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SCHEDULE "A" - Disbursement Procedures Agreement

SCHEDULE "B" - Promissory Note

THIS AGREEMENT MADE BETWEEN:

BANCO DE LA NACION,
Lima, Peru, on behalf of the
Republic of Peru

(hereinafter referred to as "the Borrower")

OF THE FIRST PART

AND

EXPORT DEVELOPMENT CORPORATION
a corporation established by an Act of the
Parliament of Canada, having its head office
at the City of Ottawa, Canada,

(hereinafter referred to as "EDC")

OF THE SECOND PART

WITNESSETH THAT:

WHEREAS the Republic of Peru has initiated a program for the modernization and expansion of maritime and naval communications services in and for Peru and in connection therewith desires to purchase Canadian equipment, engineering and project management services; and

WHEREAS the Borrower has requested EDC to finance a part of such purchase;

NOW THEREFORE the parties hereto have agreed as follows:

ARTICLE I

DEFINITIONS

Section 1.01

In this Agreement unless something in the subject matter or context is inconsistent therewith:

- (a) "COLLINS" means Collins Radio Company of Canada Ltd., a Canadian company having its head office at 150 Bartley Drive, Toronto, Canada;

- (b) "COMMERCIAL AGREEMENT" means the agreement made the 13th day of October, 1972 between COLLINS and the Peruvian Government represented by the Superior Director of the Ministry of Economy and Finance, General Director of Economy in the Navy and the President of Banco de la Nacion (a true copy of which has been delivered to EDC);
- (c) "COUNSEL" means any barrister, solicitor, attorney or lawyer or firm thereof acceptable to EDC;
- (d) "DISBURSEMENT PROCEDURES AGREEMENT" means the agreement executed contemporaneously herewith, an unexecuted copy of which is annexed hereto and marked Schedule "A" for identification;
- (e) "DOLLARS" means Canadian dollars;
- (f) "EVENT OF DEFAULT" means any one or more of the events mentioned in Section 11.01 herein;
- (g) "FIRST INSTALLMENT DATE" means March 15, 1975;
- (h) "GOODS and SERVICES" means the equipment, engineering and project management services as set forth in the COMMERCIAL AGREEMENT (as amended from time to time with the consent of EDC) and meeting the Canadian content requirements of EDC;
- (i) "LOAN" means, at any given time, the aggregate of the amounts advanced by EDC to or to the order of the Borrower pursuant to ARTICLE II hereof and outstanding at the time and interest accrued but unpaid, and any other sums then due and payable to EDC pursuant hereto;
- (j) "NOTES" means the notes issued by the Borrower to EDC in accordance with the provisions of Section

4.01 hereof and the note, if any, issued in replacement thereof as in Section 4.02 provided;

- (k) "PROJECT" means the program initiated by the Republic of Peru for the modernization and expansion of maritime and naval communications services in and for Peru to provide for dispatch and control of coastal shipping, search and rescue missions, pollution warning and control, time and weather broadcasts and essential communications services to the commercial fishing industry, which program provides for installation of medium frequency, high frequency and ultra high frequency equipment at shore stations and on various classes of ships; and
- (l) "hereto", "herein", "hereof", "hereunder", "this Agreement", and similar expressions refer to this Financing Agreement; and the expressions "ARTICLE" and "Section" followed by a number mean and refer to the specified article or section of this Agreement.

Section 1.02

The heading of the ARTICLES and the Table of Contents are inserted for convenience of reference only and shall not affect the construction or interpretation hereof.

ARTICLE II

THE LOAN

Section 2.01

Subject to the terms and conditions herein contained, EDC agrees to lend to the Borrower for the purpose of assisting

the Borrower in paying the cost to it of GOODS and SERVICES, the lesser of Three Million Seven Hundred Thousand DOLLARS (\$3,700,000) and an amount equal to ninety percent (90%) of the cost to it of GOODS and SERVICES.

Section 2.02

Each amount advanced by EDC pursuant to Section 2.01 hereof shall be disbursed in accordance with the provisions of the DISBURSEMENT PROCEDURES AGREEMENT.

Section 2.03

Unless EDC otherwise in writing agrees, EDC shall not be bound to make any advance under Section 2.01 after the 31st day of July, 1976.

ARTICLE III

REPAYMENT

Section 3.01

The Borrower covenants and agrees to repay to EDC at Ottawa, Canada the aggregate of the amounts advanced pursuant to Section 2.01 hereof in sixteen (16) consecutive, semi-annual instalments, the first of such instalments to become due and payable on the FIRST INSTALMENT DATE, the first such instalment to be in the principal amount of Two Hundred and Thirty-Five Thousand DOLLARS (\$235,000) and the other fifteen (15) instalments to be in the principal amount of Two Hundred and Thirty-One Thousand DOLLARS (\$231,000) each the last such instalment or instalments to be adjusted if necessary to reflect accurately the amount actually advanced by EDC pursuant to Section 2.01 hereof, provided that in the event that the first advance by EDC hereunder shall occur on a date later than the

second instalment date the Borrower agrees that EDC may withhold from the amount of such advance the sum of Four Hundred and Seventy Thousand DOLLARS (\$470,000) in satisfaction of the first and second instalments due pursuant to this Section 3.01.

Section 3.02

The Borrower covenants and agrees to pay to EDC at Ottawa, Canada on March 15th and September 15th of each year, interest at the rate of seven and one quarter percent (7 1/4%) per annum calculated semi-annually, computed on the basis of the actual number of days using a 365 day factor, on the aggregate of the amounts advanced pursuant to Section 2.01 hereof and outstanding from time to time until paid, and to pay interest on overdue interest at the aforesaid rate compounded semi-annually until paid.

Section 3.03

All payments to be made by the Borrower to EDC pursuant hereto (and whether on the NOTES or otherwise) shall be payable in DOLLARS at the principal branch in Ottawa, Canada, of The Toronto-Dominion Bank.

Section 3.04

All payments to be made by the Borrower to EDC pursuant hereto will be made without deduction for and free from any present or future taxes, duties, fees or other charges of whatsoever nature now or at any time hereafter imposed or levied (a) under the laws of the Republic of Peru or laws in effect in its territories or (b) by any department, agency, political subdivision or taxing authority thereof. The Borrower hereby agrees to pay or cause to be paid all present and future taxes or

duties of whatsoever nature, if any, now or at any time hereafter levied or imposed by the Republic of Peru or by any department, agency, political subdivision or taxing authority thereof on or in connection with the execution, issuance, delivery or registration of this Agreement or the NOTES or the payment of principal or interest hereunder or thereunder or of any other sums payable by the Borrower pursuant hereto, and if any such taxes or duties are deducted or withheld from any such payments, the Borrower hereby agrees to promptly remit to EDC or its assignee or endorsee, in DOLLARS, the equivalent of the amounts so deducted or withheld; provided, that in the event the Borrower is prevented from paying, causing to be paid, or remitting such taxes, duties, fees or other charges as aforesaid, the interest payable under this Agreement and the NOTES shall be increased to such amount as is necessary to yield and remit to EDC the principal of the LOAN, and interest at the rate specified in this Agreement after provision for payment of such taxes, duties, fees, or other charges; provided further, that the Borrower shall, from time to time at the request of EDC, execute and deliver to EDC any and all further instruments as may be necessary or advisable to give full force and effect to such increase in the rate of interest, including without limitation, notes of the Borrower to be issued in exchange for any NOTES theretofore issued by the Borrower to EDC hereunder.

Section 3.05

The principal of and interest and other charges on the LOAN and NOTES shall be paid free from all restrictions imposed under the laws of the Republic of Peru or laws in effect within the Republic of Peru, including, but not limited to, any

restrictions now or hereafter in force respecting foreign exchange.

Section 3.06

The Borrower covenants and agrees to pay or cause to be paid to EDC on demand the amount of the reasonable fees and disbursements of COUNSEL to EDC from time to time paid by EDC in connection with the financing which is the subject matter of this Agreement.

ARTICLE IV

SECURITY

Section 4.01

As security for the LOAN, the Borrower shall make in Canada and deliver to EDC a series of sixteen (16) notes (on printed forms to be supplied by EDC); the note to mature on the FIRST INSTALMENT DATE shall be for a principal amount of Two Hundred and Thirty-Five Thousand DOLLARS (\$235,000) and the remainder of the notes shall each be for a principal amount of Two Hundred and Thirty-One Thousand DOLLARS (\$231,000); the notes shall be numbered serially one to sixteen, shall mature at consecutive six monthly intervals, the first maturity date to be the FIRST INSTALMENT DATE, and shall otherwise conform to the sample note, annexed hereto and marked Schedule "B" for identification.

The Borrower shall, upon the execution of this Agreement, deliver to EDC at Ottawa, Canada, the notes described in this Section.

Section 4.02

If less than Three Million Seven Hundred Thousand DOLLARS (\$3,700,000) is advanced hereunder, by the 31st day of July, 1976 (or by such other date as to which EDC may have agreed in accordance with Section 2.03 hereof), the Borrower shall make in Canada and deliver to EDC within sixty (60) days of either such date, as the case may be (but in no event after September 30, 1976), a replacement note in place of the note or notes of latest maturity previously delivered pursuant hereto, so that, upon substitution of the replacement note, the aggregate of the principal amounts of the notes of the Borrower held by EDC pursuant to the provisions of this Agreement will accurately reflect the amounts advanced pursuant to Section 2.01 hereof; it being the intent of the parties that if less than Three Million Seven Hundred Thousand DOLLARS (\$3,700,000) is advanced hereunder then the amount of the difference between the amount actually advanced pursuant to Section 2.01 hereof and the sum of Three Million Seven Hundred Thousand DOLLARS (\$3,700,000) shall be applied in satisfaction of the principal instalments (and the NOTES) in the inverse order of their maturity; the replacement note shall be made in accordance with the provisions of Section 4.01 except as to its principal amount. Upon the Borrower providing evidence satisfactory to EDC that the replacement note has been duly authorized, executed and delivered by the Borrower and is legally binding upon it in accordance with its terms and provided the Borrower is not in default hereunder and no event has occurred and is continuing which, with notice or lapse of time or both, would become an EVENT OF DEFAULT, EDC will deliver to the Borrower the note or notes in respect of which the replacement note has been delivered. The Borrower shall pay to EDC at the time of the exchange all interest accrued but unpaid

on the note or notes surrendered to the date of the note given in exchange.

Section 4.03

All payments made by the Borrower pursuant to the terms of this Agreement and pursuant to the NOTES shall be applied first to any indebtedness of the Borrower to EDC not otherwise specified in this Section 4.03, next to accrued interest then due and payable, next to principal then due and payable and last to the prepayment of principal instalments in the inverse order of their maturity. Payment by the Borrower to EDC of an amount of principal or interest pursuant to the terms of this Agreement shall be payment of a corresponding amount under the NOTES, and vice versa.

Section 4.04

EDC agrees that notwithstanding the form of the NOTES, interest shall accrue on the NOTES only to the extent of moneys actually advanced hereunder and then only from the respective dates of such advances.

ARTICLE V

BORROWER'S OBLIGATIONS

Section 5.01

The Borrower shall cause the PROJECT to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

Section 5.02

The Borrower, so long as any part of the LOAN is outstanding, shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the LOAN. Such insurance shall be for such amounts as shall be consistent with sound commercial practices and acceptable to EDC, and shall without limitation cover marine, transit and other hazards incident to transportation and importation of the goods into the Republic of Peru and delivery thereof to the PROJECT.

ARTICLE VI

PREDISBURSEMENT CONDITIONS

Section 6.01

EDC's obligation to make any advance hereunder is subject to and conditional upon each of the following terms and conditions being satisfied prior to the making of the first advance and upon the Borrower furnishing or causing to be furnished to EDC, at the expense of the Borrower, evidence (including without limitation certificates and declarations made by the officers or directors of the Borrower and/or of COLLINS, and opinions of COUNSEL) satisfactory to EDC that the said terms and conditions have been satisfied:

- (a) this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and constitutes a valid and binding obligation upon the Borrower enforceable in accordance with its terms;
- (b) the NOTES in due and proper form shall have been duly authorized and executed by the Borrower and delivered to EDC and such NOTES shall be validly

made and issued and shall be legally binding in accordance with their terms;

- (c) that the COMMERCIAL AGREEMENT, and the DISBURSEMENT PROCEDURES AGREEMENT have been duly authorized, executed and delivered by the parties thereto and are legally binding agreements enforceable in accordance with their terms;
- (d) that the Borrower is not in default hereunder and no event has occurred and is continuing which, after notice or lapse of time or both, would become an EVENT OF DEFAULT;
- (e) that the authorization of the appropriate agency or agencies of the Republic of Peru has been obtained to make available to the Borrower the necessary foreign exchange to enable the Borrower to make the payments required to be made by it to EDC pursuant hereto in DOLLARS and to permit the Borrower to transfer such foreign exchange to EDC free from all restrictions imposed under the laws of the Republic of Peru or laws in effect within Peru; and
- (f) that the provisions of the DISBURSEMENT PROCEDURES AGREEMENT have been complied with.

Section 6.02

EDC's obligation to make any advance pursuant to Section 2.01 hereof is also subject to and conditional upon each of the following terms and conditions being satisfied on the date of each advance and upon the Borrower furnishing or causing to be furnished to EDC, at the expense of the Borrower, evidence (including without limitation certificates and declarations made by the officers or directors of the Borrower and/or of COLLINS

and opinions of COUNSEL) satisfactory to EDC that the said terms and conditions have been satisfied,

- (a) that the Borrower is not in default hereunder and no event has occurred and is continuing which, after notice or lapse of time or both will become an EVENT OF DEFAULT; and
- (b) that the provisions of the DISBURSEMENT PROCEDURES AGREEMENT have been complied with.

Section 6.03

The terms and conditions set forth in Sections 6.01 and 6.02 are inserted for the sole benefit of EDC and may be waived by EDC in whole or in part in respect of any advance without prejudicing the right of EDC to assert such terms or conditions or part thereof, in respect of any other advance or advances.

ARTICLE VII

CANADIAN CONTENT

Section 7.01

The Borrower hereby acknowledges that EDC has entered into this Agreement for the purpose of financing the purchase of services of Canadian origin and Canadian manufactured goods having, on a combined basis, a Canadian content, as determined by EDC, of not less than eighty percent (80%) calculated in accordance with the provisions of Section 4.02 of the DISBURSEMENT PROCEDURES AGREEMENT. The obligation of satisfying the Canadian content requirements of EDC is the responsibility of COLLINS, and provisions therefor are contained in the DISBURSEMENT PROCEDURES AGREEMENT.

ARTICLE VIII
EVENTS OF DEFAULT

Section 8.01

The occurrence of any one or more of the following events shall constitute a default by the Borrower under this Agreement;

- (a) the non-payment, when due, whether by acceleration or otherwise, of any payment on the LOAN which exists for a continuous period of thirty (30) days;
- (b) the occurrence of an extraordinary situation which in the opinion of EDC shall make it improbable that the Borrower will be able to perform its obligations under this Agreement;
- (c) if a representation or warranty made in this Agreement by the Borrower or any information furnished by the Borrower proves to be incorrect in any material respect; and
- (d) the breach or failure of due performance by the Borrower of any covenant or provision of this Agreement, other than those heretofore dealt with in this Section 8.01, which is not remedied by the Borrower within thirty (30) days of written notice to so do by EDC.

Section 8.02

Upon the occurrence of any EVENT OF DEFAULT all indebtedness of the Borrower to EDC shall, at the option of EDC, immediately become due and payable without presentation, demand, protest or notice of any kind, all of which are expressly waived and all collateral and other securities shall thereupon become enforceable by EDC or its duly authorized agent.

Section 8.03

It is agreed by the Borrower that if at any time, and/or as often as the same shall happen, it shall be in default hereunder, then EDC may, without waiving or releasing the Borrower from any of its obligations hereunder and without prejudice to any right or remedy of EDC, observe and perform any covenant or covenants in respect of which the Borrower is in default and in that connection pay such moneys as may be required or as EDC may reasonably deem expedient and any such moneys paid out by EDC as aforesaid together with interest thereon at seven and one quarter percent (7 1/4%) per annum shall be due and payable on demand.

Section 8.04

It is also expressly understood and agreed by the Borrower that where EDC on reasonable grounds considers it necessary or expedient, EDC may retain or employ any person or persons, (including any company or firm) and expend such moneys as it may deem necessary and advisable for the protection of the LOAN or of any security therefor, and such moneys paid out by EDC whether as fees, salaries or expenses together with interest thereon at the rate of seven and one quarter percent (7 1/4%) per annum shall be due and payable on demand.

Section 8.05

For greater certainty, it is expressly understood and agreed that the rights and remedies of EDC under this Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law; and any single or partial exercise by EDC of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall

not be deemed to be a waiver of or to alter, affect, or prejudice any other right or remedy or other rights or remedies, to which EDC may be lawfully entitled for the same default or breach, and any waiver by EDC of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained, or any indulgence granted by EDC shall not be deemed to be a waiver of any subsequent default.

ARTICLE IX

NOTICE

Section 9.01

Any notice to be given hereunder shall, save as otherwise hereinbefore specifically provided, be in writing to the other party and shall be sent by either prepaid air postage or by Telex and shall be deemed to have been given, if sent by mail, on the eighth (8th) day (excluding Saturdays and Sundays) following the date of mailing, and if sent by Telex the day (excluding Saturdays and Sundays) next following the date of transmission of the Telex. The mailing address and Telex address of the parties for the purpose hereof shall respectively be:

(a) Banco de la Nacion

Lima, Peru

Telex: PX 5320

(b) Export Development Corporation

Box 655

Ottawa, Canada K1P 5T9

Telex: 053-4136

or such other mailing address or Telex address as to which any party from time to time notify the other as aforesaid.

ARTICLE X
PROPER LAW

Section 10.01

This Agreement shall be deemed to be a contract made under, and shall for all purposes be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein to the extent permitted by Article 17 of the Constitution and Decree Law 20050 of the Republic of Peru.

Section 10.02

Any dispute between EDC and the Borrower arising hereunder which is not determined by agreement of the parties shall be finally determined under the Rules of Conciliation and Arbitration of the International Chamber of Commerce and the applicable law by one or more arbitrators appointed in accordance with the Rules and such law where required. The parties hereto agree to abide by and comply with any award rendered by the Court of Arbitration. The Borrower agrees that judgment upon the award rendered may be entered in any Court having jurisdiction or application may be made to such Court for a judicial acceptance of the award and an order of enforcement, as the case may be.

Section 10.03

This Agreement sets forth the entire understanding between the parties and shall not be altered, modified or supplemented except in writing and with the consent of both of the parties hereto.

ARTICLE XI

SUCCESSORS AND ASSIGNS

Section 11.01

This Agreement when executed and delivered by the parties hereto, shall be binding upon the parties and their respective successors and assigns.

Section 11.02

This Agreement is in full substitution for the agreement between Banco de la Nacion on behalf of the Government of the Republic of Peru and EDC entered into on the 23rd day of May, 1973.

ARTICLE XII
EFFECTIVE DATE

Section 12.01

This Agreement may be referred to as having been made the 27th day of February, 1976.

IN WITNESS whereof the Borrower has caused this Agreement to be executed on its behalf by its duly authorized officers and EDC has caused this Agreement to be executed by its duly authorized officers and its corporate seal to be affixed hereto, in Canada.

WITNESS:

BANCO DE LA NACION

on behalf of the Republic of Peru

EXPORT DEVELOPMENT CORPORATION

L.A. Summers

W. C. W. W.

SCHEDULE "A" to the Agreement made the 27th day of February, 1976
between BANCO DE LA NACION and EXPORT DEVELOPMENT CORPORATION.

THIS AGREEMENT made the 27th day of February, 1976.

BETWEEN:

BANCO DE LA NACION,
Lima, Peru, on behalf of the
Republic of Peru
(hereinafter referred to as the "Borrower")

OF THE FIRST PART

AND:

EXPORT DEVELOPMENT CORPORATION,
a corporation established by an Act of the
Parliament of Canada, having its head office
at the City of Ottawa, Canada
(hereinafter referred to as "EDC")

OF THE SECOND PART

AND:

COLLINS RADIO COMPANY OF CANADA LTD.,
a company organized under the laws of Canada,
having its head office at
150 Bartley Drive in the
City of Toronto, Ontario, Canada
(hereinafter referred to as the "Exporter")

OF THE THIRD PART

WITNESSETH THAT:

WHEREAS the Borrower and EDC have entered into an
agreement made the 27th day of February, 1976 (hereinafter
referred to as the "LOAN AGREEMENT") whereby EDC has agreed to
lend the Borrower the lesser of Three Million Seven Hundred
Thousand DOLLARS (\$3,700,000) and an amount equal to ninety

percent (90%) of the cost of goods and services of Canadian origin, upon the terms and conditions therein set forth;

AND WHEREAS the LOAN AGREEMENT provides that the loan will be advanced by EDC to or to the order of the Borrower in accordance with the terms of an agreement in the form hereof;

NOW THEREFORE the parties hereto have agreed as follows:

ARTICLE I

Section 1.01

In this Agreement unless there is something in the subject matter or context inconsistent therewith,

- (a) "ADVANCE" means a disbursement of a portion of the loan provided for in Section 2.01 of the LOAN AGREEMENT;
- (b) "APPROVED CONTRACT" means the COMMERCIAL AGREEMENT and any contract, purchase order or other written agreement between the Exporter and a SUPPLIER for the supply of GOODS AND SERVICES approved by EDC as provided in Section 4.01 hereof;
- (c) "COMMERCIAL AGREEMENT" means the agreement made the 13th day of October, 1972 between Collins Radio Company of Canada Ltd. and the Peruvian Government represented by the Superior Director of the Ministry of Economy and Finance, the General Director of Economy in the Navy and the President of Banco de la Nacion (a true copy of which has been delivered to EDC);
- (d) "CONTRACT VALUE" means the total purchase price of GOODS AND SERVICES specified in an APPROVED CONTRACT;
- (e) "DOLLARS" means Canadian dollars;

- (f) "GOODS AND SERVICES" means the equipment, engineering and project management services as set forth in the COMMERCIAL AGREEMENT (as amended from time to time with the consent of EDC) and meeting the Canadian content requirements of EDC;
- (g) "INVOICE" means a commercial invoice made out to the Borrower and/or the Exporter for part or all of the CONTRACT VALUE;
- (h) "ORDER" means an Order to Pay in the form annexed hereto and marked Schedule "1";
- (i) "PROGRESS PAYMENT" means an instalment payment, other than the final payment, on the CONTRACT VALUE;
- (j) "PROJECT" means the program initiated by the Republic of Peru for the modernization and expansion of maritime and naval communications services in and for Peru, to provide for dispatch and control of coastal shipping, search and rescue missions, pollution warning and control, time and weather broadcasts and essential communications services to the commercial fishing industry, which program provides for installation of medium frequency, high frequency and ultra high frequency equipment at shore stations and on various classes of ships;
- (k) "SUPPLIER" means a person or firm, including without limitation the Exporter, which has entered into an APPROVED CONTRACT.

ARTICLE II

Section 2.01

Subject to the terms hereof and provided the conditions precedent set forth in Section 6.01 of the LOAN AGREEMENT have been complied with, EDC will pay an ADVANCE in accordance with a request for payment pursuant to Section 3.01 hereof to or to the order of the Exporter for the Borrower's account. Provided that where the Borrower has, prior to the date on which EDC is to make an ADVANCE, paid such amount to or to the order of the Exporter and has delivered evidence of such payment to EDC, EDC shall pay to the Borrower or to its order the amount of the ADVANCE that would otherwise have been made to the Exporter for the Borrower's account.

Section 2.02

EDC shall not be required to pay an ADVANCE more than once in each calendar month and ADVANCES shall be made on such day in each month as EDC shall from time to time appoint; provided that, in any event, EDC shall not be obliged to make an ADVANCE within a delay of less than fifteen (15) days following the receipt by EDC of the request and documentation required by Section 3.01 hereof.

Section 2.03

The Exporter agrees to provide EDC with a schedule of anticipated ADVANCES as quickly as is reasonably possible after the execution of this Agreement and shall revise such schedule quarterly thereafter as may be necessary.

Section 2.04

ADVANCES pursuant to Section 3.01 payable to the Exporter shall be made by cheque and deposited to the account of the Exporter at the principal branch at Ottawa, Canada of The Toronto-Dominion Bank. EDC will notify the Borrower and the Exporter forthwith upon the making of every such ADVANCE.

ARTICLE III

Section 3.01

Any request for payment of an ADVANCE pursuant to Section 3.01 of the LCAN AGREEMENT shall be in writing and shall be accompanied by:

- (a) a duly completed ORDER signed by an authorized representative of the Borrower;
- (b) an INVOICE or INVOICES for the GOODS AND SERVICES which are the subject of the APPROVED CONTRACT;
- (c) evidence satisfactory to EDC that the Borrower has paid ten percent (10%) of the CONTRACT VALUE of the APPROVED CONTRACT for the GOODS AND SERVICES covered by the request;
- (d) where applicable, copies of on-board bills of lading or air freight bills certified to be true copies by the Exporter, irrevocable freight forwarder's receipts or other confirmation in form and substance satisfactory to EDC that the equipment has been exported from Canada, together with packing lists, and proof of insurance or such additional or alternative documents as may be customary in connection with the shipment of the GOODS AND SERVICES covered by the INVOICE;

- (e) in the case of a PROGRESS PAYMENT for GOODS AND SERVICES, a certificate by the Exporter certifying that the aggregate of the amount of the INVOICE for the PROGRESS PAYMENT and all previous INVOICES in respect of such GOODS AND SERVICES does not exceed the value at the date of the INVOICE of the GOODS AND SERVICES covered by the INVOICE for the PROGRESS PAYMENT and all previous INVOICES;
- (f) except in the case of a PROGRESS PAYMENT, a certificate of the Exporter in such form as EDC may from time to time prescribe and such other evidence as EDC may from time to time require, establishing to EDC's satisfaction that the Canadian content of the GOODS AND SERVICES meets the minimum requirements of EDC;
- (g) when applicable, confirmation satisfactory to EDC that an amount equal to the previous ADVANCE made by EDC has been paid in full to the appropriate SUPPLIERS;
- (h) in the case of a request for payment to the Borrower or to its order, confirmation from the Exporter, acceptable to EDC, that the Borrower has paid to the Exporter the full amount of the payment requested; and
- (i) such other information or documents as EDC may reasonably require.

ARTICLE IV

Section 4.01

It is hereby understood and agreed that any and all proposed contracts, purchase orders or other written agreements

for GOODS AND SERVICES in respect of which the Borrower may make a request to EDC for payment of an ADVANCE shall be produced to EDC together with documentation of Canadian content in form and substance satisfactory to EDC and shall be subject to the approval of EDC, and the GOODS AND SERVICES dealt with in the proposed contract, purchase order or other written agreement, shall not be ordered until approved by EDC. Upon such approval by EDC such contract, purchase order, or other written agreement shall be an APPROVED CONTRACT for the purposes of this Agreement. All GOODS AND SERVICES to be furnished by the Exporter to the Borrower hereunder shall be the subject of an APPROVED CONTRACT. No APPROVED CONTRACT shall be amended or varied without the prior written consent of EDC.

Section 4.02

The Exporter agrees with EDC that GOODS AND SERVICES shall contain the maximum possible Canadian content. The Exporter covenants and agrees that all GOODS AND SERVICES shall be purchased from Canadian suppliers provided however that the Canadian content thereof (as determined by EDC) shall not be less than eighty percent (80%) of the CONTRACT VALUE of such GOODS AND SERVICES. The Borrower agrees that it will not take, or cause or permit any of its representatives or agents to take any action which would prevent or interfere with the performance by the Exporter of its obligations under this Section.

Section 4.03

All ORDERS, certificates, reports, confirmations and other documentation required to be delivered to EDC pursuant to the provisions of this Agreement shall be signed by a duly authorized individual and the person on whose behalf such

individual is so signing shall, from time to time at EDC's request, provide EDC with evidence satisfactory to it of the authority of such individual to so sign.

ARTICLE V

Section 5.01

The Exporter covenants and agrees that it will obtain and make available to EDC for inspection, copies of INVOICES, APPROVED CONTRACTS, on-board bills of lading, air freight bills, freight invoices or other related documents for all GOODS AND SERVICES as EDC may reasonably require, and shall keep all such documents for a period of two (2) years following the final ADVANCE and shall make the same available for inspection from time to time as required by EDC at EDC's reasonable requests in writing, and the Exporter further covenants and agrees to cause each SUPPLIER to make available and retain such documents in similar manner.

Section 5.02

The Exporter covenants and agrees that it will cause all tender documents and APPROVED CONTRACTS entered into by it with Canadian SUPPLIERS for purchases of GOODS AND SERVICES to contain the following stipulation:

"It is understood that these goods, materials or services are required for an export order financed by the Export Development Corporation, and it is a condition of this contract that you agree to allow access to your lands, premises, books and records to Export Development Corporation for the purpose of verifying the Canadian content of this order."

ARTICLE VI

Section 6.01

The Exporter represents and warrants to EDC as follows:

- (a) that it is a corporation duly organized and validly subsisting under the laws of Canada;
- (b) that the entering into and the performance by it of its obligations in this Agreement contained, is within its corporate powers and has been duly authorized by all necessary corporate action; and
- (c) that the entering into and performance by it of the terms of the COMMERCIAL AGREEMENT and any subcontract thereunder is within its corporate powers and has been duly authorized by all necessary corporate action, is not in violation of law and does not require the consent or approval of, or registration or filing with any governmental agency or authority, other than those already obtained or effected.

Section 6.02

The Exporter and the Borrower severally covenant and agree with EDC to well and truly carry out their respective obligations under the COMMERCIAL AGREEMENT and unless compliance in this Section shall have been waived by EDC, not to amend, vary or terminate the said agreement notwithstanding any provision contained therein to the contrary.

Section 6.03

The terms and conditions set forth in this Agreement are inserted for the sole benefit of EDC and may be waived by EDC in whole or in part in respect of any advance without prejudicing

the right of EDC to assert such terms or conditions or part thereof in respect of any other ADVANCE or ADVANCES.

ARTICLE VII

Section 7.01

Any notice to be given hereunder shall, save as otherwise hereinbefore specifically provided, be in writing to the other party and shall be sent by prepaid air postage or by Telex and shall be deemed to have been given, if sent by mail, on the eighth (8th) day (excluding Saturdays and Sundays) following the date of mailing, and if sent by Telex the day (excluding Saturdays and Sundays) next following the date of transmission of the Telex. The mailing address and Telex address of the parties for the purpose hereof shall respectively be:

BANCO DE LA NACION
Lima, Peru
Telex: PX 5320

EXPORT DEVELOPMENT CORPORATION
Box 655
Ottawa, Canada K1P 5T9
Telex: 053-4136

COLLINS RADIO COMPANY OF CANADA LTD.
150 Bartley Drive
Toronto, Canada
Telex: 02-21130

or such other mailing address or Telex address as to which any party from time to time may notify the other.

ARTICLE VIII

Section 8.01

This Agreement shall be deemed to be a contract made under, and shall for all purposes be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein to the extent permitted by Article 17 of the Constitution and Decree Law 20050 of the Republic of Peru.

Section 8.02

Any dispute between the parties hereto arising hereunder which is not determined by agreement of the parties shall be finally determined under the Rules of Conciliation and Arbitration of the International Chamber of Commerce and the applicable law by one or more arbitrators appointed in accordance with the Rules and such law where required. The parties hereto agree to abide by and comply with any award rendered by the Court of Arbitration. The Borrower agrees that judgment upon the award rendered may be entered in any Court having jurisdiction or application may be made to such Court for a judicial acceptance of the award and an order of enforcement, as the case may be.

ARTICLE IX

Section 9.01

This Agreement shall enure to the benefit of and be binding upon the parties hereto and the respective successors and assigns.

Section 9.02

This Agreement is in full substitution for the agreement between Banco de la Nacion on behalf of the Government of the

Republic of Peru, EDC and the Exporter entered into on the 23rd day of May, 1973.

IN WITNESS WHEREOF each of the parties hereto has executed these presents in Canada under the hands of its respective proper officer or officers or attorney in that behalf and where applicable has affixed its corporate seal.

WITNESS:

BANCO DE LA NACION

on behalf of the Republic of Peru

EXPORT DEVELOPMENT CORPORATION

COLLINS RADIO COMPANY OF CANADA LTD.

SCHEDULE "1"

ORDER TO PAY

Banco de la Nacion on behalf of the Republic of Peru hereby orders Export Development Corporation to pay to BLANK, the sum of Canadian Dollars BLANK (Cdn. \$BLANK) in respect of the following invoices submitted in accordance with the DISBURSEMENT PROCEDURES AGREEMENT between Banco de la Nacion on behalf of the Republic of Peru, Export Development Corporation and Collins Radio Company of Canada Ltd. dated the 27th day of February, 1976.

<u>Supplier</u>	<u>Invoice</u>		<u>Contract</u>	
	<u>Number</u>	<u>Date</u>	<u>Date</u>	<u>Amount</u>

This Order is Number BLANK in a series of such orders issued pursuant to the said DISBURSEMENT PROCEDURES AGREEMENT. It is an application for an ADVANCE provided for in Section 3.01 of the DISBURSEMENT PROCEDURES AGREEMENT.

The undersigned irrevocably orders Export Development Corporation to pay accordingly.

Approved for payment this BLANK day of BLANK, 197 .

BANCO DE LA NACION
on behalf of the Republic of Peru

By: _____

Title: _____

SCHEDULE "B" to the Agreement made the 27th day of February, 1976
between BANCO DE LA NACION and EXPORT DEVELOPMENT CORPORATION.

BANCO DE LA NACION

Promissory Note

No.

\$ _____

Canadian Funds

For value received, Banco de la Nacion on behalf of the Republic of Peru unconditionally promises to pay to or to the order of Export Development Corporation within thirty (30) days of the BLANK day of BLANK, 197 , at the principal branch at Ottawa, Canada of The Toronto-Dominion Bank, the sum of BLANK dollars (\$BLANK) with interest on the said amount or the amount thereof from time to time remaining unpaid at the rate of seven and one quarter percent (7 1/4%) per annum from the date hereof, calculated and payable semi-annually, on the 15th day of March and the 15th day of September in each year, until paid together with interest on overdue interest at the aforesaid rate. Both principal and interest shall be payable in lawful money of Canada. Interest shall accrue from day to day and shall be computed on the basis of the actual number of days using a 365 day factor.

This note is one of a series of sixteen (16) notes of even date herewith. In the event of a default by the maker hereof on any one of the notes of the said series, then, at the option of the holder of the said notes, all of the remaining notes shall immediately become due and payable.

The failure of a holder to exercise any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any other instance.

The principal and interest on this note shall be paid without deduction for and free from any present or future taxes,

duties, fees or other charges of whatsoever nature now or at any time hereafter imposed or levied

- (a) under the laws of the Republic of Peru or laws in effect in its Territories, or
- (b) by any department, agency, political subdivision or any taxing authority thereof.

The maker hereof hereby waives presentment, demand, protest, notice of protest and notice of non-payment.

MADE AND ISSUED at Ottawa, Canada this day of
, 197 .

WITNESS:

BANCO DE LA NACION

on behalf of the Republic of Peru

By: _____
