
INVESTMENT NUMBER 3535

Investment Agreement

between

PUERTO QUETZAL POWER CORP.

and

INTERNATIONAL FINANCE CORPORATION

Dated as of March 31, 1993

EC2 000036651

Senate Finance Committee

EXHIBIT 4

INVESTMENT AGREEMENT

AGREEMENT, dated as of March 31, 1993, between PUERTO QUETZAL POWER CORP., a corporation organized and existing under the laws of the State of Delaware, in the United States of America and registered in Guatemala as a foreign corporation under Chapter IX, Book I, Title I of the Code of Commerce of the Republic of Guatemala, with inscription number 30, folio 30, Book I of Foreign Corporations at the Mercantile Registry (herein called the "Company") and INTERNATIONAL FINANCE CORPORATION (herein called "IFC").

ARTICLE I

Definitions

Section 1.01. Wherever used in this Agreement, unless the context otherwise requires, the following terms have the following meanings:

- "A Loan" and
"IFC A Loan" means the loan specified in Section 3.01 (a) or, as the context may require, the principal amount thereof from time to time outstanding;
- "A Loan
Disbursement" means any amount of the A Loan which is disbursed from time to time pursuant to Section 3.02;
- "A Loan
Interest Rate" means the rate of interest payable on the A Loan from time to time, determined in accordance with Section 3.10;
- "Average
Availability" has the meaning set forth in the Project Funds Agreement;
- "Auditors" means Arthur Andersen & Co., or such other firm of independent public accountants as the Company may, with IFC's consent, from time to time appoint as auditors of the Company;
- "B Loan" and
"IFC B Loan" means the loan specified in Section 3.01 (b) or, as the context may require, the principal amount thereof from time to time outstanding;

- "B Loan Disbursement" means any amount of the B Loan which is disbursed from time to time pursuant to Section 3.02;
- "B Loan Interest Determination Date" means the second Business Day before the beginning of each B Loan Interest Period;
- "B Loan Interest Period" means each period of three (3) months commencing on an Interest Payment Date and ending on the day immediately before the next following Interest Payment Date, except in the case of the first period for each B Loan Disbursement immediately following the disbursement thereof when it shall mean the period commencing with the date of disbursement of the relevant B Loan Disbursement and ending on the day immediately before the next following Interest Payment Date;
- "B Loan Interest Rate" means the rate of interest payable on the B Loan from time to time, determined in accordance with Section 3.13;
- "Business Day" means a day on which banks are open for business in the City of New York and, for the purpose of the definition of "Interest Determination Date", for the transaction of business in the Eurodollar Interbank Market in London, England, as well;
- "C Loan" and "IFC C Loan" means the loan specified in Section 3.01 (c) or, as the context may require, the principal amount thereof from time to time outstanding;
- "C Loan Disbursement" means any amount of the C Loan which is disbursed from time to time pursuant to Section 3.02;
- "C Loan Interest Rate" means the rate of interest payable on the C Loan from time to time, determined in accordance with Section 3.19;

"CONAMA"	means the <u>Comisión Nacional del Medio Ambiente</u> , the environmental agency of the Government of Guatemala;
"Disbursement"	means and includes the A Loan Disbursement, the B Loan Disbursement and the C Loan Disbursement;
"Dollars" and the sign "\$"	means the lawful currency of the United States of America;
"EEGSA"	means <u>Empresa Eléctrica de Guatemala S.A.</u> , a <u>sociedad anónima</u> organized and existing under the laws of Guatemala over ninety per cent (90%) of the share capital of which is owned by INDE;
"EEGSA Deposit"	means the reimbursable, non-interest bearing deposit equal to seven million two hundred fifty thousand Dollars (\$7,250,000) provided to the Company by EEGSA pursuant to clause "Tenth" of the PPA;
"Enron"	means Enron Corp., a corporation organized and existing under the laws of the State of Delaware, in the United States of America;
"Enron Power"	means Enron Power Corp., a corporation organized and existing under the laws of the State of Delaware, in the United States of America;
"EDC"	means Enron Development Corp., a corporation organized and existing under the laws of the State of Delaware, in the United States of America whose name formerly was Enron Power Development Corp.;
"Event of Default"	means any one of the events specified in Section 7.01;
"Financial Plan"	means the financial plan set out in Section 2.02;
"First Preferred Fleet Mortgage"	means a First Preferred Fleet Mortgage under United States law on the two Project Barges, effective not later than the first disbursement of any of the IFC Loans, by the Company to

Shawmut Bank Connecticut, N.A., as trustee for IFC;

"Fiscal Year" and
"Financial Year"

means the accounting year of the Company commencing each year on January 1 and ending on the following December 31, or such other accounting period of the Company as the Company may, with IFC's consent, from time to time designate as the accounting year of the Company;

"INDE"

means Instituto Nacional de Electrificación, the national electric utility of the Government of Guatemala;

"Interest
Payment Date"

means any day which is March 15, June 15, September 15 or December 15 in any year; provided, however, that if any Interest Payment Date would fall on a day which is not a Business Day, the relevant Interest Payment Date shall be changed to the next succeeding Business Day;

"Interest Period"

means each period of three (3) months commencing on an Interest Payment Date and ending on the day immediately before the next following Interest Payment Date, except in the case of the first period applicable to each Disbursement when it shall mean the period commencing with the date on which the relevant Disbursement is made and ending on the day immediately before the next following Interest Payment Date;

"Letter of
Information"

means the letter, dated February 23, 1993, addressed by EDC to IFC and containing EDC's representations with regard to all material relevant facts concerning the Project, the Financial Plan, the organization, status, operations, affiliations, liabilities and assets of the Company and other matters incident to the transactions contemplated by this Agreement, as amended by letter dated March 30, 1993 and any further amendment or supplement to such letter which is acceptable to IFC;

- "Loan", "IFC Loan"
and "IFC Loans" means, collectively the A Loan, the B Loan and the C Loan or, as the context may require, the aggregate of the principal amounts thereof from time to time outstanding;
- "Maintenance Amount" has the meaning given to it in Section 3.15;
- "Mandate Letter" means the Mandate Letter dated January 26, 1993 from IFC to Enron Power describing certain services to be provided by IFC in connection with the Project and certain fees to be paid to IFC;
- "Maximum Debt Service Deficiency Amount" has the meaning set forth in the Sponsor Support Agreement;
- "Maximum Funding Amount" has the meaning set forth in the Project Funds Agreement;
- "Operation and Maintenance Agreement" means the Operation and Maintenance Agreement, dated as of November 13, 1992, as amended, between the Company and the Operator providing for the operation and maintenance of the Plant;
- "Operator" means Electricidad Enron de Guatemala, S.A., a corporation organized and existing under the laws of Guatemala;
- "Other Loans" means the loan or loans which may be extended to the Company in connection with the Project by one or more financial institutions (other than IFC) and which may be substituted for a portion of the B Loan;
- "Other Loan Agreements" means the agreement or agreements providing for the Other Loans;
- "Participant" means a Person designated by IFC from whom IFC shall have received a formal commitment to acquire a Participation in the B Loan or, as the case may be, any successor or assignee of such person;

"Participation"	means the investment of a Participant in the B Loan; or, as the context may require, in the B Loan Disbursement;
"Participation Agreement"	means the agreement or agreements providing for a Participation;
"Person"	means an individual, corporation, partnership, joint venture, trust or unincorporated organization, or a government or any agency or political subdivision thereof;
"Plant"	means the electricity generation plant contemplated in the Project;
"PPA"	means the contract, dated January 13, 1992, between EEGSA and TOP as amended and assigned to EDC on March 12, 1992, as further assigned by EDC to the Company on November 13, 1992 and as clarified by a letter executed between EDC and EEGSA on April 19, 1992 and as further amended or clarified from time to time;
"Project"	means the project described in Section 2.01;
"Project Barges"	means the two barges contemplated in the Project on which the diesel electric engines referred to in the Project description are to be placed;
"Project Completion" and "Project Completion Date"	have the meanings set forth in the Project Funds Agreement;
"Project Funds Agreement"	means the agreement among the Company, IFC and the Operator, whereby the Operator shall provide to the Company such additional funds as may be needed by the Company, up to a maximum amount equal to \$15,000,000 as more fully described therein, in the form of subordinated loans or repayment of a portion of the Loan, for the purposes set forth therein; the obligation to provide such additional funds to be guaranteed by Enron pursuant to the Sponsor Support Agreement;

"Project Site"	means the port of Puerto Quetzal, on the Pacific coast of Guatemala;
"Quetzal" and the sign "Q"	means the lawful currency of Guatemala;
"Reuters Screen LIBO Page"	means the display of London interbank offered rates (commonly know as LIBOR) of major banks for Eurodollar Deposits designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBO page for the purpose of displaying such London interbank offered rates for Eurodollar Deposits);
"Security"	means the security created by the Company to secure all amounts owing by the Company to IFC under this Agreement and all amounts owing by the Company to any party to a Swap Agreement as fully described in Section 5.01 (e);
"Senior Indebtedness"	means the indebtedness resulting from the Senior Loans;
"Senior Lenders"	means IFC (as lender of the A Loan and the B Loan) and the lenders of the Other Loans, if any;
"Senior Loans"	means the IFC A Loan, the IFC B Loan and the Other Loans, if any;
"Shareholder"	means EDC and any other Person admitted as a shareholder of the Company, subject only to the restrictions on transfer of shares of the Company set forth in the Share Retention Agreement;
"Share Retention Agreement"	means the agreement between, EDC and IFC whereby EDC agrees to own, directly or indirectly, at all times until the IFC Loans have been repaid not less than fifty per cent (50%) of the share capital of the Company;
"Site Lease"	means the contract to lease certain property located at the Puerto Quetzal port facilities outside San José, Guatemala, dated December 3,

1992, among Empresa Portuaria Quetzal and Electricidad Enron de Guatemala S.A.;

"Sponsor Support Agreement"

means the Sponsor Support Agreement among Enron, the Company and IFC, under which Enron agrees to provide credit support to the Company respecting the Company's obligation to repay the EEGSA Deposit, the Company's obligation to pay Cyclical Maintenance Costs, the Company's obligation to pay debt service on the Senior Loans and the Operator's obligation to pay the Maximum Funding Amount under the Project Funds Agreement;

"Subsidiary"

means any entity over fifty per cent (50%) of whose capital is owned, directly or indirectly, by the Company or which is otherwise effectively controlled by the Company;

"TOP"

means Texas-Ohio Power, Inc.;

"Turnkey Construction Contract"

means the Turnkey Contract, dated as of April 10, 1992 by and between Wartsila and Enron Power as assigned by Enron Power to the Company on November 13, 1992; and

"Wartsila"

means Wartsila Diesel, Inc., a company organized and existing under the laws of the State of Louisiana, in the United States of America.

Section 1.02. In addition, unless the context otherwise requires, the following financial terms have the following meanings wherever used in this Agreement:

"Cyclical

Maintenance Cost" has the meaning set forth in the Sponsor Support Agreement;

"Debt Service"

means, for any period of determination thereof, the sum of all principal payments required to be made during such period and all interest, fees and other financing costs accrued for payment during such period in respect of the IFC Loans or other debt permitted under Section 6.02(d)(iii); provided that, in determining Debt Service for any period, interest payable during such period shall be increased or

- decreased, as the case may be, by the net amount payable or receivable during such period under all Swap Agreements;
- "Debt Service Coverage Ratio" means, for any period of determination thereof, the ratio of Operating Cash Flow for such period to Debt Service for such period;
- "Economic Dispatch Incentive Fee" has the meaning set forth in the Operation and Maintenance Agreement;
- "Fixed Fee" has the meaning set forth in the Operation and Maintenance Agreement;
- "O&M Fees" means, collectively, the Fixed Fee and the Economic Dispatch Incentive Fee, but specifically excluding any amount that is a Reimbursable Expense;
- "Operating Cash Flow" means, for any period of determination thereof, the excess (or shortfall) of Revenues for such period over Operating Expenses for such period;
- "Operating Expenses" means all fuel costs, any Reimbursable Expense, all amounts payable under the Site Lease, all operation and maintenance costs, all Cyclical Maintenance Costs, and all taxes other than income taxes but excluding (a) mandatory Debt Service, (b) depreciation and amortization, (c) extraordinary expenses (including, without limitation, losses on sale of assets other than in the ordinary course of business and losses on the extinguishment of debt), and (d) the O&M Fees;
- "Reimbursable Expense" has the meaning set forth in the Operation and Maintenance Agreement;
- "Revenues" means, for any period of determination thereof, all operating and nonoperating receipts, revenues, rentals, fees, income and other moneys of the Company, including, without limitation, liquidated, performance and other damage payments, contingency guarantee payments or other amounts payable to the Company, all investment

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earnings on the accounts of the Company, amounts earned on indebtedness permitted under Section 6.02(d), the proceeds of business interruption insurance, the proceeds of any payment to the Company under the Swap Agreements and the proceeds of any payments, subordinated loans or drawings under the letter of credit made under the Sponsor Support Agreement or under the Project Funds Agreement for the calendar year in respect of which such payments, loans or drawings were made; and

"Swap" and
"Swap Agreement" means any interest rate exchange, collar, cap or similar agreement providing interest rate protection into which the Company may enter with the prior written consent of IFC.

Section 1.03. In this Agreement, unless the context otherwise requires, words denoting the singular include the plural and vice versa, words denoting persons include corporations and partnerships, and references to a specified Article, Section or Schedule shall be construed as a reference to that specified Article, Section or Schedule of this Agreement.

ARTICLE II

Description of Project and Financial Plan

Section 2.01. The Project to be financed consists of the construction, equipment and placing into operation of, and the provision of working capital for, an electric generating plant consisting of twenty diesel electric engines, as more fully described in the Turnkey Construction Contract, mounted on two United States-flagged barges moored in Puerto Quetzal, on the Pacific Coast of Guatemala. Details of the Project are described in the Letter of Information, which is incorporated in this Agreement by reference.

Section 2.02.^{1/} (a) The total cost of the Project, including working capital of \$2,000,000 and all financing fees associated with the Financial Plan is \$92,000,000.

^{1/} For purposes of this Section, an exchange rate of Quetzal 5.3 - \$1 has been assumed.

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(b) Under the Financial Plan, the proposed sources of financing are as follows:

<u>Item</u>	<u>\$ Million</u>	<u>% of Total</u>
<u>Equity/Quasi-Equity</u>		
EDC	13.75	14.9
EEGSA Deposit	<u>7.25</u>	<u>7.9</u>
Total Equity/Quasi Equity	<u>21.00</u>	<u>22.8</u>
<u>Subordinated Debt</u>		
IFC C Loan	<u>6.6</u>	<u>7.2</u>
<u>Senior Loans</u>		
IFC A Loan	13.4	14.6
IFC B Loan and/or Other Loans	<u>51.0</u>	<u>55.4</u>
Total Senior Debt	<u>64.4</u>	<u>70.0</u>
Total Financing	<u>92.0</u>	<u>100.0</u>

ARTICLE III

Agreement for the Loan

Part 1: The Loan

Section 3.01. Subject to the terms and conditions of this Agreement, IFC agrees to lend to the Company and the Company agrees to borrow from IFC the Loan, that is, the amount of seventy one million Dollars (\$71,000,000), made up of:

(a) the A Loan, being the amount of thirteen million four hundred thousand Dollars (\$13,400,000);

(b) the B Loan, being the amount of fifty one million Dollars (\$51,000,000); and

(c) the C Loan, being the amount of six million six hundred thousand Dollars (\$6,600,000).

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Section 3.02. Disbursements of the Loan shall be made by IFC from time to time for credit to the account of the Company at such bank in such place as IFC and the Company shall agree in immediately available funds and in amounts (except with respect to the final disbursement) of not less than \$10,000,000 (in the case of the A Loan and the B Loan). Disbursements shall be made upon the Company's request in writing, substantially in the form of Exhibit A hereto delivered to IFC (except with respect to the first disbursement which shall be made as soon as possible after all the relevant conditions of disbursement are fulfilled) at least ten (10) Business Days prior to the proposed date of the disbursement, and against each such disbursement the Company shall deliver to IFC such receipt therefor as IFC may reasonably request.

Section 3.03 The Loan shall be repaid as follows:

(a) The A Loan shall be repaid on the following dates and in the following amounts:

<u>Date Payment Due</u>	<u>Principal Amount Due</u>
December 15, 1993	\$ 372,000
March 15, 1994	\$ 372,000
June 15, 1994	\$ 372,000
September 15, 1994	\$ 372,000
December 15, 1994	\$ 372,000
March 15, 1995	\$ 372,000
June 15, 1995	\$ 372,000
September 15, 1995	\$ 372,000
December 15, 1995	\$ 372,000
March 15, 1996	\$ 372,000
June 15, 1996	\$ 372,000
September 15, 1996	\$ 372,000
December 15, 1996	\$ 372,000
March 15, 1997	\$ 372,000
June 15, 1997	\$ 372,000
September 15, 1997	\$ 372,000
December 15, 1997	\$ 372,000
March 15, 1998	\$ 372,000
June 15, 1998	\$ 372,000
September 15, 1998	\$ 372,000
December 15, 1998	\$ 372,000
March 15, 1999	\$ 372,000
June 15, 1999	\$ 372,000
September 15, 1999	\$ 372,000
December 15, 1999	\$ 372,000

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<u>Date Payment Due</u>	<u>Principal Amount Due</u>
March 15, 2000	\$ 372,000
June 15, 2000	\$ 372,000
September 15, 2000	\$ 372,000
December 15, 2000	\$ 372,000
March 15, 2001	\$ 372,000
June 15, 2001	\$ 372,000
September 15, 2001	\$ 372,000
December 15, 2001	\$ 372,000
March 15, 2002	\$ 372,000
June 15, 2002	\$ 372,000
September 15, 2002	\$ 380,000
	<u>\$13,400,000</u>

(b) . The B Loan shall be repaid on the following dates and in the following amounts:

<u>Date Payment Due</u>	<u>Principal Amount Due</u>
December 15, 1993	\$ 1,594,000
March 15, 1994	\$ 1,594,000
June 15, 1994	\$ 1,594,000
September 15, 1994	\$ 1,594,000
December 15, 1994	\$ 1,594,000
March 15, 1995	\$ 1,594,000
June 15, 1995	\$ 1,594,000
September 15, 1995	\$ 1,594,000
December 15, 1995	\$ 1,594,000
March 15, 1996	\$ 1,594,000
June 15, 1996	\$ 1,594,000
September 15, 1996	\$ 1,594,000
December 15, 1996	\$ 1,594,000
March 15, 1997	\$ 1,594,000
June 15, 1997	\$ 1,594,000
September 15, 1997	\$ 1,594,000
December 15, 1997	\$ 1,594,000
March 15, 1998	\$ 1,594,000
June 15, 1998	\$ 1,594,000
September 15, 1998	\$ 1,594,000
December 15, 1998	\$ 1,594,000
March 15, 1999	\$ 1,594,000
June 15, 1999	\$ 1,594,000
September 15, 1999	\$ 1,594,000
December 15, 1999	\$ 1,594,000

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<u>Date Payment Due</u>	<u>Principal Amount Due</u>
March 15, 2000	\$ 1,594,000
June 15, 2000	\$ 1,594,000
September 15, 2000	\$ 1,594,000
December 15, 2000	\$ 1,594,000
March 15, 2001	\$ 1,594,000
June 15, 2001	\$ 1,594,000
September 15, 2001	<u>\$ 1,586,000</u>
	<u>\$51,000,000</u>

(c) The C Loan shall be repaid on the following dates and in the following amounts:

<u>Dates Payments Due</u>	<u>Principal Amount Due</u>
March 15, 1994	\$ 165,000
June 15, 1994	\$ 165,000
September 15, 1994	\$ 165,000
December 15, 1994	\$ 165,000
March 15, 1995	\$ 165,000
June 15, 1995	\$ 165,000
September 15, 1995	\$ 165,000
December 15, 1995	\$ 165,000
March 15, 1996	\$ 165,000
June 15, 1996	\$ 165,000
September 15, 1996	\$ 165,000
December 15, 1996	\$ 165,000
March 15, 1997	\$ 165,000
June 15, 1997	\$ 165,000
September 15, 1997	\$ 165,000
December 15, 1997	\$ 165,000
March 15, 1998	\$ 165,000
June 15, 1998	\$ 165,000
September 15, 1998	\$ 165,000
December 15, 1998	\$ 165,000
March 15, 1999	\$ 165,000
June 15, 1999	\$ 165,000
September 15, 1999	\$ 165,000
December 15, 1999	\$ 165,000
March 15, 2000	\$ 165,000
June 15, 2000	\$ 165,000
September 15, 2000	\$ 165,000
December 15, 2000	\$ 165,000

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<u>Dates Payments Due</u>	<u>Principal Amount Due</u>
March 15, 2001	\$ 165,000
June 15, 2001	\$ 165,000
September 15, 2001	\$ 165,000
December 15, 2001	\$ 165,000
March 15, 2002	\$ 165,000
June 15, 2002	\$ 165,000
September 15, 2002	\$ 165,000
December 15, 2002	\$ 165,000
March 15, 2003	\$ 165,000
June 15, 2003	\$ 165,000
September 15, 2003	\$ 165,000
December 15, 2003	\$ 165,000
	<u>\$6,600,000</u>

(d) The dates for payment of principal on the Loan are intended to coincide with the relevant Interest Payment Dates. If in any case the relevant Interest Payment Date is affected by the proviso to the definition of "Interest Payment Date," then the corresponding date for payment of principal set out in the tables in subsections (a), (b) and (c) above shall be changed to coincide with the relevant Interest Payment Date. If less than the full amount of any of the IFC Loans is disbursed to the Company, the amount of each repayment installment in the relevant subsection above shall be reduced proportionately, taking into account the amount of such loan not disbursed.

Section 3.04. (a) The Company shall pay to IFC a commitment charge at the rate of one-half per cent (1/2%) per annum in the case of the B Loan and one per cent (1%) per annum in the case of the A Loan and the C Loan, on so much of each such Loans as shall not, from time to time, have been cancelled by IFC or disbursed to the Company. The commitment charge shall begin to accrue (i) as to the A Loan and the C Loan, on a date which is thirty (30) days after the date of approval of such Loans by IFC's Board of Directors, and (ii) as to the B Loan, on the amounts thereof which are committed as described below, on the dates which IFC informs the Company are the dates on which the Participants execute their respective Participation Agreements. The commitment charge shall be payable in Dollars quarterly on March 15, June 15, September 15 and December 15 in each year, the first such payment to be due on June 15, 1993. If any such day is not a Business Day then the payment shall be due on the next succeeding Business Day. The commitment charge shall accrue and be prorated on the basis of a 360-day year for the actual number of days elapsed.

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(b) The Company shall pay to IFC in Dollars a front-end fee equal to the aggregate of one per cent (1%) of the A Loan and one per cent (1%) of the C Loan, to be paid within thirty (30) days after the date of this Agreement (but not later than first disbursement of the Loan in any event).

(c) Unless otherwise provided in the relevant Participation Agreement, the Company shall pay to IFC in Dollars a front-end fee equal to one per cent (1%) of the B Loan to be paid, in respect of each Participation, within thirty (30) days from the date of the relevant Participation Agreement.

(d) The Company shall pay to IFC on each June 15 a B Loan administration fee of \$5,000 per year, the first such payment to be due on June 15, 1993.

Section 3.05. Payments of principal, interest, commitment charge, fees or any other payment due to IFC under this Agreement shall be made in Dollars, in immediately available funds, at such bank or banks in New York, New York, as IFC shall from time to time designate.

Section 3.06. If IFC shall at any time receive less than the full amount then due and payable to it under this Agreement, IFC shall have the right to allocate and apply such payment in any way or manner and for such purpose or purposes under this Agreement as IFC in its sole discretion shall determine, notwithstanding any instruction that the Company may give to the contrary.

Section 3.07. The obligation of the Company to pay in Dollars the aggregate amount of the principal of, and interest, fees and other charges on, the Loan and any other amounts payable in Dollars under this Agreement shall not be deemed to have been novated, discharged or satisfied by any tender of (or recovery under judgment expressed in) any currency other than Dollars, except to the extent to which such tender (or recovery) shall result in the effective payment of the said aggregate amount in Dollars at the place where such payment is to be made and, accordingly, the amount (if any) by which any such tender (or recovery) shall fall short of such aggregate amount shall be and remain due to IFC as a separate obligation, unaffected by judgment having been obtained (if such is the case) for any other amounts due under or in respect of this Agreement.

Section 3.08. The Company shall pay or cause to be paid all present and future taxes, duties, fees and other charges of whatsoever nature, if any, now or at any time hereafter levied or imposed by the Government of Guatemala or by any department, agency, political subdivision or taxing or other authority thereof or therein or by any organization of which Guatemala is a member on or in connection with the payment of any and all amounts due under this Agree-

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ment, and all payments of principal, interest and other amounts due under this Agreement shall be made without deduction for or on account of any such taxes, duties, fees and other charges; provided, however, that in the event the Company is prevented by operation of law or otherwise from paying or causing to be paid such taxes, duties, fees or other charges as aforesaid, the principal, or (as the case may be), interest or other amounts due under this Agreement shall be increased to such amount as may be necessary to yield and remit to IFC the full amount it would have received had such payments been made without deduction of such taxes, duties, fees or other charges. The foregoing provisions shall not be applicable to taxes, duties, fees and other charges which are a direct consequence of a Participant (or, as the case may be, a participant with a comparable participation in the A Loan or in the C Loan) or a successor or assignee thereof having its principal office in Guatemala or having or maintaining a permanent office or establishment in Guatemala if and to the extent that the relevant Participation (or comparable participation in the A Loan or the C Loan) is acquired by such permanent office or establishment.

Section 3.09. IFC may, by notice to the Company, suspend or cancel the right of the Company to request disbursements of the Loan, in whole or in part, as follows:

- (a) if the first such disbursement shall not have been made by July 1, 1993, or such other date as may be agreed by the parties hereto;
- (b) if any Event of Default or any event which, with lapse of time or notice and lapse of time as specified in Section 7.01, would become an Event of Default shall have happened and be continuing, or if the Event of Default specified in subsection (e) of Section 7.01 shall, in the reasonable opinion of IFC, be imminent;
- (c) if, at any time in the reasonable opinion of IFC, there shall exist any situation which indicates that performance by the Company of any of its obligations under this Agreement cannot be expected; or
- (d) on or after December 31, 1993

Upon the giving of such notice, any part of the Loan covered by the notice which has not theretofore been disbursed shall be suspended or cancelled as the case may be. The exercise by IFC of the right of suspension shall not preclude IFC from exercising its right of cancellation as provided herein, either for the same or another reason, and shall not limit any other provision of this Agreement.

Part 2: Provisions Peculiar to the A Loan

Section 3.10. The Company shall pay interest at the A Loan Interest Rate, namely the rate of 9.9375 per cent per annum, on the principal amount of the A Loan disbursed and outstanding from time to time and such interest shall be paid in Dollars quarterly on March 15, June 15, September 15 and December 15 in each year. Interest shall accrue from day to day and be prorated on the basis of a 360-day year for the actual number of days in the relevant interest period.

Section 3.11. (a) The Company shall have the right at any time, on not less than thirty (30) days' written notice to IFC and subject to payment of the prepayment premium referred to in subsection (b) below and all accrued interest on the principal amount of the A Loan to be prepaid, to prepay all or a part of the principal amount then outstanding of the A Loan; provided that, in the case of partial prepayment, such prepayment (i) shall be in an amount of not less than one million Dollars (\$1,000,000), and (ii) shall be applied to prepay all the outstanding repayment installments of the A Loan on a pro rata basis. Upon delivery of such notice, the Company shall be obligated to effect prepayment in accordance with the terms thereof.

(b) The prepayment premium shall be an amount in Dollars equal to the difference (or in the case of a partial prepayment, the same portion of such difference as the proportion which the amount of the A Loan to be prepaid bears to the principal amount of the A Loan then outstanding) between the Net Present Value of the Anticipated Income Stream and the Net Present Value of the Available Income Stream, all as more particularly described below.

The Anticipated Income Stream means the interest payments which would have been due on the A Loan at the interest rate specified in Section 3.10 for the period from the prepayment date until the final scheduled maturity date assuming that no prepayment had taken place and further assuming that the schedule of maturity dates had been adhered to and that all payments had been made on their due dates.

The Available Income Stream means the interest payments which would have been due on the A Loan at a rate equal to the aggregate of the Spread and the Current Swap Market Fixed Rate for the period from the prepayment date until the final scheduled maturity date assuming that no prepayment had taken place and further assuming that the schedule of maturity dates had been adhered to and that all payments had been made on their due dates.

(c) For the purposes of subsection (b) above

- (i) the "Current Swap Market Fixed Rate" means the fixed rate quoted in the relevant swap market (for an amount of the A Loan currency equal to the principal amount of the A Loan then outstanding) as the equivalent of the U.S. dollar 6 month London Interbank Offered Rate (LIBOR) for a period equal to the scheduled remaining period of the A Loan, calculated by IFC as of the prepayment date on the basis of quotations from two major dealers in the relevant swap market for value that date;
 - (ii) the "Net Present Value" means the value of the relevant Income Stream discounted (with stops on the same dates as would have been interest payment dates) back to the prepayment date from each of the relevant interest payment dates at a discount rate equal to the Current Swap Market Fixed Rate; and
 - (iii) the "Spread" means three and one-quarter per cent (3-1/4%) per annum.
- (d) The determination by IFC of the prepayment premium shall be final and conclusive unless shown by the Company that such determination has involved clerical error.
- (e) Despite the above provisions of this Section, no prepayment of the A Loan may be made unless the Company makes a proportionate prepayment of the B Loan at the same time.

Section 3.12. Without prejudice to the remedies available to IFC under this Agreement or otherwise:

- (a) if the Company fails to make any payment of interest or any other payment (except principal or the commitment charge or front-end fee provided for in Sections 3.04 (a) and (b)) on or in respect of the A Loan on or before its due date as specified in this Agreement (or, if not so specified, as notified to the Company), then, to the extent permitted by law, the Company shall pay in Dollars, by way of liquidated damages, in respect of the amount of such payment due and unpaid, interest at a rate equal to one per cent (1%) per annum above the A Loan Interest Rate from the date any such amount became due until the date of actual payment (as well after as before judgment) and such interest shall be payable on the next Interest Payment Date thereafter unless demanded or paid beforehand; and
- (b) if the Company fails to make any payment of the principal of the A Loan on or before its due date as specified in this Agreement (whether at stated maturity or upon pre-

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maturing), then, to the extent permitted by law, the Company shall pay, in Dollars, by way of liquidated damages, in respect of the amount of such payment due and unpaid, interest at a rate equal to one per cent (1%) per annum over and above the A Loan Interest Rate from the date any such amount became due until the date of actual payment (as well after as before judgment) and such interest shall be payable on the next Interest Payment Date thereafter unless demanded or paid beforehand.

Part 3: Provisions Peculiar to the B Loan

Section 3.13. Interest on the B Loan shall be determined, and the Company shall pay interest on the B Loan, as follows:

(a) The principal amount of the B Loan from time to time outstanding (or, in the case of the first B Loan Interest Period in respect of each B Loan Disbursement, the principal amount of such B Loan Disbursement from time to time outstanding) shall bear interest during the relevant B Loan Interest Period at the relevant B Loan Interest Rate calculated in accordance with the provisions of this Section.

(b) Interest shall accrue from day to day, be pro-rated on the basis of a 360-day year for the actual number of days in the relevant B Loan Interest Period and be due and payable in Dollars on the B Loan Interest Payment Date immediately following the end of the relevant B Loan Interest Period.

(c) The B Loan Interest Rate shall be three and one-quarter of one per cent (3.25%) per annum above the rate which appears on the Reuters Screen LIBO Page as of 11:00 a.m., London time, on the relevant B Loan Interest Determination Date for one month, two months or three months, whichever period is closest to the duration of the relevant B Loan Interest Period (or, if two periods are equally close to the duration of the relevant B Loan Interest Period, the longer one). If more than one such offered rate appears on the Reuters Screen LIBO Page, the B Loan Interest Rate shall be the arithmetical average (rounded upward, if necessary, to the nearest one-sixteenth of one per cent (1/16%)) of such offered rates.

(d) If, for any reason, the B Loan Interest Rate cannot be determined by reference to the Reuters Screen LIBO Page on any Interest Determination Date, IFC shall notify the Company and the Participants forthwith and shall determine the B Loan Interest Rate on that B Loan Interest Determination Date, in accordance with subsection (c) above mutatis mutandis, using rates advised to IFC by

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any two (2) of the banks (or by the bank if only one is available) whose rate(s) were last quoted on the Reuters Screen LIBO Page. If the services of the Reuters Screen LIBO Page cease to be available as a result of discontinuation of such service, IFC shall notify the Company and the Participants forthwith and shall determine the B Loan Interest Rate on any relevant B Loan Interest Determination Date, in accordance with subsection (c) above mutatis mutandis, using rates advised to IFC by three (3) major banks active in the Eurodollar Interbank Market in London selected by IFC after consultation with the Company and the Participants.

(e) The determination by IFC, from time to time, of the B Loan Interest Rate shall be final and conclusive and shall be binding upon the Company unless shown by the Company to the satisfaction of IFC that any such determination has involved clerical error.

Section 3.14. In addition to the prepayment rights with respect to the B Loan set out in Section 3.15 (c), the Company shall have the right at any time on not less than thirty (30) days' written notice to IFC, to prepay on any Interest Payment Date all or a part of the principal amount then outstanding of the B Loan without any prepayment penalty; provided that, in either case, all accrued interest and Maintenance Amount (if any) on the amount to be prepaid is paid at the same time; and provided further that, in the case of partial prepayment, such prepayment (i) shall be in an amount of not less than one million Dollars (\$1,000,000) and (ii) shall be applied so as to prepay all the outstanding repayment installments of the B Loan on a pro rata basis. Upon delivery of such notice, the Company shall be obligated to effect prepayment in accordance with the terms thereof.

Section 3.15. (a) On each Interest Payment Date, the Company shall pay in Dollars, with respect to the B Loan, in addition to interest at the B Loan Interest Rate, the amount which IFC shall from time to time notify (the "Maintenance Amount Notice") to the Company as being the aggregate of each Participant's Maintenance Amount (as defined in subsection (b) below) accrued and unpaid prior to such B Loan Interest Payment Date, provided that, the Company will not be obligated to compensate any Participant for all or a portion of the Maintenance Amount to the extent that the Participant incurs costs associated with the Maintenance Amount prior to ninety (90) days before IFC gives the Maintenance Amount Notice to the Company. The Maintenance Amount Notice shall include a copy of the Participant's Certification provided to IFC by the Participant.

(b) In connection with subsection (a) above the following terms shall have the following meanings:

(i) the term "Maintenance Amount" means the amount, if any, certified in the Participant's Certification to

be such Participant's net incremental costs of making or maintaining its Participation which result from (A) any change in applicable law or regulations or in the interpretation thereof by any governmental or regulatory authority charged with the administration thereof and/or (B) any compliance with any request from, or requirement of, any central bank or other monetary or other authority, which in either case, subsequent to the date of the relevant Participation Agreement, shall:

- (1) impose, modify or deem applicable any reserve, special deposit or similar requirements against assets held by, or deposits with or for the account of, or loans by, the Participant;
 - (2) impose a cost on the Participant as a result of its having acquired its Participation or reduce the rate of return on the Participant's overall capital which it would have been able to achieve if it had not acquired its Participation;
 - (3) change the basis of taxation on payments received by the Participant in respect of its Participation (other than by a change in taxation of the overall net income of the Participant); or
 - (4) impose on the Participant any other condition regarding the making or maintaining of its Participation; but
- (ii) the term "Maintenance Amount" shall not include any incremental costs of making or maintaining a Participation which are a direct consequence of a Participant having its principal office in, or maintaining a permanent office or establishment in, Guatemala; and
- (iii) the term "Participant's Certification" means a certification furnished from time to time to IFC by a Participant (such certification to be furnished as soon as the relevant Maintenance Amount is known) certifying:
- (A) the circumstances giving rise to the Maintenance Amount;

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that such Participant's net costs have been increased;

- (C) that it has exercised reasonable efforts to minimize or eliminate such increase; and

the Maintenance Amount together with reasonable detail showing how the Maintenance Amount was calculated.

(c) Notwithstanding anything in Section 3.14, the Company shall have the right on any B Loan Interest Payment Date, upon not less than thirty (30) days' written notice to IFC (which notice shall be irrevocable and shall bind the Company to make the prepayment specified below) and upon payment of all accrued interest and Maintenance Amount (if any) on the amount to be prepaid, to prepay, without any prepayment premium, that portion of the B Loan which IFC informs the Company is subject to a Participation on which a Maintenance Amount is then being charged.

Section 3.16. Notwithstanding anything to the contrary contained in this Agreement, if, subsequent to the date of this Agreement, any change made in any applicable law or regulation or the interpretation or application thereof by any governmental authority charged with the administration thereof shall make it unlawful for any Participant to continue to maintain or to fund its Participation, the Company shall, within three Business Days of receipt of a request by IFC, prepay in full that part of the principal amount of the B Loan which IFC advises is subject to such Participation, together with all accrued interest and Maintenance Amount (if any) thereon and/or, as the case may be, the right of the Company to disbursement of that part of the B Loan subject to such Participation which shall not theretofore have been disbursed, shall terminate immediately.

Section 3.17. Without prejudice to the remedies available to IFC under this Agreement or otherwise:

(a) if the Company fails to make any payment of interest or any other payment (except principal or the commitment charge and front-end fee provided for in Sections 3.04 (a) and (b)) on or in respect of the B Loan on or before its due date as specified in this Agreement (or, if not so specified, as notified to the Company), then, to the extent permitted by law, the Company shall pay, in Dollars, in respect of the amount of such payment due and unpaid, interest at a rate which shall equal one per cent (1%) per annum above the relevant B Loan Interest Rate then in force from the date any such amount became due until the date of actual payment (as well after as before judgment) and such interest shall be payable on the

next Interest Payment Date thereafter unless demanded or paid beforehand; and

(b) if the Company fails to make any payment of the principal of the B Loan on or before its due date as specified in this Agreement (whether at stated maturity or upon prematuring), then, to the extent permitted by law, the Company shall pay, in Dollars, in respect of the amount of such payment due and unpaid, interest at the rate of one per cent (1%) per annum above the relevant B Loan Interest Rate then in force from the date any such amount became due until the date of actual payment (as well after as before judgment) and such interest shall be payable on the next Interest Payment Date thereafter unless demanded or paid beforehand.

Section 3.18. If, as a result of (i) any failure by the Company to pay any sums due in respect of the B Loan under this Agreement on the due date therefor, to borrow in accordance with a request for a B Loan Disbursement made pursuant to Section 3.02 or to make any prepayment of the B Loan in accordance with a notice of prepayment pursuant to Sections 3.14 or 3.15 (c) or (ii) any prepayment of all or any portion of the B Loan on a date other than an Interest Payment Date, any Participant shall incur costs, expenses or losses, the Company shall pay, in Dollars, upon request by IFC, the amount which IFC shall notify to the Company as being the aggregate of such costs, expenses and losses. For the purposes of the preceding sentence, "costs, expenses or losses" shall include, without limitation, any interest paid or payable to carry any unpaid amount and any loss, premium, penalty or expense which may be incurred in liquidating or employing deposits of or borrowings from third parties in order to make, maintain or fund the B Loan or any portion thereof.

Part 4: Provisions Peculiar to the C Loan

Section 3.19. The Company shall pay interest at the C Loan Interest Rate, namely the rate of fourteen per cent (14%) per annum, on the principal amount of the C Loan disbursed and outstanding from time to time and such interest shall be paid in Dollars quarterly on March 15, June 15, September 15 and December 15 in each year. Interest shall accrue from day to day and be prorated on the basis of a 360-day year for the actual number of days in the relevant interest period.

Section 3.20. (a) The Company shall have the right at any time, on not less than thirty (30) days' written notice to IFC and subject to payment of the prepayment premium referred to in subsection (b) below and all accrued interest on the principal amount of the C Loan to be prepaid, to prepay all or a part of the principal amount then

outstanding of the C Loan; provided that, in the case of partial prepayment, such prepayment (i) shall be in an amount of not less than five hundred thousand Dollars (\$500,000), and (ii) shall be applied to prepay all the outstanding repayment installments of the C Loan on a pro rata basis. Upon delivery of such notice, the Company shall be obligated to effect prepayment in accordance with the terms thereof.

(b) The prepayment premium shall be an amount of Dollars equal to a percentage of the amount of the C Loan to be prepaid, such percentage being calculated by multiplying (i) the number of years from the proposed prepayment date to the scheduled final maturity date of the C Loan (as shown in the table in Section 3.03 (c) by (ii) a factor of five and one-half (5-1/2); provided that in the case of an incomplete year, there shall be counted only a fraction of a year whose numerator shall be the number of days in the relevant period and whose denominator shall be 360.

(c) The determination by IFC of the prepayment premium shall be final and conclusive unless shown by the Company that such determination has involved clerical error.

Section 3.21. Without prejudice to the remedies available to IFC under this Agreement or otherwise:

(a) if the Company fails to make any payment of interest or any other payment (except principal or the commitment charge or front-end fee provided for in Sections 3.04 (a) and (b)) on or in respect of the C Loan on or before its due date as specified in this Agreement (or, if not so specified, as notified to the Company), then, to the extent permitted by law, the Company shall pay in Dollars, by way of liquidated damages, in respect of the amount of such payment due and unpaid, interest at a rate equal to one per cent (1%) per annum above the C Loan Interest Rate from the date any such amount became due until the date of actual payment (as well after as before judgement) and such interest shall be payable on the next Interest Payment Date thereafter unless demanded or paid beforehand; and

(b) if the Company fails to make any payment of the principal of the C Loan on or before its due date as specified in this Agreement (whether at stated maturity or upon pre-maturing), then, to the extent permitted by law, the Company shall pay, in Dollars, by way of liquidated damages, in respect of the amount of such payment due and unpaid, interest at a rate equal to one per cent (1%) per annum over and above the C Loan Interest Rate from the date of actual payment (as well after as before judgement)

and such interest shall be payable on the next Interest Payment Date thereafter unless demanded or paid beforehand.

Section 3.22. (a) Notwithstanding anything herein provided, IFC and the Company hereby agree, for the exclusive benefit of the Senior Lenders, that the C Loan that may at any time be outstanding shall, in the events, in the manner, to the extent and upon all the terms and conditions hereinafter in this Section set forth, be subordinate and junior in right of payment to the prior payment in full (whether at stated maturity or by acceleration) of all Senior Indebtedness then due and payable. The provisions of this Section are solely for the purpose of defining the relative rights of the Senior Lenders on the one hand, and IFC (as holder of the C Loan) on the other hand, and nothing herein shall impair, as between the Company and IFC (as holder of the C Loan) the obligation of the Company to pay to IFC the C Loan principal, interest, and any other amounts due in accordance with the terms thereof, nor shall anything herein prevent IFC (as holder of the C Loan) from exercising all remedies otherwise permitted by applicable law or under this Agreement upon the occurrence of any Event of Default;

(b) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, or other similar proceedings in connection therewith, relative to the Company, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Company, the Senior Lenders shall be entitled to receive payment in full of all principal and interest on all Senior Indebtedness before IFC (as holder of the C Loan) is entitled to receive any payment on account of the C Loan; and to that end (but subject to the power of a court of competent jurisdiction to make other equitable provision, reflecting the rights conferred by this Agreement upon the Senior Indebtedness and the Senior Lenders with respect to the C Loan, and the holder thereof, in connection with the adoption of a lawful plan of reorganization under applicable bankruptcy law) the Senior Lenders shall be entitled to receive for application in payment of the Senior Indebtedness any payment or distribution of any kind or character, whether in cash or property or securities, which may be payable or deliverable in any such proceedings to IFC (as holder of the C Loan) in respect of the C Loan; and

(c) Subject to the payment in full of all Senior Indebtedness, IFC (as holder of the C Loan) shall be subrogated to the rights of the Senior Lenders to receive payments or distributions of assets of the Company or other payments applicable to the Senior Indebtedness, to the extent of the application thereto of monies or other assets which would have been received by IFC (as holder of the C Loan) but for the provisions of this Section, until all monies payable under this Agreement in respect of the C Loan shall have been fully paid

in accordance with its terms; and for the purposes of such subrogation, no payments or distributions to the Senior Lenders of cash, property or securities to which IFC (as holder of the C Loan) would be entitled except for the provisions of this Section shall, as between the Company, its creditors (other than Senior Lenders) and IFC (as holder of the C Loan) be deemed a payment by the Company on account of the Senior Indebtedness.

ARTICLE IV

Representations and Warranties

Section 4.01. The Company confirms the representations contained in the Letter of Information as if they had been made by it and set out ~~in extenso~~ in, and as of the date of, this Agreement.

Section 4.02. The Company also represents as follows:

(a) that it is a corporation duly incorporated under the laws of Delaware and has the corporate power to conduct its business as presently conducted and to enter into this Agreement;

(b) that this Agreement has been duly authorized and executed by the Company and constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms; and

(c) that neither the making of this Agreement nor the compliance with its terms will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default or require any consent under, any indenture, mortgage, agreement or other instrument or arrangement to which the Company is a party or by which it is bound, or violate any of the terms or provisions of the Company's Certificate of Incorporation or any judgment, decree or order or any statute, rule or regulation applicable to the Company.

Section 4.03. The Company acknowledges that it has made the representations referred to in Sections 4.01 and 4.02 with the intention of persuading IFC to enter into this Agreement and that IFC has entered into this Agreement on the basis of, and in full reliance on, each of such representations. The Company warrants to IFC that each of such representations is true and correct in all material respects as of the date of this Agreement and that none of them omits any material facts the omission of which makes any of such representations misleading.

Section 4.04. The rights and remedies of IFC in relation to any misrepresentations or breach of warranty on the part of the Company shall not be prejudiced by any investigation by or on behalf of IFC into the affairs of the Company, by the execution or the performance of this Agreement or by any other act or thing which may be done by or on behalf of IFC in connection with this Agreement and which might, apart from this Section, prejudice such rights or remedies.

ARTICLE V

Conditions of Disbursement

Section 5.01. The obligation of IFC to make the first disbursement of the Loan shall be subject to the performance by the Company of all its obligations theretofore to be performed under this Agreement and to the fulfillment, in a manner satisfactory to IFC, prior to or concurrently with the making of such first disbursement, of the following further conditions:

(a) arrangements satisfactory to IFC shall have been made with respect to the installation and operation of an accounting and cost control system and a management information system and for the appointment as Auditors of a firm of independent public accountants acceptable to IFC;

(b) the Company shall have its properties and business insured with financially sound and reputable insurers against loss or damage in such manner and to the same extent as shall be no less than that generally accepted as customary in regard to property and business of like character and shall have furnished IFC a certificate from the Company's insurers or insurance brokers, indicating the properties insured, amounts and risks covered, naming the Senior Lenders and the Company as loss payees, names of the insurers and special features of the insurance policies in effect on the date of the relevant certificate, provided that, with respect to the two Project Barges, the Company shall have the insurance described in the First Preferred Fleet Mortgage in the exact form therein described;

(c) the following agreements, each in form and substance satisfactory to IFC, shall have been entered into between the respective parties thereto, shall have become (or, as the case may be, shall remain) unconditional and fully effective in accordance with their respective terms:

- (i) the Operation and Maintenance Agreement;
- (ii) the Other Loan Agreements, if any;
- (iii) the Sponsor Support Agreement;

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- (iv) the Project Funds Agreement;
 - (v) the Share Retention Agreement; and
 - (vi) the PPA;
- (d) the Certificate of Incorporation of the Company shall be in form and substance satisfactory to IFC;
- (e) the following Security shall have been created and perfected:
- (i) the First Preferred Fleet Mortgage;
 - (ii) a collateral assignment by the Company to IFC for the benefit of IFC and any counterparty to a Swap Agreement of all its rights under the PPA, including the right of IFC to acquire the PPA in the event of foreclosure, and the ninety-day letter of credit issued under clause Tenth thereunder;
 - (iii) to the extent permitted by law, a collateral assignment to IFC for the benefit of IFC and any counterparty to a Swap Agreement of all concessions, agreements, licenses and permits associated with the Project (including the Site Lease and the Turnkey Construction Contract);
 - (iv) a designation of IFC and the Company as loss payees on all insurance policies (other than insurance policies obtained from Overseas Private Investment Corporation under which the Company will be sole loss payee) issued in connection with the Project assets and business; and
 - (v) a mortgage under Guatemalan law on the Company's land based assets located in Guatemala (such assets being herein called the "Guatemalan Assets" and such mortgage being herein called the "Guatemalan Mortgage") provided, however, that the Company shall not be required to create the Guatemalan Mortgage if, prior to the first disbursement of the Loan, EDC shall have entered into an agreement with IFC under which EDC shall agree that if an Event of Default exists and IFC exercises its foreclosure rights under the First Preferred Fleet Mortgage then EDC, at the request of IFC, will pay to IFC within thirty days of such request an amount in Dollars equal to the lesser of (i) \$10 million (less the proceeds of any sale of the Guatemalan Assets received by IFC), and (ii) all amounts owed to IFC under the Investment Agreement following the sale of the

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Company's assets under the First Preferred Fleet Mortgage;

(f) there shall have been obtained, or there shall have been made arrangements satisfactory to IFC for obtaining, all material governmental, corporate, creditors', shareholders' and other necessary licenses, approvals or consents for: (i) the financing by IFC under this Agreement; (ii) the carrying on of the business of the Company as it is contemplated to be carried on; (iii) the carrying out of the Project and the Financial Plan; (iv) the due execution and delivery of, and performance under, this Agreement, the Security and the other agreements referred to in Section 5.01 (c), and any documents in implementation of any thereof; and (v) the remittance to IFC or its assigns of all monies payable in respect of this Agreement and the Security;

(g) IFC shall have received a legal opinion or opinions, in form and substance satisfactory to it, of Guatemalan, New York and U.S. maritime counsel acceptable to IFC, with respect to: (i) the organization and existence of the Company; (ii) the matters referred to in subsections (c), (d), (e) and (f) above; (iii) the title of the Company to, or other interest of the Company in, its assets, movable and immovable; (iv) the authorization, execution, validity and enforceability of this Agreement, the Security, the agreements referred to in Section 5.01 (c) and any documents in implementation of any thereof; (v) the compliance with all obligations referred to in Sections 3.08 and 6.03; (vi) the priorities or privileges, if any, that creditors of the Company, other than IFC, may have by reason of law; and (vii) such other matters incident to the transactions contemplated by this Agreement as IFC shall reasonably request;

(h) the entire equity and quasi-equity contemplated in the Financial Plan consisting of \$13.75 million from EDC and the EEGSA Deposit, shall have been paid in;

(i) arrangements satisfactory to IFC shall have been made to insure that the Project will operate within the environmental and occupational health and safety guidelines, set out in Section 6.01 (1);

(j) the letter of credit or cash collateral in an amount equal to the Maximum Debt Service Deficiency shall have been established in a manner satisfactory to IFC;

(k) arrangements satisfactory to IFC shall have been made for appointment of an agent for service of process pursuant to Section 8.07 (b);

(l) a copy of the authorization to the Auditors referred to in Section 6.01 (e) shall have been furnished to IFC;

(m) the evidence of signature authority and specimen signatures referred to in Section 8.02 shall have been supplied to IFC;

(n) the Project Barges shall have been duly documented in the name of the Company under the laws of the United States; and

(o) all fees payable to IFC under the Mandate Letter shall have been paid in full to the satisfaction of IFC.

Section 5.02. The obligation of IFC to make any disbursement of the Loan shall also be subject to the conditions that:

(a) no Event of Default and no event which, with lapse of time or notice and lapse of time as specified in Section 7.01, would become an Event of Default shall have occurred and be continuing;

(b) there shall not have occurred any default by any party in the performance of any provision of the Security or of any of the agreements listed in Section 5.01 (c);

(c) the proceeds of such disbursement shall, at the time of request therefor, be needed by the Company for the purposes of the Project;

(d) nothing shall have occurred which might materially and adversely affect the carrying out of the Project or the Company's business prospects or financial condition, or which shall make it improbable that the Company will be able to fulfill any of its obligations under this Agreement nor shall the Company have incurred any material loss or liability (except such liabilities as may be incurred by the Company in accordance with the provisions of Section 6.02);

(e) the representations and warranties confirmed or made in Article IV shall be true on and as of the date of the disbursement or subscription with the same effect as though such representations and warranties had been made on and as of the date of such disbursement or subscription; and

(f) the proceeds of such disbursement shall not be in reimbursement of, or used for, expenditures in the territories of any country which is not a member of IFC (other than any country which is a member of the International Bank for Reconstruction and Development) or for goods produced in or services supplied from such territories; and the Company shall have delivered to IFC a certification, in form and substance satisfactory to IFC, with respect to the foregoing conditions, signed by an authorized representative of

the Company and expressed to be effective as of the date of the relevant disbursement or subscription, together with: (i) such evidence as to the proposed utilization of the proceeds of the relevant disbursement and the utilization of the proceeds of any prior disbursement as IFC shall reasonably require; and (ii) if IFC shall so request, a legal opinion or opinions, in form and substance satisfactory to it, of counsel acceptable to IFC, and concurred in by counsel for the Company, with respect to any matters incident to the disbursement or subscription.

Section 5.03. The obligation of IFC to make any disbursement of the Loan shall also be subject to the conditions that:

(a) the Company shall have the corporate authority to borrow the amount requested to be disbursed;

(b) the amount requested to be disbursed shall be within the Company's available borrowing power; and

(c) after giving effect to such disbursement the Company shall not be in violation of its Certificate of Incorporation, any provision contained in any document to which the Company is a party (including this Agreement) or by which the Company is bound, or any law, rule or regulation directly or indirectly limiting or otherwise restricting the Company's borrowing power or authority or its ability to borrow; and the Company shall have delivered to IFC a certification, in form and substance satisfactory to IFC, with respect to the foregoing conditions, signed by an authorized representative of the Company and expressed to be effective as of the date of such disbursement.

Section 5.04. Notwithstanding anything provided in this Agreement:

(a) IFC shall not be obligated to make any disbursement of the A Loan or of the B Loan except after all of the C Loan shall have been disbursed;

(b) IFC shall not be obligated to make any disbursement of the A Loan until one or more Participation Agreements in the full amount of the B Loan shall have been executed by Participants; and

(c) IFC shall not be obligated to make any disbursement of the B Loan except to the extent that funds shall be provided therefor by the Participants under the Participations.

Section 5.05. (a) No course of dealing or waiver by IFC in connection with any condition of disbursement under this Agreement shall impair any right, power or remedy of IFC with respect to any other condition of disbursement, or be construed to be a waiver

thereof; nor shall the action of IFC in respect of any disbursement affect or impair any right, power or remedy of IFC in respect of any other disbursement.

(b) Unless otherwise notified to the Company by IFC and without prejudice to the generality of subsection (a) above, the right of IFC to require compliance with any condition under this Agreement which may be waived by IFC in respect of any disbursement is expressly preserved for the purposes of any subsequent disbursement.

ARTICLE VI

Particular Covenants

Section 6.01. Unless IFC shall otherwise agree, the Company shall:

(a) carry out the Project and conduct its business with due diligence and efficiency and in accordance with sound engineering, financial and business practices; carry out the Project in accordance with the description thereof which is referred to in the Letter of Information (subject to any modifications to which IFC may agree in writing); and cause the financing specified in the Financial Plan to be applied exclusively to the Project;

(b) keep its properties (including the Project Barges, as required in the First Preferred Fleet Mortgage) and business insured with financially sound and reputable insurers against loss or damage in such manner and to the same extent as shall be no less than that generally accepted as customary in regard to property and business of like character and shall, within ninety (90) days after the end of each Fiscal Year, submit to IFC a certificate from the Company's insurers or insurance brokers, indicating the properties insured, names of the insurers, amounts and risks covered, naming the Senior Lenders and the Company as loss payees, and any special features of the insurance policies in effect on the date of the relevant certificate;

(c) promptly and diligently install, and thereafter maintain, the accounting and cost control system and management information system referred to in Section 5.01 (a), and maintain books of account and other records adequate to reflect truly and fairly the financial condition of the Company and the results of its operations in conformity with United States generally accepted accounting principles consistently applied;

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(d) as soon as available, but, in any event, within ninety (90) days after the end of each quarter of each Financial Year, furnish to IFC: (i) two copies of the Company's complete financial statements for such quarter in form satisfactory to IFC and, if requested by IFC, certified by an officer of the Company; (ii) a report on any factors materially and adversely affecting or which might materially and adversely affect the Company's business and operations or its financial condition; and (iii) a statement of all financial transactions between the Company and each of its Subsidiaries and affiliated companies (with the term "affiliated companies" meaning for the purposes of this subsection or subsection (e) below, any corporate entity in whose share capital the Company or its parent company or any of their respective subsidiaries has a direct or indirect interest exceeding fifty per cent (50%) of its share capital);

(e) as soon as available but, in any event, within one hundred and twenty (120) days after the end of each Fiscal Year, furnish to IFC: (i) two (2) copies of its complete financial statements for such Fiscal Year (which are in agreement with its books of account and prepared in accordance with United States generally accepted accounting principles and consistently applied), together with an audit report thereon, all in form satisfactory to IFC; (ii) a copy of any management letter or other written communication sent by the Auditors to the Company or to its management in relation to the Company's financial, accounting and other systems, management and accounts; (iii) a report by the Auditors certifying that, based on its said financial statements, the Company was in compliance with the financial covenants contained in Section 6.02 as of the end of the relevant Financial Year or, as the case may be, detailing any non-compliance; and (iv) a statement of all financial transactions between the Company and each of its Subsidiaries and affiliated companies (as defined in subsection (d) above); and the Company shall authorize the Auditors (whose fees and expenses shall be for the account of the Company) to communicate directly with IFC at any time regarding the Company's accounts and operations and shall furnish to IFC a copy of such authorization;

(f) notwithstanding anything herein provided for, for a period of one year from the date hereof the Company shall furnish to IFC monthly reports within thirty (30) days from the end of each month on the implementation and progress of the Project, including any factors materially affecting or which might materially affect the carrying out of the Project or the implementation of the Financial Plan (such reports being herein called the "Progress Reports"); and after the expiration of the one year term referred to above furnish IFC Progress Reports at the end of each quarter of each Fiscal Year within thirty (30) days from the end of the relevant quarter;

(g) give to IFC reasonable advance notice of the calling of any meeting of its stockholders indicating the agenda thereof and furnish promptly to IFC two (2) copies of: (i) all notices, reports and other communications of the Company to its shareholders; and (ii) the minutes of all such shareholders' meetings;

(h) furnish promptly to IFC such information as IFC may from time to time reasonably request regarding the Project and permit representatives of IFC upon reasonable advance notice and during normal business hours to visit any of the premises where the business of the Company is conducted and to have access to its books of account and records;

(i) promptly inform IFC of any proposed change in the nature or scope of the Project or the business or operations of the Company and of any event or condition which might materially and adversely affect the carrying out of the Project or the carrying on of the Company's business or operations;

(j) in the event that the firm of auditors chosen pursuant to Section 5.01 (a) should cease to be the Auditors of the Company for any reason, appoint and maintain as the Auditors of the Company another firm of independent public accountants approved by IFC;

(k) obtain and maintain in force (or where appropriate, promptly renew) all licenses, approvals or consents necessary for the carrying out of the Project and the Company's business and operations generally, except where the failure to obtain or maintain such licenses, approvals or consents will not have a material adverse effect on the Company, the Project or the Security; and perform and observe all the conditions and restrictions contained in, or imposed on the Company by, any such licenses, approvals or consents except where the failure to perform or observe such conditions and restrictions will not have a material adverse effect on the Company, the Project or the Security;

(l) comply with the World Bank's Occupational Health and Safety Guidelines and Environmental Guidelines, both dated September 1988 (not including any amendment or supplement thereto enacted after the date of this Agreement) and applicable Guatemalan environmental statutes, rules and regulations, and give IFC within sixty (60) days from the end of each Fiscal Year annual reports required to be submitted to CONAMA with respect to environmental, safety and occupational health aspects of the Project;

(m) within thirty (30) days from the date on which they become available furnish to IFC copies of the Annual Operating Plan and the Annual Budget as such terms are defined in Operation and Maintenance Agreement;

(n) upon the occurrence and continuance of an Event of Default, if requested by IFC in writing to do so, (i) transfer to IFC within ten (10) days of such request the right to use all of the Project land based assets located in Guatemala and (ii) if any of such assets is sold or in any other manner disposed of by the Company, transfer to IFC the proceeds of such sale immediately upon receipt thereof; and

(o) maintain at all times an adequate supply of fuel, including valid and enforceable fuel supply agreements.

Section 6.02. Unless IFC shall otherwise agree, the Company shall not:

(a) declare or pay any dividend or make any distribution on its share capital, or purchase, redeem or otherwise acquire any shares of the Company or any option over the same, if there shall have occurred and there shall be continuing an Event of Default under this Agreement, the Sponsor Support Agreement, the First Preferred Fleet Mortgage, the Operation and Maintenance Agreement or the Project Funds Agreement;

(b) declare or pay any dividend or make any distribution on its share capital (other than dividends or distributions payable in shares of the Company), or purchase, redeem or otherwise acquire any shares of the Company or any option over the same, except out of moneys earned after the Project Completion Date and then only if:

(i) immediately after each such dividend payment the Company has a minimum cash balance of not less than five hundred thousand Dollars (\$500,000); and

(ii) the Debt Service Coverage Ratio for the twelve month period immediately preceding each such dividend payment is at least 1.2:1.0;

(c) incur expenditures or commitments for expenditures for fixed and other non-current assets in excess of an aggregate amount equivalent to \$100,000 in any Fiscal Year, other than those required for carrying out the Project or necessary for maintenance, repairs or replacements incurred in the ordinary course of the Company's business or operations;

(d) incur, assume or permit to exist any indebtedness except:

(i) indebtedness contemplated in the Financial Plan;

(ii) subordinated loans under the Project Funds Agreement and/or the Sponsor Support Agreement;

- (iii) indebtedness which is incurred for money borrowed in the ordinary course of business, that is repayable within one year from the date of borrowing and which does not exceed fifty per cent (50%) of the aggregate of the Company's inventories, receivables, cash and short-term deposits;
 - (iv) indebtedness incurred in the ordinary course of business other than for money borrowed;
 - (v) any obligations arising under a Swap;
 - (vi) any indebtedness of the Company that, by its terms, is payable only out of amounts that would otherwise be paid or payable as dividends under the provisions of this Agreement;
 - (vii) indebtedness to EEGSA under the PPA; and
 - (viii) any other indebtedness of the Company subordinated to the obligations of the Company under this Agreement on terms and conditions satisfactory to IFC;
- (e) enter into any agreement or arrangement to guarantee or, in any way or under any condition, to become obligated for all or any part of any financial or other obligation of another person in excess of an aggregate amount of \$50,000 at any one time outstanding;
- (f) create or permit to exist any lien on any property, revenues or other assets, present or future, of the Company, except:
- (i) the Security;
 - (ii) any tax or other statutory lien, provided that such lien shall be discharged within thirty (30) days after the date it is created or arises (unless contested in good faith by the Company, in which case it shall be discharged within thirty (30) days after final adjudication);
 - (iii) purchase money security interests in respect of debt not exceeding in the aggregate \$50,000 at any time outstanding and arising out of equipment purchases; and
 - (iv) liens created pursuant to the Swap Agreements

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for the purposes of this subsection, the term "lien" shall include any mortgage, pledge, charge, privilege or priority of any kind, including, without limitation, any designation of loss payees or beneficiaries or any similar arrangement under any insurance policy;

(g) enter into any transaction other than the Operation and Maintenance Agreement with any person except in the ordinary course of business, on commercial terms and on the basis of arm's-length arrangements, or establish any sole and exclusive purchasing or sales agency, or enter into any transaction whereby the Company might pay more than the ordinary commercial price for any purchase or might receive less than the full commercial price (subject to normal trade discounts) for its products;

(h) except for the Operation and Maintenance Agreement, enter into any partnership, profit-sharing or royalty agreement or other similar arrangement whereby the Company's income or profits are, or might be, shared with any other person; or enter into any management contract or similar arrangement whereby its business or operations are managed by any other person;

(i) form or have any Subsidiary (other than Comelectric, S.A. and Electricidad del Pacifico, S.A.); make or permit to exist loans or advances to, or deposits (except commercial bank deposits in the ordinary course of business) with other persons or investments in any person or enterprise, provided, however, that the Company shall be at liberty to invest in short-term marketable securities acquired solely to give temporary employment to its idle resources;

(j) change its Certificate of Incorporation in any manner which would be inconsistent with the provisions of this Agreement, the Security, the Project Funds Agreement and the Share Retention Agreement; change its Fiscal Year; change the nature of its contemplated business or operations or change the nature of the Project; sell, transfer, lease or otherwise dispose of all or a substantial part of its capital assets (whether in a single transaction or in a series of transactions, related or otherwise); or undertake or permit any merger, consolidation or reorganization;

(k) terminate, amend, assign or grant any waiver in respect of any material provision of any of the agreements referred to in Section 5.01 (c);

(l) except for any prepayment, repurchase or repayment of indebtedness to the Operator or Enron as evidenced by subordinated loans made by the Operator to the Company pursuant to the Project Funds Agreement, or by subordinated loans made by Enron to the Company pursuant to the Sponsor Support Agreement or otherwise, make any prepayment (whether voluntarily or involuntarily) or repurchase of any long-term indebtedness (other than the Loan), or make any

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repayment of any such indebtedness pursuant to any provision of any agreement or note which provides directly or indirectly for acceleration of repayment in time or amount, unless in any such case it shall, if IFC so requires, contemporaneously make a proportionate prepayment or repayment of the principal amount then outstanding of the Loan;

(m) except for the Site Lease, enter into any agreement or arrangement to acquire by lease the use of any property or equipment of any kind in excess of an aggregate of \$100,000 of lease rental payments per year;

(n) make any repayment of the EEGSA Deposit except out of funds that would otherwise have been available for the payment of dividends under Section 6.02 (b); or

(o) pay any O&M Fees until payment in full of all Operating Expenses and Debt Service then due and payable.

Section 6.03. The Company shall pay all taxes (including stamp taxes), duties, fees or other charges payable on or in connection with the execution, issue, delivery, registration or notarization of this Agreement, the Security, the Project Funds Agreement, the Share Retention Agreement and any other documents related to this Agreement, and shall, upon notice from IFC, reimburse IFC or its assigns for any such taxes, duties, fees or other charges paid by IFC or its assigns thereon.

ARTICLE VII

Events of Default

Section 7.01. If one or more of the events specified in this Section ("Events of Default") shall have happened and be continuing, then IFC, by notice to the Company, may declare the principal of, and all accrued interest on, the A Loan and/or the B Loan and/or the C Loan or any part of any of them (together with any other amounts accrued or payable under this Agreement) to be, and the same shall thereupon become, immediately due and payable (anything in this Agreement to the contrary notwithstanding) without any further notice and without any presentment, demand or protest of any kind, all of which are hereby expressly waived by the Company:

(a) default shall have occurred in the payment of any principal of the Loan;

(b) default shall have occurred in the payment of any interest on the Loan, and such default shall have continued for a period of fifteen (15) days;

(c) default shall have occurred in the performance of any obligation of the Company under this Agreement (other than any obligation for the payment of principal or interest under this Agreement) or under any other agreement between the Company and IFC or the Security, or in the performance of any obligation by any party under any of the agreements listed in Section 5.01 (c), or in the payment of any fees owed IFC under the Mandate Letter, and any such default shall have continued for a period of thirty (30) days after notice thereof shall have been given to the Company by IFC;

(d) any representation or warranty made in the Letter of Information, Article IV or in connection with the execution and delivery of this Agreement, or in connection with any request for disbursement under this Agreement, shall be found to have been incorrect in any material respect as of the time made and shall continue to be incorrect for a period of thirty (30) days after notice thereof shall have been given to the Company by IFC provided that, if the circumstances that made any such representation or warranty incorrect at the time when made shall no longer be continuing and if the existence of such circumstances has not had an adverse effect on the interest of IFC or the ability of the Company to perform its obligations under this Agreement, then the Event of Default created under this clause (d) in respect of such circumstances shall no longer be deemed continuing;

(e) any government or governmental authority shall have condemned, nationalized, seized, or otherwise expropriated all or any substantial part of the property or other assets of the Company or of its share capital, or shall have assumed custody or control of such property or other assets or of the business or operations of the Company or of its share capital, or shall have taken any action for the dissolution or disestablishment of the Company or any action that would prevent the Company or its officers from carrying on its business or operations or a substantial part thereof;

(f) there shall have been entered against the Company a decree or order by a court adjudging the Company bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property or other assets, or ordering the winding up or liquidation of its affairs; or the institution by the Company of proceedings to be adjudicated bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a

petition or answer or consent seeking reorganization or relief under any applicable law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due; or any other event shall have occurred which under any applicable law would have an effect analogous to any of those events listed above in this subsection;

(g) a default shall have occurred with respect to any indebtedness of the Company in excess of fifty thousand Dollars (\$50,000) (other than the Loan) or under any agreement pursuant to which there is outstanding any such indebtedness of the Company, and any such default shall have continued for more than any applicable period of grace;

(h) either of the Project Barges is removed from the Project Site without IFC's prior consent; or

(i) the annual Average Availability, calculated for any calendar year, of the Plant shall fall below sixty-three per cent (63%), provided that such event shall, in IFC's reasonable opinion, materially and adversely affect the Company's ability to perform its obligations under this Agreement.

Section 7.02. If the Company shall have become voluntarily or involuntarily dissolved, or become bankrupt or insolvent (however such bankruptcy or insolvency may be evidenced), the principal of, and all accrued interest on, the Loan (together with any other amounts accrued or payable under this Agreement) shall thereupon become immediately due and payable (anything in this Agreement to the contrary notwithstanding) without any presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Company.

Section 7.03. If any Event of Default or any event which, with lapse of time or notice and lapse of time, would become an Event of Default shall have happened, the Company shall immediately give IFC notice thereof by cable or telex or facsimile specifying the nature of such Event of Default or such event and any steps the Company is taking to remedy the same.

Section 7.04. No course of dealing and no delay in exercising, or omission to exercise, any right, power or remedy accruing to IFC upon any default under this Agreement or any other agreement shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence therein; nor shall the action of IFC in respect of any such default, or any acquiescence by it

therein, affect or impair any right, power or remedy of IFC in respect of any other default.

ARTICLE VIII

Miscellaneous

Section 8.01. Any notice, request or other communication to be given or made under this Agreement to IFC or to the Company shall be in writing. Subject to the provisions of Section 6.01 (g) and Section 7.03, such notice, request or other communication shall be deemed to have been duly given or made when it shall be delivered by hand, mail, facsimile, cable or telex to the party to which it is required or permitted to be given or made at such party's address specified below or at such other address as such party shall have designated by notice to the party giving or making such notice, request or other communication.

For the Company:

Puerto Quetzal Power Corporation, Sucursal
c/o Puerto Quetzal Power Corp.
Three Allen Center
333 Clay Street, Suite 1800
Houston, Texas 77002

Attention: Executive Vice President and
Chief Financial Officer

Alternative address for communications by facsimile:

(713) 646-6022

For IFC:

International Finance Corporation
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for communications by facsimile:

(202) 477-6391

(202) 477-8164

(202) 477-8451

Alternative address for communications by telex:

248423 - World Bank (RCA)
64145 - World Bank (WUI)
197688 - World Bank (TRT)
82987 - World Bank (FTCC)

Section 8.02. The Company shall furnish or cause to be furnished to IFC evidence, in form and substance satisfactory to IFC, of the authority of the person or persons who will, on behalf of the Company, sign the requests and certifications provided for in this Agreement, or take any other action or execute any other document required or permitted to be taken or executed by the Company under this Agreement, and the authenticated specimen signature of each such person.

Section 8.03. All documents to be furnished or communications to be given or made under this Agreement shall be in the English language or, if in another language, shall be accompanied by a translation into English certified by a representative of the Company, which translation shall be the governing version between the Company and IFC.

Section 8.04. (a) The Company shall pay to IFC or as IFC may direct: the fees and expenses of IFC's Guatemalan, New York and U.S. maritime counsel incurred in connection with: (A) the preparation of the investment by IFC, (B) the preparation and/or review, execution and, where appropriate, registration of this Agreement, the Security and any other documents related to this Agreement; (C) the giving of any legal opinions required by IFC hereunder; (D) any amendment or modification to, or waiver under, this Agreement or any such other document; and (E) the registration (where appropriate) and the delivery of the evidences of indebtedness relating to the Loan and the disbursements thereof.

(b) If any amount owing to IFC under this Agreement shall be collected through any process of law or shall be placed in the hands of attorneys for collection, the Company shall pay (in addition to all monies then due in respect of the Loan or otherwise payable under this Agreement) reasonable attorneys' and other fees and expenses incurred in respect of such collection.

Section 8.05. All financial calculations to be made under, or for the purposes of, this Agreement shall be determined in accordance with generally accepted accounting principles in the United States applied on a consistent basis and, except as otherwise required to conform to the provisions of this Agreement, shall be calculated from the then most recently issued quarterly financial statements which the Company is obligated to furnish to IFC from

time to time, as provided in Section 6.01 (d); provided, however, that if the relevant quarterly financial statements should be in respect of the last quarter of a Fiscal Year then, at IFC's option, such calculations may instead be made from the audited financial statements for the relevant Fiscal Year.

Section 8.06. This Agreement shall continue in force until all monies payable hereunder shall have been fully paid in accordance with the provisions hereof.

Section 8.07. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York, United States of America.

(b) The Company hereby irrevocably agrees that any legal action, suit or proceeding arising out of or relating to this Agreement may be brought in the courts of the State of New York or of the United States of America located in the Southern District of New York. By the execution and delivery of this Agreement, the Company hereby irrevocably submits to the non exclusive jurisdiction of any such court in any such action, suit or proceeding and agrees to designate, appoint and empower CT Corporation System, 1633 Broadway, New York, New York as its authorized agent solely to receive for and on its behalf service of summons or other legal process in any such action, suit or proceeding in the State of New York. Final judgement against the Company in any such action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction including Guatemala by suit on the judgement. Nothing herein shall affect the right of IFC to commence legal proceedings or otherwise sue the Company in Guatemala or any other appropriate jurisdiction or to serve process upon the Company in any manner authorized by the laws of any such jurisdiction.

(c) The Company further covenants and agrees that, for so long as it shall be bound to IFC under this Agreement, it shall maintain a duly appointed agent for the service of summons and other legal process in New York, New York, United States of America, for purposes of any legal action, suit or proceeding brought by IFC in respect of this Agreement and shall keep IFC advised of the identity and location of such agent. The Company further irrevocably consents, if for any reason there is no authorized agent for service of process in New York, New York, to the service of process out of the said courts by mailing copies thereof by registered United States air mail, postage prepaid, to the Company at its address specified herein; and in such a case IFC shall also send by telex or confirmed facsimile, or shall undertake that there is also sent by telex or confirmed facsimile, a copy of such process to the Company.

(d) The mailing, telexing or telefaxing of process in the manner provided in subsection (c) above in any such action, suit or

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proceeding shall, be deemed personal service and accepted by the Company as such and shall be valid and binding upon the Company for all the purposes of any such action, suit or proceeding.

(e) In addition, the Company irrevocably waives, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any action, suit or proceeding arising out of the State of New York or in the United States District Court for the Southern District of New York, and any claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. Further, the Company, to the fullest extent permitted by applicable law, irrevocably waives any right it may now or hereafter have to the removal to a United States Federal Court of any action brought hereunder in a state court of the State of New York.

Section 8.08. This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto, except that the Company may not assign or otherwise transfer all or any part of its rights or obligations under this Agreement without the prior written consent of IFC.

Section 8.09. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names as of the date first above written.

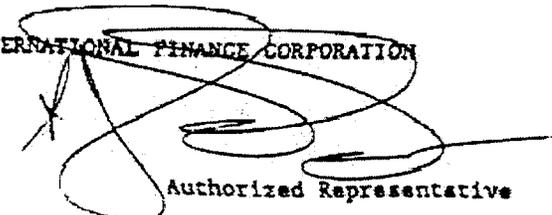
PUERTO QUETZAL POWER CORP.

By


Authorized Representative

INTERNATIONAL FINANCE CORPORATION

By


Authorized Representative

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Exhibit A
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Form of Disbursement Request

[Letterhead of the Company]

[Address]
[Date]

International Finance Corporation
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Gentlemen:

Investment No. 3535
Request for Loan Disbursement No. []

1. Please refer to the Investment Agreement (the Investment Agreement) dated as of March 31, 1993 between Puerto Quetzal Power Corp. (the "Company") and International Finance Corporation (IFC).
2. Expressions defined in the Investment Agreement shall bear the same meanings herein.
3. The Company hereby requests the disbursement, on or before _____, 199_, of the amount _____ of the [A, B, or C] Loan in accordance with the provisions of Section 3.02 of the Investment Agreement. You are requested to pay such amount to the Company's account No. _____ at [Bank] [address].
4. We undertake to deliver to IFC a signed, stamped, but undated receipt for the amount hereby requested to be disbursed and hereby authorize IFC to date such receipt with the date of actual disbursement by IFC of the funds hereby requested to be disbursed.
5. For the purposes of Section 5.02 of the Investment Agreement the Company hereby certifies as follows:
 - (a) no Event of Default, and no event which, with the lapse of time or notice and lapse of time as specified in Section 7.01 of the Investment Agreement would become an Event of Default has happened and is continuing;

- (b) there has not occurred any default by any party in the performance of any provision of any of the agreements referred to in Section 5.01 (c) of the Investment Agreement;
 - (c) the proceeds of the disbursement hereby requested are needed by the Company for the purposes of the Project.
 - (d) nothing has occurred which might materially and adversely affect the carrying out of the Project or the Company's business prospects or financial condition, or has made it improbable that the Company will be able to fulfill any of its obligations under the Investment Agreement; nor has the Company incurred any material loss or liability (except such liabilities as may be incurred by the Company under Section 6.02 of the Investment Agreement);
 - (e) the representations and warranties confirmed or made in Article IV of the Investment Agreement are true on the date hereof with the same effect as though such representations and warranties had been made on today's date; and
 - (f) the proceeds of the disbursement hereby requested will not be in reimbursement of, or used for, expenditures in the territories of any country which is not a member of IFC (other than any country which is a member of the International Bank for Reconstruction and Development) or for goods produced in or services supplied from such territories.
6. For the purposes of Section 5.03 of the Investment Agreement the Company hereby certifies as follows:
- (a) the Company has the corporate authority to borrow the amount requested to be disbursed;
 - (b) the amount requested to be disbursed is within the Company's available borrowing power; and

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Exhibit A
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(c) after giving effect to this disbursement the Company shall not be in violation of its Certificate of Incorporation, any provision contained in any document to which the Company is a party (including the Investment Agreement) or by which the Company is bound, or any law, rule or regulation directly or indirectly limiting or otherwise restricting the Company's borrowing power or authority or its ability to borrow.

7. The certifications in paragraphs 5 and 6 above are effective as of the date of this request for disbursement and will continue to be effective as of the date of disbursement.

If any of these certifications is no longer valid as of or prior to the date of the disbursement hereby requested, the Company will immediately notify IFC and will repay the amount disbursed upon demand by IFC if disbursement is made prior to the receipt of such notice.

Very truly yours

PUERTO QUETZAL POWER CORP

By

Authorized Representative

PUERTO QUETZAL POWER CORP

Officer's Certificate

The undersigned, a duly authorized representative of Puerto Quetzal Power Corp., a Delaware corporation (the "Company"), DOES HEREBY CERTIFY AS FOLLOWS:

1. This certificate is being delivered pursuant to Section 5.01(a) of that certain Investment Agreement, dated as of March 31, 1993, by and between the Company and International Finance Corporation (the "Investment Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to those terms in the Investment Agreement.

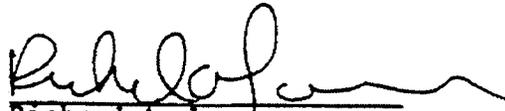
2. The Company has made arrangements for the installation and operation of an accounting and cost control system and a management information system as more fully described on Schedule 1 attached hereto.

3. The Company has appointed Arthur Andersen & Co. as auditors of the Company.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be executed and delivered this 1st day of April, 1993.

Puerto Quetzal Power Corp.

By:



Richard A. Lammers
Vice President - Finance