

No. 8943

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
PERU**

Guarantee Agreement—*Matucana Power Project* (with annexed Loan Regulations No. 4, as amended, and Loan Agreement between the Bank and the *Empresas Eléctricas Asociadas*). Signed at Washington, on 11 September 1967

Official text: English.

Registered by the International Bank for Reconstruction and Development on 29 January 1968.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
PÉROU**

Contrat de garantie — *Projet du Matucana relatif à l'énergie électrique* (avec, en annexe, le Règlement n° 4 sur les emprunts, tel qu'il a été modifié, et le Contrat d'emprunt entre la Banque et les *Empresas Eléctricas Asociadas*). Signé à Washington, le 11 septembre 1967

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 29 janvier 1968.

No. 8943. GUARANTEE AGREEMENT¹ (*MATUCANA POWER PROJECT*) BETWEEN THE REPUBLIC OF PERU AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 11 SEPTEMBER 1967

AGREEMENT, dated September 11, 1967, between REPUBLIC OF PERU (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Empresas Electricas Asociadas (Lima Light and Power Company) (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to seventeen million five hundred thousand dollars (\$17,500,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961, as amended February 9, 1967², subject, however, to the modifications thereof set forth in Schedule 3 to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the same meanings as therein set forth.

¹ Came into force on 28 December 1967, upon notification by the Bank to the Government of Peru.

² See p. 178 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Debentures of the Series K, and the premium, if any, on the prepayment of the Loan or the redemption of the Debentures of the Series K, all as set forth in the Loan Agreement, the Ninth Supplemental Indenture and the Debentures of the Series K.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Debentures of the Series K, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) 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 (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term “ assets of the Guarantor ” as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Banco Central de Reserva del Perú.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Debentures of the Series K shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Debenture of the Series K to a holder thereof other than the Bank when such Debenture of the Series K is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Guarantee Agreement, the Loan Agreement, the Ninth Supplemental Indenture and the Debentures of the Series K shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The Guarantor covenants that it will not take or permit any of its political subdivisions or agencies to take any action which would prevent or interfere with the performance by the Borrower of any of the covenants, agreements and obligations contained in the Loan Agreement and will take or cause to be taken all reasonable action which shall be necessary in order to enable the Borrower to perform such covenants, agreements and obligations.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Debentures of the Series K to be executed and delivered by the Borrower. The *Ministro de Hacienda y Comercio* of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Ministerio de Hacienda y Comercio
Lima, Peru

Alternative address for cables :

Minhacienda
Lima, Peru

For the Bank :

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

Alternative address for cables :

Intbafrad
Washington, D.C.

Section 5.02. The *Ministro de Hacienda y Comercio* of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Peru :

By CELSO PASTOR
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER
THAN MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 598, p. 270.*]

LOAN AGREEMENT

(*MATUCANA POWER PROJECT*)

AGREEMENT, dated September 11, 1967, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and EMPRESAS ELÉCTRICAS ASOCIADAS (Lima Light and Power Company) (hereinafter called the Borrower).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961, as amended February 9, 1967,¹ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 3 to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations).

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Loan Agreement or any Schedule hereto :

- (a) The term "Indenture" means the Indenture dated as of July 1, 1957, executed by the Borrower in favor of Schroder Trust Company, as Trustee, and includes any indenture supplemental thereto which has been or shall be executed and delivered in accordance with the provisions of the Indenture.
- (b) The term "Ninth Supplemental Indenture" means the supplemental indenture or supplemental indentures which shall be executed by the Borrower pursuant to the provisions of Section 5.04 of this Agreement providing for the issue, authentication and delivery of Debentures of the Series K.
- (c) The term "Debentures" shall mean debentures issued in accordance with the terms of the Indenture.
- (d) The term "Debentures of the Series K" shall mean Debentures of the various series issued pursuant to the Ninth Supplemental Indenture and this Agreement.
- (e) The term "subsidiary" shall mean any corporation, firm or association directly or indirectly controlled by the Borrower.
- (f) The term "Hidrandina" means Energia Hidroeléctrica Andina S. A.
- (g) The term "Atelsa" means Atención Electrica S. A.
- (h) The term "soles" and the symbol "S/." means currency of the Guarantor.
- (i) The term "First Loan Agreement" means the Loan Agreement dated June 29, 1960² between the Bank and the Borrower.
- (j) The term "First Guarantee Agreement" means the Guarantee Agreement dated June 29, 1960² between the Guarantor and the Bank.
- (k) The term "Second Loan Agreement" means the Loan Agreement dated November 22, 1963³ between the Bank and the Borrower.
- (l) The term "Second Guarantee Agreement" means the Guarantee Agreement dated November 22, 1963³ between the Guarantor and the Bank.

¹ See p. 178 of this volume.

² United Nations, *Treaty Series*, Vol. 400, p. 99.

³ United Nations, *Treaty Series*, Vol. 491, p. 101.

- (m) The term "Third Loan Agreement" means the Loan Agreement dated September 7, 1966¹ between the Bank and the Borrower.
- (n) The term "Third Guarantee Agreement" means the Guarantee Agreement dated September 7, 1966¹ between the Guarantor and the Bank.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower an amount in various currencies equivalent to seventeen million five hundred thousand dollars (\$17,500,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule I to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Agreement to expenditures on the Project described in Schedule 2 to this Agreement. The specific allocation of the proceeds of the Loan, and the methods and procedures for procurement of the goods to be financed out of such proceeds, shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

¹ United Nations, *Treaty Series*, Vol. 585, p. 3.

Section 3.02. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

Article IV

DEBENTURES

Section 4.01. The Borrower shall execute and deliver Debentures of the Series K representing the principal amount of the Loan of the form, tenor and purport prescribed in the Indenture as modified by the Ninth Supplemental Indenture and as provided therein and in the Loan Regulations.

Section 4.02. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall, against payment by the Bank of any amount to be withdrawn from the Loan Account, deliver to or on the order of the Bank, Debentures of the Series K in the aggregate principal amount so paid.

Section 4.03. The Borrower shall effect original issues of the Debentures of the Series K only as provided herein and in the Ninth Supplemental Indenture.

Section 4.04. The Bank and the Borrower shall be at liberty to make such arrangements as they may from time to time mutually agree as to procedure for the issue, authentication and delivery of the Debentures of the Series K and such arrangements may be in addition to or in substitution for any of the provisions of this Agreement or of the Loan Regulations.

Section 4.05. (a) The Debentures of the Series K shall be bearer Debentures with coupons for semi-annual interest attached (hereinafter sometimes called Series K coupon Debentures). Debentures of the Series K delivered to the Bank shall be Series K coupon Debentures in such temporary or definitive form (authorized by the Ninth Supplemental Indenture) as the Bank shall request. Series K coupon Debentures payable in dollars shall be substantially in the form set forth in the Ninth Supplemental Indenture. Series K coupon Debentures payable in any currency other than dollars shall be substantially in the form set forth in the Ninth Supplemental Indenture, except that they shall (i) provide for payment of principal, interest and premium on redemption, if any, in such other currency, (ii) provide for such place of payment at such agency as the Bank shall specify, and (iii) contain such other modifications as the Bank shall reasonably request in order to conform to the laws or to the financial usage of the place where they are payable.

(b) All Debentures of the Series K shall have the guarantee of the Guarantor endorsed thereon substantially in the form set forth in Schedule 3 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall carry out and complete the Project and operate and maintain its business and properties, including the Project, with due diligence and

efficiency and in conformity with sound engineering, business, financial and electric utility practices. To that end, the Borrower shall employ engineering and other consultants mutually acceptable to the Borrower and the Bank on terms and conditions mutually satisfactory to the Borrower and the Bank.

Section 5.02. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans and specifications (including construction schedules) for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(b) The Borrower shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower and of its subsidiaries.

(c) The Borrower shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, the sites, works, construction and operations included in the Project and all other plants, works, properties, equipment and operations of the Borrower and its subsidiaries, and to examine any relevant records and documents.

(d) 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 use of the goods purchased therewith, the progress of the Project and the administration, operations and financial condition of the Borrower, its subsidiaries, and Hidrandina and Atelsa.

Section 5.03. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, 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 performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purposes of the Loan.

(b) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

Section 5.04. The Borrower shall execute and deliver a supplemental indenture, the form and substance of which shall be satisfactory to the Bank, providing for the issue, authentication and delivery of Debentures of the Series K; shall protocolize, record, file and register said supplemental indenture as provided in Section 7.09 of the Indenture as promptly as shall be reasonably practicable; and shall, upon the protocolization, recordation, filing and registration thereof, furnish to the Bank an opinion or opinions satisfactory to the Bank of legal counsel acceptable to the Bank showing that said supplemental indenture has been validly and effectively protocolized, recorded, filed and registered,

and has created valid and effective liens, charges and priorities in accordance with its terms.

Section 5.05. Except as the Bank and the Borrower shall otherwise agree, the Borrower will not, and will not permit any subsidiary to, create, incur, assume or suffer to exist any mortgage, pledge, lien or encumbrance, except the lien of the Indenture, upon any of its properties or assets, whether now owned or hereafter acquired, unless such mortgage, pledge or lien shall provide for the security of the Debentures in priority to the debentures, notes or other obligations or liabilities of whatsoever character which are to be secured by such mortgage, pledge or lien; provided, however, that the foregoing provisions of this Section shall not apply to : (i) 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 (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date; or (iii) any "permitted lien" as defined in the Indenture on the date of this Agreement, excluding subsection (i) of said definition.

Section 5.06. Subject to such exemptions as shall be conferred by the provisions of Section 3.03 and Section 3.04 of the Guarantee Agreement¹ or otherwise, the Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement, the Indenture, the Ninth Supplemental Indenture or the Debentures of the Series K, or the payment of principal, interest of other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Debenture of the Series K to a holder thereof other than the Bank when such Debenture of the Series K is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.07. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Debentures of the Series K are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement, the Indenture, the Ninth Supplemental Indenture or the Debentures of the Series K.

Section 5.08. (a) The Borrower shall take out and maintain with responsible insurers or make other provision satisfactory to the Bank for insurance against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use of installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

¹ See p. 172 of this volume.

Section 5.09. (a) The Borrower shall at all times maintain its existence and right to carry on operations and shall, except as the Bank shall otherwise agree, take all steps necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

(b) The Borrower shall operate and maintain its plants, equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering standards; and shall at all times operate its plants and equipment and maintain its financial position in accordance with sound business and electric utility practices.

Section 5.10. The Borrower shall not agree to any change in the contract between it and Hidrandina, dated January 4, 1967, unless the Borrower shall have notified the Bank in advance and obtained approval by the Bank of the change or a determination by the Bank that the change is not material.

Section 5.11. (a) The Borrower shall transmit all material contracts between it and Hidrandina and between it and Atelsa to the Bank and shall not agree to any new material contract with either of them or to any material change in any such contracts unless the Borrower shall have notified the Bank in advance and obtained approval by the Bank of the proposed contract or the proposed change or a determination by the Bank that such change is not material.

(b) The Borrower shall not purchase any assets of Hidrandina nor make any payments to Hidrandina without the consent of the Bank.

Section 5.12. The Borrower shall have its financial statements (balance sheet and related income and earned surplus statements) audited and certified annually by an independent accounting firm satisfactory to the Bank and shall transmit to the Bank not later than four months after the end of the financial year, certified copies of such statements and a signed copy of the accountant's report.

Section 5.13. Unless it shall have obtained the prior approval of the Bank, the Borrower shall not make any investment in any corporation, firm or association in excess of \$1,000,000 or its equivalent in other currencies.

Section 5.14. Unless it shall have obtained the prior approval of the Bank, the Borrower will not redeem or prepay, prior to the maturity thereof, any Debentures otherwise than : (i) upon a refunding thereof by the issuance of Debentures of the same or later maturity or maturities; or (ii) for the purpose from time to time of meeting the next semi-annual sinking fund or analogous payment.

Section 5.15. The Borrower shall not consent to any action taken at any meeting of Debenture holders pursuant to Section 13.06 of the Indenture or by written instrument pursuant to Section 13.09 of the Indenture, unless the Bank shall have given its approval of such action or consent.

Section 5.16. The Borrower may authorize the issue, execution and delivery of additional Debentures upon compliance with the present provisions of Sections 4.02 and 4.04 of the Indenture.

Section 5.17. The Borrower shall duly perform all covenants, agreements and obligations to be performed by it under the Indenture.

Section 5.18. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall, as promptly as may be required, offer for subscription at a price reasonably related to their market price such additional capital shares as shall be sufficient to provide funds, not otherwise available, needed to carry out and complete the Project and to provide adequate working capital during and at the completion thereof.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if a default shall occur in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the Borrower or under any bond or debenture delivered pursuant thereto or under any credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days, or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond or debenture delivered pursuant to any such agreement or under any credit agreement between the Association and the Guarantor under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days, or (iv) if any event specified in paragraph (a) of Section 6.02 of this Agreement shall occur, or (v) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations or in paragraph (b) of Section 6.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Debentures of the Series K then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement, or in the Indenture, or in the Debentures of the Series K to the contrary notwithstanding.

Section 6.02. Pursuant to paragraph (l) of Section 5.02 of the Loan Regulations, the following are specified as additional events for the purposes of said Section :

(a) one of the events specified in the Indenture as "events of default".

(b) any amendment or repeal of any of the provisions of the Electric Industry Law of July 1955 as amended at the date of this Agreement, which materially and adversely affects the operations or financial condition of the Borrower of its obligations under this Agreement, shall have been brought into force and effect.

Article VII

MODIFICATION OF FIRST, SECOND AND THIRD LOAN AGREEMENTS

Section 7.01. For the purposes of the First Loan Agreement, paragraph (c) of Section 5.02 of the Loan Regulations No. 4 of the Bank dated June 15, 1956,¹ as amended in Schedule 3 of said First Loan Agreement, is further amended hereby to read as follows :

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, or the Guarantee Agreement, or the loan agreement dated November 22, 1963, or the guarantee agreement of even date therewith, or the loan agreement dated September 7, 1966 or the guarantee agreement of even date therewith, or the loan agreement dated September 11, 1967, or the guarantee agreement of even date therewith, or the Indenture, the Supplemental Indenture (as defined in the Loan Agreement), the Fifth Supplemental Indenture (as defined in the loan agreement dated November 22, 1963), the Seventh Supplemental Indenture (as defined in the loan agreement dated September 7, 1966), the Ninth Supplemental Indenture (as defined in the loan agreement dated September 11, 1967), the Debentures of the Series D, or the Debentures of the Series F (as defined in the loan agreement dated November 22, 1963) or the Debentures of the Series H (as defined in the loan agreement dated September 7, 1966), or the Debentures of the Series K (as defined in the loan agreement dated September 11, 1967).”

and the term “Loan Regulations” as used for the purposes of the First Loan Agreement shall mean Loan Regulations No. 4 of the Bank, dated June 15, 1956, as modified by the First Loan Agreement, the Second Loan Agreement, the Third Loan Agreement and as further amended hereby.

Section 7.02. For the purposes of the Second Loan Agreement, paragraph (c) of Section 5.02 of the Loan Regulations No. 4 of the Bank dated February 15, 1961,² as amended in Schedule 3 of said Second Loan Agreement, is further amended hereby to read as follows :

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, or the Guarantee Agreement, or the loan agreement dated June 29, 1960, or the guarantee agreement of even date therewith, or the loan agreement dated September 7, 1966, or the guarantee agreement of even date therewith, or the loan agreement dated September 11, 1967, or the guarantee agreement of even date therewith, or the Indenture, the Supplemental Indenture (as defined in the loan agreement dated June 29, 1960), the Fifth Supplemental Indenture, the Seventh Supplemental Indenture (as defined in the loan agreement dated September 7, 1966), the Ninth Supplemental Indenture (as defined in the loan agreement dated September 11, 1967), the Debentures of the Series D (as defined in the loan agreement dated June 29, 1960), or the Debentures of the Series F, or the Debentures of the

¹ United Nations, *Treaty Series*, Vol. 260, p. 376.

² United Nations, *Treaty Series*, Vol. 400, p. 212.

Series H (as defined in the loan agreement dated September 7, 1966), or the Debentures of the Series K (as defined in the loan agreement dated September 11, 1967).” and the term “ Loan Regulations ” as used for the purposes of the Second Loan Agreement shall mean Loan Regulations No. 4 of the Bank, dated February 15, 1961, as modified by the Second Loan Agreement and the Third Loan Agreement and as further amended hereby.

Section 7.03. For the purposes of the Third Loan Agreement, paragraph (c) of Section 5.02 of Loan Regulations No. 4 of the Bank dated February 15, 1961, as amended in Schedule 3 of said Third Loan Agreement, is further amended hereby to read as follows :

“ (c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, or the Guarantee Agreement, or the loan agreement dated June 29, 1960, or the guarantee agreement of even date therewith, or the loan agreement dated November 22, 1963, or the guarantee agreement of even date therewith, or the loan agreement dated September 11, 1967, or the guarantee agreement of even date therewith, or the Indenture, the Supplemental Indenture (as defined in the loan agreement dated June 29, 1960), the Fifth Supplemental Indenture (as defined in the loan agreement dated November 22, 1963), the Seventh Supplemental Indenture, the Ninth Supplemental Indenture (as defined in the loan agreement dated September 11, 1967), the Debentures of the Series D (as defined in the loan agreement dated June 29, 1960), or the Debentures of the Series F (as defined in the loan agreement dated November 22, 1963), or the Debentures of the Series H, or the Debentures of the Series K (as defined in the loan agreement dated September 11, 1967.) ”

and the term “ Loan Regulations ” as used for the purposes of the Third Loan Agreement shall mean Loan Regulations No. 4 of the Bank, dated February 15, 1961, as modified by the Third Loan Agreement and as further amended hereby.

Article VIII

EFFECTIVE DATE; TERMINATION

Section 8.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01(d) of the Loan Regulations :

(a) that the Borrower has complied with Section 5.04 of this Agreement; and

(b) that the Borrower has sold an issue of Debentures in an aggregate principal amount of Swiss francs 25,000,000.

Section 8.02. The following is specified as an additional matter, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank; namely, that the requirements of Section 5.04 of this Agreement have been satisfied.

Section 8.03. If this Loan Agreement shall not have come into force and effect by January 2, 1968, the Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such date.

Article IX

MISCELLANEOUS

Section 9.01. The Closing Date shall be November 1, 1972, or such other date as shall be agreed by the Bank and the Borrower as the Closing Date.

Section 9.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Empresas Eléctricas Asociadas
Casilla 1384
Lima, Peru

Alternative address for cables :

Asociadas
Lima, Peru

For the Bank :

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

Alternative address for cables :

Intbafrad
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered 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 J. Burke KNAPP
Vice President

Empresas Eléctricas Asociadas
(Lima Light and Power Company) :

By Carlos MARIOTTI
Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
November 15, 1972.	\$220,000	May 15, 1983	\$415,000
May 15, 1973	230,000	November 15, 1983	425,000
November 15, 1973	235,000	May 15, 1984	440,000
May 15, 1974	245,000	November 15, 1984	450,000
November 15, 1974	250,000	May 15, 1985	465,000
May 15, 1975	260,000	November 15, 1985	480,000
November 15, 1975	265,000	May 15, 1986	495,000
May 15, 1976	275,000	November 15, 1986	510,000
November 15, 1976	280,000	May 15, 1987	525,000
May 15, 1977	290,000	November 15, 1987	540,000
November 15, 1977	300,000	May 15, 1988	555,000
May 15, 1978	310,000	November 15, 1988	575,000
November 15, 1978	315,000	May 15, 1989	590,000
May 15, 1979	325,000	November 15, 1989	610,000
November 15, 1979	335,000	May 15, 1990	625,000
May 15, 1980	345,000	November 15, 1990	645,000
November 15, 1980	355,000	May 15, 1991	665,000
May 15, 1981	370,000	November 15, 1991	685,000
November 15, 1981	380,000	May 15, 1992	705,000
May 15, 1982	390,000	November 15, 1992	725,000
November 15, 1982	400,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations.

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	½%
More than three years but not more than six years before maturity	1%
More than six years but not more than eleven years before maturity	2%
More than eleven years but not more than sixteen years before maturity	3%
More than sixteen years but not more than twenty-one years before maturity	4%
More than twenty-one years but not more than twenty-three years before maturity	5%
More than twenty-three years before maturity	6%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project is the construction of generating and transmission facilities for the 120 MW Matucana hydroelectric power station. The Project includes :

- (a) an intake and sand trap on the Rimac River at Tamboraque,
- (b) a free flow tunnel about 20 km long and 3 meters in diameter from the intake to the forebay,
- (c) a steel penstock about 1700 meters long to convey the water from the forebay to the power station,
- (d) a power station in which two 60 MW turbine-generator units operating under a head of 960 meters are installed,
- (e) a 220 kV double circuit steel tower transmission line about 80 km long from the power station to Lima, and associated substations,
- (f) distribution system expansion.

It is expected that the Project will be completed about December 31, 1971.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS NO. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961, as amended February 9, 1967, are modified as follows :

(a) Wherever the terms "Bond" or "Bonds" are used in the Loan Regulations, the terms "Debenture of the Series K" or "Debentures of the Series K" shall be substituted therefor.

(b) The following sentence is added at the end of Section 3.07 :

"Whenever it shall be necessary to value soles in terms of dollars or another currency, such value shall be as reasonably determined by the Bank."

(c) By the deletion of subparagraph (c) of Section 5.02 and the substitution thereof of the following subparagraph :

"(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the First, Second or Third Loan Agreement, the First, Second or Third Guarantee Agreement, the Loan Agreement, the Guarantee Agreement, the Indenture, the Supplemental Indenture (as defined in the First Loan Agreement), the Fifth Supplemental Indenture (as defined in the Second Loan Agreement), the Seventh Supplemental Indenture (as defined in the Third Loan Agreement), the Ninth Supplemental Indenture, the Debentures of the Series D (as defined in the First Loan Agreement) or the Debentures of the Series F (as defined in the Second Loan Agreement), the Deben-

tures of the Series H (as defined in the Third Loan Agreement), or the Debentures of the Series K. ”

(d) Section 6.01 is deleted.

(e) The words “ under Section 6.03 or ” are deleted from Sections 6.05 and 6.10.

(f) Section 6.07 is deleted.

(g) The first two sentences of Section 6.09 are deleted.

(h) By the deletion of subparagraphs (c) and (d) of Section 6.11 and the substitution for subparagraph (d) of the following re-lettered subparagraph :

“ (c) The Bank shall reimburse the Borrower for the reasonable cost of any exchange made pursuant to paragraph (a). ”

(i) Subparagraph (a) of the Section 6.12 is deleted, and subparagraph (b) is re-lettered “ (a) ”.

(j) Section 6.13 is deleted.

(k) Section 6.18 is deleted.

(l) By the addition in Section 7.01, after the words “ Guarantee Agreement ” where those words occur, of the words “ the Indenture, the Ninth Supplemental Indenture ”.

(m) By the deletion of the second sentence of Section 7.02 and the substitution therefor of the following sentence :

“ Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrower or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to the Borrower; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or in respect of any security for the Loan; any modification or amplification of the provisions of the Loan Agreement contemplated by the terms thereof; any modification or amplification of any other document related to the Loan or related to any security therefor; any failure of the Borrower to comply with any requirement of any law, regulation or order of the Guarantor or of any political subdivision or agency of the Guarantor. ”

(n) By the deletion of subparagraph (j) of Section 7.04 and the substitution therefor of the following :

“ (j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the determination of controversies between the parties to the Loan Agreement and Guarantee Agreement or any claim by any such party against any other such party arising thereunder; provided, however, that nothing herein shall be deemed to preclude any of the said parties from exercising, or instituting any legal or equitable action to enforce, any right or claim arising out of or pursuant to the Indenture, the Ninth Supplemental Indenture or the Debentures of the Series K, and submission to arbitration hereunder shall not be deemed to be a

condition precedent or in any way to prejudice such exercise or other enforcement of any such right or claim.”

- (o) Subparagraph (a) (ii) of Section 9.02 is deleted.
- (p) Section 9.04 is deleted.
- (q) Paragraph 9 of Section 10.01 is deleted.
- (r) By the deletion of Schedules 1 and 2.