

DATED JULY 10, 1981

EMPRESA FERROCARRILES DE GUATEMALA

AND

EXPORT DEVELOPMENT CORPORATION

LOAN AGREEMENT

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THIS LOAN AGREEMENT dated July 10, 1981 is made
BETWEEN

EMPRESA FERROCARRILES DE GUATEMALA,
a decentralized agency of the Republic of
Guatemala reorganized by Decree Number 60-72
of the National Congress of the Republic of
Guatemala, having its registered office at
Guatemala City, Guatemala
(hereinafter called the "BORROWER")

AND

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

WHEREAS the BORROWER desires to purchase ten model MX-620 locomotives, spare parts and services from Bombardier Inc. of Montreal, Quebec, Canada; and

WHEREAS EDC, at the request of the BORROWER, is prepared to lend the BORROWER up to US\$7,500,000 on the terms and subject to the conditions of this Agreement in order to finance the purchase of the locomotives, spare parts and services described above;

NOW THEREFORE it is agreed as follows.

ARTICLE I
DEFINITIONS

Section 1.01 - Definitions

In this Agreement and the recitals, unless the context otherwise requires:

- (a) "BANK" means The Royal Bank of Canada, a Canadian chartered bank having its head office at Montreal, Canada;
- (b) "BUSINESS DAY" means any day except Saturday, Sunday and any day on which banks are lawfully closed for business in Ottawa or Toronto, Canada;
- (c) "CDN DOLLARS" and "CDN\$" each means the lawful currency of Canada;
- (d) "COMMERCIAL CONTRACT" means the official agreement, in the Spanish language, dated March 27, 1981 and

contained in Public Deed No. 246 before the protonotary, Eduardo Marcial Prado Garcia, between the BORROWER and the EXPORTER for the purchase of the GOODS AND SERVICES as translated by EDC;

- (e) "DPA" means the Disbursement Procedures Agreement of even date herewith between the BORROWER, EDC and the EXPORTER, in the form of Schedule "A";
- (f) "TERMINATION EVENT" means any of the events or circumstances described in Section 9.01;
- (g) "EXPORTER" means Bombardier Inc., a corporation incorporated under the laws of Canada, having its registered office at Montreal, Quebec, Canada;
- (h) "FIRST REPAYMENT DATE" means the date which is the earlier of:
 - (i) April 15, 1983, and
 - (ii) the 15th day of the sixth month after the month in which the last of the locomotives contained in the GOODS AND SERVICES is delivered by the EXPORTER to the BORROWER,
 or if such date is not a BUSINESS DAY, the BUSINESS DAY next following;
- (i) "GOODS AND SERVICES" means the ten model MX-620 locomotives, spare parts and equipment, freight, insurance and services of a service engineer for six months, to be supplied to the BORROWER by the EXPORTER pursuant to the COMMERCIAL CONTRACT and meeting the Canadian content requirements of EDC;
- (j) "INTEREST PAYMENT DATE" means:
 - (i) prior to the FIRST REPAYMENT DATE, April 15 and October 15 in each year,
 - (ii) the FIRST REPAYMENT DATE, and
 - (iii) after the FIRST REPAYMENT DATE, the dates which fall six and twelve months after the FIRST REPAYMENT DATE and each anniversary of those dates,
 or, if any such date is not a BUSINESS DAY, the BUSINESS DAY next following;

- (k) "NOTES" means the notes made and delivered by the BORROWER pursuant to ARTICLE V and any notes made and delivered in substitution or replacement thereof pursuant to the provisions of this Agreement;
- (l) "TAXES" means all present and future taxes, levies, imposts, duties, fees, deductions and withholdings and any restrictions or conditions resulting in a charge; and
- (m) "US DOLLARS" and "US\$" each means the lawful currency of the United States of America current at the New York Clearing House or, in the event that such funds shall cease to exist or be changed in character, such other form of currency of the United States of America as may, to the satisfaction of EDC, be customary at the time of the relevant payment for the settlement of international banking transactions in The City of New York, U.S.A.

Section 1.02 - Rules of Interpretation

In this Agreement:

- (a) unless the context otherwise requires, the singular shall include the plural and vice versa;
- (b) references to a "person" shall be construed as references to any individual, firm, company, corporation, unincorporated body of persons or any state or political subdivision thereof or any government or any agency thereof;
- (c) whenever any person is referred to, such reference shall be deemed to include the permitted assignees and successors of such person, whether by operation of law, consolidation, merger, sale, amalgamation or otherwise;
- (d) references to a specified ARTICLE, Section or Schedule shall be construed as references to that specified article or section of, or schedule to, this Agreement;
- (e) references to any agreement or other instrument shall be deemed to include such agreement or other instrument as it may from time to time be modified, amended, supplemented or restated in accordance with its terms and, where required hereunder, with the consent of EDC;

- (f) the terms "hereof", "herein" and "hereunder" shall be deemed to refer to this Agreement;
- (g) the headings of the ARTICLES and Sections are inserted for convenience only and shall not affect the construction or interpretation of this Agreement; and
- (h) "in writing" or "written" includes printing, typewriting, or any electronic means of communication capable of being permanently reproduced in alphanumeric characters at the point of reception.

Section 1.03 - English Language

The governing language of this Agreement and the NOTES is the English language and this Agreement and the NOTES have been or will be prepared and executed in the English language. All notices, communications, evidences, reports, opinions, certificates, financial statements and other documents required or permitted under this Agreement shall, unless they are in the English language, be accompanied by an English language translation and in the event of any conflict between the English translation and the original version, the English translation shall prevail.

Section 1.04 - Currency of Account and Currency of Payment

In this Agreement and the NOTES, each specification of US DOLLARS is of the essence, and US DOLLARS are both the currency of account and the currency of payment.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.01 - Representations and Warranties

The BOPROWER represents and warrants to EDC as of the date hereof and, except as otherwise permitted or required hereunder, shall be deemed to represent and warrant as of the date of each disbursement, that:

- (a) the BORROWER is a decentralized agency of the Republic of Guatemala reorganized by Decree Number 60-72 of the Congress of the Republic of Guatemala and is validly existing and in good standing under the laws of Guatemala, and the BORROWER is wholly-owned by the Republic of Guatemala;
- (b) the BORROWER has full power and authority to own its property and assets and to carry on business;

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- (c) the entering into and the performance of the terms of this Agreement, the DPA, the COMMERCIAL CONTRACT and the making and issuing of the NOTES by the BORROWER:
 - (i) are within its corporate powers and have been duly authorized by all necessary corporate action, and
 - (ii) are not in violation of any law, statute, regulation, ordinance or decree of Guatemala and are not contrary to public policy or public order in Guatemala;
 - (d) the obligations of the BORROWER hereunder and under the NOTES enjoy the unconditional and unlimited guarantee of the Republic of Guatemala in accordance with Section 32 of Decree Number 60-72 of the Congress of the Republic of Guatemala;
 - (e) this Agreement, the DPA and the COMMERCIAL CONTRACT do and the NOTES when issued will, constitute direct, legal, valid and binding obligations of the BORROWER and the Republic of Guatemala, enforceable against the BORROWER and the Republic of Guatemala in accordance with their respective terms;
 - (f) all registrations, consents, licences and approvals of any administrative agency or governmental or other body required pursuant to the laws of Guatemala in connection with the execution and delivery by the BORROWER of this Agreement, the DPA, the NOTES, and for the performance by the BORROWER of the terms thereof, for the making of the payment in US DOLLARS of amounts due hereunder and under the NOTES to EDC at the places and at the times specified herein and therein when and as the same shall become due and payable, and for the validity or enforceability thereof, have been effected or obtained and are in full force and effect, except for (i) the official notification by the BORROWER to the Ministry of Economy of the Republic of Guatemala of the contracting of the loan provided for herein, and (ii) registration of this Agreement with the Bank of Guatemala pursuant to the Exchange Control Regulations of Guatemala, each of which will be effected prior to the making of the first disbursement hereunder;
 - (g) the obligations of the BORROWER and of the Republic of Guatemala under this Agreement and the NOTES rank and will rank at least pari passu with all other unsecured indebtedness of the BORROWER and of the Republic of Guatemala;

- (h) the assets and revenues of the BORROWER are not subject to any liens (other than liens arising by operation of law), mortgages, charges, pledges, security interests or priorities of any kind;
- (i) the audited financial statements of the BORROWER as of June 30, 1980, copies of which have been delivered to EDC, are true and correct and present fairly the financial condition of the BORROWER and the results of its operations for the period covered thereby and such financial statements have been prepared in accordance with accounting principles generally accepted in Guatemala, applied on a consistent basis, and between the date of the financial statements and the date of this Agreement there has been no material adverse change in the financial condition or in the business or assets of the BORROWER;
- (j) there are no legal proceedings pending or, so far as is known to the BORROWER, threatened before any court, arbitral tribunal, administrative agency or governmental or other body having authority over it which could or would materially adversely affect the financial condition or the business or assets of the BORROWER or its ability to perform its obligations hereunder;
- (k) the BORROWER is not in violation of any term of Decree Number 60-72 of the Congress of the Republic of Guatemala or the regulations thereto or of any agreement, instrument evidencing indebtedness, mortgage, franchise, licence, judgment, decree, order, statute, rule, law, ordinance or regulation to which it or its business or assets are subject; the entering into and performance of and compliance with this Agreement, the DPA and the NOTES will not result in any such violation or constitute a default under or be in conflict with any such term, or result in the creation of any mortgage, lien, encumbrance or charge upon any of the assets of the BORROWER pursuant to any such term; and there is no such term which materially adversely affects or in the future may (so far as the BORROWER can now foresee) materially adversely affect the financial condition or the business or assets of the BORROWER or its ability to perform its obligations hereunder;
- (l) all payments to be made by the BORROWER hereunder and under the NOTES are exempt from any TAXES of or

in Guatemala and the BORROWER is not required by law to make any deduction or withholding therefrom;

- (m) it is not necessary in order to ensure the legality, validity, binding nature, enforceability or admissibility in evidence of this Agreement, the DPA and the NOTES in Guatemala that any document be filed, recorded or enrolled with any court or authority in Guatemala or that any stamp, registration or other like taxes be paid on or in relation to this Agreement, the DPA and the NOTES;
- (n) each of the BORROWER and the Republic of Guatemala is subject to the civil and commercial laws of Guatemala in respect of its obligations generally and is not entitled to claim for itself or its assets immunity from jurisdiction, suit, judgment, set-off, execution, attachment or other legal process in Guatemala in respect of its obligations under this Agreement or the NOTES;
- (o) in any proceedings taken in Guatemala for the enforcement of this Agreement or the NOTES, the choice of Ontario law as the governing law of this Agreement and by both Ontario law and Guatemalan law as the governing law of the NOTES will be recognized by the Courts of Guatemala and the irrevocable submission by the BORROWER to the non-exclusive jurisdiction of the Courts of the Province of Ontario is legal, valid, binding and enforceable; and any judgment obtained against the BORROWER in proceedings in the Province of Ontario would be enforced by the Courts of Guatemala against the BORROWER and the Republic of Guatemala in accordance with and subject to the procedure in Guatemala provided such judgment is not contrary to public policy in Guatemala and prior notice of those proceedings is given to the BORROWER.

ARTICLE III
LOAN

Section 3.01 - Loan

Relying upon the foregoing representations and warranties, EDC agrees to lend to the BORROWER on the terms and subject to the conditions of this Agreement, up to US\$7,500,000; provided, that the aggregate of the loan made pursuant to this Section 3.01 shall not at any time exceed 59.5% of the price of the GOODS AND SERVICES.

Section 3.02 - Manner of Disbursement

Each amount loaned by EDC pursuant to Section 3.01 shall be disbursed in accordance with and subject to the provisions of the DPA.

Section 3.03 - Currency of Disbursements

Each amount loaned pursuant to Section 3.01 shall be disbursed by EDC in CDN DOLLARS. For each amount to be disbursed in CDN DOLLARS, EDC will obtain the buying rate of the BANK in Toronto, Canada for US DOLLARS with CDN DOLLARS at noon, Toronto time, three BUSINESS DAYS prior to the date of each disbursement for delivery on the date of the disbursement. At the rate so determined, EDC will establish the amount in US DOLLARS required to be loaned pursuant to Section 3.01 to provide the amount of CDN DOLLARS required for the disbursement. The indebtedness of the BORROWER to EDC constituted by each such disbursement in CDN DOLLARS shall be denominated in US DOLLARS and shall be the amount of US DOLLARS determined by EDC as aforesaid and the indebtedness of the BORROWER hereunder shall be incurred as of the date upon which the disbursement is made.

Section 3.04 - Availability Period

Except as the BORROWER and EDC may agree, no disbursements will be made by EDC pursuant to Section 3.01 after the close of business in Ottawa, Canada on December 31, 1982.

Section 3.05 - Disclaimer

Notwithstanding that the monies to be loaned hereunder are to be used to finance the purchase of the GOODS AND SERVICES, the BORROWER agrees that EDC is under no obligation to procure evidence in respect of or otherwise to satisfy itself concerning the validity, legality or enforceability of the COMMERCIAL CONTRACT and, in the event that the COMMERCIAL CONTRACT or any provision thereof or document relating thereto is repudiated or proves invalid, illegal or unenforceable, or in the event of any commercial dispute relating to the GOODS AND SERVICES, any such repudiation, invalidity, illegality, unenforceability or commercial dispute or finding based thereon shall in no way affect or impair the rights of EDC against the BORROWER pursuant to the provisions of this Agreement or any other document to which the BORROWER is expressed to be a party to be executed and issued as provided herein, or reduce or diminish in any manner whatsoever any of the obligations of the BORROWER to EDC.

ARTICLE IV
REPAYMENT OF PRINCIPAL, PAYMENT OF INTEREST AND OTHER CHARGES

Section 4.01 - Principal

Subject to the provisions of Sections 4.03, 4.10 and 4.11, the BORROWER covenants and agrees to repay to EDC or its order, the aggregate of the amounts loaned pursuant to Section 3.01 in 20 equal, consecutive instalments or successive INTEREST PAYMENT DATES commencing on the FIRST REPAYMENT DATE; provided, that if the FIRST REPAYMENT DATE occurs prior to the final date for making disbursements determined as provided in Section 3.04, the instalment due on the FIRST REPAYMENT DATE shall be US\$375,000 and thereafter each such instalment shall be equal to the result obtained by dividing, on the said final date for making disbursements, the aggregate of the amounts advanced pursuant to Section 3.01 and then outstanding by 19.

Section 4.02 - Interest

The BORROWER covenants and agrees to pay to EDC or its order, interest on the aggregate of the principal amounts loaned pursuant to Section 3.01 and outstanding from time to time at the rate of 10 3/4% per annum, calculated and payable in arrears on each INTEREST PAYMENT DATE, and to pay on demand default interest at the rate of 12 3/4% per annum on overdue principal and interest from the date of the payment default so long as such default shall continue, compounded on each INTEREST PAYMENT DATE, before and after demand and judgment. In the event that a disbursement pursuant to Section 3.01 is made within the 30 day period prior to an INTEREST PAYMENT DATE, interest on the amount of such disbursement from the date of the making of such disbursement to the next succeeding INTEREST PAYMENT DATE shall be paid on the second INTEREST PAYMENT DATE after that disbursement was made. Interest shall be calculated on the basis of the actual number of days elapsed divided by 360. The yearly rate of interest to which each of the rates specified above and calculated in the foregoing manner is equivalent is the said rate multiplied by the actual number of days in the year divided by 360.

Section 4.03 - Change of Laws

(a) In the event of the enactment of or any change in any law or regulation or in the interpretation thereof, by any governmental authority charged with the administration thereof or in the event of the rendering of any judgment which subjects EDC to any tax with respect to payments of principal, interest or other amounts by the BORROWER to EDC hereunder and under the NOTES (except for taxes on the overall net income of EDC and those taxes contemplated by Section 4.05), or imposes, modifies or deems applicable any reserve or similar requirements against

assets held by, or deposits in or for the account of, or loans by, an office of EDC, or imposes on EDC any other condition with respect to this Agreement or the NOTES and the result of any of the foregoing shall be to increase the cost to EDC of making or maintaining the loan made hereunder or reduce the income receivable by EDC in respect of the principal indebtedness of the BORROWER to EDC hereunder and under the NOTES by an amount which EDC deems to be material, the BORROWER shall pay to EDC that amount which shall compensate EDC for such additional cost or reduction in income. Upon EDC having determined that it is entitled to additional compensation in accordance with the provisions of this Section 4.03(a), EDC shall promptly notify the BORROWER thereof. A certificate of EDC setting forth the amount of such additional compensation and the basis therefor shall be submitted by EDC to the BORROWER and shall be conclusive evidence, in the absence of manifest error, of such amount. Notwithstanding anything to the contrary contained in this Agreement respecting prepayment, in the event EDC gives the notice provided for in this Section 4.03(a), the BORROWER shall have the right, upon written notice to that effect (which shall be irrevocable and shall constitute the BORROWER's undertaking to prepay accordingly) delivered to EDC at least 60 days' prior to the next INTEREST PAYMENT DATE, to prepay in full on such INTEREST PAYMENT DATE, the said principal indebtedness of the BORROWER together with accrued interest thereon, all other sums due hereunder with respect to such indebtedness and the additional compensation to the date of such prepayment. In the event of such prepayment, the obligation of EDC to make any further loans under Section 3.01 shall, at the option of EDC, thereupon terminate. The obligations of the BORROWER under this Section 4.03(a) shall survive the repayment to EDC of the principal of and interest on the indebtedness of the BORROWER to EDC hereunder.

(b) If it shall become unlawful in any relevant jurisdiction for EDC to continue to make or to maintain the loan hereunder, the BORROWER shall prepay to EDC forthwith upon request by EDC or at the end of such period as EDC shall have permitted, that portion of the principal indebtedness of the BORROWER pursuant to Section 3.01 affected by such illegality, together with interest accrued thereon up to the date of actual prepayment and, where applicable, all other sums due hereunder with respect to such indebtedness. In the event of any such illegality, the obligation of EDC to make any further disbursements under Section 3.01 shall, at the option of EDC, thereupon terminate.

Section 4.04 - Place and Manner of Payment

All payments by the BORROWER to EDC pursuant hereto and under the NOTES shall be made in US DOLLARS without set-off or counterclaim to the credit of EDC at the main branch of the BANK

at Ottawa, Canada or at such other place as EDC may from time to time notify the BORROWER.

Section 4.05 - No Deduction for TAXES

All payments by the BORROWER to EDC pursuant hereto or under the NOTES shall be made, to the extent permitted by law, without deduction for and free from any TAXES except those levied or imposed by or within Canada. The BORROWER covenants and agrees to pay or cause to be paid all TAXES levied or imposed (other than by or within Canada) on or in connection with the execution, issuance, delivery, registration and enforcement of this Agreement, the DPA and the NOTES or the payment of principal or interest hereunder or thereunder or of any other sums payable by the BORROWER pursuant hereto. If any such TAXES are deducted or withheld from any such payments, the BORROWER hereby agrees to promptly remit to EDC the equivalent of the amounts so deducted or withheld. Further, the BORROWER agrees to indemnify EDC within 45 days of demand against any loss or expense which EDC shall certify as sustained or incurred by EDC as a consequence of the delay or failure of the BORROWER to make payment of any TAXES. The obligations of the BORROWER under this Section 4.05 shall survive the repayment to EDC of the principal of and interest on the indebtedness of the BORROWER to EDC hereunder.

Section 4.06 - Administration Fee

As an administration fee, the BORROWER covenants and agrees to pay to EDC, within 45 days of the date of this Agreement but in any event prior to the date of the first disbursement hereunder, a non-refundable fee of US\$37,500.

Section 4.07 - Commitment Fee

As a commitment fee, the BORROWER covenants and agrees to pay to EDC on each INTEREST PAYMENT DATE an amount equal to 1/2 of 1% per annum of that portion of US\$7,500,000 remaining unadvanced from time to time pursuant to Section 3.01, computed from and including May 25, 1981 to the earlier of the date on which the principal amount to be loaned pursuant to Section 3.01 has been fully disbursed and the final date for making disbursements determined as provided in Section 3.04. Commitment fee shall be calculated on the basis of the actual number of days elapsed divided by 360.

Section 4.08 - Costs and Expenses

All instruments, statements, reports, certificates, opinions and other documents or information required to be furnished to EDC by the BORROWER under this Agreement or the DPA shall be supplied by the BORROWER at the BORROWER's expense. The BORROWER hereby agrees to pay within 45 days of demand, as

reimbursement, all reasonable costs and expenses incurred by EDC in connection with this loan, including, without limitation, in connection with the preparation, negotiation, execution, amendment and operation of, or preservation of rights under or enforcement of this Agreement, the DPA and the NOTES provided that the costs and expenses for the account of the BORROWER in connection with the negotiation and preparation of the loan documentation shall not exceed 3/4 of 1% of the amount of the loan available hereunder.

Section 4.09 - Application of Payments

(a) All payments (other than a prepayment pursuant to Sections 4.03, 4.10 or 4.11) received in respect of the indebtedness of the BORROWER hereunder shall be applied in the following order:

- (i) to amounts due and payable pursuant to Section 4.08 as costs and expenses,
- (ii) to the amount due and payable pursuant to Section 4.06 as administration fee,
- (iii) to amounts due and payable pursuant to Section 4.07 as commitment fee,
- (iv) to amounts due and payable pursuant to Section 4.02 and Section 4.12 as interest,
- (v) to amounts due and payable pursuant to Section 4.05 as deductions, withholdings, payments or losses and expenses in respect of TAXES,
- (vi) to amounts due and payable pursuant to Section 4.03(a) as compensation for additional cost or reduction of income, and
- (vii) to amounts due and payable pursuant to Section 4.01 as principal.

(b) Payment by the BORROWER to EDC of an amount of principal or interest pursuant to the terms of this Agreement shall be payment of a corresponding amount under the NOTES.

Section 4.10 - Voluntary Prepayment

The BORROWER may, when not in default hereunder, on the FIRST REPAYMENT DATE and on any INTEREST PAYMENT DATE thereafter upon giving in each case 60 days' prior notice to EDC (which shall be irrevocable and shall constitute the BORROWER's undertaking to prepay accordingly) prepay in whole or from time to time in part (such part being in each instance not less than

the aggregate amount of one instalment of principal due pursuant to Section 4.01 or a whole multiple thereof) the principal indebtedness of the BORROWER hereunder. Amounts prepaid pursuant to this Section 4.10 shall be applied in satisfaction of instalments of principal in inverse order of their due dates.

Section 4.11 - Mandatory Prepayment

If the BORROWER receives any sums from the EXPORTER pursuant to the provisions of the COMMERCIAL CONTRACT, including any sums which may become payable to the BORROWER by the EXPORTER pursuant to any arbitration award or judgment under the COMMERCIAL CONTRACT or if the BORROWER receives any sums from the guarantor under the down payment guarantee or the two delivery performance bonds in favour of the BORROWER issued in accordance with paragraphs C, A and B of Clause Seven of the COMMERCIAL CONTRACT, the BORROWER covenants and agrees to apply 38% of the sums received under the said down payment guarantee and all of the sums received under the said two delivery performance bonds to prepay to EDC, within 30 days of receipt thereof, the principal indebtedness of the BORROWER then outstanding hereunder together with accrued interest thereon and all other sums due hereunder in respect to such indebtedness. In the event that less than all of the indebtedness is prepaid hereunder, amounts prepaid in respect of principal shall be applied in satisfaction of instalments of principal in inverse order of their due dates.

Section 4.12 - Interest on Certain Sums in Default

Upon a default by the BORROWER in the payment when due and payable of any sum due hereunder, other than principal or interest, the BORROWER covenants and agrees to pay interest on such sum to EDC, calculated at the default interest rate of 12 3/4% per annum from the date of such default so long as such default shall continue, compounded on each INTEREST PAYMENT DATE, before and after demand and judgment, such interest to be payable on demand. Interest shall be calculated on the basis of the actual number of days elapsed divided by 360. The yearly rate of interest to which the said rate is equivalent is the said rate multiplied by the actual number of days in the year divided by 360.

ARTICLE V NOTES

Section 5.01 - Drawdown Note

As evidence of the amounts to be loaned to the BORROWER hereunder, the BORROWER covenants and agrees that it will make in Canada, on a form furnished by EDC, and deliver to EDC forthwith after signing this Agreement, a drawdown note payable to EDC for

the principal amount of US\$7,500,000, in the form of Schedule "B".

Section 5.02 - Instalment Note

As evidence of the amounts loaned to the BORROWER hereunder, the BORROWER covenants and agrees that it will make in Canada, on a form furnished by EDC, and deliver to EDC not later than 60 days' after the final date for making disbursements determined as provided in Section 3.04, an instalment note payable to EDC for an aggregate principal amount equal to the aggregate of the amounts loaned by EDC pursuant to Section 3.01 and then outstanding hereunder, dated as of the last date to which interest has been paid hereunder, in number of instalments, in principal amounts and having maturities coinciding as to number of instalments, amount and maturity with the instalments provided for in Section 4.01 and otherwise in the form of Schedule "C". EDC will surrender to the BORROWER the NOTE delivered by the BORROWER pursuant to Section 5.01 upon delivery of the instalment note referred to in this Section 5.02 together with evidence satisfactory to EDC, including, when requested by EDC, the opinion of counsel for EDC, that the instalment note has been duly authorized, executed and delivered by the BORROWER and constitutes a legal, valid and binding obligation of the BORROWER, enforceable in accordance with its terms.

Section 5.03 - Effect of NOTE

EDC agrees that notwithstanding the form of the NOTES, interest shall accrue on the NOTES only to the extent of the monies actually loaned hereunder and outstanding from time to time, and the NOTES shall, as to principal, represent an obligation of the BORROWER only to the extent of the said amount outstanding from time to time.

ARTICLE VI
PREDISBURSEMENT CONDITIONS

Section 6.01 - First Disbursement

The obligation of EDC to make the first disbursement hereunder is subject to and conditional upon EDC having received each of the following within 60 days of the date of this Agreement or within such additional period as to which EDC may agree in writing:

- (a) the note referred to in Section 5.01;
- (b) a duly executed copy of the DPA and a copy of the COMMERCIAL CONTRACT;

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- (c) evidence satisfactory to EDC that the BORROWER has secured from the Bank of Guatemala the necessary authorization to enable the BORROWER to acquire and remit to EDC at Ottawa, Canada, the US DOLLARS necessary to enable the BORROWER to make the payments of principal, interest and other sums due hereunder;
 - (d) evidence satisfactory to EDC that notification has been given to the Ministry of Economy of the Republic of Guatemala in accordance with Section 2.01(f) (i);
 - (e) evidence satisfactory to EDC that the agent for receipt of service referred to in Section 11.03 has been appointed and has acknowledged and accepted such appointment;
 - (f) the favourable opinion of counsel for the BORROWER, substantially in the form of Schedule "D";
 - (g) the favourable opinion of counsel for EDC in Guatemala and in Ontario to such effect as EDC may require; and
 - (h) any sums due to EDC (to the extent then payable) pursuant to Sections 4.06 and 4.07.

Section 6.02 - Each Disbursement

The obligation of EDC to make each disbursement is subject to and conditional upon each of the following terms and conditions being satisfied at the time of the making of the disbursement;

- (a) except as permitted or required hereunder, each of the representations and warranties set forth in Section 2.01 is true and correct at the date of the disbursement, and, if requested by EDC, EDC shall have received a certificate of the BORROWER to that effect;
- (b) there shall have been no material adverse change in the financial condition or in the business or assets of the BORROWER since the date of the financial statements described in Section 2.01(i), and, if requested by EDC, EDC shall have received a certificate of the BORROWER to that effect;
- (c) the provisions of the DPA shall have been complied with in respect of the disbursement; and

- 10
- (d) no EVENT OF DEFAULT shall have occurred and be continuing and no event or circumstance shall have occurred and be continuing which, after notice or lapse of time or both, would constitute an EVENT OF DEFAULT.

Section 6:03 - Waiver of Predisbursement Conditions

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

ARTICLE VII
COVENANTS OF BORROWER

Section 7.01 - Covenants of BORROWER

The BORROWER covenants and agrees with EDC that, unless compliance has been waived by EDC, it will:

- (a) punctually pay to EDC the principal of and interest accrued on its indebtedness to EDC hereunder and any other amounts owing by it to EDC hereunder on the dates, at the place, in the currency and in the manner specified herein;
- (b) maintain its corporate existence in good standing, subject to the right to merge, amalgamate or effect any reorganization which, in the judgment of EDC, does not result in any deterioration of the position of or detriment to any of its creditors, and provided that any successor company executes, prior to or contemporaneously with the consummation of such transaction, such instruments as are satisfactory to EDC evidencing the agreement of such successor company to observe and perform all the covenants and obligations of the BORROWER hereunder;
- (c) within 180 days after the end of each financial year, cause to be prepared as at the end of such financial year a balance sheet, statement of profit and loss and such other statements as the BORROWER is required by law to prepare and will forthwith deliver to EDC a signed copy of each of such statements, together with a certificate of the representative of the Controller General of the Republic of Guatemala who is resident at the BORROWER stating that there are no deficiencies in

the financial statements prepared by the BORROWER and delivered to EDC hereunder;

- (d) from time to time deliver to EDC other financial and operating reports and statements as EDC may request;
- (e) keep the locomotives contained in the GOODS AND SERVICES insured in the manner and to the extent customary for companies engaged in businesses of a similar character;
- (f) obtain and maintain in force any authorization, approval, registration, licence or consent of or from any official, agency or instrumentality of Guatemala or any political subdivision thereof which may be or may become necessary or required in order that the BORROWER may fulfil its obligations hereunder;
- (g) ensure that at all times its obligations hereunder rank at least pari passu with its obligations to all of its other unsecured creditors;
- (h) not create or permit to subsist any liens (other than liens arising by operation of law) or mortgages, charges, pledges, security interests or priorities of any kind over all or any of the present or future assets, property or revenues of the BORROWER as security for the obligations of the BORROWER or any other person (other than on property purchased by the BORROWER as security for all or part of the purchase price thereof) unless the benefit of such security shall, at the same time and to the satisfaction of EDC, be extended equally and rateably to secure the obligations of the BORROWER to EDC under this Agreement;
- (i) not sell, transfer, lease, assign, give up possession or otherwise dispose of the GOODS AND SERVICES;
- (j) not cancel or terminate the COMMERCIAL CONTRACT or make any amendments or variations thereto which relate to the price of, the terms and manner of payment for, or the time and manner of delivery of the GOODS AND SERVICES or which reduce the Canadian content of the GOODS AND SERVICES without the prior agreement of EDC;
- (k) promptly notify EDC of any dispute under the COMMERCIAL CONTRACT;

- (1) promptly notify EDC of the occurrence of any EVENT OF DEFAULT and any event or circumstance which, after notice or lapse of time or both, would constitute an EVENT OF DEFAULT, and any other matter which might materially adversely affect the financial condition or the business or assets of the BORROWER, or its ability to perform its obligations hereunder, as well as the steps being taken to remedy the same.

ARTICLE VIII
CANADIAN CONTENT

Section 8.01 - Canadian Content

The BORROWER hereby acknowledges that EDC has entered into this Agreement for the purpose of financing goods and services of Canadian manufacture and origin. The BORROWER agrees that the GOODS AND SERVICES shall have the maximum practicable Canadian content and in any event, shall have on a combined basis, a Canadian content value, as determined by EDC, of not less than 141% of the aggregate of the amounts loaned and to be loaned by EDC hereunder. EDC shall be entitled to reduce, in the manner provided in the DPA, the amount which otherwise would be the amount disbursed by EDC pursuant to Section 3.01 by an amount corresponding to the deficiency in the Canadian content of the GOODS AND SERVICES as determined by EDC in accordance with the DPA. The obligation of satisfying EDC that its Canadian content requirements are being met is the responsibility of the EXPORTER and provisions therefor are contained in the DPA.

ARTICLE IX
DEFAULT

Section 9.01 - TERMINATION EVENTS

The occurrence of any one or more of the following events or circumstances shall constitute a default by the BORROWER under this Agreement:

- (a) the non-payment when due and payable, whether by acceleration or otherwise, of any sum due hereunder or under the NOTES;
- (b) the commencement of proceedings for the dissolution, disestablishment, liquidation or winding-up of the BORROWER or for the suspension of its operations;
- (c) the making by the BORROWER of an assignment for the benefit of its creditors, or if the BORROWER petitions or applies to any tribunal for the

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appointment of a receiver or trustee for itself or for any substantial part of its property, or commences any proceeding relating to itself under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction whether now or hereafter in effect, or by any act indicates its consent to, approval of or acquiescence in any bankruptcy, reorganization or insolvency proceeding or any proceeding for the appointment of a receiver or trustee for itself or for any substantial part of its property, or suffers any such receivership or trusteeship to remain undischarged for a period of 30 days, or if the BORROWER is declared to be bankrupt or insolvent by any competent tribunal;

- (d) if the BORROWER ceases to be wholly-owned by the Republic of Guatemala;
- (e) if the obligations of the BORROWER hereunder shall cease to constitute at all times direct, unconditional and general obligations of the BORROWER and of the Republic of Guatemala ranking at least pari passu with all other unsecured indebtedness of the BORROWER and of the Republic of Guatemala;
- (f) the revocation, suspension or non-renewal of any authorization necessary to enable the BORROWER to acquire and remit US DOLLARS to EDC at Ottawa, Canada as provided in Section 4.04;
- (g) if the BORROWER or the Republic of Guatemala fails to pay at maturity, or within any applicable period of grace, any obligation for monies borrowed or guaranteed for such period of time as would cause or permit (assuming the giving of appropriate notice if required) the holder or holders thereof or of any such obligations issued thereunder to cause acceleration of the maturity thereof or of any such obligation;
- (h) if at any time a court of competent jurisdiction makes any judgment or order or any law, ordinance, decree or regulation is enacted, the effect whereof is to render this Agreement, the DPA or the NOTES or any material provision hereof or thereof, invalid or unenforceable, and if within 30 days after the making of such judgment, order, law, ordinance, decree or regulation, the BORROWER fails to furnish or cause to be furnished to EDC

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replacement security for its indebtedness hereunder which is adequate in the opinion of EDC;

- (i) if any representation or warranty made by the BORROWER herein or in any document or certificate or other instrument furnished in connection with or pursuant to this Agreement shall prove to have been incorrect when made or deemed to be made;
- (j) if the Republic of Guatemala ceases to be a member in good standing of the International Monetary Fund, the International Bank for Reconstruction and Development and the Interamerican Development Bank, or ceases to be entitled to use the resources of the International Monetary Fund, or fails to comply with any letter of intent given by it to, or other agreement with, the International Monetary Fund respecting its entitlement to use the resources of the International Monetary Fund under any permanent or temporary facility of the International Monetary Fund and in the opinion of EDC such action is likely materially and adversely to affect the ability of the BORROWER or the Republic of Guatemala to perform all or any of its obligations hereunder; or
- (k) if the BORROWER shall default in the due performance or observance of any covenant or provision of this Agreement, other than those heretofore dealt with in this Section 9.01, which is not forthwith remedied by the BORROWER within 30 days after notice by EDC so to do.

Section 9.02 - Termination of Disbursements and Acceleration

Upon the occurrence of an EVENT OF DEFAULT and at any time thereafter, so long as an EVENT OF DEFAULT shall then be continuing and after having previously advised the BORROWER of its intentions, EDC may by one or more notices to the BORROWER do either or both of the following:

- (a) declare that EDC shall be under no obligation to make further disbursements pursuant to Section 3.01, whereupon such obligation shall forthwith cease;
- (b) declare all indebtedness of the BORROWER pursuant to Section 3.01 immediately due and payable, whereupon the same shall become immediately due and payable, together with all interest accrued thereon and all other amounts payable hereunder with respect thereto without any further presentation,

demand, protest or notice of any kind, all of which are expressly waived by the BORROWER.

Section 9.03 - Remedies

Any single or partial exercise by EDC of any right or remedy for a default or breach of any term of this Agreement shall not, and no failure to exercise or delay in exercising any such rights or remedies shall be or be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which EDC may be lawfully entitled for the same default or breach; and any waiver by EDC of the strict observance or performance of or compliance with any term of this Agreement shall not be deemed to be a waiver of any subsequent default or breach.

ARTICLE X NOTICE

Section 10.01 - Notice

Every notice, demand, request, consent, approval, waiver or agreement to be given or made hereunder shall, save as otherwise herein specifically provided, be in writing and shall be delivered by hand or sent by prepaid air mail or by Telex or cable and shall be deemed to have been given and received, if delivered by hand, upon delivery, if sent by mail, the tenth day (excluding Saturdays and Sundays) following the date of mailing, and, if sent by Telex or cable, the second day (excluding Saturday and Sunday) following the date of transmission. The mailing address, Telex number and cable address of each of the parties for such purposes shall respectively be:

for the BORROWER,

EMPPESA FERROCARRILES DE GUATEMALA
9A Avenida 18-03, Zona 1,
Guatemala City, Guatemala
Telex: 5342 FEGUA GU
Cable: FEGUA GUATEMALA
Attention: Gerente

for EDC,

EXPORT DEVELOPMENT CORPORATION
110 O'Connor Street
P.O. Box 655
Ottawa, Canada K1P 5T9
Telex: 053-4136 EXCREDCORP OTT
Cable: EXCREDCORP OTT
Attention: Manager-North and Central America

or such other mailing or cable address or Telex number as to which the BORROWER or EDC may, for itself, from time to time notify the other as aforesaid.

ARTICLE XI
PROPER LAW AND JURISDICTION

Section 11.01 - Proper Law

This Agreement shall be deemed to be made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 11.02 - Waiver of Immunity

By the execution and delivery of this Agreement and the NOTES, the BORROWER agrees that this Agreement and the NOTES constitute a commercial transaction subject to the chosen domestic, private and commercial law, and not international or public law, and irrevocably waives any right of immunity which it or any of its assets has or may acquire in respect of its obligations hereunder and under the NOTES and irrevocably waives any immunity from jurisdiction, suit, judgment, set-off, execution, attachment or other legal process to which it or any of its assets may otherwise be entitled in any suit or proceeding arising out of or relating to this Agreement and the NOTES. This waiver is intended to be effective upon and from the signing of this Agreement without any further act by the BORROWER before any court and the introduction of a true copy of this Agreement into evidence shall be deemed to be a waiver by it of any such immunity in the face of the court.

Section 11.03 - Jurisdiction

The BORROWER agrees that any legal action or proceeding with respect to this Agreement or the NOTES or any other document issued pursuant to this Agreement, or to enforce any judgment obtained against the BORROWER or any of its property in respect of any of the foregoing (a certified or exemplified copy of which judgment shall be conclusive evidence of the fact and of the amount of any indebtedness of the BORROWER to EDC therein described), may be brought by EDC in the Courts of the Province of Ontario, Canada, in the Courts of Guatemala or in any other courts which may have jurisdiction in the circumstances and by the execution and delivery of this Agreement, the BORROWER irrevocably consents and submits to the non-exclusive jurisdiction of each such court, acknowledges its competence and irrevocably agrees to be bound by a judgment of any such court. With respect to any such action or proceeding commenced in the Courts of the Province of Ontario, the BORROWER agrees to designate, appoint and empower an agent resident in Ontario,

Canada as its authorized agent to receive service on its behalf of any and all process which may be served in any such action or proceedings with respect to this Agreement or the NOTES in the Province of Ontario. Service in such manner upon the agent is hereby acknowledged by the BORROWER to be binding upon it in every respect. In the event that, for any reason, the agent named above shall no longer serve as agent of the BORROWER to receive service of process in the Province of Ontario, the BORROWER shall promptly appoint a successor so to serve and advise EDC thereof. Nothing herein shall affect the right of EDC to serve process in any other manner permitted by applicable law.

Section 11.04 - Judgment Currency

The obligation of the BORROWER pursuant to this Agreement and the NOTES to make payments in US DOLLARS shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any other currency except to the extent to which such tender or recovery shall result in the effective receipt by EDC of the full amount of US DOLLARS payable or expressed to be payable under this Agreement and the NOTES and accordingly the obligation of the BORROWER shall be enforceable as an alternative or additional cause of action for the purpose of recovery in the other currency of the amount (if any) by which such effective receipt shall fall short of the full amount of US DOLLARS payable or expressed to be payable under this Agreement and the NOTES and shall not be affected by judgment being obtained for any other sums due under this Agreement or the NOTES.

ARTICLE XII TERMINATION OF RIGHTS AND OBLIGATIONS

Section 12.01 - Termination of Rights and Obligations.

This Agreement shall terminate on the date upon which all of the indebtedness of the BORROWER to EDC under the Loan Agreement and the NOTES shall have been paid in full and upon termination thereof, all rights and obligations of the parties hereto shall cease. Notwithstanding the foregoing, the BORROWER agrees to indemnify EDC against any claim arising after the termination of this Agreement and the NOTES in connection with Sections 4.03(a) and 4.05.

ARTICLE XIII SUCCESSORS AND ASSIGNS

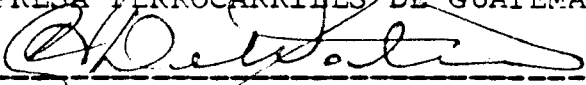
Section 13.01 - Successors and Assigns

This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and assigns. The BORROWER may not assign or transfer all or any part

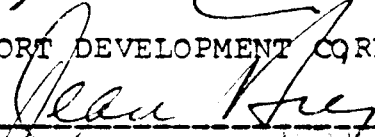
of its rights or obligations hereunder or under the NOTES without the prior written consent of EDC.

IN WITNESS WHEREOF the parties hereto have signed and delivered this Agreement at Ottawa, Canada.

EMPRESA FERROCARRILES DE GUATEMALA



EXPORT DEVELOPMENT CORPORATION



Schedule "A" to the Loan Agreement dated July 10, 1981 made between EMPRESA FERROCARRILES DE GUATEMALA and EXPORT DEVELOPMENT CORPORATION.

EDC LOAN NO. 880-GUAT-0918

THIS DISBURSEMENT PROCEDURES AGREEMENT dated July 10, 1981 is made BETWEEN

EMPRESA FERROCARRILES DE GUATEMALA, a decentralized agency of the Republic of Guatemala reorganized by Decree Number 60-72 of the National Congress of the Republic of Guatemala, having its registered office at Guatemala City, Guatemala (hereinafter called the "BORROWER")

AND

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

AND

BOMBARDIER INC., a corporation incorporated under the laws of Canada, having its registered office at Montreal, Quebec, Canada (hereinafter called the "EXPORTER").

WHEREAS the BORROWER and EDC have entered into an agreement dated July 10, 1981 (hereinafter called the "LOAN AGREEMENT") wherein EDC has agreed, subject to and on the terms therein set forth, to assist the BORROWER in financing the purchase by the BORROWER of ten model MX-620 locomotives, spare parts and related services from the EXPORTER; and

WHEREAS the LOAN AGREEMENT provides that the loan will be disbursed by EDC in accordance with and subject to the terms of this Agreement;

NOW THEREFORE it is agreed as follows.

ARTICLE I
DEFINITIONS

Section 1.01 - Definitions

In this Agreement and the recitals, unless the context otherwise requires:

- (a) "DISBURSEMENT" means the disbursement by EDC of all or a portion of the loan provided for in the LOAN AGREEMENT;

- (b) "CDN DOLLARS" and "CDN\$" each means the lawful currency of Canada;
- (c) "COMMERCIAL CONTRACT" means the official agreement, in the Spanish language, dated March 27, 1981 and contained in Public Deed No. 246 before the notary, Eduardo Marcial Prado Garcia, between the BORROWER and the EXPORTER for the purchase of the GOODS AND SERVICES as translated by EDC;
- (d) "GOODS AND SERVICES" means the ten model MX-620 locomotives, spare parts and equipment, freight, insurance and services of a service engineer for six months, to be supplied to the BORROWER by the EXPORTER pursuant to the COMMERCIAL CONTRACT and meeting the Canadian content requirements of EDC;
- (e) "INVOICE" means an invoice, numbered and dated, of the EXPORTER, expressed in CDN DOLLARS, issued pursuant to the COMMERCIAL CONTRACT identifying the portion of the GOODS AND SERVICES to which it relates and consularized by the Guatemalan consulate in Ottawa or Montreal;
- (f) "PURCHASE PRICE" means the purchase price of the GOODS AND SERVICES determined in accordance with Clauses Three and Four of the COMMERCIAL CONTRACT;
- (g) "US DOLLARS" and "US\$" each means the lawful currency of the United States of America current at the New York Clearing House or, in the event that such funds shall cease to exist or be changed in character, such other form of currency of the United States of America as may, to the satisfaction of EDC, be customary at the time of the relevant payment for the settlement of international banking transactions in The City of New York, U.S.A.

Section 1.02 - Rules of Interpretation

In this Agreement:

- (a) unless the context otherwise requires, the singular shall include the plural and vice versa;
- (b) references to a "person" shall be construed as references to any individual, firm, company, corporation, unincorporated body of persons or any state or political subdivision thereof or any government or agency thereof;

- (c) whenever any person is referred to, such reference shall be deemed to include the permitted assignees and successors of such person, whether by operation of law, consolidation, merger, sale, amalgamation or otherwise;
- (d) references to a specified ARTICLE, Section or Schedule shall be construed as references to that specified article or section of, or schedule to, this Agreement;
- (e) references to any agreement or other instrument shall be deemed to include such agreement or other instrument as it may from time to time be modified, amended, supplemented or restated in accordance with its terms and, where required hereunder, with the consent of EDC;
- (f) the terms "hereof", "herein" and "hereunder" shall be deemed to refer to this Agreement;
- (g) the headings of the ARTICLES and Sections are inserted for convenience only and shall not affect the construction or interpretation of this Agreement; and
- (h) "in writing" or "written" includes printing, typewriting, or any electronic means of communication capable of being permanently reproduced in alphanumeric characters at the point of reception.

Section 1.03 - English Language

The governing language of this Agreement is the English language and this Agreement has been prepared and executed in the English language. All notices, communications, certificates and other documents required or permitted under this Agreement shall, unless they are in the English language, be accompanied by an English language translation and in the event of any conflict between the English translation and the original version, the English translation shall prevail.

ARTICLE II
DISBURSEMENTS

Section 2.01 - DISBURSEMENTS

Subject to the terms hereof, EDC will make DISBURSEMENTS to or to the order of the EXPORTER for the BORROWER's account. No DISBURSEMENT will be made pursuant hereto except in respect of the COMMERCIAL CONTRACT.

Section 2.02 - Timing of DISBURSEMENTS

EDC may, but shall not be required to, make a DISBURSEMENT (i) more frequently than once in each calendar month or (ii) earlier than 15 days following the receipt by EDC of the documentation required by the applicable provisions of Section 3.01. Except as the BORROWER and EDC may agree, no DISBURSEMENT will be made by EDC after the close of business in Ottawa, Canada on December 31, 1982.

Section 2.03 - Schedule of DISBURSEMENTS

The EXPORTER agrees to provide EDC with a schedule of dates of anticipated DISBURSEMENTS which has been approved by the BORROWER as quickly as is reasonably possible after the execution of this Agreement and to notify EDC of any change which has been approved by the BORROWER in such schedule as it becomes known.

Section 2.04 - Manner of Disbursement

(a) Each DISBURSEMENT made in respect of the GOODS AND SERVICES shall be paid by cheque in CDN DOLLARS delivered to the main branch of The Royal Bank of Canada at Ottawa, Canada and made payable to the EXPORTER for the amount of such DISBURSEMENT.

(b) EDC shall notify the BORROWER and the EXPORTER forthwith upon the making of each DISBURSEMENT and shall notify the BORROWER of the amount in US DOLLARS charged to the BORROWER's loan account under the LOAN AGREEMENT in respect of such DISBURSEMENT.

Section 2.05 - Conditions Precedent to First DISBURSEMENT

EDC shall receive as a condition precedent to the making of the first DISBURSEMENT:

- (a) from each of the BORROWER and the EXPORTER, the statement and specimen signatures required by Section 5.01;
- (b) from the EXPORTER, a certificate in such form as EDC may from time to time prescribe, certifying the Canadian content of the GOODS AND SERVICES;
- (c) from the EXPORTER, evidence satisfactory to EDC that the EXPORTER has received at least 40.5% of the PURCHASE PRICE;
- (d) copies of the downpayment guarantee and the two delivery performance bonds described in paragraphs C, A and B of Clause Seven of the COMMERCIAL CONTRACT; and

- (e) from the BORROWER, a written acknowledgement that the COMMERCIAL CONTRACT has become effective.

ARTICLE III
DISBURSEMENT PROCEDURES

Section 3.01 - Disbursement Documentation

The BORROWER unconditionally and irrevocably authorizes and orders EDC to make DISBURSEMENTS from time to time to the EXPORTER upon receipt by EDC of the following:

- (a) with respect to each DISBURSEMENT, an INVOICE;
- (b) with respect to the DISBURSEMENT for a progress payment in an amount equal to 35% of the PURCHASE PRICE, a certificate of the EXPORTER certifying that such progress payment is then due and payable pursuant to the terms of the COMMERCIAL CONTRACT and subject to the provisions of Section 3.02, such certificate is to be approved by the BORROWER as evidenced by the countersignature on the certificate of the BORROWER's authorized representative in Canada;
- (c) with respect to each DISBURSEMENT relating to shipment of locomotives or spare parts and equipment contained in the GOODS AND SERVICES, in amounts equal to 24.5% of the portion of the PURCHASE PRICE attributable thereto, photocopies of original on-board bills of lading or air waybills, original irrevocable freight forwarder's receipts, or other confirmation in form and substance satisfactory to EDC and the BORROWER that the goods which are the subject of that DISBURSEMENT have been shipped together with packing lists, and proof of insurance or such additional or alternative documents as may be customary in connection with such shipments of such goods;
- (d) with respect to each DISBURSEMENT relating to shipment of locomotives contained in the GOODS AND SERVICES, certificates of test and inspection of such locomotives, signed on behalf of the EXPORTER and, unless waived by the BORROWER as contemplated in Clause Nine, II of the COMMERCIAL CONTRACT, on behalf of the BORROWER;
- (e) with respect to the DISBURSEMENT for the services of the EXPORTER's service engineer for a period of six months, evidence satisfactory to EDC that the engineer has left Canada for Guatemala;

- (f) with respect to each DISBURSEMENT for freight and marine insurance charges, copies of corresponding invoices from the persons furnishing such services;
- (g) such other information as EDC may reasonably request;

provided, however, that the aggregate amount disbursed pursuant to this Section 3.01 shall not exceed the lesser of (i) 59.5% of the PURCHASE PRICE and (ii) the equivalent in CDN DOLLARS of US\$7,500,000.

Section 3.02 - Deemed Approval of INVOICE

In the event that EDC receives a certificate pursuant to Section 3.01(b) which has not been countersigned by the BORROWER's authorized representative in Canada, the BORROWER shall be deemed to have approved such certificate for the purposes of Section 3.01(b) upon receipt by EDC of:

- (a) a copy of a Telex notice from the EXPORTER to the BORROWER advising of the place and date for inspection of the locomotives contained in the GOODS AND SERVICES which inspection is to be held prior to the rendering of an INVOICE for the progress payment, such Telex notice to be dated at least 30 days prior to the date of such certificate; and
- (b) a certificate from the EXPORTER stating that the BORROWER's authorized representative in Canada has failed to attend the inspection.

ARTICLE IV CANADIAN CONTENT

Section 4.01 - Canadian Content

The BORROWER and the EXPORTER covenant and agree with EDC that the GOODS AND SERVICES shall contain the maximum practicable Canadian content. The EXPORTER covenants and agrees that the Canadian content of the GOODS AND SERVICES and the components thereof shall be purchased in Canada from suppliers who are competitive as to price, quality, terms and delivery; provided, however that the Canadian content thereof on a combined basis (as determined by EDC) shall not be less than 141% of the aggregate amount of the DISBURSEMENTS made and to be made hereunder in respect of the GOODS AND SERVICES. If the aggregate level of Canadian content of the GOODS AND SERVICES is less than 141% as aforesaid, EDC shall be entitled to reduce the amount of the loan to be made to BORROWER under the LOAN AGREEMENT for GOODS AND SERVICES to an amount which is equal to the quotient obtained by dividing the aggregate value of the actual Canadian

content of the GOODS AND SERVICES as determined by EDC by the said required percentage of Canadian content.

Section 4.02 - Canadian Content Documentation

The EXPORTER covenants and agrees to provide to EDC from time to time as EDC may request, evidence satisfactory to EDC of the Canadian content of the GOODS AND SERVICES.

ARTICLE V GENERAL

Section 5.01 - Authorized Signatories

All notices, communications, certificates and other documentation required to be delivered to EDC pursuant to the provisions of this Agreement shall be signed by an individual duly authorized for that purpose. Each of the BORROWER and the EXPORTER agrees with EDC that it will, forthwith after the execution of this Agreement, deliver to EDC a written statement signed by an officer setting forth the names and occupations of individuals in its employ who are so authorized to sign on its behalf together with specimen signatures for each such individual, and acknowledges and agrees that EDC shall, without further evidence or confirmation and until notified in writing to the contrary (effective only upon actual receipt by EDC), be entitled to rely upon the authority of such individual or individuals, as the case may be, and any of the foregoing instruments signed by such individual or individuals in accordance with the written statement shall be binding upon it. For the foregoing purposes, a Telex or cable shall be deemed to be signed by the individual or individuals whose names are typed thereon as the signatory or signatories of that Telex or cable.

ARTICLE VI EXPORTER

Section 6.01 - EXPORTER's Representations and Warranties

The EXPORTER represents and warrants to EDC that:

- (a) it is a corporation duly incorporated and validly existing under the laws of Canada; and
- (b) the entering into and performance by it of its obligations in the COMMERCIAL CONTRACT and in this Agreement are within its corporate powers and have been duly authorized by all necessary corporate action and are not in violation of any law and do not require the consent or approval of, or registration or filing with any governmental agency

or authority other than those already obtained or effected.

Section 6.02 - EXPORTER's Covenants

The EXPORTER covenants and agrees with EDC that, unless compliance has been waived by EDC, it will:

- (a) retain copies of all invoices, on-board bills of lading, air waybills, irrevocable freight forwarders receipts, shipping and insurance invoices or other related documents for all GOODS AND SERVICES, and keep all such documents for a period of two years following the last DISBURSEMENT and to make the same available for inspection from time to time both before and after the last DISBURSEMENT upon EDC's written request, and cause each of its suppliers to retain and make available such documents in similar manner;
- (b) allow representatives of EDC to have access to its premises, books and records for the purpose of verifying the Canadian content of the GOODS AND SERVICES and to cause each of its suppliers to allow similar access;
- (c) without the prior consent of EDC, not cancel or terminate the COMMERCIAL CONTRACT or make any amendments or variations thereto which relate to the price of, the terms and manner of payment for, or the time and manner of delivery of the GOODS AND SERVICES or which reduce the Canadian content of the GOODS AND SERVICES;
- (d) perform its obligations under the COMMERCIAL CONTRACT;
- (e) promptly notify EDC of any dispute under the COMMERCIAL CONTRACT and to keep EDC informed of any developments with respect to such dispute;
- (f) promptly notify EDC upon initiation of any arbitration proceeding pursuant to the COMMERCIAL CONTRACT, keep EDC informed of developments during such proceedings and upon termination of such proceedings notify EDC in writing of the award.

ARTICLE VII
NOTICE

Section 7.01 - Notice

Every notice, demand, request, consent, approval, waiver or agreement to be given or made hereunder shall, save as otherwise herein specifically provided, be in writing and shall be delivered by hand or sent by prepaid air mail or by Telex or cable and shall be deemed to have been given and received, if delivered by hand, upon delivery, if sent by mail, the tenth day (excluding Saturdays and Sundays) following the date of mailing, and if sent by Telex or cable, the second day (excluding Saturday and Sunday) following the date of transmission. The mailing address, Telex number and cable address of each of the parties for such purposes shall respectively be:

for the BORROWER,

EMPRESA FERROCARRILES DE GUATEMALA
9A Avenida 18-03, Zona 1
Guatemala City, Guatemala
Telex: 5342 FEGUA GU
Cable: FEGUA GUATEMALA
Attention: Gerente .

for EDC,

EXPORT DEVELOPMENT CORPORATION
110 O'Connor Street
Box 655
Ottawa, Canada K1P 5T9
Telex: 053-4136 EXCREDCORP OTT
Cable: EXCREDCORP OTT
Attention: Manager-North and Central America

for the EXPORTER,

BOMBARDIER INC.
1505 Dickson Road
Montreal, Quebec, Canada H1N 2H7
Telex: 05-828841 MTL

or such other mailing address, Telex number or cable address as any party may, for itself, from time to time notify the other parties as aforesaid.

ARTICLE VIII
PROPER LAW

Section 8.01 - Proper Law

This Agreement shall be deemed to be made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

ARTICLE IX
SUSPENSION OR TERMINATION OF DISBURSEMENTS

Section 9.01 - Suspension or Termination of DISBURSEMENTS

Under the terms of the LOAN AGREEMENT, EDC is entitled, in the circumstances therein provided, to suspend or to terminate the BORROWER's right to DISBURSEMENTS.

ARTICLE X
WAIVER

Section 10.01 - Waiver by EDC

With respect to each DISBURSEMENT, EDC may waive in whole or in part (with or without conditions) the provisions hereof (other than the provisions of Sections 3.01(a) through (g)) without prejudicing the right of EDC to assert such terms and conditions or part thereof in respect of any other DISBURSEMENT.

ARTICLE XI
SUCCESSORS AND ASSIGNS

Section 11.01 - Successors and Assigns

This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and assigns, provided that neither the BORROWER nor the EXPORTER may assign any of its rights or obligations hereunder, including, without limitation, any right to receive a DISBURSEMENT or portion thereof, or may grant a security interest in or lien upon any DISBURSEMENT or any portion thereof, or may give any direction to EDC to make payment of a DISBURSEMENT or any portion thereof to any person or in any manner except as expressly provided herein, unless EDC shall otherwise consent.

IN WITNESS WHEREOF the parties have signed and delivered this Agreement at Ottawa, Canada.

EMPRESA FERFOCAPRILES DE GUATEMALA

EXPORT DEVELOPMENT CORPORATION

BOMBARDIER INC.

Schedule "B" to the Loan Agreement dated July 10, 1981 made between EMPRESA FERROCARRILES DE GUATEMALA and EXPORT DEVELOPMENT CORPORATION.

EMPRESA FERROCARRILES DE GUATEMALA
NOTE

EDC LOAN NO. 880-GUAT-0918

US\$7,500,000
United States Dollars

For value received, Empresa Ferrocarriles de Guatemala unconditionally promises to pay to or to the order of Export Development Corporation on demand at the main branch of The Royal Bank of Canada at Ottawa, Canada, the sum of US\$7,500,000 and to pay interest from the date hereof on the said sum or the amount thereof from time to time remaining unpaid at the rate of 10 3/4% per annum, calculated and payable, in accordance with the provisions of Section 4.02 of an agreement, as amended from time to time, (herein called the "Loan Agreement") dated July 10, 1981 made between Empresa Ferrocarriles de Guatemala and Export Development Corporation, on April 15 and October 15 in each year, or if any such date is not a Business Day (as defined in the Loan Agreement), on the Business Day next following, and to pay on demand default interest at the rate of 12 3/4% per annum on overdue principal and interest from the date of the payment default so long as such default shall continue, compounded on each date for the payment of interest hereunder, before and after demand and judgment.

Interest shall be calculated on the basis of the actual number of days elapsed divided by 360. The yearly rate of interest to which each of the rates of interest specified in this note and calculated in the foregoing manner is equivalent is the said rate multiplied by the actual number of days in the year divided by 360.

The principal of and interest on this note shall be paid in United States dollars without set-off or counterclaim and without deduction for and free from any taxes all as provided in the Loan Agreement.

This note is one of the notes referred to in and issued to Export Development Corporation in accordance with the terms of the Loan Agreement and is subject to and the holder hereof is entitled to the benefit of the provisions of the Loan Agreement.

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

Notwithstanding the form of this note, interest shall accrue on this note only to the extent of the monies actually disbursed under the Loan Agreement and outstanding from time to time and shall, as to principal, represent an obligation of

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Empresa Ferrocarriles de Guatemala only to the extent of the said amounts outstanding from time to time.

This note is made and issued in the Province of Ontario, Canada and shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Empresa Ferrocarriles de Guatemala hereby submits to the non-exclusive jurisdiction of the Courts of the Province of Ontario.

Empresa Ferrocarriles de Guatemala hereby waives presentment, protest and notice of any kind in the enforcement of this note.

Made at Ottawa, Canada, this 10th day of July, 1981.

EMPRESA FERROCARRILES DE GUATEMALA

By _____

Name:

Title:

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Schedule "C" to the Loan Agreement dated July 10, 1981 made between EMPRESA FERROCARRILES DE GUATEMALA and EXPORT DEVELOPMENT CORPORATION.

EMPRESA FERROCARRILES DE GUATEMALA
PROMISSORY NOTE
(PAGARE)

EDC LOAN NO. 880-GUAT-0918

US\$

United States Dollars

For value received, Empresa Ferrocarriles de Guatemala unconditionally promises to pay to or to the order of Export Development Corporation at the main branch of The Royal Bank of Canada at Ottawa, Canada, the sum of US\$ _____ in consecutive instalments, which shall be due and payable semi-annually on _____ 15 and _____ 15 in each year, or if any such date is a Saturday or Sunday or a day on which banks are lawfully closed for business in Ottawa, Canada, on the business day next following, until the principal sum has been paid in full, the first of which instalments to be in the amount of US\$ _____ and the following _____ of which instalments to be each in the amount of US\$ _____, and to pay interest from the date hereof on the said sum or the amount thereof from time to time remaining unpaid at the rate of 10 3/4% per annum, calculated and payable on _____ 15 and _____ 15 in each year and to pay on demand default interest at the rate of 12 3/4% per annum on overdue principal and interest from the date of the payment default so long as such default shall continue, compounded on each date for the payment of interest hereunder, before and after demand and judgment.

Interest shall be calculated on the basis of the actual number of days elapsed divided by 360. The yearly rate of interest to which each of the rates of interest specified in this note and calculated in the foregoing manner is equivalent is the said rate multiplied by the actual number of days in the year divided by 360.

The principal of and interest on this note (pagare) shall be paid in United States dollars without set-off or counterclaim and without deduction for and free from any taxes except those levied or imposed by or within Canada.

This note (pagare) shall be deemed to be made under the laws of the Province of Ontario and the laws of Canada applicable therein as well as under the laws of Guatemala and this note (pagare) shall be governed by and construed in accordance with the laws of the Province of Ontario and Canada in respect of any legal action or proceeding with respect hereto which may be brought in the Province of Ontario, Canada and shall be governed by and construed in accordance with the laws of Guatemala in respect of any legal action or proceeding with respect hereto which may be brought in the Republic of Guatemala. Empresa

Ferrocarriles de Guatemala agrees that any legal action or proceeding with respect to this note may be brought by the holder in the Courts of the Province of Ontario, Canada, the Courts of Guatemala or any jurisdiction in which Empresa Ferrocarriles de Guatemala or any of its assets may be found or located and Empresa Ferrocarriles de Guatemala expressly and irrevocably submits to the laws and courts of each such jurisdiction in and acknowledges the competence thereof, and agrees to be bound by a judgment of each such court.

The obligation of Empresa Ferrocarriles de Guatemala pursuant to this note (pagare) to make payments in United States dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any other currency except to the extent to which such tender or recovery shall result in the effective receipt by the holder of the full amount of United States dollars payable or expressed to be payable under this note (pagare) and accordingly the primary obligation of Empresa Ferrocarriles de Guatemala shall be enforceable as an alternative or additional cause of action for the purpose of recovery in the other currency of the amount (if any) by which such effective receipt shall fall short of the full amount of United States dollars payable or expressed to be payable under this note (pagare) and shall not be affected by judgment being obtained for any other sums due under this note (pagare).

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

This note (pagare) is to be treated as a negotiable instrument.

Empresa Ferrocarriles de Guatemala hereby waives presentment, demand, protest and notice of any kind in the enforcement of this note (pagare).

Made at _____, Canada,

EMPRESA FERROCARRILES DE GUATEMALA

By _____

Name:

Title:

Schedule "D" to the Loan Agreement dated July 10, 1981 made between EMPRESA FERROCARRILES DE GUATEMALA and EXPORT DEVELOPMENT CORPORATION.

[Date]

Export Development Corporation
110 O'Connor Street
Ottawa, Ontario, Canada K1P 5T9

Dear Sirs:

Re: US\$7,500,000 Loan to Empresa Ferrocarriles de Guatemala - EDC LOAN NO. 880-GUAT-0918

In my capacity as legal counsel of Empresa Ferrocarriles de Guatemala (the "Borrower"), I have been asked to give you an opinion in connection with a loan agreement (the "Loan Agreement") dated July 10, 1981 between the Borrower and Export Development Corporation ("EDC"), whereby EDC agreed to lend to the Borrower up to US\$7,500,000 to enable the Borrower to purchase ten model MX-620 locomotives, spare parts and equipment, freight, insurance and services from Bombardier Inc. Expressions defined in the Loan Agreement shall have the same meaning when used in this opinion.

For the purposes of my opinion hereinafter expressed, I have reviewed original executed copies or copies certified to my satisfaction of the following documents:

- (a) the Loan Agreement;
- (b) the DPA;
- (c) the Drawdown Note in the amount of US\$7,500,000 and payable to EDC and issued pursuant to Section 5.01 of the Loan Agreement;
- (d) [specify other relevant documents]; and
- (e) [specify relevant laws, decrees, approvals, etc].

I have also examined such other documents as I have considered necessary or desirable in order that I may give this opinion.

I am of the opinion that:

1. the Borrower is a decentralized agency of the Republic of Guatemala reorganized by Decree Number 60-72 of the National Congress of the Republic of Guatemala and is validly existing and in good standing under the laws of Guatemala, and the Borrower is wholly-owned by the Republic of Guatemala;
2. the Borrower has full power and authority to own its property and assets and to carry on business;

3. the entering into and the performance of the terms of the Loan Agreement, the DPA and the Commercial Contract and the making and issuing of the Notes by the Borrower:

(i) are within its corporate powers and have been duly authorized by all necessary corporate action, and

(ii) are not in violation of any law, statute, regulation, ordinance or decree of Guatemala and are not contrary to public policy or public order in Guatemala;

4. the obligations of the BORROWER under the Loan Agreement and the Notes enjoy the unconditional and unlimited guarantee of the Republic of Guatemala in accordance with Section 32 of Decree Number 60-72 of the Congress of the Republic of Guatemala;

5. the Loan Agreement, the DPA, the Commercial Contract and the Note described in paragraph (c) above do, and the Note described in Section 5.02 of the Loan Agreement when issued will, constitute direct, legal, valid and binding obligations of the Borrower and the Republic of Guatemala, enforceable against the Borrower and the Republic of Guatemala in accordance with their respective terms;

6. all registrations, consents, licences and approvals of any administrative agency or governmental or other body required pursuant to the laws of Guatemala in connection with the execution and delivery by the Borrower of the Loan Agreement, the DPA, the Notes, and for the performance by the Borrower of the terms thereof, for the making of the payment in US Dollars of amounts due under the Loan Agreement, the Notes and the said directions (including all amounts of principal, interest and any additional amounts payable in respect thereof and all administration, commitment and other fees and all charges and expenses due under the Loan Agreement) to EDC at the places and at the times specified therein when and as the same shall become due and payable whether by acceleration or otherwise, and for the validity or enforceability thereof, have been effected or obtained and are in full force and effect;

7. the obligations of the Borrower and of the Republic of Guatemala under the Loan Agreement and the Note described in paragraph (c) above rank at least pari passu with all other unsecured indebtedness of the Borrower and of the Republic of Guatemala;

8. to the best of the knowledge of the undersigned after diligent inquiry, the assets and revenues of the Borrower are not subject to any liens (other than liens arising by

operation of law), mortgages, charges, pledges, security interests or priorities of any kind;

9. to the best of the knowledge of the undersigned after diligent inquiry, there are no legal proceedings pending or threatened before any court, arbitral tribunal, administrative agency or governmental or other body having authority over the Borrower which could or would materially adversely affect the financial condition or the business or assets of the Borrower or its ability to perform its obligations under the Loan Agreement;

10. to the best of the knowledge of the undersigned after diligent inquiry, the Borrower is not in violation of any term of Decree Number 60-72 of the National Congress of the Republic of Guatemala or the regulations thereto or of any agreement, instrument evidencing indebtedness, mortgage, franchise, licence, judgment, decree, order, statute, rule, law, ordinance or regulation to which it or its business or assets are subject; the entering into and performance of and compliance with the Loan Agreement, the DPA and the Notes will not result in any such violation or constitute a default under or be in conflict with any such term, or result in the creation of any mortgage, lien, encumbrance or charge upon any of the assets of the Borrower pursuant to any such term; and there is no such term which materially adversely affects or in the future may (so far as the undersigned can now foresee) materially adversely affect the financial condition or the business or assets of the Borrower or its ability to perform its obligations under the Loan Agreement;

11. all payments to be made by the Borrower under the Loan Agreement and under the Notes are exempt from any present Taxes of or in Guatemala and the Borrower is not required by law to make any deduction or withholding therefrom; in the event that future Taxes are imposed in connection with the Loan Agreement or the Notes or payments thereunder, the Borrower's obligation to remit to EDC the equivalent of such Taxes as provided in Section 4.05 of the Loan Agreement, is legal, valid, binding and enforceable;

12. it is not necessary in order to ensure the legality, validity, binding nature, enforceability or admissibility in evidence of the Loan Agreement, the DPA and the Notes in Guatemala that any document be filed, recorded or enrolled with any court or authority in Guatemala or that any stamp, registration or other like taxes be paid on or in relation to the Loan Agreement, the DPA or the Notes;

13. each of the Borrower and the Republic of Guatemala is subject to the civil and commercial laws of Guatemala in respect of its obligations generally and is not entitled to claim for itself or its assets immunity from jurisdiction, suit,

judgment, set-off, execution, attachment or other legal process in respect of its obligations under the Loan Agreement or the Notes;

14. in any proceedings taken in Guatemala for the enforcement of the Loan Agreement or the Notes, the choice of Ontario law as the governing law of the Loan Agreement and by both Ontario law and Guatemalan law as the governing law of the Notes will be recognized by the Courts of Guatemala and the irrevocable submission by the Borrower to the non-exclusive jurisdiction of the Courts of the Province of Ontario is legal, valid, binding and enforceable; and any judgment obtained against the Borrower in proceedings in the Province of Ontario would be enforced by the Courts of Guatemala against the Borrower and the Republic of Guatemala in accordance with and subject to the procedure in Guatemala, provided such judgment is not contrary to public policy in Guatemala and prior notice of those proceedings is given to the persons against whom they are taken;

15. if, at any time, EDC takes or is required to take legal or other measures to enforce the Loan Agreement, the DPA or the Notes, it will not be necessary for EDC to take any steps to register itself for the purpose of doing business in Guatemala, and EDC is entitled to full access to the courts of Guatemala on the same terms as are available to residents and citizens of Guatemala;

16. the appointment of [insert name of agent for service], as agent for receipt of service upon the Borrower as provided in Section 11.03 of the Loan Agreement, is legal, valid, binding and enforceable;

17. none of the provisions of the Loan Agreement, the DPA or the Notes is contrary to the laws or public-policy of Guatemala.

Yours faithfully,

Legal counsel of Empresa
Ferrocarriles de Guatemala