CONFORMED COPY

LOAN NUMBER 1358-PE

LOAN AGREEMENT

(COFIDE Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

CORPORACION FINANCIERA DE DESARROLLO

Dated January 28, 1977
LOAN AGREEMENT

AGREEMENT, dated January 28, 1977, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and CORPORACION FINANCIERA DE DESARROLLO (hereinafter called the Borrower), a development finance corporation established and operating under the laws of the Republic of Peru.
ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated March 15, 1974, with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "Sub-loan" means a loan made or proposed to be made by the Borrower out of the proceeds of the Loan to an Investment Enterprise for an Investment Project and "free-limit sub-loan" means a sub-loan, as so defined, which qualifies as a free-limit sub-loan pursuant to the provisions of Section 2.02 (b) of this Agreement.

(b) "Investment Enterprise" means an enterprise to which the Borrower proposes to make or has made a sub-loan.

(c) "Social Property Enterprise" means an Investment Enterprise which is an empresa de propiedad social in accordance with Decreto-Ley No. 20598 of the Guarantor dated April 30, 1974.
(d) "Investment Project" means a specific development project to be carried out by an Investment Enterprise utilizing the proceeds of a sub-loan.

(e) "Local currency" and "sol" mean the currency of the Guarantor.

(f) "Foreign currency" means any currency other than the currency of the Guarantor.

(g) "Statutes" means the statutes of the Borrower approved by Decreto Supremo No. 110-71-EF of the Guarantor dated August 24, 1971, as amended to the date of this Agreement.

(h) "Development Fund" means the account referred to in Section 3.02 (a) of this Agreement.

(i) "Statement of Policy" means the Development Fund's statement of lending and investment policies approved by the Board of Directors on December 7, 1976.

(j) "Subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned or effectively controlled by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries.

(k) "Financial subsidiary" means any subsidiary which, in the judgement of the Bank, is engaged in promotional, financial or technical activities similar or complementary to the operations of the Borrower.
ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to thirty-five million dollars ($35,000,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account for amounts expended by the Borrower for an Investment Project or, if the Bank shall so agree, for amounts to be expended by the Borrower for an Investment Project, to finance:

(i) the reasonable reign currency cost of goods and services required under a sub-loan for the Investment Project in respect of which the withdrawal is requested, or

(ii) the equivalent of fifty per cent (50%) (representing the estimated foreign exchange component) of the reasonable local currency cost of goods and services required under a sub-loan for the Investment Project other than an Investment Project for tourism development or industrial construction in respect of which the withdrawal is requested, or

(iii) the equivalent of thirty-five per cent (35%) (representing the estimated foreign exchange component) of the reasonable local currency cost of goods and services required under a sub-loan for the Investment Project for tourism development or industrial construction.
in respect of which the withdrawal is requested and of civil works required under a sub-loan for the Investment Project in respect of which the withdrawal is requested, or such percentage as shall have been established, to the satisfaction of the Bank to correspond to the foreign exchange component of such goods and civil works;

provided, however, that no withdrawal shall be made in respect of a sub-loan unless (1) the sub-loan shall have been approved by the Bank, or (2) the sub-loan shall be a free-limit sub-loan for which the Bank shall have authorized withdrawals from the Loan Account, or (3) the sub-loan shall be for an Investment Project to be carried out by a Social Property Enterprise and the amount of such sub-loan, when added to any other amounts financed or proposed to be financed out of the proceeds of the Loan for Investment Projects to be carried out by Social Property Enterprises, shall not exceed in the aggregate $10,500,000 equivalent, or (4) the sub-loan shall be for an Investment Project to be carried out by an Investment Enterprise and the amount of such sub-loan, when added to any other amounts financed or proposed to be financed out of the Loan and lent to the Investment Enterprise which shall carry out such Investment Project, shall not exceed $4,000,000 equivalent. The foregoing amounts being subject to change from time to time as determined by the Bank.
(b) A free-limit sub-loan shall be a sub-loan for an Investment Project to be carried out by an Investment Enterprise other than a Social Property Enterprise in an amount to be financed out of the proceeds of the Loan which shall not exceed the sum of $500,000 equivalent, the foregoing amount being subject to change from time to time as determined by the Bank.

(c) Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures made by an Investment Enterprise in respect of a sub-loan subject to the Bank's approval, if such expenditures shall have been made before the date of this Agreement or more than ninety days prior to the date on which the Bank shall have received in respect of such sub-loan the application and information required by Section 2.03 (a) of this Agreement or, under a free-limit sub-loan, more than ninety days prior to the date on which the Bank shall have received in respect of such free-limit sub-loan the request and information required by Section 2.03 (b).

Section 2.03. (a) When presenting a sub-loan (other than a free-limit sub-loan) to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, together with (i) a description of the Investment Enterprise and an appraisal of the Investment Project, including a description of the expenditures proposed to be financed out of the proceeds of the Loan; (ii) the proposed terms and conditions of the sub-loan, including the schedule of amortization of the sub-loan; and (iii) such other information as the Bank shall reasonably request.
(b) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of a free-limit sub-loan shall contain (i) a summary description of the Investment Enterprise and the Investment Project, including a description of the expenditures proposed to be financed out of the proceeds of the Loan, and (ii) the terms and conditions of such free-limit sub-loan, including the schedule of amortization therefor.

(c) Except as the Bank and the Borrower shall otherwise agree, applications and requests made pursuant to the provisions of paragraphs (a) and (b) of this Section shall be presented to the Bank on or before June 30, 1979.

Section 2.04. The Closing Date shall be June 30, 1981 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of eight and seventy-hundredths per cent (8.70%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on January 1 and July 1 in each year.
Section 2.08. (a) The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement as such Schedule shall be amended from time to time by the Bank to the extent required to: (i) conform in relevant part substantially to the aggregate of the amortization schedules applicable to sub-loans which have been approved or authorized for withdrawals from the Loan Account under Section 2.02 of this Agreement and (ii) take into account any cancellation pursuant to Article VI of the General Conditions and any repayments made by the Borrower under Section 2.09 of this Agreement; provided that repayments due hereunder shall be made on January 1 and July 1 in each year. Such amendments of said Schedule 1 shall include amendments to the table of premiums on prepayment, if necessary.

(b) The amortization schedule applicable to each sub-loan shall provide for a period of grace of not more than 3 years, and, unless the Bank and the Borrower shall otherwise agree (i) shall not extend beyond 15 years from the date of approval by the Bank of such sub-loan, or in the case of a free-limit sub-loan, of authorization by the Bank to make withdrawals from the Loan Account in respect thereof, and (ii) shall provide for approximately equal semi-annual, or more frequent, aggregate payments of principal and interest or approximately equal semi-annual, or more frequent, payments of principal.

(c) The Borrower shall transmit to the Bank, for its prior approval, any substantial changes proposed to be made by the Borrower in respect of the repayment provisions of any sub-loan.
Section 2.09. Unless the Bank and the Borrower shall otherwise agree:

(a) If a sub-loan or any part thereof shall be repaid to the Borrower in advance of maturity or if a sub-loan or any part thereof shall be sold, transferred, assigned or otherwise disposed of for value by the Borrower, the Borrower shall promptly notify the Bank and shall repay to the Bank on the next following interest payment date, together with the premiums specified in Schedule 1 to this Agreement or in any amendment thereof under Section 2.08 (a) of this Agreement, the amount withdrawn from the Loan Account in respect of such sub-loan or part thereof and not theretofore repaid to the Bank.

(b) Any amount so repaid by the Borrower shall be applied by the Bank to the maturity or maturities of the Loan in amounts corresponding to the outstanding amounts of the maturity or maturities of the sub-loan so repaid or disposed of.

(c) Paragraph (b) of Section 3.05 of the General Conditions shall not apply to any repayment made under paragraph (a) of this Section.
ARTICLE III

The Project;
Management and Operations of the Borrower

Section 3.01. (a) The purpose of the Project is to assist the Borrower in financing such productive facilities and resources in Peru as will contribute to the economic and social development of the country. The Project consists in the financing of Investment Projects through sub-loans to Investment Enterprises in Peru, in furtherance of the corporate purposes of the Borrower.

(b) The Borrower shall carry out the Project and conduct its operations and affairs in accordance with sound financial standards and practices, with qualified management and personnel, and in accordance with the Statutes and Statement of Policy.

Section 3.02. The Borrower shall:

(a) open and maintain a separate account (the Development Fund) and pay into it (i) the proceeds of the Loan, (ii) out of its own resources at least the equivalent in local currency to fifty per cent (50%) of the proceeds of the Loan, and (iii) any funds accruing from the carrying out of the Project;

(b) use the proceeds of the Loan exclusively for carrying out the Project; and

(c) use the funds referred to in paragraph (a) (ii) and (iii) hereof exclusively for servicing its financial obligations under this Agreement; provided, however, that if any such funds are not needed for said purpose, the Borrower may use them as follows:
(i) to pay the cost of the training and technical assistance specified in Section 3.08 of this Agreement;

(ii) to make loans in accordance with the Statement of Policy;

(iii) to pay itself a service fee not exceeding 1 1/2% per annum of the aggregate principal amount of the sub-loans outstanding from time to time; and

(iv) to pay itself interest at a reasonable rate on the amounts paid into the Development Fund by the Borrower as required by paragraph (a) (ii) above.

Section 3.03. The Borrower shall: (a) charge interest on the outstanding principal amount of sub-loans at a rate of not less than 11% per annum; and (b) review the adequacy of such interest rate as part of the review referred to in Section 4.07 of this Agreement.

Section 3.04. (a) The Borrower undertakes that, unless the Bank otherwise agree, any sub-loan will be made on terms whereby the Borrower shall obtain, by written contract with the Investment Enterprise or by other appropriate legal means, rights adequate to protect the interests of the Bank and the Borrower, including the right of the Borrower to: (i) require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and to maintain adequate records; (ii) require that: (l) the goods and services to be financed
out of the proceeds of the Loan shall be purchased at a reasonable price, account being taken also of other relevant factors such as time of delivery and efficiency and reliability of the goods and availability of maintenance facilities and spare parts therefor, and, in the case of services, of their quality and the competence of the parties rendering them and (2) such goods and services shall be used exclusively in the carrying out of the Investment Project; (iii) inspect, by itself or jointly with representatives of the Bank if the Bank shall so request, such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, and any relevant records and documents; (iv) require that: (1) the Investment Enterprise shall take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and (2) without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Loan to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Investment Enterprise to replace or repair such goods; (v) obtain all such information as the Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise; and (vi) suspend or terminate the right of the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its contract with the Borrower.

(b) The Borrower shall exercise its rights in relation to each Investment Project in such manner as to: (i) protect the interests of the Bank and the Borrower, (ii) comply with its obligations under this Agreement, and (iii) achieve the purposes of the Project.
Section 3.05. The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the Development Fund, the Investment Enterprises, the Investment Projects, and the sub-loans.

Section 3.06. The Borrower shall duly perform all its obligations under agreements under which funds have been lent or otherwise put at the disposal of the Borrower by the Guarantor or its agencies or others for relending, investment or management. The Borrower shall promptly inform the Bank of any action which would have the effect of assigning, or of amending, abrogating or waiving any material provision of, any such agreement.

Section 3.07. The Borrower shall, as part of the appraisal of an Investment Project, calculate the internal economic rate of return thereof; such calculation to be made in accordance with the guidelines approved by the Borrower on December 10, 1976, as amended from time to time to the satisfaction of the Bank. The Borrower shall gradually apply economic evaluation methods to other projects financed by the Borrower.

Section 3.08. The Borrower shall (a) train such of its staff as shall be appropriate for purposes of carrying out its operations; (b) train staff of agencies of the Guarantor and financial institutions concerned with appraisal of projects in matters related to such appraisal, and (c) provide technical assistance in (i) the operation and management of Social Property Enterprises to agencies of the Guarantor and to any institutions responsible for assisting such enterprises in their operation and management; and (ii) such fields and to such institutions as shall be agreed from time to time between the Bank and the Borrower.
Section 3.09. The Borrower shall cause each of its subsidiaries to observe and perform the obligations of the Borrower hereunder to the extent to which such obligations shall or can be applicable thereto, as though such obligations were binding upon such subsidiary.
ARTICLE IV

Financial Covenants

Section 4.01. The Borrower shall maintain records adequate to record the progress of the Project and of each Investment Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower.

Section 4.02. The Borrower shall: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements), including the accounts and financial statements of its subsidiaries and of the Development Fund, for each fiscal year audited in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Bank; (ii) furnish to the Bank, as soon as available but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and (iii) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request.

Section 4.03. (a) The Borrower represents that at the date of this Agreement no lien exists on any of its assets as security for any debt, except as otherwise currently reported or disclosed in writing by the Borrower to the Bank.
(b) The Borrower undertakes that, except as the Bank shall otherwise agree: (i) if any lien shall be created on any assets of the Borrower or any financial subsidiary as security for any debt, such lien will equally and ratably secure the payment of the principal of, and interest and other charges on the Loan and that in the creation of any such lien express provision will be made to that effect at no cost to the Bank; and (ii) if any statutory lien shall be created on any assets of the Borrower or of any financial subsidiary as security for any debt, the Borrower shall grant, at no cost to the Bank, an equivalent lien satisfactory to the Bank to secure the payment of the principal of, and interest and other charges on the Loan; provided, however, that the foregoing provisions of this paragraph shall not apply to: (A) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (B) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

Section 4.04. Except as the Bank shall otherwise agree, the Borrower shall: (i) conduct its operations and affairs in such manner as shall be necessary to maintain, at all times, its debt/equity ratio within the limit referred to in Section 4.06 of this Agreement; and (ii) if such ratio shall, for reasons beyond the Borrower's control, be exceeded, promptly take all such reasonable action as shall be necessary or advisable to bring such ratio within such limit.

Section 4.05. The Borrower shall not make any repayment in advance of maturity in respect of any outstanding debt of the Borrower which, in the judgment of the Bank, would materially affect the Borrower's ability to meet its financial obligations.
Section 4.06. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall not incur or permit any financial subsidiary to incur any debt if, after the incurring of such debt, the consolidated debt of the Borrower and all its financial subsidiaries then incurred and outstanding would be greater than five times the consolidated capital and surplus of the Borrower and all its financial subsidiaries. For the purposes of this Section:

(a) "debt" means any debt incurred by the Borrower or any financial subsidiary;

(b) debt shall be deemed to be incurred: (i) under a loan contract or agreement (including the Loan Agreement) on the date and to the extent the amount of the loan is drawn down and outstanding pursuant to such loan contract or agreement, and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into but only to the extent that the guaranteed debt is outstanding;

(c) whenever in connection with this Section it shall be necessary to value in terms of soles debt payable in foreign currency, such valuation shall be made at the prevailing lawful rate of exchange at which such foreign currency is, at the time of such valuation, obtainable by the Borrower for the purposes of servicing such debt;

(d) "consolidated debt of the Borrower and all its financial subsidiaries" means the total amount of debt of the Borrower and financial subsidiaries, excluding any debt owed by the Borrower to any financial subsidiary or by any financial subsidiary to the Borrower or to any other financial subsidiary; and
(e) "consolidated capital and surplus of the Borrower and financial subsidiaries" means the aggregate of the unimpaired paid-up capital, surplus and free reserves of the Borrower and financial subsidiaries after excluding therefrom such amounts as shall represent equity interests of the Borrower in any financial subsidiary or of any financial subsidiary in the Borrower or any other financial subsidiary.

Section 4.07. The Borrower undertakes: (a) that the rates of interest and commitment charges on its lending operations will be established taking into account the situation on the capital market of Peru and will be such as to (i) recover the cost to the Borrower of the funds lent by it and the Borrower's operating costs, and (ii) provide the Borrower with a reasonable profit; and

(b) not later than a year after the date of this Agreement and thereafter at any time the Guarantor or the Bank may request, review with the Guarantor and the Bank the adequacy of such rates of interest taking into account the Guarantor's policy in this respect, inflation trends and future inflation prospects in Peru and abroad with a view to the gradual introduction of positive real interest rates in the lending operations of the Borrower.

Section 4.08. The Borrower shall take such steps satisfactory to the Bank as shall be necessary to protect itself against risk of loss resulting from changes in the rates of exchange between the currencies (including soles) used in its lending and borrowing operations.
Section 4.09. The Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the administration, operations and financial condition of the Borrower, its subsidiaries and the Development Fund, and the Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the administration, operations and financial condition of the Borrower its subsidiaries and the Development Fund.

Section 4.10. The Borrower shall enable the Bank's representatives to inspect the records referred to in Section 4.01 of this Agreement and any relevant documents.
ARTICLE V

Remedies of the Bank

Section 5.01. For the purposes of Section 6.02 of the General Conditions the following additional events are specified:

(a) any part of the principal amount of any loan to the Borrower having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the relative contractual instruments, or any security for any such loan shall have become enforceable;

(b) a change shall have been made in the Statutes which will materially and adversely affect the financial condition or operations of the Borrower;

(c) a change shall have been made in the Statement of Policy without the Bank's consent;

(d) a resolution shall have been passed for the dissolution or liquidation of the Borrower; and

(e) a subsidiary or any other entity shall have been created or acquired or taken over by the Borrower, if such creation, acquisition or taking over would adversely affect the Borrower's carrying out of the Project.
Section 5.02. For the purposes of Section 7.01 of the General Conditions the following additional events are specified:

(a) the event specified in paragraph (a) or paragraph (b) or paragraph (c) or paragraph (d) of Section 5.01 or any event specified in paragraph (e) thereof shall occur; and

(b) the event specified in paragraph (e) of Section 5.01 shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower.
ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, the Development Fund has been established.

Section 6.02. The date of March 28, 1977 is hereby specified for the purposes of Section 12.04 of the General Conditions.
ARTICLE VII

Miscellaneous

Section 7.01. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INTBFRAD
Telex: 440098 (ITT), 248423 (RCA) or 64145 (WUI)

For the Borrower:

Corporación Financiera de Desarrollo
Avda. Inca Garcilaso de la Vega 1456
Casilla Postal 10377

Cable address: COFIDE
Telex: 20162 PE
Lima Peru
Telex: 25356 PE
IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ A. Krieger
Regional Vice President
Latin America and the Caribbean

CORPORACION FINANCIERA DE DESARROLLO

By /s/ Oscar Espinosa
Authorized Representative

By /s/ Winston Temple
Authorized Representative
## SCHEDULE 1

**Amortization Schedule***

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<th>Date Payment Due</th>
<th>Payment of Principal (expressed in dollars)**</th>
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<td>January 1, 1994</td>
<td>75,000</td>
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* The Amortization Schedule is subject to amendment pursuant to the provisions of Section 2.06 of the Loan Agreement.

** To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.
Premiums on Prepayment

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or to Section 2.09 (a) of the Loan Agreement:

<table>
<thead>
<tr>
<th>Time of Prepayment</th>
<th>Premium</th>
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<tbody>
<tr>
<td>Not more than three years before maturity</td>
<td>1.55%</td>
</tr>
<tr>
<td>More than three years but not more than six years before maturity</td>
<td>3.05%</td>
</tr>
<tr>
<td>More than six years but not more than eleven years before maturity</td>
<td>5.65%</td>
</tr>
<tr>
<td>More than eleven years but not more than fifteen years before maturity</td>
<td>7.70%</td>
</tr>
<tr>
<td>More than fifteen years before maturity</td>
<td>8.70%</td>
</tr>
</tbody>
</table>
SCHEDULE 2

Modifications of the General Conditions

For the purposes of the Loan Agreement, the provisions of the General Conditions are modified as follows:

(1) The following subparagraph (d) is added to Section 3.05:

"(d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment of the Loan and the application of such prepayment in addition to, or in substitution for, those set forth in paragraph (b) of Section 3.05."

(2) The words "Investment Projects" are substituted for the words "the Project" at the end of Section 5.03.

(3) Section 6.03 is deleted and replaced by the following new Section:

"Section 6.03 Cancellation by the Bank. If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) by the date specified in paragraph (c) of Section 2.03 of the Loan Agreement no applications or requests permitted under paragraph (a) or paragraph (b) of such Section shall have been received..."
by the Bank in respect of any portion of the Loan, or having been so received, shall have been denied, or (c) after the Closing Date an amount of the Loan shall remain unwithdrawn from the Loan Account, or (d) the Bank shall have received notice from the Guarantor pursuant to Section 6.07 with respect to an amount of the Loan, the Bank may by notice to the Borrower terminate the right of the Borrower to submit such applications or requests or to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan.