times during the Loan Period maintain all necessary approvals, authorizations and consents that are necessary in order to fulfil its obligations under this Agreement, including in particular authorizations permitting the remittance of payments in respect of the principal of the Loan and interest and all other amounts payable hereunder in dollars;
- (i) it or the Financial Agent will provide the Agent with such information of a legal, economic and financial nature as may be reasonably requested by the Agent from time to time throughout the Loan Period;
- (j) the Loan will be applied by the Borrower for the purposes stated in Clause 1.01 above.

02. The Financial Agent represents to and undertakes with the Banks and each of them severally that: -

- (a) its obligations under this Agreement constitute valid and legally binding obligations of the Financial Agent enforceable in accordance with their terms, and that all authorizations that are necessary in order to fulfil its obligations under this Agreement have been obtained and will remain in force throughout the Loan Period;
- (b) it will provide the Agent with such number of copies of its annual report in English and such other information as the Agent may reasonably request from time to time throughout the Loan Period.

NEGATIVE PLEDGE

- 7.01. The Borrower agrees that from and after the date hereof and so long as any amounts remain unpaid in respect of principal and interest on the Loan or otherwise hereunder it will not permit any mortgage, pledge, lien or other charge to be granted or extended to any present or future loan, debt or other obligation (including obligations under guarantees) of the Borrower or the Financial Agent unless such mortgage, pledge, lien or other charge is at the same time extended equally and rateably to the Loan and the Notes. Any such security extended pursuant to this Clause 7.01 shall be granted to the Agent on behalf of the Banks.

LENDING CONDITIONS

- 8.01. The Banks shall not be bound to advance any monies in respect of the Commitment until the Agent shall have received in a form satisfactory to the Agent, not less than 5 Business Days before the Drawdown Date all of the following:-
- (a) Notes in respect of principal duly executed on behalf of the Borrower and the Financial Agent issued in accordance with the provisions of Clause 5;
 - (b) a duly authenticated copy of Decree Law No. 20811 signed by the President of the Republic of Peru and members of the Cabinet of the Government of Peru authorizing the borrowing hereunder;
 - (c) a duly authenticated copy of a Supreme Decree of the Executive Power of the Government of the Republic of Peru issued by the President of the Republic and the Minister of Economy and Finance approving this Agreement and the Notes and all their terms and conditions, and empowering Dr. Fernando Reus Salinas, Director General de Credito Publico del Ministerio de Economia y Finanzas and Alvaro Meneses Diaz, Gerente General of the Financial Agent to sign on behalf of the Borrower and the Financial Agent respectively;
 - (d) an opinion of the Direccion General de Asesoría Juridica dated not more than 7 days prior to the Drawdown Date in the terms substantially of Schedule 2;
 - (e) an opinion of legal counsel to the Agent in Peru dated as of the Drawdown Date in terms substantially of Schedule 3;
 - (f) written confirmation dated not more than 7 days prior to the Drawdown Date in the form set out in Schedule 4 to the Agent from Banco Central de Reserva del Peru that it is authorized to supply on behalf of the Borrower all sums due in respect of the Loan and interest thereon and all other sums payable hereunder in dollars;

(g) certificates of the Borrower and the Financial Agent dated as of the Drawdown Date, executed by duly authorized officials thereof, stating that the representations and warranties contained in Clause 6.01 and 6.02 respectively are true and correct as of the date of such certificates and that no event of default has occurred or is continuing which constitutes, or which, with the giving of notice or lapse of time, or both, would constitute an event of default under Clause 9.01.

9. EVENTS OF DEFAULT

9.01. The Commitment shall forthwith terminate and the Agent, upon the request of Banks having more than 50 per cent., of the Commitment or, as the case may be, the Loan, by notice of default to the Borrower or the Financial Agent, shall declare the Loan and the Notes and all outstanding interest thereon and all other sums payable hereunder to be forthwith due and payable, whereupon the Loan and the Notes together with interest accrued thereon and all other sums payable hereunder, shall become immediately due and payable without presentment, demand, noting, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower, upon the occurrence of any of the following events of default:-

- (a) the Borrower fails to make any payment of principal or interest or any other payment hereunder or under the Notes when due; or
- (b) any representation, undertaking or warranty of the Borrower or the Financial Agent herein or in any certificate or other document furnished pursuant hereto proves to be at any time incorrect in any material respect; or
- (c) the Borrower defaults in the performance of any other provision of this Agreement, and such default, if capable of remedy, shall continue unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Agent on behalf of the Banks; or
- l) the Borrower or the Financial Agent becomes bound to repay prematurely (or fails to pay on due date) any loan or indebtedness following a default by the Borrower or the Financial Agent in its obligations in respect of the same; or
- e) any governmental registration, licence, authorization, consent or approval necessary to enable the Borrower or the Financial Agent to comply with their obligations hereunder or under the Notes is revoked, withdrawn, modified or withheld or shall otherwise fail to remain in full force and effect.

0. AGENT

- 0.01. Each of the Banks irrevocably authorizes the Agent to take such action on its behalf and to exercise such powers hereunder as are specifically delegated to it by the terms hereof, together with such powers as are reasonably incidental thereto. Neither the Agent, the Managers nor any of their directors, officers, employees or agents shall be liable for any action lawfully taken or omitted to be taken by it or them hereunder or in connection herewith, except for their own gross negligence or wilful misconduct. The Agent shall be entitled to rely on any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and shall be entitled to rely as to legal matters on opinions of legal advisers selected by it. Neither the Agent nor the Managers shall be responsible to the Banks for the validity, effectiveness, enforceability or sufficiency of this Agreement, the Notes or the Loan or be obliged to ascertain or enquire as to the use of the proceeds of the Loan. In relation to its Proportion, the Agent shall have the same rights and powers hereunder as any Bank and may exercise the same as though it were not the Agent.
- 0.02. In default of reimbursement or indemnification by the Borrower the Banks will pro rata to their Proportions reimburse and indemnify the Agent for and against all expense, liability and damage which may be incurred or sustained by the Agent in connection herewith or its duties hereunder save those actually reimbursed by the Borrower.
- 0.03. The Agent and the Managers may, without liability to account, accept deposits from, lend money to, and generally engage in any kind of banking trust or investment banking business with the Borrower and the Banks or any of their respective subsidiary or associated companies as if it or they were not the Agent or Managers respectively.

1. MISCELLANEOUS

- 1.01. (a) If any Bank shall at any time receive payment hereunder in respect of its Proportion (except in accordance with Clauses 4.01, 4.03, 4.04, 4.05 (a) or 11.03) whether by set-off or otherwise, in a greater proportion than the payments made to the other Banks, such Bank shall pay rateably to each of the other Banks an amount so that after such payment the amount received by each Bank is relative to its Proportion;
- (b) The Agent may apply any payment received from the Borrower in satisfaction in whole or in part of any amount of principal interest or other sum due from the Borrower under this Agreement;

(c) The Borrower shall not be entitled to deduct or set-off ~~the~~ any amount which is owed or said to be owed by one of the Banks to the Borrower from any amount of principal interest or other sums due from the Borrower under this Agreement.

1.02. With the prior consent of the Borrower and the Agent, any Bank may assign the whole or part of its Proportion to another bank or financial entity or arrange for another bank or financial entity to participate in its Proportion and this Agreement shall to the extent of any participation so granted enure to the benefit of and be binding on those other banks or financial entities.

1.03. The Borrower agrees to pay:

(a) any and all stamp and other transaction taxes or charges imposed by Peruvian governmental or local authorities, and to indemnify the Agent, the Managers and the Banks against any and all liabilities in respect of or resulting from delay or omission to pay such taxes or charges, if any, which may be payable or determined to be payable in connection with the execution, delivery, performance or enforcement of this Agreement;

(b) upon demand whether or not the Commitment is ever advanced hereunder all costs, charges and expenses (including all legal fees) incurred by the Agent and the Managers in connection with the negotiation, preparation, execution and enforcement of this Agreement and the Notes or otherwise;

(c) to the Agent a management fee of an amount equal to 5/8th per cent. flat of the maximum amount of the Commitment. Such amount shall be due and payable by the Borrower in accordance with Clause 4.01 on the date hereof and shall be deemed an obligation of the Borrower hereunder.

1.04. No failure to exercise and no delay in exercising on the part of the Agent or any Bank, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

1.05. The Banks, the Agent and the Managers shall not be liable for any failure to perform the whole or any part of this Agreement resulting directly or indirectly from the action or inaction or purported action of any government or local authority, or from any strike, lock-out, boycott or blockade.

- 1.06. Unless otherwise specified herein, all notices, requests, demands or other communications to or upon the parties hereto shall be deemed to have been given (i) in the case of notice by letter when 10 days shall have elapsed after such notice has been sent by registered airmail, (ii) in the case of notice given by cable, when 2 Business Days shall have elapsed after such notice has been delivered to the cable office, and (iii) in the case of notice by telex when 2 Business Days shall have elapsed after it was sent, addressed, in the case of any of the Banks, or the Agent, to the Agent at its address stated herein and in the case of the Borrower or the Financial Agent to the Financial Agent at Edificio del Ministerio de Economia y Finanzas, Avenida Abancay, Lima, Peru or at such other address in Lima, Peru as the Financial Agent shall have notified to the Banks and the Agent in writing within 10 days of any change in its address.
- 1.07. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered to the Agent shall be an original, but all the counterparts shall together constitute one and the same instrument. Upon delivery to the Agent of the counterparts executed by the Borrower, the Financial Agent, all the Banks and the Managers, the Agent shall forthwith give notice in writing of such delivery to all other parties hereto.
- 1.08. Each document to be delivered under Clause 8 shall be in the English Language or accompanied by a duly certified English translation thereof and all notices shall be in the English Language.
- 1.09. This Agreement shall be deemed to be a contract under, and this Agreement and the Notes and the rights of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of England. In the remote event that legal procedures should be required, the service of such procedures will be exclusively received by the Financial Agent as defined in Clause 1.02 as such and/or as autonomous banking institution. The Financial Agent irrevocably nominates the Consul-General of the Republic of Peru in England to receive service of any proceedings in the English Courts and further agrees that any such proceedings may (at the option of the Agent) be served by posting a copy thereof to the Financial Agent at its address referred to in Clause 1.06 above, provided that nothing in this Agreement shall preclude the Banks from instituting legal proceedings in the courts of any other country having or claiming jurisdiction in respect thereof. Only to the extent required by Article 17 of the Constitution of the Republic of Peru the Banks submit to the laws and the Courts of Peru.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

SIGNED for and on behalf of

THE REPUBLIC OF PERU

By:



FERNANDO REUS

DIRECTOR GENERAL DE CREDITO PUBLICO

SIGNED for and on behalf of

BANCO DE LA NACION

By:



ALVARO MENESSES DIX

GENERAL MANAGER

SIGNED for and on behalf of

RABOMERICA INTERNATIONAL BANK N.V.

as Agent and Manager

By:


 

SIGNED for and on behalf of

YAMAICHI INTERNATIONAL

(NEDERLAND) N.V. as Manager

By:




LIST OF BANKS

<u>Bank</u>	<u>Address</u>	<u>Amount of Commitment</u>
Bank of America National Trust and Savings Association	Avenida Peru y Calle 36 Panama 5.R.P. Panama	\$ 3,000,000
By: <u>G. J. Fournier</u> <u>Bill Cammer</u>		
Canadian Imperial Bank of Commerce	New York Agency 22 William Street New York, N.Y. (10005)	\$ 3,000,000
By: <u>W. P. Hoffert</u> <u>Duly authorized attorney</u>		
Coöperatieve Centrale Raiffeisen-Boerenleenbank g.a.	St. Jacobstraat 30 Utrecht	\$ 3,000,000
By: <u>W. van der Kolk</u>		
Rabomerica International Bank N.V.	Keizersgracht 604 Amsterdam	\$ 1,000,000
By: <u>R. Manders</u> <u>W. P. Hoffert</u>		
Yamaichi International (Nederland) N.V.	Frederiksplein 1 Amsterdam	\$ 500,000
By: <u>M. Manders</u> <u>Tohikubo</u>		

SCHEDULE 1

THE REPUBLIC OF PERU

PROMISSORY NOTE

No

U.S.\$

The Republic of Peru ("the Borrower") for value received unconditionally promises to pay to Rabomerica International Bank N.V. or order at Bank of America at its domicile 37-41 Broad Street, New York, N.Y.10015 the sum of
on 19 fixed.

This Promissory Note is issued under, and with the benefit of the provisions contained in, an Agreement dated 1974 between the Borrower, Banco de la Nacion, the several Banks named in the Agreement, Rabomerica International Bank N.V. as Agent for such Banks and Rabomerica International Bank N.V. and Yamaichi International (Nederland) N.V. as Managers and if any amount due hereunder is not paid upon due date through no fault of the holder of this Note interest will be payable on such amount as provided in such Agreement.

If the date fixed for any payment in respect of this Promissory Note is not a business day in London, Amsterdam and New York City, the payment will be made upon the next succeeding business day in such places unless such next succeeding business day falls in the following calendar month in which case the preceding business day shall be substituted for such date. All payments under this Promissory Note shall be made without deduction for and free of any Peruvian taxes, duties or levies of any kind whatsoever.

The Borrower waives diligence, presentment, demand of payment, protest, noting and all other formalities of any kind in connection with this Promissory Note.

The full faith and credit of the Republic of Peru is pledged for the due and punctual payment (without deduction) of the principal of and interest on this Note and for the due and timely performance of all the obligations of the Borrower under the said Agreement.

IN WITNESS whereof this Promissory Note has been duly executed in
on 19
on behalf of the Borrower and Banco de la Nacion.

For and on behalf of
THE REPUBLIC OF PERU

For and on behalf of
BANCO DE LA NACION

.....

.....

SCHEDULE 2

LEGAL OPINION

to be given by the Direccion General de Asesoria Juridica

To:

RABOMERICA INTERNATIONAL BANK N.V.
Keizersgracht 604
Amsterdam
The Netherlands

, 1974.

Dear Sirs,

In connection with the execution by the Republic of Peru ("the Borrower") and Banco de la Nacion ("the Financial Agent") of an agreement dated , 1974 ("the Loan Agreement") between the Borrower, the Financial Agent, the Banks therein named, your Bank, as Agent and Rabomerica International Bank N.V. and Yamaichi International (Nederland) N.V. as Managers, and the issue and subscription of notes under the Loan Agreement in the form set out in Schedule 1 thereto ("Notes"), you have asked for my opinion on the matters set forth below. In giving this opinion I have examined a copy of the Loan Agreement in the form executed by the parties thereto, the Notes, Constitutional provisions, laws and such decrees of the Borrower, records of the Financial Agent, certificates, authorizations, resolutions and other documents as I deemed necessary and I have assumed due compliance with all matters of English law, by which the Loan Agreement and the Notes are to be governed.

I am of the opinion that:

1. The Borrower and the Financial Agent have full power to enter into and perform their respective obligations under the Loan Agreement and the Notes and have obtained all necessary approvals, consents and authorizations in relation thereto;
2. The Loan Agreement and the Notes, being duly signed on behalf of the Borrower in accordance with the Constitution of the Republic of Peru, constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms, for the performance of which the full faith and credit of the Republic of Peru has been pledged. The obligations of the Borrower under the Loan Agreement and the Notes rank pari passu with all other general unsecured obligations of the Borrower, including loan indebtedness guaranteed by the Borrower;
3. The obligations of the Financial Agent under the Loan Agreement constitute valid and legally binding obligations of the Financial Agent enforceable in accordance with their terms;

4. The execution, delivery and performance of the Loan Agreement and the Notes do not and will not conflict nor be inconsistent with, or result in any breach of, any of the terms of, or constitute a default under, or result in the creation or imposition of any lien or security interest pursuant to the terms of, any undertaking or obligation of any nature to which the Borrower is a party or to which it may be subject;
5. Neither the Borrower nor the Financial Agent is in default under the provisions of any agreement or instrument evidencing or relating to borrowed money nor is any other entity whose obligations are guaranteed or avaled by any of the foregoing or in respect of which any of the foregoing is otherwise contingently liable in default under the provisions of any agreement or instrument evidencing or relating to such obligation;
6. The provisions of Clause 11.09 of the Loan Agreement are valid and binding on the Borrower and the Financial Agent, express mention being made at the end of such Clause that "Only to the extent required by Article 17 of the Constitution of the Republic of Peru the Banks submit to the laws and the Courts of Peru";
7. pursuant to the letter dated _____, 1974 (a copy of which is annexed hereto marked "A") from Banco Central de Reserva del Peru it is authorized to supply on behalf of the Borrower all sums due under the Loan Agreement from time to time in United States Dollars;
8. No registration or other official action in respect thereof is necessary in Peru to render the Loan Agreement or the Notes enforceable against the Borrower or the Financial Agent;
9. There is no stamp or other documentary tax payable to the Peruvian Government or any taxing authority thereof on the execution and delivery of the Loan Agreement or the Notes;
10. Under the laws of Peru there is no withholding or other similar tax applicable to payments of interest or commitment commission.

Yours faithfully,

SCHEDULE 3

LEGAL OPINION

to be given to Counsel to the Agent in Peru

To:

RABOMERICA INTERNATIONAL BANK N.V.
Keizersgracht 604
Amsterdam
The Netherlands

, 1974.

Dear Sirs,

In connection with the execution by the Republic of Peru ("the Borrower") and Banco de la Nacion ("the Financial Agent") of an agreement dated , 1974 ("the Loan Agreement") between the Borrower, the Financial Agent, the Banks therein named, your Bank and Rabomerica International Bank N.V. and Yamaichi International (Nederland) N.V. as Managers, and the issue and subscription of notes under the Loan Agreement in the form set out in Schedule 1 thereto ("Notes"), you have asked for my opinion on the matters set forth below. In giving this opinion I have examined a copy of the Loan Agreement in the form executed by the parties thereto, the Notes, Constitutional provisions, laws and such decrees of the Borrower, records of the Financial Agent, certificates, authorizations, resolutions and other documents as I deemed necessary and I have assumed due compliance with all matters of English law, by which the Loan Agreement and the Notes are to be governed.

I am of the opinion that:

1. Pursuant to Decree Law No. 20811 the Borrower and the Financial Agent have full power to enter into and perform their obligations under the Loan Agreement and the Notes and have obtained all necessary approvals, consents and authorizations in relation thereto. Copies (and certified translations) of such Decree Law, a Supreme Decree of the Executive Power of the Government of the Republic of Peru, an opinion of the Direccion General de Asesoria Juridica, the letter referred to in paragraph 5 below and such other decrees, resolutions, approvals, consents and authorizations as I deemed relevant to the Loan Agreement and the Notes are annexed hereto marked "A";
2. The Loan Agreement and the Notes constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms, for the performance of which the full faith and credit of the Republic of Peru has been pledged. The obligations of the Borrower under the Loan Agreement and the Notes rank pari passu with all other general unsecured obligations of the Borrower including loan indebtedness guaranteed by the Borrower;

3. The obligations of the Financial Agent under the Loan Agreement constitute valid and legally binding obligations of the Financial Agent enforceable in accordance with their terms;
4. The execution and performance of the Loan Agreement and the Notes by the Borrower are within its power and do not contravene any law, decree, statute, regulation or restriction of whatever nature, or to my knowledge any provision of any agreement, contract or other document, binding on the Borrower;
5. Pursuant to the letter dated _____, 1974 from Banco Central de Reserva del Peru and in accordance with its terms it is authorized to supply on behalf of the Borrower all sums due under the Loan Agreement from time to time in United States Dollars;
6. The provisions of Clause 11.09 of the Loan Agreement are valid and binding on the Borrower and the Financial Agent;
7. No registration or other official action in respect thereof will be necessary in Peru to render the Loan Agreement or the Notes enforceable against the Borrower or the Financial Agent;
8. There is no stamp or other documentary tax payable to the Peruvian Government or any taxing authority thereof on the execution and delivery of the Loan Agreement or the Notes;
9. Under the law of Peru there is no withholding or other similar tax applicable to payments of interest or commitment commission.

Yours faithfully,

SCHEDULE 4

LETTER FROM BANCO CENTRAL DE RESERVA DEL PERU

To:

RABOMERICA INTERNATIONAL BANK N.V.
Keizersgracht 604
Amsterdam
The Netherlands

, 1974.

Dear Sirs,

In connection with the Loan Agreement dated _____, 1974 ("the Agreement") between the Republic of Peru ("the Borrower"), Banco de la Nacion, the Banks therein named, your Bank and Rabomerica International Bank N.V. and Yamaichi International (Nederland) N.V. as Managers, we declare in respect of the obligations of the Borrower under the Agreement and the Promissory Notes to be issued thereunder, that against delivery of an equivalent sum in Peruvian Soles at the rate of exchange and in compliance with legal requirements in effect at the time of payment, we shall supply the United States Dollars which may be necessary for the payment of the principal of and interest on the Loan and such Notes and all other sums payable under the Agreement. We expressly declare that our commitment in relation to the Agreement is strictly limited to the terms set forth herein.

Very truly yours,

