

LOAN AGREEMENT dated January 31, 1977 between the Republic of Peru (the "Borrower") represented by its financial agent, Banco de la Nacion, an autonomous institution of the Government of the Republic of Peru and organized under the laws of the Republic of Peru, and National Bank of North America, a national banking association organized under the laws of the United States of America (the "Bank").

W I T N E S S E T H :

WHEREAS, the Borrower wishes to borrow the aggregate sum of ONE MILLION EIGHT HUNDRED TWELVE THOUSAND FOUR HUNDRED FIFTY United States Dollars (U.S. \$1,812,450) from the Bank, and the Bank is willing to lend the Borrower said sum on the terms and conditions hereinafter set forth:

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I - DEFINITIONS

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§ 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:
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(a) "Advance" means the amount of funds borrowed (in accordance with § 2.03) by the Borrower from the Bank pursuant to § 2.01 at a particular given time.

(b) "Amortization Payment Date" means the Payment Date occurring 24 months after the date of this Agreement.

(c) "Business Day" means a day on which dealings in Dollar deposits between banks may be carried on in London, England and on which banks are open for business in New York City.

(d) "Commitment" means the aggregate sum of U.S. \$1,812,450.

(e) "Commitment Termination Date" means the earlier of the date which is three months after the date of this Agreement or the date of termination in whole of the Commitment of the Bank pursuant to § 6.01.

(f) "Dollars" and the sign "\$" means dollars of the United States of America.

(g) "Drawdown" means the act of the Borrower in requesting and the act of the Bank in making an "Advance" pursuant to § 2.03.

(h) "Event of Default" means any of the events described in § 6.01.

(i) "Interest Period" means the period used as the basis for the computation of interest on each Advance. The initial Interest Period for each Advance shall be the period from the date on which such Advance is made to and including the next succeeding Payment Date, and each subsequent Interest Period for such Advance shall be the period from (but not including) the last day of the immediately preceding Interest Period for such Advance to and including the next succeeding Payment Date.

(j) "LIBO Rate" means, subject to the provisions of § 2.10, as to each Interest Period or one-month period referred to in § 2.04(b), the per annum rate of interest at which Dollar deposits are offered at 3:00 P.M. (London Time) on the day two Business Days prior to the first day of such Interest Period or one-month period, as the case may be, to the Bank by prime banks in the London Interbank Market in amounts equal to the Advances to which such Interest Period relates for a period equal to such Interest Period or one-month period, as the case may be.

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(k) "Loan" means the aggregate principal amount of Advances outstanding at any time.

(l) "Note" means the promissory note issued pursuant to § 2.02 by the Borrower, dated the date of the initial Advance, payable to the order of the Bank, substantially in the form of Exhibit A hereto.

(m) "Payment Date" means each semi-annual anniversary of the date of this Agreement, provided that if any such date falls on a day which is not a Business Day, such Payment Date shall be the next succeeding Business Day, unless such succeeding Business Day falls in the next calendar month, in which event such Payment Date shall be the next preceding Business Day.

ARTICLE II - AMOUNTS AND TERMS OF THE ADVANCES

§ 2.01. The Advances. The Bank agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time during the period from the date hereof to and including the Commitment Termination Date in an aggregate principal amount not to exceed the Commitment.

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§2.02. The Note. The obligation of the Borrower to repay the Advances shall be evidenced by the Note. Each time the Bank makes an Advance, and each time there is a payment or prepayment of principal, the Bank shall endorse the amount of such Advance or payment or prepayment of principal, as the case may be, on the Note in the spaces provided therefor. When the Note shall have been paid in full, the Bank shall cancel it and return it to the Borrower.

§ 2.03. Drawdown of Advances. Each Drawdown shall be made on at least five Business Days notice from the Borrower to the Bank specifying the date and amount thereof. Upon fulfillment of the applicable conditions set forth in Article V, the Bank will arrange for the amount of the Advance to be paid to the Borrower, according to the Borrower's instructions, in New York, New York, in U.S. Dollars and in New York Clearing House Funds. Each (except the last) Drawdown shall be in an amount of not less than \$500,000.

§ 2.04 Interest on the Advances. (a) The unpaid principal amount of each Advance shall bear

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interest from the date of such Advance until final maturity, payable semi-annually on each Payment Date, at an interest rate per annum during each Interest Period equal to the LIBO Rate for such Interest Period plus two (2) percentage points.

(b) Any amount payable by the Borrower hereunder or under the Note (including, to the extent permitted by law, any interest payment) which is not paid when due, whether at stated maturity, by acceleration or otherwise, shall bear interest from such date until payment in full thereof, payable on demand, at a rate equal to three (3) percentage points per annum greater than the LIBO Rate for a one-month period commencing on the day on which such payment is due and from the corresponding day in each succeeding one-month period thereafter, each change in such rate to become effective on said corresponding day of each succeeding month.

§ 2.05. Commitment Fee. The Borrower agrees to pay to the Bank a commitment fee (the "Commitment Fee") on the average daily unused portion of the Commitment from the date of execution by the Bank of this Agreement to and including the Commitment Termination

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Date at the rate of 1/2 of 1% per annum, payable in Dollars on the Commitment Termination Date.

§ 2.06. Computation of Interest and Commitment Fee. Interest on the Advances and the Commitment Fee shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

§ 2.07. Payments. (a) The Borrower shall repay the Loan in six (6) equal consecutive semi-annual payments (each of which shall be in the amount of \$302,075 assuming the full amount of the Commitment is borrowed) which shall be made on Payment Dates commencing on the Amortization Payment Date and ending on the Payment Date occurring 54 months after the date of this Agreement.

(b) The Borrower shall make payments of principal of and interest on the Note and payment of the Commitment Fee in New York Clearing House Funds at the office of the Bank at 44 Wall Street, New York, New York, (or at such other place as the Bank shall designate in writing) for the account of the Bank's Nassau, Bahamas office (herein called the Bank's "Lending Branch") not later than 12:00 noon (New York time) on the date such payments are due.

§ 2.08 Prepayments. The Borrower may, on any Payment Date after the earlier of the Amortization Payment Date or the date upon which the Bank shall have certified a substitute interest rate in accordance with the provisions of the final paragraph of § 2.10 hereof, upon thirty Business Days' prior written notice to the Bank specifying the amount to be prepaid, prepay the Note, in whole or in part, without penalty or premium but with accrued interest to such Payment Date. The giving of such notice shall irrevocably obligate the Borrower to make such prepayment. Each partial prepayment (i) shall be in the principal amount of \$100,000 or a whole multiple thereof, and (ii) shall be applied against installments of principal of the Note in the inverse order of their maturities. Each prepayment, in whole or in part, shall be accompanied by payment of any amounts required to compensate the Bank for any expenses (including, without limitation, any loss incurred by the Bank in re-employing funds prepaid by the Borrower) incurred by the Bank in connection with any such prepayment. A certificate as to the expenses incurred by the Bank in connection with any prepayment, submitted by the Bank to the Borrower, shall be conclusive as to the amount thereof.

§ 2.09. Change in Law. (a) If any change in

applicable law or regulations or in the interpretation thereof by any governmental authority charged with the administration thereof shall make it unlawful for the Bank to continue to make or maintain the Advances or otherwise to comply with its obligations as contemplated by this Agreement, the Borrower shall forthwith upon demand by the Bank to the Borrower prepay the Loan, together with accrued interest thereon, and the Commitment of the Bank and the obligation of the Bank hereunder to make Advances shall forthwith terminate.

(b) If any change in any applicable law or regulation or in the interpretation thereof by any governmental authority charged with the administration thereof shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirements against assets held by, or deposits in or for the account of, or loans by, or any other acquisition of funds for Advances by the Lending Branch or the Bank; or

(ii) impose on the Lending Branch or the Bank any other condition regarding this Agreement or the Advances; or

(iii) subject the Bank (or make it apparent that the Bank is subject) to any tax (including, without limitation, United States interest equalization tax but excluding taxes on the overall net income of the Bank) levy, impost, duty, charge, fee, deduction or withholding on the Loan or on deposits or other funds held or acquired by the Lending Branch or the Bank or on or from payments due from the Borrower hereunder;

and the result of any of the foregoing is to increase the cost to the Bank of making or maintaining the Advances or to reduce the amount of principal or interest received by the Bank, then upon demand made by the Bank to the Borrower the Borrower shall pay to the Bank on the Payment Date following such demand, such additional amounts as shall be required to compensate the Bank for any such increased cost or reduced amount. A certificate as to such increased cost or reduced amount, submitted by the Bank to the Borrower, shall be conclusive as to the amount thereof.

§ 2.10. Substitute Interest Rate. Anything in this Agreement or in the Note to the contrary notwithstanding, if the Bank is unable to obtain a quotation for

the purpose of determining the LIBO Rate, or if the Bank in its sole discretion determines (which determination shall be conclusive on the parties hereto) either that Dollar deposits are for any reason not offered to the Bank by prime banks in the London Interbank Market or that the rate at which the Bank is offered such Dollar deposits does not accurately reflect the cost to the Bank of making or maintaining the Advances during such Interest Period, the Bank shall forthwith give notice of such fact by telex or cable confirmed in writing to the Borrower, and thereafter, any other provisions of this Agreement to the contrary notwithstanding, the Bank shall not be obligated to make further Advances to the Borrower until the Bank and the Borrower have agreed upon a Substitute LIBO Rate (as defined below) or a mutually acceptable alternative for maintaining the Advances or until the Bank certifies an interest rate pursuant to the final paragraph of this § 2.10.

Within ten (10) days from the date of any such notice, the Bank and the Borrower shall enter into negotiations in good faith with a view to agreeing on a mutually acceptable basis for determining the LIBO Rate (in this section referred to as the "Substitute

LIBO Rate") or a mutually acceptable alternative basis for maintaining the Advances. If by the expiration of thirty (30) days from the date of such notice the Bank and the Borrower have agreed upon such Substitute LIBO Rate, it shall be retroactive to and take effect from the beginning of the then current Interest Period.

If at the expiration of thirty (30) days from the date of any such notice as aforesaid, no such Substitute LIBO Rate has been agreed upon or a mutually acceptable alternative for maintaining the Advances has not been agreed upon, then (a) the Bank shall certify (such certification to be conclusive and binding upon the Borrower) an interest rate which will yield the Bank the same net return as that initially accruing under the rate provided for in this Agreement, such rate to apply from the beginning of the then current Interest Period, (b) the Bank shall, upon giving written notice thereof to the Borrower, be discharged from any further obligation to make Advances hereunder and (c) the Bank shall have the right to require the Borrower to repay the Loan at the end of the then current Interest Period, together with accrued interest thereon, whereupon the Loan and the Note shall become so due and payable.

§ 2.11 Notification of LIBO Rate. The Bank shall notify the Borrower of the LIBO Rate in effect with respect to each Interest Period (or each one-month period referred to in § 2.04(b) hereof) promptly after the determination thereof, which rate shall be conclusive for all purposes of this Agreement and the Note.

§ 2.12. Payments. All payments of principal of, and interest on, the Loan and the Note, the Commitment Fee and any other sums falling due under this Agreement shall be made by the Borrower without setoff or counterclaim and 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, unless the Borrower is at any time compelled by law to make any such deduction or withholding, in which event the Borrower shall pay such additional amounts as may be necessary in order that the net amounts received by the Bank on each Payment Date after such deduction or withholding shall equal the amounts which would have been received on each such Payment Date

in the absence of a requirement to make such a deduction or withholding.

§ 2.13 Judgments in Other Currencies. The obligation of the Borrower hereunder and under the Note to make payments in U.S. Dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than U.S. Dollars except to the extent to which such tender or recovery shall result in the effective receipt by the Bank of the full amount of U.S. Dollars expressed to be payable hereunder or under the Note and, accordingly, the primary obligation of the Borrower shall be enforceable as an alternative or additional cause of action for the purpose of recovery in U.S. Dollars of the amount (if any) by which such effective receipt shall fall short of the full amount of U.S. Dollars expressed to be payable hereunder or under the Note, and shall not be affected by judgment being obtained for any other sums due under this Agreement or under the Note.

ARTICLE III - REPRESENTATIONS AND WARRANTIES.

§ 3.01. Representations, Warranties and Agreements

of the Borrower. The Borrower represents, warrants and agrees as follows:

(a) The Borrower has full power, authority and legal right to incur the indebtedness and other obligations provided for in this Agreement and the Note, and to execute and deliver, and to perform all of its obligations under, this Agreement and the Note.

(b) The execution, delivery and performance by the Borrower of this Agreement and the Note have been duly authorized by all necessary action on the part of the Borrower and do not and will not violate any constitutional provision or any provision of any treaty, law, regulation or decree or any other legislative, administrative, governmental or judicial act or determination having applicability to the Borrower.

(c) This Agreement has been duly executed and delivered and constitutes, and the Note when executed and delivered by or on behalf of the Borrower will constitute, (1) legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms and (2) unconditional direct obligations of the Borrower for the payment and performance of which the full faith and credit of the Borrower

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is pledged. The Borrower is subject to civil and commercial law in respect of its obligations under this Agreement and the Note, and neither it nor any of its property enjoys any right of immunity from suit, judgment or execution on a judgment in Peru or in any other jurisdiction in respect of its obligations under this Agreement or the Note; and to the extent that the Borrower may be or become entitled to any right of immunity from suit, judgment or execution on a judgment in Peru or in any other jurisdiction in respect of its obligations under this Agreement or the Note, it hereby irrevocably waives such rights to the extent permitted by the civil law of Peru.

(d) All authorizations, consents and approvals of any public body or governmental authority of or in the Republic of Peru, and any required registration of this Agreement, the Note or any other document with Banco Central de Reserva del Peru or any other body, agency or authority in or of Peru, which may be required by the Borrower to enter into and to fulfill its obligations under this Agreement and the Note have been obtained and are in full force and effect and have not been modified or amended in any way.

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(e) All requisite foreign exchange control permissions and other approvals by the Republic of Peru

or any department or agency thereof have been obtained and are, and will be kept, current and in full force and effect to assure the availability of United States Dollars to enable the Borrower to perform all of its obligations under this Agreement and the Note in accordance with their respective terms.

(f) Banco de la Nacion, acting in its capacity as the financial agent of the Borrower, has full power and authority, and is duly authorized, to execute and deliver this Agreement and the Note on behalf of the Borrower and to contract with the Bank on the respective terms and conditions hereof and thereof.

(g) The obligations of the Borrower under this Agreement and under the Note will at all times rank at least pari passu with all other indebtedness (including guarantees of the obligations of others or other contingent liabilities) of the Borrower for borrowed money payable in any foreign currency.

(h) The Borrower is not in default under any other agreement by which it is bound and has not defaulted in the payment or repayment of any amount due in respect of any indebtedness or other obligation of any kind contracted or assumed by it.

ARTICLE IV - COVENANTS OF THE BORROWER

§ 4.01 Affirmative Covenants of the Borrower.

The Borrower covenants and agrees that from and after the date of this Agreement and until termination of the Commitment and repayment in full of the Loan, it will:

(a) Maintain in full force and effect all necessary approvals, authorizations and consents that are or may be necessary to fulfill its obligations under this Agreement and the Note.

(b) Cause the obligations of the Borrower under this Agreement and the Note to rank at least pari passu with all other indebtedness (including guarantees of the obligations of others or other contingent liabilities) of the Borrower for borrowed money, payable in any foreign currency, without any preference in favor of any such other indebtedness by reason of priority of date of issue, security therefor by way of pledge or assignment of gold or holdings of foreign currency deposits, agreements to maintain deposits, agreements to turn over specific moneys or in any other way, direct or indirect, express or implied, or by way of any other agreement, or other terms or provisions; and the Borrower agrees that if, after the date of this Agreement, the Borrower

shall secure, directly or indirectly, any loan, debt, guaranty or other obligation, direct or contingent, payable in any foreign currency, heretofore or hereafter existing by any lien, pledge, or other charge, direct or indirect, express or implied, upon its present or future assets or revenues, including without limitation, by any agreement to maintain deposits, agreement to turn over specific proceeds or other agreement of similar intent and purpose, the Borrower will cause the agreement, instrument or enactment creating such lien, pledge, or other charge to provide for all sums due under this Agreement and the Note to share equally and ratably with such other loan, debt, guaranty or other obligation; provided, however, that all sums due under this Agreement and the Note shall ipso facto be so secured and benefited whether or not the Borrower complies with the provisions of this paragraph.

(c) Supply the Bank with such information of a legal, economic and financial nature as the Bank may from time to time reasonably request.

(d) Furnish to the Bank promptly after the occurrence of an Event of Default, or an event which with the giving of notice or lapse of time or both would

constitute an Event of Default, the statement of a duly authorized official of the Borrower setting forth details of such Event of Default or other event and the action which the Borrower proposes to take with respect thereto.

(e) Include in its budgets for the fiscal years of the Borrower beginning on January 1 in each of the years 1977 through 1981, inclusive, amounts sufficient to pay the interest and principal of the Advances made hereunder and designated for such purpose.

ARTICLE V - CONDITIONS OF LENDING

§ 5.01. Conditions Precedent to the Initial Drawdown. The obligation of the Bank to make the initial Advance is subject to the condition precedent that the Bank shall have received at least five (5) Business Days before the date of the initial Drawdown all of the following in form and substance satisfactory to the Bank:

(a) The Note in the principal amount of the Commitment.

(b) Certified copies of all necessary decree laws, orders, approvals, consents, licenses, franchises, registrations, permits, exemptions, undertakings and authorizations (collectively called the "Written Authorizations") of any

governmental or public body in or of Peru required for the execution, delivery and performance of this Agreement or the Note or for the validity and enforceability of the obligations incurred hereunder or thereunder or for the making of any payment or the transfer or remittance of any funds under this Agreement or the Note. The Written Authorizations shall contain no restriction, condition, limitation or other provision unacceptable to the Bank, shall not have been modified or amended in any way and shall be in full force and effect at the time of the making of the initial Advance.

(c) Evidence satisfactory to the Bank that any agreement or document which is required to be registered with Banco Central de Reserva or any other body, agency or authority in or of Peru (the "Registration") in order to permit any payment or the performance of any obligation under this Agreement or the Note, has been effectuated. The Registration shall contain no restriction, condition, limitation or other provision unacceptable to the Bank and shall be in full force and effect at the time of the making of the initial Advance.

(d) Evidence satisfactory to the Bank that Banco de la Nacion has full power and authority and is duly authorized to execute and deliver this Agreement and the Note as financial agent for and on behalf of the Borrower, accompanied by a certificate of a duly authorized

official of Banco de la Nacion certifying the names of the person or persons authorized to sign this Agreement and the Note, together with the true signatures of such person or persons.

(e) A letter from Banco Central de Reserva del Peru dated not more than ten (10) Business Days prior to the date of the initial Drawdown, in form and substance satisfactory to the Bank, addressed to the Bank, confirming that the Banco Central de Reserva del Peru will supply on behalf of the Borrower all sums due in respect of principal of and interest on the Loan and in respect of the Note and all other sums payable under this Agreement in Dollars.

(f) A certificate or certificates signed by the Minister of Economy and Finance of the Borrower, or his duly authorized representative, dated the date of the initial Drawdown, to the effect set forth in § 5.02 hereof.

(g) An opinion of the Director General of the Legal Department of the Ministry of Economy and Finance of the Borrower, to the effect set forth in Exhibit B hereto.

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(h) An opinion of Estudio Romero, Special Peruvian counsel to the Bank, to the effect set forth in Exhibit C hereto.

§ 5.02 Conditions Precedent to all Drawdowns.

The obligations of the Bank to make an Advance on the occasion of each (including the initial) Drawdown shall be subject to the further conditions precedent that on the date of such Drawdown the following statements shall be correct and accurate, and the Bank shall have received a certificate or certificates signed by the Minister of Economy and Finance of the Borrower, or his duly authorized representative, acting in his capacity as a duly designated representative of the Borrower, dated the date of such Drawdown stating that:

(a) The representations and warranties contained in § 3.01 of this Agreement are correct and accurate on and as of such date as though made on and as of such date; and

(b) There exists no Event of Default and no event has occurred or would result from such Drawdown which would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

ARTICLE VI - EVENTS OF DEFAULT

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§ 6.01 Events of Default. If any of the following events shall occur:

(a) The Borrower shall fail to pay when due the Commitment Fee or any installment of principal (including any prepayment thereof after giving notice of such prepayment) or of interest on the Note; or

(b) Any representation or warranty made by the Borrower in this Agreement or in any agreement or document contemplated hereby or furnished hereunder shall prove to have been incorrect in any respect; or

(c) The Borrower shall have failed to perform or observe any other term, condition or covenant contained in this Agreement on its part to be performed or observed, and any such failure remains unremedied for ten (10) days after written notice thereof shall have been given to the Borrower by the Bank; or

(d) The Borrower shall fail to pay any indebtedness or other obligation (other than as evidenced by this Agreement or the Note) owing by the Borrower for borrowed money or the deferred purchase price of property or services, or any interest or premium thereon, when due (whether due by scheduled maturity, required prepayment, acceleration, demand or otherwise); or

(e) The Borrower shall fail to perform any term on its part to be performed under any agreement or

instrument (other than this Agreement and the Note) evidencing or securing or relating to any indebtedness and such failure results in the acceleration of the maturity of such indebtedness; or

(f) This Agreement or the Note shall at any time for any reason cease to be in full force and effect or shall be declared to be null and void, or the validity or enforceability hereof or thereof shall be contested by the Borrower, or the Borrower shall deny that it has any or any further liability or obligation hereunder or thereunder;

then, and in any such event, (i) the Bank may, by notice to the Borrower, declare the Commitment to be terminated, whereupon the Commitment and the obligation of the Bank to make Advances hereunder shall forthwith terminate, and (ii) the Bank may, by notice to the Borrower, declare the entire unpaid principal amount of the Note, all interest accrued and unpaid thereon and all other amounts payable hereunder or thereunder to be forthwith due and payable, whereupon the Note, all such accrued interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

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ARTICLE VII - MISCELLANEOUS

§ 7.01 Waivers; Amendments. No failure or delay on the part of the Bank in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. All amendments to, or modifications or waivers of any provision of, this Agreement or the Note shall be in writing and signed by the Bank.

§ 7.02 Notices. All notices hereunder shall be deemed to have been given when telexed or cabled (with confirmation by air mail) addressed as follows:

(a) if to the Borrower:

c/o Banco de la Nacion
Avenida Abancay 491
Lima, Peru
Attention: General Manager

(b) if to the Bank:

National Bank of North America
44 Wall Street
New York, New York 10005
Attention: Adrienne Vantine
Assistant Vice President

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or to any other address which either party shall hereafter designate in writing to the other.

The execution and delivery of this Agreement by Banco de la Nacion on behalf of the Borrower shall confirm the authority of the Bank to act in all matters in connection with this Agreement and the Note in reliance upon any cable or telex of Banco de la Nacion which tests in accordance with testing arrangements then in effect and/or in reliance upon any document or communication received by the Bank under the signature or signatures of persons authorized to sign on behalf of Banco de la Nacion as evidenced by the authorized signature book of Banco de la Nacion from time to time delivered by it to the Bank.

§ 7.03 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

§ 7.04 Binding Effect; Assignment. This Agreement shall become effective upon execution by the parties hereto and thereafter shall be binding upon and inure to

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the benefit of the Borrower, the Bank and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Bank.

§ 7.05 Setoff. Nothing in this Agreement shall be deemed to constitute a waiver or prohibition of the Bank's right of banker's lien or setoff and the Borrower hereby expressly acknowledges that the Bank has such right.

§ 7.06 Costs and Expenses. The Borrower agrees to pay on demand, all out-of-pocket costs and expenses of the Bank in connection with the preparation, execution, delivery, enforcement and administration of this Agreement and the Note, including (without limitation) the fees and out-of-pocket expenses of Messrs. Cole & Deitz, the Bank's New York counsel and the fees and out-of-pocket expenses of Estudio Romero, the Bank's special Peruvian counsel. The parties agree that legal fees and out-of-pocket expenses of Messrs. Cole & Deitz and Estudio Romero with respect to the preparation, execution and delivery of this Agreement and the Note shall not exceed \$8,000 in the aggregate.

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§ 7.07 Governing Law. This Agreement and the Note shall be deemed to be contracts made under the laws

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of the State of New York, United States of America, and shall be governed by the laws of said State in all respects, express reference being hereby made to Peruvian Decree Law Nos. 19988 and 20050 and to the fact that funds under this Agreement are being made available to the Borrower in New York, New York.

§ 7.08 Submission to Jurisdiction and Service of Process. The Borrower (a) hereby irrevocably submits itself to the jurisdiction of the Supreme Court of the State of New York, New York County, of the United States of America, to the jurisdiction of the United States District Court for the Southern District of New York, and to the jurisdiction of the courts of the Republic of Peru, for the purposes of any suit, action or other proceeding arising out of this Agreement or the Note brought by the Bank or its successors or assigns, and (b) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that its property (excluding property dedicated to a public service) is exempt or immune from execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that this Agreement or the Note may not be enforced in or by such court, express reference being

made for purposes of this § 7.08 to Peruvian Decree Law Nos. 19988 and 20050 and to the fact that funds under this Agreement are being made available to the Borrower in New York, New York. The Borrower, for itself and its successors and assigns, hereby irrevocably designates, appoints and empowers the Consul General of Peru, in New York, New York, with offices on the date hereof at 10 Rockefeller Plaza, New York, New York, as its attorney-in-fact to receive service of process for and on behalf of the Borrower in any action, suit or proceeding with respect to any matter as to which it submits to jurisdiction as set forth in the preceding sentence, it being agreed that service upon such attorney-in-fact shall constitute valid service upon the Borrower or its successors or assigns. Nothing in this subsection shall be deemed to affect the right to serve process in any other manner permitted by law or prohibit or limit in any way the right of the Bank to sue or take other action against the Borrower in any tribunal, wherever located, having jurisdiction over the Borrower or any of its assets.

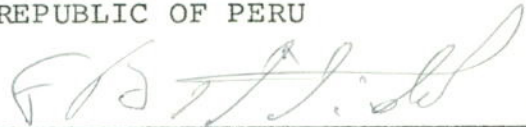
§ 7.09 Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction,

be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

§ 7.10 Language. The executed counterparts of this Agreement and the Note are in the English language. All notes, communications, evidences, reports, opinions and other documents given under this Agreement, unless submitted in the English language, shall be accompanied by an English translation by a certified translator. In the event of any conflict between the English version and the original version, the English version shall prevail.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BANCO DE LA NACION, acting as
financial agent for and on behalf of
the REPUBLIC OF PERU

By 

Fernando Bellido De Lama
Asesor de la Gerencia General

NATIONAL BANK OF NORTH AMERICA

By 

Vice President

PROMISSORY NOTE

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\$1,812,450

Dated: January 31, 1977

FOR VALUE RECEIVED, the Republic of Peru (the "Borrower"), acting by and through its financial agent, Banco de la Nacion, HEREBY PROMISES TO PAY to the order of National Bank of North America (the "Bank") the principal sum of ONE MILLION EIGHT HUNDRED TWELVE THOUSAND FOUR HUNDRED FIFTY (\$1,812,450) United States dollars or the aggregate principal amount of all Advances made by the Bank to the Borrower pursuant to the Loan Agreement hereinafter referred to, as shown on the last page hereof, whichever is less, in six (6) equal consecutive semi-annual payments which shall be made on Payment Dates, commencing with the Payment Date occurring 24 months after the date of the Loan Agreement hereinafter referred to and ending with the Payment Date occurring 54 months after the date of such Loan Agreement, together with interest on any and all principal amounts remaining unpaid hereunder from the date of each Advance until final maturity, payable semi-annually on each Payment Date, at an interest rate per annum during each Interest Period equal to the LIBO Rate for such Interest

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Period plus two (2) percentage points. Any payment hereunder (including, to the extent permitted by law, any interest payment) which is not paid when due, whether at stated maturity, by acceleration or otherwise, shall bear interest from such date until payment in full thereof, payable on demand, at a rate equal to three (3) percentage points per annum greater than the LIBO Rate for a one-month period commencing on the day on which such payment is due and from the corresponding day in each succeeding one-month period thereafter, each change in such rate to become effective on said corresponding day of each succeeding month. Both principal and interest are payable in New York Clearing House Funds at the office of the Bank, 44 Wall Street, New York, New York, U.S.A. (or at such other place as the Bank shall designate in writing), for the account of the Bank's Nassau, Bahamas office, not later than 12:00 noon (New York time) on the date when such payment is due.

"Payment Date" means each semi-annual anniversary of the date of the Loan Agreement hereinafter referred to, provided that if any such date falls on a day which is not a Business Day such Payment Date shall be the next succeeding Business Day, unless such succeeding Business Day falls in the next calendar month, in which event such Payment Date shall be the next preceding Business Day.

The terms Advance, Business Day, Interest Period and LIBO Rate shall have the meanings specified in the Loan Agreement hereinafter referred to.

This Promissory Note is the Note referred to in, and is entitled to the benefits of, the Loan Agreement dated January 31, 1977 (the "Loan Agreement"), between the Borrower and the Bank, which Loan Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The Loan Agreement and this Note are deemed to be contracts made under the laws of the State of New York, United States of America, and shall be governed by the laws of said State in all respects, express reference being hereby made to Peruvian Decree Law Nos. 19988 and 20050 and to the fact that funds under the Loan Agreement are being made available to the Borrower in New York, New York.

BANCO DE LA NACION, acting as
financial agent for and on behalf
of the REPUBLIC OF PERU

By _____
Fernando Bellido De Lama
Asesor de la Gerencia General

The opinion of counsel of the Director General of the Legal Department of the Ministry of Economy and Finance of the Republic of Peru shall be to the following effect:

1. The Borrower has full power, authority and legal right to incur the indebtedness and other obligations provided for in the Loan Agreement and the Note, and to execute and deliver, and to perform all of its obligations under, the Loan Agreement and the Note.

2. The execution, delivery and performance by the Borrower of the Loan Agreement and the Note have been duly authorized by all necessary action on the part of the Borrower and do not and will not violate any constitutional provision or any provisions of any treaty, law, regulation or decree or any other legislative, administrative, governmental or judicial act or determination having applicability to the Borrower.

3. The Loan Agreement and the Note have been duly executed and delivered and constitute (1) legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective

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terms and (2) unconditional direct obligations of the Borrower for the payment and performance of which the full faith and credit of the Borrower is pledged. The Borrower is subject to civil and commercial law in respect of its obligations under the Loan Agreement and the Note, and neither it nor any of its property enjoys any right of immunity from suit, judgment or execution on a judgment in Peru or in any other jurisdiction in respect of its obligations under the Loan Agreement or the Note; and the waiver of sovereign immunity provided for in §3.01(c) of the Loan Agreement is effective to waive any such immunity should the Borrower acquire such immunity in the future in respect of its obligations under the Loan Agreement or the Note.

4. All authorizations, consents and approvals of any public body or governmental authority of or in the Republic of Peru which may be required by the Borrower to enter into and to fulfill its obligations under the Loan Agreement or the Note have been obtained and are in full force and effect and have not been modified or amended in any way. Such authorizations, consents and approvals consist only of the following:

[list all required authorizations,
consents and approvals]

Certified copies of all required authorizations,
consents and approvals have been delivered to the Bank.

5. Other than registration of the Loan Agree-
ment and the Note with Banco Central de Reserva del
Peru, which registration has been effectuated [add the
preceding clause only if such registration is required]
it is not necessary under the laws of Peru in order to
insure the legality, validity, binding effect or enforce-
ment of the Loan Agreement or the Note that the Loan
Agreement or the Note, or any other document executed
or delivered in connection therewith, be filed, regi-
stered, published or recorded in any public office or
in any other place.

6. The Loan Agreement and the Note are in
proper legal form under the laws of Peru for the
enforcement thereof in Peru.

7. 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 Note and there is no Peruvian
withholding or other tax to be deducted from any payment

to be made by the Borrower under the Loan Agreement or the Note.

8. All requisite foreign exchange control permissions and other approvals by the Republic of Peru or any department or agency thereof have been obtained and are current and in full force and effect to assure the availability of United States Dollars to enable the Borrower to perform all of its obligations under the Loan Agreement and the Note in accordance with their respective terms.

9. Banco de la Nacion, acting in its capacity as the financial agent of the Borrower, has full power and authority, and is duly authorized, to execute and deliver the Loan Agreement and the Note on behalf of the Borrower and to contract with the Bank on the respective terms and conditions hereof and thereof and the Loan Agreement and the Note have been duly executed by the duly authorized signatories of Banco de la Nacion, acting on behalf of the Borrower.

10. The obligations of the Borrower under the Loan Agreement and under the Note rank at least pari passu with all other indebtedness (including guarantees of the obligations of others or other

contingent liabilities) of the Borrower for borrowed money payable in any foreign currency.

11. The Borrower is not in default under any other agreement by which it is bound and has not defaulted in the payment or repayment of any amount due in respect of any indebtedness or other obligation of any kind contracted or assumed by it.

12. The consent to jurisdiction set forth in § 7.08 of the Loan Agreement is effective to confer jurisdiction over the Borrower in the jurisdictions specified therein and with the effect specified therein, express reference being made in the Loan Agreement to Peruvian Decree Law Nos. 19988 and 20050 and to the fact that funds under the Loan Agreement are being made available to the Borrower in New York, New York. The designation by the Borrower of the Consul General of Peru in New York, New York is effective to authorize such Consul General to receive service of process for and on behalf of the Borrower in any action, suit or proceeding with respect to any matter as to which it submits to jurisdiction pursuant to said § 7.08.

13. The choice by the parties of the law of the State of New York under § 7.07 of the Loan Agreement

is valid under the private international law of the Republic of Peru and such law of the State of New York may accordingly be applied by the courts of the Republic of Peru if the Loan Agreement or the Note, or any claim thereunder, comes under the jurisdiction of such courts, express reference being made in the Loan Agreement to Peruvian Decree Law Nos. 19988 and 20050 and to the fact that funds under the Loan Agreement are being made available to the Borrower in New York, New York. A judgment of the courts of the State of New York or the United States District Court for the Southern District of New York rendered in any action brought in any such court to enforce the obligations of the Borrower under the Loan Agreement or the Note or to claim from the Borrower any sum due as a result of default thereunder or for any other reason will be enforceable against the Borrower in the Republic of Peru.

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The opinion of counsel of Estudio Romero, special Peruvian counsel to the Bank, shall be to the following effect:

1. The Borrower has full power, authority and legal right to incur the indebtedness and other obligations provided for in the Loan Agreement and the Note, and to execute and deliver, and to perform all of its obligations under, the Loan Agreement and the Note.

2. The execution, delivery and performance by the Borrower of the Loan Agreement and the Note have been duly authorized by all necessary action on the part of the Borrower and do not and will not violate any constitutional provision or any provisions of any treaty, law, regulation or decree or any other legislative, administrative, governmental or judicial act or determination having applicability to the Borrower.

3. The Loan Agreement and the Note have been duly executed and delivered and constitute (1) legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective

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terms and (2) unconditional direct obligations of the Borrower for the payment and performance of which the full faith and credit of the Borrower is pledged. The Borrower is subject to civil and commercial law in respect of its obligations under the Loan Agreement and the Note, and neither it nor any of its property enjoys any right of immunity from suit, judgment or execution on a judgment in Peru or in any other jurisdiction in respect of its obligations under the Loan Agreement or the Note; and the waiver of sovereign immunity provided for in §3.01(c) of the Loan Agreement is effective to waive any such immunity should the Borrower acquire such immunity in the future in respect of its obligations under the Loan Agreement or the Note.

4. All authorizations, consents and approvals of any public body or governmental authority of or in the Republic of Peru which may be required by the Borrower to enter into and to fulfill its obligations under the Loan Agreement or the Note have been obtained and are in full force and effect and have not been modified or amended in any way. Such authorizations, consents and approvals consist only of the following:

[list all required authorizations,
consents and approvals]

Certified copies of all required authorizations,
consents and approvals have been delivered to the Bank.

5. Other than registration of the Loan Agreement and the Note with Banco Central de Reserva del Peru, which registration has been effectuated [add the preceding clause only if such registration is required] it is not necessary under the laws of Peru in order to insure the legality, validity, binding effect or enforcement of the Loan Agreement or the Note that the Loan Agreement or the Note, or any other document executed or delivered in connection therewith, be filed, registered, published or recorded in any public office or in any other place.

6. The Loan Agreement and the Note are in proper legal form under the laws of Peru for the enforcement thereof in Peru.

7. 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 Note and there is no Peruvian withholding or other tax to be deducted from any payment

to be made by the Borrower under the Loan Agreement or the Note.

8. All requisite foreign exchange control permissions and other approvals by the Republic of Peru or any department or agency thereof have been obtained and are current and in full force and effect to assure the availability of United States Dollars to enable the Borrower to perform all of its obligations under the Loan Agreement and the Note in accordance with their respective terms.

9. Banco de la Nacion, acting in its capacity as the financial agent of the Borrower, has full power and authority, and is duly authorized, to execute and deliver the Loan Agreement and the Note on behalf of the Borrower and to contract with the Bank on the respective terms and conditions hereof and thereof and the Loan Agreement and the Note have been duly executed by the duly authorized signatories of Banco de la Nacion, acting on behalf of the Borrower.

6. 10. The obligations of the Borrower under the Loan Agreement and under the Note rank at least pari passu with all other indebtedness (including guarantees of the obligations of others or other

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contingent liabilities) of the Borrower for borrowed money payable in any foreign currency.

11. To the best of such counsel's knowledge, the Borrower is not in default under any other agreement by which it is bound and has not defaulted in the payment or repayment of any amount due in respect of any indebtedness or other obligation of any kind contracted or assumed by it.

12. The consent to jurisdiction set forth in § 7.08 of the Loan Agreement is effective to confer jurisdiction over the Borrower in the jurisdictions specified therein and with the effect specified therein, express reference being made in the Loan Agreement to Peruvian Decree Law Nos. 19988 and 20050 and to the fact that funds under the Loan Agreement are being made available to the Borrower in New York, New York. The designation by the Borrower of the Consul General of Peru in New York, New York is effective to authorize such Consul General to receive service of process for and on behalf of the Borrower in any action, suit or proceeding with respect to any matter as to which it submits to jurisdiction pursuant to said § 7.08.

6.
13. The choice by the parties of the law of the State of New York under § 7.07 of the Loan Agreement

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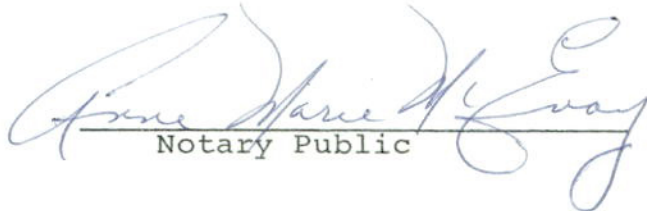
is valid under the private international law of the Republic of Peru and such law of the State of New York may accordingly be applied by the courts of the Republic of Peru if the Loan Agreement or the Note, or any claim thereunder, comes under the jurisdiction of such courts, express reference being made in the Loan Agreement to Peruvian Decree Law Nos. 19988 and 20050 and to the fact that funds under the Loan Agreement are being made available to the Borrower in New York, New York. A judgment of the courts of the State of New York or the United States District Court for the Southern District of New York rendered in any action brought in any such court to enforce the obligations of the Borrower under the Loan Agreement or the Note or to claim from the Borrower any sum due as a result of default thereunder or for any other reason will be enforceable against the Borrower in the Republic of Peru.

Handwritten initials

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STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 31st day of January, 1977 before me personally came Fernando Bellido de Lama, to me known, who, being by me duly sworn, did depose and say that he is the Asesor de la Gerencia General of Banco de la Nacion of Lima, Peru, an autonomous institution of the Government of the Republic of Peru, and the institution which executed the foregoing document for and on behalf of the Government of the Republic of Peru, and that he signed such document on behalf of said Banco de la Nacion as representative of the Government of the Republic of Peru pursuant to authority granted by said Banco de la Nacion.


Notary Public

ANNE MARIE McEVOY
NOTARY PUBLIC, STATE OF NEW YORK
No. 41-4601757 Qual. in Queens Co.
Certificate Filed in New York County
Commission Expires March 30, 1978

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