

REPUBLIC OF PERU



PRIVATE INVESTMENT PROMOTION AGENCY Committee of PROINVERSIÓN in Projects of Road, Railway and Airport Infrastructure – PRO INTEGRACIÓN



ProInversión

Agencia de Promoción de la Inversión Privada - Perú

FIRST DRAFT

CONCESSION CONTRACT

**COMPREHENSIVE PROJECT TENDER DOCUMENT FOR THE
CONCESSION OF LIMA CALLAO MASS TRANSPORT ELECTRIC SYSTEM
CONCESSION LINE 1, VILLA EL SALVADOR – GRAU AVENUE**

September 2009

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CONCESSION CONTRACT

Mr. Notary Public:

You are hereby requested to file in your register of Public Instruments the Concession Contract for the design, financing and construction of the main Maintenance Workshop for the new and existing trains and wagons (this includes access way to the workshop) on the second tier of the Rail Yard, supply of Rolling Stock and Exploitation of the Mass Transport Electric System Concession Line 1, Villa el Salvador – Grau Avenue Special Project (hereinafter the Contract), entered into by the State of the Republic of Peru (hereinafter the GRANTOR), acting through the Ministry of Transport and Communications (“MTC”), empowered by article 30, paragraph a) of Supreme Decree 060-96-PCM, domiciled at Jr. Zorritos 1203, Lima 1, Peru, duly represented by, with Identification Document (DNI), empowered by Ministerial Resolution, dated, and as the other executing party (hereinafter the CONCESSIONNAIRE), domiciled at (.....), province and department of Lima, Peru, duly represented by (.....), identified with (.....), domiciled for the effects of this agreement at (.....), province and department of Lima, Peru, duly empowered by (.....).

SECTION I: BACKGROUND AND DEFINITIONS

Backgrounds

- 1.1. The use of public thoroughfare was authorized for the construction of the infrastructure of the Lima Callao Mass Transport Electric System by Legislative Decree 418.
- 1.2. By Urgent Decree 058-2001 the administration of the Autonomous Authority for the Special Lima-Callao Mass Electric Transport System - AATE, was transferred to MML, as of June 1st, 2001, including budget resources, Assets, personnel and all pertaining documentation, thus MML is now empowered to autonomously determine its structure and organization.
- 1.3. The expansion of Line 1 of the Lima urban train from Atocongo Bridge to Grau Ave. was declared of national interest by Law 28670.
- 1.4. By means of Legislative Decree 674, Promotion of Private Investment in State Companies was declared of national interest, thus the Private Investment Promotion Commission (COPRI) was created as the institution to regulate the process. By means of Legislative Decree 758 regulations were introduced to promote private investment in public utilities infrastructure. By means of Legislative Decree 839 published on August 20, 1996, the Law for Private Investment Promotion in Infrastructure and Utilities Public Works was approved, with the Private Concessions Promotion Commission (PROMCEPRI) as the organization in charge.
- 1.5. The Single Uniform Text of the Regulations with Force of Law governing the granting in concession of infrastructure and utilities public works to the private sector was approved by means of Supreme Decree 059-96-PCM published on December 26, 1996. The Regulations for the Single Uniform Text of the

Regulations with Force of Law governing the granting in concession of infrastructure and utilities public works to the private sector was approved by Supreme Decree 060-96-PCM published on December 27th, 1996.

- 1.6. In accordance with Law 27111, the functions, powers and competences granted to PROMCEPRI were transferred to COPRI.
- 1.7. COPRI, the National Commission on Foreign Investment and Technologies – CONITE, and the Office of Economic Promotion Commission of Peru were merged by Supreme Decree 027-2002-PCM published on April 25, 2002 into FOPRI Executive Office, which in turn changed its name into the Investment Promotion Agency (PROINVERSION). Supreme Decree 039-2006-EF approved the regulation of organization and functions of PROINVERSIÓN.
- 1.8. Supreme Resolution 444-2001-EF published on September 15, 2001 set forth the Special Private Investment Committee in Infrastructure and Utilities Public Works. Supreme Resolution 065-2006-EF appointed the Permanent Members of the ProInversion Committee in Projects of Infrastructure and Utilities and Public Works.
- 1.9. Urgent Decree 054-2001 enabled PROINVERSION to take charge of the process of private investment promotion and the granting of concessions in Infrastructure and Utilities and Public Works, which used to be competency of City Halls, Charities, and other entities of the State, under the mechanisms, procedures and benefits established in Legislative Decree 674 and the Single Uniform Text approved by Supreme Decree 059-96-PCM.
- 1.10. The Regulations of Framework Law for Promotion of Decentralized Investment, Law 28059, approved by Supreme Decree 015-2004-PCM, establishes that Regional or Local Governments may request technical assistance from PROINVERSION to design and conduct the private investment promotion processes referred to in Article 18 of the Law. Likewise, it states that such technical assistance may be outsourced.
- 1.11. The Steering Committee from PROINVERSION agreed on January 18, 2007 to accept the request from Metropolitan City Hall of Lima. It also decided to incorporate the Project to the private investment promotion process under the mechanisms and procedures of the Single Uniformed Text approved by Supreme Decree 059-96-PCM and its Regulations approved by Supreme Decree 060-96-PCM. Finally, the Steering Committee agreed to entrust the PROINVERSION Committee in Infrastructure and Utilities and Public Works Projects with conducting the private investment promotion process.

PROINVERSION's Steering Committee resolution was ratified by Supreme Resolution 008-2007-EF, published on January 19, 2007 in the official gazette El Peruano.

- 1.12. The Private Investment Promotion Plan presented by PROINVERSION's committee in Projects of Infrastructure and Utilities and Public Works was approved by Steering Committee resolution 084, published on April 17, 2007 and ratified by Supreme Resolution 039-2007-EF, published on May 20, 2007.

- 1.13. The amendments to the Private Investment Promotion Plan of the Project were approved by Steering Committee resolution on August 07, 2009, which in turn was ratified by Supreme Resolution 082-2009-EF, published on August 16, 2009.
- 1.14. The contract to be entered into by the GRANTOR and the CONCESSIONNAIRE was approved by Agreement of the Steering Committee of PROINVERSION dated (...).
- 1.15. On (...), the PROINVERSION Committee in Road Infrastructure, Railway Infrastructure and Airport Infrastructure – PRO INTEGRACIÓN awarded the contract of Tender of Comprehensive Projects for the Concession of the Project to (...), whose members make up the CONCESIONNAIRE, which has certified fulfillment of the conditions established in the Bases in order to proceed to the entering into of the present contract.

Definitions

In this Contract, the following terms will have the meanings listed below:

AATE

The Autonomous Authority for the Special Lima-Callao Mass Electric Transport System, an entity created by Supreme Decree 001-86-MIPRE, with force of law introduced by Law 24565, and whose organization is regulated by Ministerial Resolution 508-2009-MTC/01.

Admitted Creditors

The concept of Admitted Creditors is only applicable to Permitted Guaranteed Debt. Therefore, the Admitted Creditor shall be:

- (i) Any credit multilateral institution where the State of the Republic of Peru holds a membership,
- (ii) Any institution, export credit entity or any government agency from any country with which the State of the Republic of Peru maintains diplomatic relations,
- (iii) Any financial institution approved by the State of the Republic of Peru and designated as First Tier Foreign Bank in Circular Letter 047-2008-BCRP, issued by Central Reserve Bank of Peru, or any other circular letter modifying it, and additionally those that substitute them provided they incorporate new institutions,
- (iv) Any other international financial institution approved by the GRANTOR, with a risk rating no less than the rate of the long term Peruvian sovereign debt, assessed by an entity of well known prestige and accepted by the National Supervisory Commission of Companies and Securities (CONASEV),
- (v) Any national financial institution approved by the GRANTOR, classified as an institution with a risk rating of “A” awarded by a duly authorized,
- (vi) All institutional investors, so considered by the current legal regulations who directly or indirectly purchase any kind of marketable security issued by the GRANTOR, such as the Pension Fund Administrators,
- (vii) Any trust fund or securitization firm based in Peru or abroad.
- (viii) Any natural person or legal entity that directly or indirectly purchases any kind of marketable security issued by GRANTOR through a public bid.

Said Admitted Creditor shall not have any kind of connection with the GRANTOR as per established in CONASEV Resolution 090-2005-EF-94.10, modified by CONASEV Resolution 005-2006-EF/94.10, or substitute regulation.

Initial Transfer Record of Grantor's Assets

It is the record prepared by GRANTOR for the transfer of part of the Assets of the GRANTOR to the CONCESSIONAIRE.

Final Transfer Record of GRANTOR's Assets.

It is the document entered into between the GRANTOR and the CONCESSIONAIRE that certifies that the CONCESSIONAIRE has taken possession of all assets and property of the GRANTOR given to the CONCESSIONAIRE.

Record of Investment Acceptance

It is the document entered into between the GRANTOR and the CONCESSIONAIRE that certifies acceptance of investments, indicating the date when the GRANTOR gave consent to the executed investments.

Reversion Document of the Concession Assets

It is the document entered into between the GRANTOR and the CONCESSIONAIRE that certifies delivery by GRANTOR to CONCESSIONAIRE of the Concession assets and property once the Concession ends.

Awardee

It is the successful bidder to which the contract is awarded.

The private Investment Promotion Agency – PROINVERSION

It is the office of the State of the Republic of Peru referred to in Supreme Decree 027-2002-PCM, Supreme Decree 034-2008-PCM and Supreme Decree 042-2009-EF, in charge of, among other tasks, to promote private investment in public infrastructure and Utilities works.

Calendar Year

It is the twelve month period between January 1st and December 31st, both dates inclusive.

Concession Area

It is the piece of public land whose components are established in Annex 8, which will be given to the Concessionaire by the GRANTOR to execute the investments and exploitation of the concession.

Technical Advisor in Operation

It is the person who showed certified capacity to exploit the Concession as per established in the Tender Bases.

Competent Environmental Authority

It is the General Directorate for Social and Environmental Safeguards of the Ministry of Transport and Communications and the only competent entity with the authority to approve the Environmental Impact Study mentioned in Section

Government Authority

It is any Peruvian government or national, regional, departmental, provincial or municipal authority, or any of its administrative or regulatory offices, agencies, or entities or bodies that legally exert executive, legislative or judiciary powers, or that is part of any of the governments, authorities, or institutions previously mentioned, that hold competency upon the people or matters in issue.

Bases

It is the document, including its forms, annexes, appendixes and circular letters issued by the PROINVERSION Committee in Projects for Road Infrastructure, Railway Infrastructure and Airport Infrastructure – PRO INTEGRACIÓN, that establishes the terms and conditions under which the Tender was held.

The Concession Assets

i) the GRANTOR'S Assets; ii) the Concession Area; iii) Investments y iv) and any other asset or good that may have been integrated into the investments and cannot be separated without affecting the proper functioning of said investments. Said Assets and Assets shall revert to the GRANTOR at the end of the Concession. The Concession Assets and Assets do not include those destined to provide Complementary Service, except for, in this last case, buildings or constructions which cannot be removed without causing damage to the Assets of the Concession or that may be indispensable for continuity of Service.

Assets of the GRANTOR

All Assets destined for the execution of the Contract, which will be delivered by the GRANTOR to the concessionaire at the Takeover Act.

GRANTOR's Assets

All Assets intended to the execution of the Contract, different from the Concession Assets property of the GRANTOR are subjected to the rules established in the Contract and/or the Laws Applicable may be purchased by the GRANTOR at the completion of the Concession pursuant to Clauses 5.35 to 5.46 of the Contract.

Expiration of Termination of Concession

It is the expiration or termination of the Concession due to any breach established in this Contract.

Transport Capacity

It is the number of passengers per hour the CONCESSIONAIRE can effectively transport during rush hour, which shouldn't be fewer than the real transport of passengers.

GRANTOR

It is the National Government of the State of the Republic of Peru, represented by the Ministry of Transport and Communications.

Concession

It is the legal relation of Public Law established between the GRANTOR and the CONCESSIONAIRE as of the entering into date, by which the GRANTOR grants the CONCESSIONAIRE the right to use the Concession Assets for economic gain during the Concession term. The CONCESSIONAIRE is responsible for the design, financing, construction and equipment of the main maintenance workshop for trains to be purchased and existing ones (it includes the railway) on the second tier of the rail yard, provision of Rolling Stock and Exploitation.

CONCESSIONAIRE

It is the corporation or corporate body made up by the Awardees, the will be in charge of designing, financing, building and equipping the investment and exploitation of the Special Lima-Callao Mass Electric Transport System Line 1, Villa El Salvador - Grau Avenue Project, and which enters into this contract.

Tender

It is the procedure regulated by the Tender Bases to grant the Concession.

Conservation

It is the set of activities performed as of the Take Over, in order to conserve, recover or increase the lifespan of the Concession Assets so that the CONCESSIONAIRE may fulfill the levels of service established in this Contract. Conservation includes maintenance of all Concession Assets.

Technical Assistance Contract for Operations

It is the Contract entered into between the CONCESSIONAIRE and the Operation Technical Advisor, so that the latter, on account of the CONCESSIONAIRE, takes charge of the obligations established in Sections VII and VIII. The entering into the Technical Assistance Contract for Operations shall not limit the responsibilities of the Concessionaire.

Concession Contract

It is the present document, its Annexes and Appendixes, entered into between the GRANTOR and the CONCESSIONAIRE that will govern relationship between the parties during the validity of the Concession.

Rolling Stock Supply Contract

It is the Contract to be signed by the CONCESSIONAIRE and the Rolling Stock Supplier, so that the latter, on account of the CONCESSIONAIRE, takes over supply, installation, tests and running of the Rolling Stock of the Concession. The entering into this contract will not limit the responsibilities of the CONCESSIONAIRE.

Effective Control

It is understood that a natural person or a corporate body is subject to the Effective Control of another corporate body in those cases provisioned in CONASEV Resolution 090-2005-EF-94.10 modified by CONASEV Resolution 005-2006-EF/94.10 or whoever regulation that substitutes it.

Day

They are the business days, that is, any day except Saturday, Sunday or non working holidays in the City of Lima. Holidays are also those non working days for the public sector, those days in which the Banks in Lima are not obliged to open, as well as any regional holiday declared so by the Governmental authority..

Calendar Day

Business, non business days and holidays.

Dollar or US\$

The currency or monetary symbol of the United States of America.

Affiliated Companies

A company shall be considered affiliated to another company when Effective Control of such companies is under control of a Parent Company.

Banks

Banks are those companies so defined by Law 26702, General Law of the Financial and Insurance Systems and Organic Law of the Superintendence of Banking and Insurance, to which the Bases refer to.

Parent Company

It is the company that has Effective Control over one or more companies. Also under this definition is the company who has control over a Parent Company, as it has been defined and successively

Related Company

It is any affiliated/ associated company, subsidiary or parent company.

Subsidiary Company

It is the company whose effective control is exerted by a parent company.

Allowed Guaranteed Borrowing

It consists of borrowing for financing or credit operations, issuing of securities and/or money loan from any Allowed Creditor under any modes of payment, which funds will be used in the fulfillment of the matter of this contract.

Technical Specifications

They are the minimum technical requirements needed for the investment, which have to be met by the CONCESSIONAIRE and which are established in Annex 6.

Socio Environmental Specifications

It is the set of techniques, procedures, and good practices established in the Laws Applicable, related to the requirements established for the protection and conservation of the environment, applicable to all phases of the Concession.

State

It is the State of the Republic of Peru.

Final Study

It is the detailed engineering to be developed by the CONCESSIONAIRE prior to commencement of the Execution Phase of the Investment, which must be consistent with the Technical Specifications. The Final Study shall include: studies, descriptive memory, design, detailed technical specifications, bill of quantities, detailed schedule, Blueprints of the project, laying out blueprints. The Final Study shall also include, just as information, an itemized budget, unitary price analysis, amounts and costs of required raw materials.

Execution of Investment Phase

It is the time when the CONCESSIONAIRE must execute the investment Works fulfilling the requirements established in this Contract up to the Investment Acceptance date.

Exploitation

It is the provision of service by the CONCESSIONAIRE, for which it will have the right to charge the Users of the Service a fare. The exploitation comprises the operation and Conservation of the Concession Assets, it also includes the provision of complementary services and corresponding charges for said services as established in this Contract and the Laws Applicable.

Investment Approval Date

It is the date in which the GRANTOR accepts/approves the investments by means of entering into the Act of Investment Acceptance as is established in Clause 6.38.

Date of Entering Into Contract

It is the day, venue and time when the conditions established in Section III of the Contract are fulfilled, and it is established as is specified for the Date of Closure of the Bases.

Administration Trust or Trust

It is the fund established by the CONCESSIONAIRE, whose Assets in trust are comprised, among other resources,,whose purpose will be the administration of said resources as provisioned in this contract. It is governed as established in Clause 9.5. The corresponding trust contract shall be entered into between the CONCESSIONAIRE and an authorized company to perform as a trust company as per Laws Applicable.

Fiduciary Agent

It is the fiduciary of the Administration.

Force Majeure

Is that situation established and governed by Section XIX.

Performance Bond

It is the bank guaranty given by the CONCESSIONAIRE as established in Clause 11.2, to ensure due performance of all obligations set in the Contract, including payment of fines.

Economic Group

It the group of corporate bodies, whatever their activity or social aim, subject to control of a natural person o number of natural persons, as defined in CONASEV Resolution 090-2005-EF-94.10, or the regulation that substitutes or modifies it.

Investment Progress Report

They are the reports to be written by the CONCESSIONAIRE summarizing progress son investments, including a description of the Works, supplies, equipment, provision of rolling stock, or others performed during the last calendar month and a comparison with the Schedule in Detail.

Guaranteed Minimum Annual Income (IMAG)

This is the guarantee granted by the GRANTOR in order to ensure the CONCESSIONAIRE a minimum annual income.

Optional Assets Inventory

It is the list of Assets the GRANTOR places at the CONCESSIONAIRE's disposal for his selection. Once selected, they will be added to the CONCESSIONAIRE's Assets.

Investments

They are the Works, rolling stock, and other necessary investments that have to been done on the GRANTOR's Assets to rehabilitate and/or adapt them as established in the Contract.ato.

Additional Investments

They are the investments acquired, installed and or built by the CONCESSIONAIRE, after the Investment Acceptance Date, and which are incorporated to the Assets of the Concession.

Laws Applicable

They are the body of Peruvian general legal regulations and laws that govern the contract and its effects. They include the Political Constitution of Peru , the regulations with force of law, regulations, directives and resolutions which may be enacted by any competent Government Authority.

Libor (London Interbank Offered Rate)

It is the reference interest rate at six (6) months reported by Reuters at London closing time.

Rolling Stock

It is the collective term that describes the railroad cars, coaches and wagons used to transport passengers. It includes the rolling stock bought by the CONCESSIONAIRE after take over and the existing rolling stock.

MEF

It is the Ministry of Economy and Finance of the State of the Republic of Peru.

MML

It is the Metropolitan Municipality of Lima.

Service Level

It is the minimum quality service indicators the CONCESSIONAIRE must achieve and keep during the Exploitation period, as specified in Annex 7 of the Contract.

New Sol o S/.

The legal currency used in Peru.

Works

They are the civil Works and equipment relevant to the construction of the main Maintenance Workshop for the Rolling Stock (it includes Access ways to same) on the second tier of the rail yard located in Villa El Salvador, same which are specified in the Technical Specifications.

Payment by IMAG

It is the result of the difference between IMAG and the CONCESSIONAIRE's income for providing the service in a specific period of time, as per Clause 11.1.4.

Party

Either the GRANTOR or the CONCESSIONAIRE independently.

Parties

The parties are both the GRANTOR and the CONCESSIONAIRE jointly.

Minimum Participation

It is the share participation equivalent to 25% of the CONCESSIONAIRE's equity that the strategic partner shall have and maintain in the CONCESSIONAIRE.

Effective Passengers

It is the number of passengers using the service in a specific period of time which can be annual or six-monthly. This definition does not include those passengers which by applicable law are exempt of payment.

Environmental Passive

It is an obligation, a debt that stems from the restoration, mitigation or compensation for an environmental damage or non-mitigated impact. This passive is considered when it ostensibly affects in a perceptible and quantifiable way natural environmental and human elements (physical and biotical), that is, health, quality of life and even public Assets (infrastructure) like parks and archaeological sites.

Persona

It is any corporate body, domestic or foreign which may perform legal acts and undertake responsibilities in Peru.

Conservation Plan

It is the program which contains the set of actions, measures and other correction or provision activities necessary to ensure the physical and operational integrity of the Concession, as well as reduce, overcome or neutralize any damage that might affect it, as per Annex 7.

Period of the Concession

It is the period of time between the date of entering into the contract and Concession termination or expiry.

Referential Budget

It is the referential amount needed for design, construction and provision of the investments until the Acceptance date. The Referential Budget is and 00/100 Dollars (US\$). This amount does not include General Sales Tax

Technical Proposal

It is the proposal submitted by the Awardee for the design, construction and provision of the Investments and Exploitation of the Concession and by which it commits to comply with the Technical Specifications. The Technical Proposal is one of the documents submitted by the Awardee in Envelope 2 during the Tender process.

Test Protocol

The Test Protocol are the documents developed by the CONCESSIONAIRE itemizing the Test Runs.

Supplier of Rolling Stock

The person or persons who have showed capacity in building and/or supply, installation, tests and running of rolling stock, as established in the Bases.

Test Runs

These are the test runs and launching of the investments specified in the Final Study and Technical Specifications which must be developed according to Clauses 6.22 to 6.33.

Commissioning

It is the stage after the Test Runs and ends with the signing of the Investment Acceptance Act. Proper running of the Concession and compliance of the Concessionaire to the Service Levels specified in the Contract are verified.

TUO Regulations

They are the regulations of the Single Uniform Text of the Regulations with Force of Law governing the granting in concession of infrastructure and utilities public works to the private sector, approved by Supreme Decree 060-96-PCM.

Regulator

It is the body in charge of supervision during the entire concession period.

Economic Retribution for the Concession

It is payment the CONCESSIONAIRE has agreed to pay to GRANTOR during the Concession period in the terms and conditions established in Clauses 9.23 and 9.24.

Internal Operations Regulations

The CONCESSIONAIRE must have and enforce an Internal Operations Regulations in order to comply with terms in Annex 7 and in the Laws Applicable, and which contains the safety regulations and the procedures for the operation of the trains, as well as the duties of the personnel involved and other operational regulations.

Service

It is the electric mass transit system service that the CONCESSIONAIRE will provide as per established in this Contract and pursuant to Laws Applicable.

Complementary Services

It is all those services which not being indispensable for the service and not being specified in the Technical Specifications may be provided by the CONCESSIONAIRE complying with the Laws Applicable and having obtained the authorizations, concessions and/or permits requested by the Laws Applicable.

Strategic Partner

It is the shareholder or partner of the CONCESSIONAIRE which has certified compliance of the financial requirements established in the Bases and which holds title to the Minimum Share in the CONCESSIONAIRE.

Main Shareholder

It is the person who directly or indirectly holds under any title or mode 5% or more of the equity in a specific corporate body.

Suspension

It is the temporary suspension of activities related to the execution of the Contract as a result of any breach or cause established in Clause 4.2.

Investment Supervisor

It is the company of renowned prestige hired by the Regulator for supervision of drawing up of Final Study, the execution of the Investments, the test run period, of the commercial launching and the Date of the Acceptance of Investments, among other things as established in Annex 9

Fare

The fee paid by the user of the service without including applicable taxes, nor the costs of other public transport services if any.

Average Fare

It is the fee resulting from dividing the total Service income from charged fares during a specific time period between the total number of effective passengers in that same period of time, calculated in New Soles with a 4 decimal approximation.

Debt Cost Rate

It is the Annual Internal Rate of Return of the debt flows of the CONCESSIONAIRE.

Exchange Rate

It is the sales average weighted Exchange rate established by the Superintendence of Banks, Insurance and AFP and published in the official gazette El Peruano, for the Exchange rate of Soles into US Dollars and vice versa.

Taking of Possession

It is the act where the CONCESSIONAIRE takes possession of the Concession area and the GRANTOR's Assets delivered by the GRANTOR for the execution of the contract with a written record of Delivery of the GRANTOR's Assets. The Taking of Possession shall be verified as established in Clauses 5.15 to 5.21 of the present Contract.

TUO

It is the Single Uniform Text of the Regulations with Force of Law that govern the granting in concession of infrastructure and utilities public works to the private sector, approved by Supreme Decree 059-96-PCM.

UIT

It is the Applicable Tax Unit in force at the moment of its application.

User

It is the natural person that receives the service provided by the CONCESSIONAIRE.

Net Book Value of the Intangible

It is described in Clauses 15.24 and following clauses

SECTION II: OBJECT, MODE AND CHARACTERS

OBJECT

2.1. By this present Contract, the GRANTOR gives in Concession to the CONCESSIONAIRE the right of economic gain from the Concession Assets during the validity period of the CONCESSION. The CONCESSIONAIRE shall be responsible for designing, construction, investment provision and Exploitation of the Exploitation of the Mass Transport Electric System Concession Line 1, Villa el Salvador – Grau Avenue Especial Project, in accordance with the stipulations contained in this Contract.

The CONCESSIONAIRE obliges itself to Exploit and deliver and/or return all Concession Assets to the GRANTOR at the end of the Concession as established in Section XV.

2.2. The primary activities or services of this Concession; thus, the objective of the rights and obligations of the Parties as set in this Contract are:

- a) The delivery, transfer and use of the GRANTOR's Assets, which are regulated in Section V of this Contract.
- b) The execution and provision of the investments as established in Section VI of the present Contract.
- c) The Conservation of the Concession Assets pursuant to Section VII of the present Contract.
- d) The exploitation as per conditions set in Section VIII of the present Contract.
- e) The return of the Concession Assets, regulated in Section V of the present Contract.

- 2.3. The present Contract has a DFBOT (design, finance, build, operate and transfer) pattern, thus, the infrastructure that is part of the Concession maintains at all moments its public condition. The CONCESSIONAIRE acquires the right to the Concession as of the date of the entering into of the Contract.
- 2.4. Considering that the object of the Concession right is to contribute to the social welfare of the population by means of an adequate provision of services in the economic conditions of serviceability as established in the Contract for a specific period of time, the acts of disposal and the constitution of right over the Concession must be compatible with this nature and be approved by the GRANTOR as per establishes this here Contract.

MODALITY

- 2.5. The modality of the Concession is self sustainable or co-financed, if the case be, pursuant to sub-section a) or c) of Article 14 of the TUO, whichever is the case.

CHARACTERS

- 2.6. Notwithstanding the multiplicity of activities and services in which its purpose is divided, pursuant to Clause 2.2, the Contract is unitary and serves only one purpose.
- 2.7. This is a host, continuing performance and reciprocal services contract.
- 2.8. The service subject of the Contract is governed by the principles of continuity, regularity and non-discrimination.

SECTION III: EVENTS ON THE DATE OF ENTERING INTO THE CONTRACT

Statements of the CONCESSIONAIRE

- 3.1. The CONCESSIONAIRE states and guarantees to the GRANTOR that the following statements are to the Date of the Entering Into the Contract, truthful, correct and complete. Likewise, they acknowledge that the entering into by the GRANTOR is based on the following statements:
- a) Constitution, validity and consent
The CONCESSIONAIRE is (i) a corporation duly constituted in Peru under the Laws Applicable; (ii) in accordance to its social purpose it is duly authorized and in capacity to undertake the obligations which correspond respectively as a consequence of entering into this Contract; and (iii) has complied with all necessary requirements to formalize this Contract and to fulfill the commitments established hereto.
- b) Authorization, entering into and effect
The entering into and fulfillment of the obligations established hereto by the CONCESSIONAIRE are within its faculties and has been duly authorized by the Board or other similar body.

The CONCESSIONAIRE has fully complied with the acts and/or proceedings required for the Tender in order to authorize the entering into this present Contract and for the fulfillment of the obligations undertaken under the present Contract. This Contract has been duly and validly entered into by the CONCESSIONAIRE and constitutes valid, binding and demanding obligation for the CONCESSIONAIRE.

The entering into this Contract constitutes the ratification of all acts performed and documents signed by the CONCESSIONAIRE or the legal representatives of the awardees, including any right or obligation that may correspond pursuant to the Bases, the present Contract or the Laws Applicable.

Any other acts or procedures by the CONCESSIONAIRE are not required from the CONCESSIONAIRE to authorize the entering into and fulfillment of the obligations undertaken as set in the Contract.

- c) The CONCESSIONAIRE and its capital
The CONCESSIONAIRE states that:
- (i) The only social purpose of the Concessionaire allows for the rendering of the Service and of the Complementary Services and it is domiciled in the Province of Lima.
 - (ii) The CONCESSIONAIRE has a subscribed and paid capital stock which complies with what is established in sub-section a) of Clause 3.7.
 - (iii) The capital stock of the CONCESSIONAIRE in force at the moment of entering into the Contract is in order as per established in the Bases.
 - (iv) The current main partners are aware of the contents of the present Contract and the implications for the investments that make in the CONCESSIONAIRE.
 - (v) The Strategic Partner is owner and holder of at least the Minimum Share.
- d) Lawsuits
They do not have been served notice for demands, denunciations, lawsuits, arbitrations or any other ongoing legal proceedings nor non executed sentences or decisions of any class against the CONCESSIONAIRE, the Strategic Partner and/or any main partner whose purpose is to ban or forestall or limit fulfillment of commitments or obligations stated in the present Contract.
- e) Contracting
The CONCESSIONAIRE states and acknowledges that it has achieved such a condition as a consequence of the Tender.

Neither the CONCESSIONAIRE nor its Main Partners have an impediment nor are subject to restrictions (contractually, judicially, arbitrary, legal or any other) to enter into contracts with the State pursuant to the Laws Applicable or to undertake and fulfill with all and each of the assumed obligations as per the Bases, the Technical Proposal, the Economic Proposal and the present Contract.

That they are not impeded to contract as per established in Article 1366 of the Civil Code, Article 27 of the TUO, and are not administratively

sanctioned with a temporary or permanent in habilitation to exercise their rights to contract with the State.

To the date of the Entering into the Contract, all information, statements certifications and, in general, all documents submitted in Envelopes 1 and 2 in the Tender stage are in force.

In the event that after entering into contract a falsehood is proved in the aforementioned statement, this present contract shall immediately be declared null and void for breach by the CONCESSIONAIRE, in which case the performance bond shall be executed.

f) Limitation of Responsibility

The CONCESSIONAIRE and the Strategic Partner have based their decisions including those of preparing, determining and submitting the Technical, Economic Proposals and entering into the present Contract, on their own research , tests, inspections ,visits interviews and other.

Therefore, the GRANTOR or any of its offices, PROINVERSION and its advisors do not guarantee, expressly or implicitly, the totality, integrity, reliability or truthfulness of the oral or written information provided to the effect of or within the Tender. Therefore, no responsibility may be ascribed to any of the parties mentioned above or their representatives, agents, or dependents for the use that may be made of said information or for any inaccuracy, insufficiency, defect, lack of update or any other cause not expressly stated in this Clause..

The aforementioned limitation encompasses in the most ample way, all the effectively known information related to the Tender, the unknown information and the information which at some time should have been known, including the possible errors and omissions contained in it, by the GRANTOR, PROINVERSION, its advisors or any of their offices. Likewise, said limitation of responsibility encompasses all information, whether provided or prepared, directly or indirectly, by any of the aforementioned parties.

The limitation of responsibility encompasses also all general information provided by PROINVERSION, marketing documents, as well as that provided by Circular or any other means of communications, the information acquired during visits to the Data Center and the one mentioned in the Bases, including all its forms, annexes and appendixes..

- 3.2. The CONCESSIONAIRE and its Main Partners expressly, unconditionally, and irrevocably relinquish to invoke or exert any privilege or immunity, diplomatic or other, or a diplomatic claim, which could be filed by or against the GRANTOR or its offices, PROINVERSION, its advisors, under the Laws Applicable or under any other legislation which may result applicable, in relation to corresponding obligations or which might correspond as per the Bases, the Technical Proposal, the Economic Proposal and the present Contract.
- 3.3. The CONCESSIONAIRE and its partners shall not disclose any information considered confidential that has been provided as such by the GRANTOR during the Tender, or that information whose reserve are demanded by the Laws Applicable. Only with prior, written authorization by the GRANTOR, shall the CONCESSIONAIRE may disclose said confidential information.

Statement by the GRANTOR

- 3.4. The GRANTOR declares and guarantees to the CONCESSIONAIRE, on the date of entering into the Contract, the truthfulness and accuracy of the statements listed below. Likewise, acknowledges that the Concessionaire is entering into the Contract based on the statements below:
- a) The Ministry of Transport and Communications is duly authorized conforming to the laws applicable to represent the GRANTOR in the present Contract.
 - b) The entering into, delivery, and compliance to the Contract by the GRANTOR, as well as compliance by the GRANTOR of the commitments established in said Contract are encompassed within its capacity, are conforming to the Laws Applicable and have been duly authorized by the competent Government Authority. No other action or procedure is necessary by the GRANTOR or any other government entity to enter into this contract or for compliance of GRANTOR's obligations in same. The present Contract has been validly signed by the representative(s) authorized by the GRANTOR and, with the duly authorization and signature of same by the CONCESSIONAIRE, is a valid and binding obligation for the GRANTOR.
 - c) All necessary administrative actions, requirements, demands, and obligations have been met in order to enter into this Contract and to duly comply with its stipulations.
 - d) There are no laws applicable which may hinder the GRANTOR from its obligations established in the present Contract. There are no claims or legal suits filed, ongoing investigations, proceedings before a court of law, arbitral tribunal or Government Authority banning, opposing or in any other way hindering the entering into or compliance to the terms established in the present Contract by the GRANTOR.
 - e) The GRANTOR states and expressly guarantees that as of the moment of the entering into the Contract and until the taking of possession is authorized and will be authorized to deliver each and all of the Assets of the GRANTOR.
 - f) The CONCESSIONAIRE will have the right to exploitation during the Concession period. This right shall only be terminated pursuant to termination or expiry causes set in Section XV.
 - g) Any controversy related to the termination of the Concession, suspension or termination of the Contract shall only be resolved as is established in Section XVI.
 - h) The Parties certify that the contracts entered into between the CONCESSIONAIRE and any third parties shall not be able to disregard the GRANTOR.
 - i) There are no liabilities, obligations, administrative, labor, legal judicial or tax contingencies of any kind, which may in any way affect or may affect in the future the Concession, the GRANTOR's Assets or the right to Exploitation. In the event a liability or contingencies should arise prior to the date of the

entering into the Contract , these shall be assumed by the GRANTOR as is established in the Laws Applicable , or alternately it shall be its responsibility to correct such situation which could affect the right of Concession granted by this Contract.

- j) The validity and scope of the stipulations set in the Contract have been drawn based on the Laws Applicable.
- k) The Juridical Stability Agreement shall be granted stated in Legislative Decrees 662, 757, and Law 27342 as long as the CONCESSIONAIRE and its investors comply with what is established in the Laws Applicable¹.

3.5. Conforming to Article 4 of Law 26884, Law of Incentives for Law for Private Investment Promotion in Infrastructure and Utilities Public Works, The Executive has enacted the Supreme Decree to which Article 2 of Law Decree 25570 refers, modified by Article 6 of Law 26438, by which State securities and guarantees are granted in support of the obligations, statements and guarantees undertaken by the State of Peru by means of this Contract.

Verifications to the Date of Entering into the Contract

3.6. To the date of Entering into the Contract, the CONCESSIONAIRE must have complied with:

- a) To deliver proof from the Register of Public Instruments of the public deed of incorporation and bylaws of the CONCESSIONAIRE, in order to certify: (i) that it is a duly constituted corporate body in conforming to the Laws Applicable; and (ii) which as a minimum, has the same partners or shareholders it had when they were awarded the Tender; not being allowed in the shareholder structure of the CONCESSIONAIRE the participation of any person who, directly or indirectly by means of some Binding or Holding company has submitted an economic bid in the Tender process.

The CONCESSIONAIRE, as of the date of entering into the Contract and until (.....) years calculated as of the Acceptance of Investment Date, must certify and keep a minimum capital stock of dollars (US\$.....), which must be entirely subscribed and paid in cash for at least twenty-five percent (25%) of the total at the date of the entering into the contract. This capital stock must be entirely paid 24 (24) months as of the date of entering into the Contract at the latest. As of (.....) years calculated since the date of acceptance of investments, the CONCESSIONAIRE may have a minimum capital stock of dollars (US\$), until the end of the Concession.

- b) To certify registration in the Register of Public Documents: (i) of power of attorney of the legal representative of the CONCESSIONAIRE that enters into the Contract on its behalf and (ii) the powers of attorney of the legal representative of the Strategic Partner.
- c) Deliver notarized copy of documents stating that its competent domestic bodies have approved the Contract.

¹ As per established in Law 27342, the minimum capital stock required to accede to the juridical stability regime is US\$ 5 000 000,00 (five million and 00/100 United States Dollars).

- d) Deliver notarized copy of entries in the Stock Ledger or equivalent document, where the shareholders of the CONCESSIONAIRE are listed.
- e) Submit the list of specialized companies to perform the risk study pursuant to Clause 12.2.
- f) The stipulation in abovementioned sub-section a) must include as a minimum the following provisions:

- (i) A restriction to free transfer, disposal or encumbrance of the shares or participations, which represent the percentage of the minimum share of the strategic partner in favor of third parties up to the tenth year as of the entering into the contract, except as provisioned in Clause 11.3.3., relevant to the possibility to encumber the Minimum Share in order to obtain financing.

As of the end of the tenth year since the date of the entering into the Contract, the Strategic Partner may freely transfer, dispose or encumber said shares or participation.

- (ii) A restriction to a free transfer, disposal or the encumbrance of the shares or participation in favor of the other bidding corporate bodies or their Main Partners, or the members of other companies which submitted bids during the Tender process, or their respective Main Partners, during four (4) years counted as of the date of entering into the Contract. The shareholders or stakeholders, at the end of the fourth year as of the date of entering into the contract, are free to transfer, dispose or encumber said shares or participation except in what is relevant to the Minimum share required. The restriction to incorporate the People abovementioned includes increase of stock by third parties.

The above mentioned restriction encompasses also transfer, disposal, or encumbrance of the shares or participation in favor of companies which are part of an Economic Group of the corporate bodies in the Tender bid or with the members of the consortiums that submitted economic bids during the Tender process.

- (iii) The CONCESSIONAIRE is a special purpose company whose social purpose is circumscribed to those activities necessary for the execution of the contract.
 - (iv) In what regards the constitution, operation and performance of the CONCESSIONAIRE, it must obligingly comply with the provisions of Peruvian Legislation and the Laws Applicable.
 - (v) The duration period of the CONCESSIONAIRE must be no less than thirty-two (32) days.
 - (vi) All Capital Stock decrease, merger, division, transformation, dissolution or liquidation of the CONCESSIONAIRE must have prior authorization of GRANTOR.
- g) Deliver the Performance Bond as set in Clause 11.2.

- h) Deliver three (3) copies of the Contract for Technical Assistance in Operations duly signed by the CONCESSIONAIRE and the Technical Advisor in Operations.
 - i) Deliver the certification issued by the State Contracting Supervisory Body (OSCE in Spanish) or the entity that substitutes it, relevant to the successful bidder and its partners, in case of a consortium, for not having any impediment to contract with the State.
 - j) Certify payment established in sub-section 11.3 of the Bases.
- 3.7. Upon the date of Entering into the Contract, the GRANTOR must have complied with:
- a) Return to the CONCESSIONAIRE the Validity, Reliability and Effectiveness Bond submitted by the successful bidder.
 - b) Deliver to the CONCESSIONAIRE the Inventory of optional Assets from which the CONCESSIONAIRE shall select those to be delivered by the GRANTOR as established in Clause 5.16.
 - c) Deliver a copy of the Concession Contract duly signed.
 - d) Deliver a copy of the Juridical Stability Agreement provided the CONCESSIONAIRE has requested it fulfilling the requirements established in 27342, its modifying and complementary regulations.
- 3.8. What is stipulated in this Section is a prior requirement to demand the obligations and rights of the GRANTOR and the CONCESSIONAIRE under this Contract.
- 3.9. The contract shall be in force as of the Entering into the Contract.

SECTION IV: THE CONCESSION PERIOD

4.1. Concession Period

The Concession is granted for a period of thirty (30) years, as of the date of Entering into the Contract.

This contract shall be in force with full legal validity during the period of time stated in the paragraph above and may be terminated by any of the termination causes established in Section XV.

4.2. Suspension

4.2.1 The periods of time established in the Contract shall be suspended Calendar Day to Calendar Day when one of the following events occur, in this case the CONCESSIONAIRE must certify before the GRANTOR the existence of the said event:

- a) Force Majeure, as set in Section XIX, which may hinder the execution of the Contract as per the Contract and the Laws Applicable.

- b) Partial destruction of the Concession Assets for causes not attributable to the Parties, of such magnitude as to paralyze the service permanently. The rules of Force Majeure are applicable to this type of event.
- c) Agreement between the parties, stemming from circumstances other than the abovementioned one.
- d) All the other events expressly provisioned in this Contract.

4.2.2 Suspension due to aforementioned causes, shall the give the CONCESSIONAIRE the right to extend the period of time of the Concession for a period of time equivalent to that of the Suspension, and the parties must agree a new schedule for the fulfilling of obligations should it be necessary.

4.2.3 The Suspension shall enter into force on the date in which the Party serves notice to the other party of the event that has occurred. Notwithstanding, the events provisioned in preceding Clause 4.2.1, except sub-section c), the affected Party must submit within seven (7) days following the event, a Suspension Report where justification shall be provided for the estimated period of the suspension and the foreseen degree of effect, for approval of the other concerned Party.

4.2.4 During the suspension period, no penalties whatsoever, linked to the breach of an obligation affected by the event may be imposed upon the CONCESSIONAIRE. Should the report be not approved by the GRANTOR, the corresponding penalties may be imposed retroactively.

4.2.5 During the suspension period, the CONCESSIONAIRE shall comply with all other obligations stemmed from the present Contract as long s it is physically and technically possible, and provided it does not put at risk the environment, health or the safety of people.

4.3. Extension of the Concession Period

In the event the CONCESSIONAIRE requires the extension of the Concession period, it must submit a due advance notice of no less than three (3) years prior to the ending of the Concession Period, well based and addressed to the Regulator, so that it may decide on the matter and deliver its ruling to the GRANTOR with copy to the CONCESSIONAIRE within a period of thirty (30) days of receiving the request. Likewise, the GRANTOR shall have thirty (30) days to deliver its decision, as of the date of receiving the Regulator's ruling. Should the GRANTOR not deliver its decision within the stated period of time, it shall be interpreted that the request has been denied.

The requests for extension of the execution period of specific activities that do not imply the extension of the Concession Period, shall be submitted to the GRANTOR, conforming to established procedures set in the first paragraph of the present Clause. The GRANTOR shall grant the requested extensions when it considers that said requests are based by justified causes or not attributable to the CONCESSIONAIRE. Said extensions shall impede the imposing of penalties for other provisions set to penalize breach of contract due to delay in the execution of the corresponding investment.

SECTION V: ASSETS AND PROPERTY RULES

General Regulations

5.1. In this Section it is established the Contract regulations applied to the Concession's Assets.

5.2. The Concession Assets are affected only in terms of the Concession. They cannot be transferred separately from the Concession. They cannot be mortgaged, given as guarantee or in general taxed without the authorization of the CONCESSIONAIRE, according to Clause 11.3.2.

5.3. It is established that the import of Assets designated to the Service performance is to be in charge and exclusive responsibility of the CONCESSIONAIRE

5.4. During the term of the Concession, the CONCESSIONAIRE has exclusive rights over the Concession's Assets, in opposition to others, which this Contract gives to it for its economical gain.

5.5. The GRANTOR declares and guarantees that the GRANTOR's Assets are and will be free of any (i) encumbrance, taxes or right; as well as free of occupants and any other kind of restrictions that could affect the normal development of the investments and the future Operation, or (ii) foreclosure, judge, extra judge or administrative measure that can limit, impede or affect the normal use for the Contract means, being the GRANTOR in the obligation of indemnifying if it is necessary, either by eviction, by hidden vice and/or by the GRANTOR himself. For the purpose stated in this Clause, the CONCESSIONAIRE must notify the GRANTOR about the existence of the items indicated in this Clause, within the fifteen (15) Calendar Days after having knowledge of it.

When the notification previously mentioned is received, the GRANTOR assumes the obligation of indemnifying this situation, which must be performed within no more than sixty (60) Calendar Days without detriment and according to what is established in the Clause 5.17. Any delay or adverse effect generated in the CONCESSIONAIRE activities as a consequence of the event that originates the previously mentioned obligation of indemnification will give rights of Suspending the Concession Terms during the delay period in case that this delay or adverse effect affects the compliance of the CONCESSIONAIRE's obligations.

5.6. The CONCESSIONAIRE will have the use right and exclusive Exploitation of the Concession Assets, as well as the use of the rights necessary to fulfill the obligations undertaken as established in the Contract and the Laws Applicable.

5.7 The GRANTOR is committed not to cause any encumbrances or taxes over the Concession Assets during the Concession period.

5.8. From the Date of Entering into the Contract until the Taking of Possession, the GRANTOR's Assets are to be administrated by himself or by whomever he assigns. Nevertheless, in any case, the GRANTOR or the assigned third party to administrate those Assets cannot do anything that affect in any way the rights that assume the CONCESSIONAIRE by this Contract.

5.9. The Concession Assets will be

- a. The GRANTOR'S Assets, as of the Taking of Possession.
- b. The Buildings at the moment of being built.
- c. The Rolling Stock as of its purchase by the CONCESSIONAIRE
- d. The rehabilitations and adaptations at the moment that they are installed or built.
- e. The corresponding additional investments, according to the nature of each good and to what is established for each one in this Clause.

- f. Any transfer or service right that the CONCESSIONAIRE purchases or gets, in any case, as a consequence of this Contract or in compliance of the obligations of the CONCESSIONAIRE in the moment they are purchased or gotten.

5.10. The fact that some Assets become Concession's Assets as of a certain moment does not suppose in any way an explicit or explicit acceptance by the GRANTOR about the competence of those Assets, or their quality or ability to be effectively useful for the Concession pursuits as well as the compliance of the obligations mentioned in the Contract and the Service Levels. The responsibility referring to the Contract and the competence of the Concession's Assets rely on the CONCESSIONAIRE

5.11. All and each of the Assets that acquire the Concession's Assets Condition, conforming to what is established in Clause 5.9., are to be transferred to the GRANTOR's when they obtain such condition, except the one indicated in item a) of Clause 5.9. The Concession's Assets must be free of taxes, encumbrances or limitation, including but not limited to those ordered so by Laws Applicable, such as mortgages or legal guarantee, without detriment of what is exposed in Clause 11.3; being also the obligation of the CONCESSIONAIRE to execute all the necessary acts to make this transference possible and performed properly according to the nature of each good.

The property of the Concession Assets does not suppose the transfer of the risk over these Assets to the GRANTOR. The risk over the Concession's Assets corresponds to the CONCESSIONAIRE in the terms and conditions established in this Contract.

In the case of real estate or rights over real estate that have the quality of Concession assets as in the case of Buildings or Provision of Service, the CONCESSIONAIRE must register in the corresponding real estate register with the GRANTOR name, within the period of three (3) months after either finishing the building or execution or getting the right.

When the real estate or chattels used by the CONCESSIONAIRE are assigned by finance rental contract or similarities, signed by the CONCESSIONAIRE with thirds, these Assets are transferred in property to the GRANTOR in the moment of the purchase by the CONCESSIONAIRE or in the moment that corresponds according to the terms disposed in those contracts. In that case, the CONCESSIONAIRE must include what is exposed in the Clause 14.1 in each of this contracts and the obligation of the landlord to notify to the GRANTOR previously to an eventual resolution or ending of the contract for any reason according to the corresponding contract. This communication must be sent to the GRANTOR within the term of maximum ten (10) days previous to the resolution of the contract.

5. 12. The devolution of the Concession Assets to the GRANTOR is to be unaffected by any taxes created or to be created according to that seen in the article 22^o of TUO.

5.13. The Concession Assets except to what is indicated in the item a) of the Clause 5.9 are to be registered in the books and accountancy counts of the GRANTOR according to the Laws Applicable.

5.14. The CONCESSIONAIRE can make recommendations to the GRANTOR referring to the execution of the civil works, electro mechanic equipment and the rehabilitation of the current Rolling Stocks that are going to be the GRANTOR's Assets, and are to be given during the Taking of the Possessions to the CONCESSIONAIRE for their exploitation. These recommendations are of entailing character and therefore the GRANTOR can reserve the right of accepting them or not.

Taking of Possession

5.15. The Taking of Possession of the Assets that the GRANTOR will give to the CONCESSIONAIRE, which are listed in Appendix 53 and the selected Assets from the inventory of Optional Assets, will be performed in two (2) acts and according to the following:

5.15.1. On maximum thirty (30) Calendar days, counted from Date of Entering into the Contract, the GRANTOR will give the CONCESSIONAIRE the corresponding area for the building and execution of the Works, which will be registered in the Initial Giving Act of the Assets from the GRANTOR.

5.15.2. On maximum..... (...) months after the Date of Entering into the Contract, the GRANTOR is to give the CONCESSIONAIRE all the GRANTOR'S Assets, which will be registered in the Final Giving Act of the GRANTOR'S Assets.

5.16. Within one hundred and eighty (180) Calendar Days counted from the Date of Entering Into the Contract, the CONCESSIONAIRE shall deliver to the GRANTOR the list of Assets that has selected from the Inventory of Optional Assets.

The Taking of Possession will end on the Date of signing the Final Transfer Document of the Assets of the GRANTOR. For this purpose, the GRANTOR will notify the CONCESSIONAIRE in advance of no less of twenty four (24) hours, the day, the time and place where the transfer will commence. If the CONCESSIONAIRE is not present to receive the GRANTOR'S Assets, they shall be considered as transferred and the risk shall be transferred in that opportunity too, with the conformity of the CONCESSIONAIRE, without detriment of the damages and impairing that their absence to the reception of the GRANTOR'S Assets could generate to the GRANTOR. At the end of the Taking of Possession the GRANTOR and the CONCESSIONAIRE must sign the Final Transfer Document of the GRANTOR'S Assets.

5.17. The GRANTOR must give the CONCESSIONAIRE the Area of the Concession on the date of the end of the Taking of Possession, free of any occupation of thirds as well as any charge or taxes.

5.18. In the Final Transfer Act the CONCESSIONAIRE, will register the GRANTOR'S Assets that they have taken possession from the CONCESSIONAIRE, specifying their characteristics, location, and conservation and working state. In case that within the foreseen term it has not entered into the Final Transfer Act of the GRANTOR'S Assets, for non attributable reasons of the CONCESSIONAIRE, it will be applied what is established in Clause 4.2.1. Item d).

5.19. Any other element that helps to individualize and interpret the given object, its condition and state will be part of the Final Giving Act of the GRANTOR'S Assets. For this reason, it will be included the limits plans of the Concession as well as photos or schemes.

5.20. The Final Giving Act of the GRANTOR'S Assets will be entered into in three (3) original documents, which will be given to the corresponding Regulator, the CONCESSIONAIRE and the GRANTOR

5.21. The CONCESSIONAIRE can return to the GRANTOR the GRANTOR'S Assets indicated in the Appendix 5, only if this does not affect in any way the compliance of the Contract conditions. For the devolution purpose, the CONCESSIONAIRE must send a written communication of its decision addressed to the GRANTOR and the Regulator,

within the sixty (60) Calendar Days followed to the Final date of the Taking of Possession. After this period has ended, the CONCESSIONAIRE shall not be able to return any of the GRANTOR'S Assets.

In reference to the devolution of Assets established in Appendix 5, the CONCESSIONAIRE must state, in the written communication, the reason of the devolution, the asset(s) which will replace the returned asset and the period of time in which this devolution will take place.

If the CONCESSIONAIRE decides to use this faculty within the period indicated in this Clause, the devolution will take place within the thirty (30) Calendar days as of the date the GRANTOR was served notice by the CONCESSIONAIRE, in the location and date indicated by the GRANTOR. On that date the concerned Parties will sign a devolution document in which the deed will be registered. As of that moment the returned Assets will cease being GRANTOR'S Assets in what regards to the Contract.

In case of devolution of the GRANTOR's Assets according to what is established in this Clause, all the costs and expenses related to the corresponding devolution, transport and transfer, will be assumed by the CONCESSIONAIRE.

After the period stated in this Clause, the CONCESSIONAIRE shall not be able to submit any claim whatsoever related to the location or state of the GRANTOR'S Assets which have been returned.

Inventories

5.22. The CONCESSIONAIRE is obliged to make and submit to the GRANTOR the inventories of the Assets of the Concession. The inventories to be submitted as set forth in the contract are: a) Initial; b) Annual and; c) Final.

- a) Initial Inventory.- It is the list of the Assets of the Concession which the CONCESSIONAIRE, within a period of thirty (30) Calendar Days as of signing the Devolution Document, established in the Clause 5.20, is in the obligation to submit to the GRANTOR and the Regulator.
- b) Annual Inventory .- It is the list of the Assets on the Concession that the CONCESSIONAIRE must present to the GRANTOR and the Regulator within the first fifteen (15) Calendar Days of April of each Calendar year during the Concession Period. This list will include all the Assets of the Concession that are listed on the closure date of the mentioned inventory.
- c) Final Inventory.- It is the list of the Assets of the Concession on the Expiration date of the Concession. It will be submitted by the CONCESSIONAIRE to the GRANTOR and the Regulator, when, by whatever reason, the Concession comes to an end.

The inventories will contain a brief but accurate description of the Assets of the Concession, their characteristics, location, and state of conservation, instructions for working or performance and if it is applicable, brand, model and date of manufacture. Photos, plans, diagrams and third parties' reports may be included as illustration.

The CONCESSIONAIRE must include the Annual Inventory, the technical documents that allow individualizing the incorporated Assets to those inventories, including the necessary supporting documentation. The GRANTOR and/or the Regulator are allowed to request the additional documentation that they would reasonably consider necessary.

From the Assets designated to the Contract Execution.

5.23. The Assets of the Concession will be only designated to the Execution of this Contract. The CONCESSIONAIRE has the right to occupy, use and exploit the Assets of the Concession for the purposes of this Contract during all the period of the Contract.

5.24. The CONCESSIONAIRE will always answer to the GRANTOR FOR THE Assets of the Concession, including those that the CONCESSIONAIRE give to others for the execution of the investments.

5.25. The Assets of the GRANTOR that were given on the Date of Taking of Possession will be received by the CONCESSIONAIRE in the location and the conservation state that they are.

5.26. The CONCESSIONAIRE is in the obligation to perform activities designed to preserve, during the Period of the Concession, the state of conservation and the nature of the Assets designated for the execution of the Contract, whether they are Assets of the Concession or Assets of the CONCESSIONAIRE. The CONCESSIONAIRE is also in the obligation of performing maintenance, and in general, all those necessary works to maintain the operability of those Assets and to avoid a negative environmental impact. The CONCESSIONAIRE is in the obligation to make the necessary and useful improvements that the previously mentioned Assets could require according to the required Service Levels. In all of these tasks the CONCESSIONAIRE will procure to use either well-known effective technologies or new introduced technologies.

For the purpose of above mentioned it is considered negative environmental impact to any significant alteration that causes damage to one or more of the environment components, as a result of human action or of natural phenomenon in the area of direct influence of the Concession.

5.27. The CONCESSIONAIRE assumes the cost of the actions that would be necessary to exploit the Assets of the Concession, in order to reach and maintain the requirements included in the Appendices 6 and 7.

5.28. The Assets of the Concession cannot be transferred outside the Area of the Concession, or transferred separately from the Concession, mortgaged, given in guarantee or encumbered in any case without prior approval of the GRANTOR. The GRANTOR must announce their statements during the period of thirty (30) Days counted since the date of receiving the CONCESSIONAIRE solicitude, with the opinion of the Regulator, which must be stated within the first fifteen (15) Days. If there is not an announcement of the GRANTOR in that period of time, the request will be deemed as denied only if the Regulator opinion is unfavorable. Should the this opinion be favorable to the CONCESSIONAIRE or that the Regulator has not ruled within the mentioned period of time, the request will be approved.

5.29. In case that it is necessary to transfer urgently any of the Assets of the Concession because of emergencies, the CONCESSIONAIRE may dispose of its transportation outside the Area of Concession only if they send a written

communication to the Regulator, with a copy to the GRANTOR indicating the following: i) the transfer reason; ii) The location where the involved Asset of the Concession is transferred; iii) The number of days it will remain in that place, which must exceed thirty (30) Calendar Days, unless the Regulator authorizes a longer period; and, iv) it is necessary to include to the communication for the Regulator, a certification given by the corresponding insurance company in order to maintain the Assets of the Concession covered by the insurance mentioned in Section XII of the Contract, even if they are outside the Area of the Concession.

5.30. The CONCESSIONAIRE must register the Assets of the Concession in the corresponding Public Register, if this is legally possible, according to the regulations of each Register, under the name of the GRANTOR within the maximum period of time of three (3) months after completion of construction, purchase or execution, except in case of justified delay or postponement by the public sector. For the above mentioned purpose, the GRANTOR expressly authorizes the CONCESSIONAIRE to perform all required formalities and is obliged to collaborate and do its best efforts if necessary.

5.31 The CONCESSIONAIRE is responsible for the damages, detriment or loss of the Assets of the Concession as of the Taking of Possession until the devolution of the Assets of the Concession to the GRANTOR according to what is established in Clause 5.53 or until the delivery of these Assets to the auditor as per Clause 15.23.

5.32. The CONCESSIONAIRE will keep the GRANTOR free of all damages in relation to and against any action or exception of legal, administrative, arbitral or contractual nature or claim of any form related to the Assets of the Concession, only if this situation would be caused by acts or omissions occurred during the period of time included between the end date of the Taking of Possession and the date of signing the Devolution Document of the Assets of the Concession or until the delivery of these Assets to the auditor pursuant to Clause 15.23, unless there is a reason attributable to the GRANTOR.

The CONCESSIONAIRE is responsible for the GRANTOR, the Regulator and others, as appropriate, for the correct administration and use of the Assets of the Concession, as well as for the risk inherent to these.

On the other hand, the GRANTOR, recognizes that any claim, action or act started by others in relation to the Assets of the Concession by facts or situations originated before the Taking of Possession date stated in Clause 5.15, as is the case, will not be responsibility of the CONCESSIONAIRE, but of whomever is responsible pursuant to the Laws Applicable. The GRANTOR obliges itself to keep the CONCESSIONAIRE free of the aforementioned claims, actions or acts.

5.33. The CONCESSIONAIRE is in the obligation to contract an insurance policy for the Assets of the Concession in the terms stated in Section XII.

5.34. As of date of completion of Taking of Possession and until devolution of the Assets of the Concession to the GRANTOR according to what is established in Clause 5.53 or until their delivery to the auditor pursuant to Clause 15.23, the CONCESSIONARIE will be the sole responsible and is responsible for paying any taxes, charges and contributions that may apply in relation to the Assets of the Concession pursuant to the Laws Applicable.

Transfer of the Assets of the CONCESSIONAIRE

5.35. By this Contract, the CONCESSIONAIRE gives the GRANTOR an irrevocable purchase option of the Assets of the CONCESSIONAIRE. In the event the GRANTOR exerts this option, these Assets will automatically be transferred to him according to the terms and conditions established in the following Clauses.

5.36. The use of the option can take place in any moment within the twelve (12) months prior to the Expiration of the Concession due to the deadline of the period of time and as of sixty (60) Calendar Days as of the date of the expiration date. In case of Contract termination by any cause provisioned in this Contract, the use of the option can take place within a period of six (6) months counted from the date of Expiration of the Concession.

5.37 The GRANTOR has the right to use the option for one or more of the Assets of the CONCESSIONAIRE under his only criterion and decision

5.38. The use of the option will take effect on the date of Expiration of the Concession or the following day of the use of the option, what happens next. On that date the Assets of the CONCESSIONAIRE will be considered mandatorily and automatically transferred in favor of the GRANTOR.

5.39 The use of the option must be submitted in a written document, by notarized letter addressed to the CONCESSIONAIRE as established in Clause 21.1.

5.40 The price of the property or Assets, matter of the option, will be established by an expert jointly selected by the Parties during a period not exceeding twenty (20) Calendar Days counted as of the GRANTOR exerted the option. The costs inflicted by the designation of this expert will be undertaken by the GRANTOR. The period the judge will have for establishing the price, will be no longer than thirty (30) Calendar Days counted as of the date of designation.

If after this term indicated previously related to the designation of the expert, the Parties do not reach an agreement, this expert will be elected according to the procedures regulated in the item a) of the Clause 16.13.

5.41. The transfer of assets to the GRANTOR of the optioned assets, shall be performed free of encumbrance or taxes.

5.42. The price must be paid by the GRANTOR within a term of no longer of sixty (60) Calendar Days counted from the date that the option comes into effect. The GRANTOR is in the obligation of obtaining the authorizations that are necessary to allow the appropriate and opportune compliance of this obligation.

5.43. The Assets purchased by the GRANTOR as a consequence of the use of the option must be available on the date that the option comes into effect. In any case the CONCESSIONAIRE is in the obligation of taking care and maintaining the assets until they are effectively delivered to the GRANTOR.

5.44. The encumbrances that can tax the option or the transfer of the Assets of the CONCESSIONAIRE in favor of the GRANTOR will be at buyer's risk and expense according to the Applicable Laws.

5.45. The grant of the option to the GRANTOR is free, notwithstanding payment obligation of the price of the Assets object of the option conforming to what is established in the previous Clauses.

5.46. Notwithstanding what is established in the previous Clauses, the CONCESSIONAIRE is obliged to make Assets of the CONCESSIONAIRE available to the GRANTOR for the GRANTOR's exploitation, from the date of Expiration of the Concession and until the date the option comes into effect or that the period for its use has expired. During this period of time where the GRANTOR uses the Assets of the CONCESSIONAIRE and the price is not set, the Parties will agree in the terms and conditions which are applicable to formalize the use of the option.

The Easements

5.47. The GRANTOR is responsible and is committed to implement the procedures of ordering the easements the CONCESSIONAIRE requires to meet its obligations according to the Contract. All the costs related with the procedures of easement obligations will be fully undertaken by the GRANTOR. In case an easement is not timely established and prevents the CONCESSIONAIRE from commencing Exploitation of the Concession, the CONCESSIONAIRE may opt for invoking: (i) suspension the agreement of Clause 4.2.; or (ii) resolution of Contract according to what is established in Clause 15.10.

5.48. The easements once set will be considered as rights of the Concession.

5.49. The easements of temporal occupancy give the right to the real estate owner given as service to receive the payment of the compensation established in the Laws Applicable. The negotiations and the cost of the possible compensations as a result of the imposition of those easements will correspond to the GRANTOR.

5.50. The GRANTOR recognizes the right of the CONCESSIONAIRE to avoid or oppose to any repair or modification that any public or private entity may intend to do, favored or not with an easement and whose performance results unsuitable with the use of the conformity rights with the present Contract. The CONCESSIONAIRE can request the GRANTOR its mediation to defend properly its right.

5.51. In case an easement is extinguished due to a reason imputable to the CONCESSIONAIRE and because of that, it would be necessary to set it again, it will be the CONCESSIONAIRE's responsibility to obtain it at its own risk and expense in favor of the GRANTOR.

Possessory Actions

5.52. The CONCESSIONAIRE has the obligation to apply the following possessory action modalities from the date of expiration of the Taking of Possession, not only for the intention of usurpation of the immovable Assets given to the CONCESSIONAIRE or the Area of Concession, but also in the case of incompatible activities with the good use of this area by others provided the GRANTOR has effectively given these unoccupied areas to the CONCESSIONAIRE:

- a. Extrajudicial possessory action, used to repel the force employed against the CONCESSIONAIRE and be able to recover the asset, without a time interval, should it were dispossessed, but avoiding always de facto proceedings unjustified for the circumstances.
- b. Judicial possessory action which the CONCESSIONAIRE must report, in case the Concession is affected, dispossessed, occupied, usurped, etc, and the use of mechanisms and judicial resources that allow it to hold harmless the right over the Assets of the Concession of the GRANTOR.

The use of the actions previously mentioned do not exempt of responsibility to the CONCESSIONAIRE, who, in case of a situation as the one described before, must coordinate immediately with the GRANTOR the filing of legal actions that the CONCESSIONAIRE must file in order to hold harmless the right of the GRANTOR over the Assets of the Concession provided that these claims were originated in facts occurred after the transfer of those Assets to the CONCESSIONAIRE.

Reversion of Assets of the Concession

5.53. When happening the Expiration of the Concession by any case, the CONCESSIONAIRE has the obligation of giving back to the GRANTOR within the forty (40) following days and in only one act, all the Assets of the Concession, which must be in good conservation state and in condition of being used or exploited, except by the normal waste due to the use

The CONCESSIONAIRE will give back or return the Assets of the Concession to the GRANTOR or to whom it previously appoints and in writing, including the information necessary to continue providing the Service without interruptions, free of any encumbrance, taxes or right of any nature that can limit, impede or affect the normal use of the Assets of the Concession and the Exploitation of the Service.

5.54. During the reversion act, the CONCESSIONAIRE and the GRANTOR will enter into the corresponding Reversion Act of the Assets of the Concession. In this Act there will be the data of the representatives and the description of the Assets to be returned, specification of each of its components: characteristics, location, conservation state, notes about the working and performance and other elements of interest.

5.55. The Final Inventory will be part of the Reversion Act of the Assets of the Concession as well as any other element that help to identify the object given and its conservation state, being able to include plans, photos or schemas.

Replacement, modifications and substitutions of the Assets of the Concession

5.56. After the date of expiration of the Taking of Possession, the CONCESSIONAIRE is allowed to modify or substitute the parts integrated or accessories of the Assets of the Concession, in order to render the service according to the conditions of Appendix 7 during the period of the Concession. In case it is necessary the reposition of one or more of the Assets of the Concession or when it is convenient to replace one or more of those Assets for the better Service Obligation, the CONCESSIONAIRE will communicate of these situations to the Regulator with a copy to the GRANTOR. After fifteen (15) days of receiving this communication, the silence of the Regulator implies its irrevocable conformity with the replacement.

The incorporation, modification and/or substitution of any of the Assets of the Concession, that the CONCESSIONAIRE fulfills and that can aid to structural or substantial changes, will be at its own risk and expense and cannot be enforceable to the GRANTOR. The Assets which are incorporated and/or substitute any of the Assets of the Concession will acquire this condition.

Assets which do not allow compliance with Service Levels.

5.57. The Assets of the Concession which do not allow compliance with the Service Levels and/ or are unnecessary for rendering of Service can be dropped at criterion of the CONCESSIONAIRE and according to the instructions of the GRANTOR. If it is the case, the costs associated to the devolution of these Assets to the GRANTOR will be

totally assumed by the CONCESSIONAIRE. For this purpose, the GRANTOR coordinates with the CONCESSIONAIRE, the place, the date and time when devolution of the mentioned Assets shall take place. This devolution must be registered in a Devolution Act of the Assets of the Concession that must be signed by the representatives of both Parties as a constancy of the events.

SECTION VI: INVESTMENTS PERFORMANCE AND START-UP TESTS

6.1. The performance of the investments, including all the designing work, such as studies, plans and other documents necessary, for the Building performance, the provision and installation of the Rolling Stock, the rehabilitation and / or adaptation of the Assets of the GRANTOR, the Starting Test , the Commercial Operation Start and the Exploitation are responsibility of the CONCESSIONAIRE and must be performed in the terms stated in the Technical Specifications, undertaking total responsibility for the results and confirming that the Investment will work properly according to the Service Levels.

The Contract for providing Rolling Stock, the Contract of Technical Assistance for the Operation and any other contract that the CONCESSIONAIRE must sign with others to comply its obligations of the Concession, are exclusively under its responsibility. The no fulfillment or mistakes of the Rolling Stock Supplier, advisors or any other in those contracts are not opposite to the GRANTOR to justify the no fulfillment of this Contract.

About the Final Study

6.1. The CONCESSIONAIRE, within the two (2) months calculated as of the Date of Entering into the Contract, must submit to the GRANTOR, for its approval, and to the Regulator for its conformity, the Definite Study according to the Technical Specification, the Contract and the standing norms. This period of time can be postponed by the GRANTOR, with a prior request properly justified by the CONCESSIONAIRE.

6.2. The evaluation that the Regulator and the GRANTOR made of the Final Study pursues to check if the work done by the CONCESSIONAIRE is according to what is established in the Technical Specifications. Any approval related to the Final Study made by the GRANTOR does not mean an approval of the design proposed by the CONCESSIONAIRE, in order that it can be understood that the responsibility of the CONCESSIONAIRE is limited to perform the Investments stemmed from the Final Study approved by the GRANTOR. The responsibility of the CONCESSIONAIRE is the result and it includes the responsibility of the investment design and the performance of the Assets of the Concession, in the terms and conditions established in the Contract.

6.3. The GRANTOR has a maximum of ten (10) Calendar Days, as of the reception of the Regulator's opinion to approve or to issue the corresponding observations, indicating the regulation or technical specification that has not been complied with. For this reason, the Regulator is to issue its opinion on the matter with a maximum of ten (10) Calendar Days, which must be sent to the CONCESSIONAIRE and to the GRANTOR for its evaluation. In case the GRANTOR does not have an opinion in the indicated terms, it will be understood that the Final Study has been denied.

6.4. The CONCESSIONAIRE is to dispose of maximum five (5) Calendar days to mend the observations that can be formulated by the GRANTOR, counted from the date of the reception of those observations.

The GRANTOR will have five (5) Calendar Days to make an announcement on the amendment submitted by the CONCESSIONAIRE, counted from the date of reception

of those documents. These evaluations must have a prior favorable opinion from the Regulator. In case the GRANTOR does not make an announcement in the indicated terms, the Definite Study will be considered denied.

6.5. As provisioned in Clause 6.5 above, if the CONCESSIONAIRE and the GRANTOR do not reach an agreement about the modification of the observations done to the Final Study, any of the parties previously mentioned may request that the controversy can be resolved by a technical expert, jointly selected by both parties. The resolution that the expert issues will be limited to determine if the observations have been corrected and must be done in a maximum ten (10) Calendar Days as of its designation. The resolution of the expert will be final and unappealable by the Parties and the costs and expenses from the expert work will be assumed by the losing Party. In case the result of the expert work is adverse to the CONCESSIONAIRE, it must submit a new correction to the observation in a way that it adjusts to the Technical Specification and to the Contract.

6.6. During the elaboration of the Definite Study, the CONCESSIONAIRE must provide to the GRANTOR and the Regulator, all the information that they ask and facilitate the approach to the activities and studies that the CONCESSIONAIRE made with this purpose, provided that this information and approach had direct relationship with the preparation of the Final Study,

The GRANTOR and the Regulator can solicit to the CONCESSIONAIRE additional information related to the documents required according to this Section, which must be presented in the terms, according to the type of the requested information that is not more than three (3) days counted from the date that the Regulator or the GRANTOR has made the corresponding written solicitude.

6.7. When the Final Study is approved, the CONCESSIONAIRE can start the execution of the Investments, without detriment of what is indicated in the Clause 6.13.

Logbook

6.8. From the Stage of the Investment Execution, the CONCESSIONAIRE is in the obligation of opening and keeping a logbook. This logbook will record the most important events during the execution of the investments, including the following: a list of the suppliers and subcontractors; a copy of the Test runs; a copy of the communications between the CONCESSIONAIRE and the Regulator; a copy of the works reports; a copy of the calendar compliance; a list of the events that has affected the compliance of the calendar; and any other information useful to document the Phase of the Investment Execution. Finally, it will register the conditions in which the Investment is set in service.

6.9. The logbook must be an original copy. In addition to this, there must be three (3) copies to be delivered according to what is established in the following clause. The pages of the logbook must be legalized by a public notary correlative enumerated being able to use the system of attached sheets.

6.10 The GRANTOR and the Regulator will have free access to the logbook during the Stage of Investment Execution. When started the Exploitation, the original will be given to the GRANTOR, within thirty (30) Calendar Days from the beginning of the Exploitation, keeping a copy for the CONCESSIONAIRE and the another for the Regulator.

Detailed Schedule

6.11. The CONCESSIONAIRE must submit, as part of the Final Study, a Detailed Schedule which includes the terms of execution of all the parties related to the Investments until it is finished.

The Detailed Schedule must respect the maximum term established in this Contract. Besides it must be delivered in digital and hardcopy for the approval of the GRANTOR.

The Detailed Schedule must include all parties and amounts necessary for the execution of the Investments contained in the Final Study. The CONCESSIONAIRE can make modifications to the Detailed Schedule without altering the phase or postponing the total term to execute the investments being in the obligation of communicating those modifications to the GRANTOR and the Regulator.

Investment Execution Stage

6.12. The Stage of Investment Execution must start on maximum ten (10) Calendar Days counted from the moment that all and each of these conditions will be complied:

- a. That the delivery of the corresponding area for the construction and execution of the Works has been performed according to what is established in Clause 5.15.1;
- b. That the GRANTOR has approved the Final Study, according to what is indicated in this Section.
- c. That the Trust has been stated according to what is established in Appendixes 2 and 3 of Appendix 4.
- d. That the GRANTOR has submitted the Contract for Rolling Stock Supplies, properly entered into as well as the powers of attorney with the formalities established in the Bases of the legal representatives of the Rolling Stock Supplier.
- e. That the Investment Supervisor must be appointed by the Regulator.
- f. That the conditions to obtain the financial closure have been supported according to what is established in Clause 9.1.

In addition to this, the CONCESSIONAIRE must have complied with all corresponding obligations according to what is established in the Laws Applicable.

6.13. The maximum term to finish the Investment Execution, in other words, to begin the Starting Tests will be of eighteen (18) months calculated as of the beginning of the Investment Execution Phase, except that it is considered the Suspension of Concession term, according to the Clause 4.2 or that the term postpone has been approved according to Clause 6.19. In case the CONCESSIONAIRE acquires recycled Rolling Stock the term to end the Investment execution will be of six (6) months as of the Phase of Investment Execution

If the CONCESSIONAIRE does not comply in the maximum term by strict reasons imputable to him, it will be applied the penalties punished from the date when the no compliance has happened until the date that the investments finish, according to what is established in the Appendix 10.

In the case that the no compliance by reason imputable to the CONCESSIONAIRE gets to a delay longer to three (3) months, besides the imposition of the corresponding penalties, the GRANTOR can proceed to resolve the Contract.

6.14. The GRANTOR will make his best effort to aid the CONCESSIONAIRE obtain the permits, authorizations and/or administrative acts required to execute the investments in the Area of the Concession, provided that the CONCESSIONAIRE complies with the requirements established in the Laws Applicable. The GRANTOR will make his best efforts to make the CONCESSIONAIRE able to register the investment in the corresponding Public Register, if necessary, according to what is established in the Laws Applicable. In the case the CONCESSIONAIRE does not get the licenses, authorizations and/or administrative acts required to execute the investments for reasons imputable to him, he will be allowed to solicit the Suspension.

Investments Supervision

6.15. The Regulator is in the obligation directly or through the Investment Supervisor of performing the technical prosecution actions during the development of the Investment indicated in the Appendix 6 of the Contract. In case the Regulator opts to assign an Investment Supervisor must inform this fact faithfully through a written document to the CONCESSIONAIRE within maximum five (5) Days, calculated as of the date of entering into the Contract with said supervisor.

The CONCESSIONAIRE must give to the Regulator and the team he appoints, if such were the case the case, free access to the Area of the Concession to perform without obstacles their work with the required accuracy.

6.16. The Investment Supervisor cannot give directly or indirectly any service in favor of the CONCESSIONAIRE, his shareholders, or Related Companies in Peru or abroad. This limitation must rule from the previous year of selecting the Investment Supervisor until the following year after the ending of the Stage of Investment Execution. In addition to this, the Investment Supervisor must keep the corresponding reliability about the information he can access to comply his functions and any other information or communication related with the Stage of Investment Execution.

6.17. The costs derivate from the supervision activities the Regulator has for the investments will be in charge of the CONCESSIONAIRE and they must be at maximum an equivalent amount to five per cent (5%) of the budget of the Definite Study.

6.18. The CONCESSIONAIRE can request the GRANTOR, with a copy to the Regulator, the amplification or postponement of the full period to execute the Investments, which must be properly supported.

The term amplification solicitudes must comply with the following procedures:

- The CONCESSIONAIRE must register in the work book the circumstances to his criterion that grant term amplification to finish the total of the Investments. The CONCESSIONAIRE must present the corresponding solicitude to the GRANTOR, with a copy to the Regulator, properly supported, including the new Detailed Chronogram proposal.
- The Regulator will emit an opinion about this amplification to the GRANTOR, within maximum ten (10) Calendar Days counted from the reception of the request.
- When the Regulator opinion is received, the GRANTOR will resolve about the solicited amplification within a term no longer than ten (10) Calendar Days. If there is no announcement from the GRANTOR, within the term previously mentioned the request shall be considered denied.

6.19. In the case that the start or the performance of the Investment were delayed for a fact imputable to the GRANTOR or to Force Majeure, the CONCESSIONAIRE, after being requested, will have the right of the Suspension according to what is established in the Clause 4.2 for a term no less than the delay lasts.

Reports about the Investment Progress

6.20. The CONCESSIONAIRE must present to the Regulator, Reports about the Investment Advance, according to what it is indicated in Item 2 of Appendix 6 of this Contract. The preparation of the reports will be in charge of the CONCESSIONAIRE and will timely agree with the Regulator about the properly form to use.

The procedure to value the Investment progress in case of Expiration due to breach of Contract, as well as the corresponding payment is regulated in Item 4 of Appendix 4

Start-up Tests

6.21. It will be understood that the Investments are ready to begin the Start up Tests when they were finished, even if this limits the process; the Works, Rolling Stock, rehabilitation and/or adaptations provided that in that moment the Regulator declares the Investments are ready to begin the Start-up Tests.

The Rolling Stock to be supplied to the CONCESSIONAIRE must provide an additional effective capacity in the line of about passengers (among sitting and standing), statically measured, a capacity of a maximum load (nominal load) calculated with a density of six (6) standing passengers per square meter, not counting the area that the sitting passenger use. If this disposition is not complied the GRANTOR can invoke the Expiration of the Concession due to breach of Contract from the CONCESSIONAIRE according to what is established in Section XV.

In case it is verified that the Rolling Stock to be supplied by the CONCESSIONAIRE does not comply with the transport capacity required, a penalty ofDollars (US\$.....) shall be imposed for each less passenger in regard to the transport capacity until the limit set forth in Clause 15.4., item q).

6.22. The GRANTOR is responsible of the design, administration, supervision, control, tests and start up of the Assets of the GRANTOR until the sate of expiration of the Taking of Possession, so it is in the obligation to perform all the acts necessary to comply with the obligation.

6.23. If there is an inconvenient with the performance of the Assets of the GRANTOR, after the date of expiration of the Taking of Possession, the CONCESSIONAIRE will notify about these events to the Regulator to the corresponding verification. If those inconvenient are proved by the Regulator, he will communicate to the GRANTOR to continue to mend those facts. In those inconvenient implicate an interruption of the Starting or the continuation of the Start-up Tests; it will proceed according to what is established in the Clause 6.29.

6.24. The CONCESSIONAIRE is responsible of the design, administration, supervision, control, test and starting the investments from the date of expiration of the Taking of Possession until the end of the Term of the Concession, so that he is in the obligation of performing all the acts that are necessary to perform this obligation.

6.25. The performance of the Starting Tests will take place according to what is established in the Final Study, in the Technical Specifications and in the corresponding Protocols of Tests.

6.26. The Tests Protocols must be submitted by the CONCESSIONAIRE to the Regulator, with an anticipation of no less than thirty (30) Calendar Days on the date of finishing of the Investments. These protocols must follow what is established in the technical specifications of the equipments and the directions from the manufacturers of the Rolling Stock. The Regulator must have a term of fifteen (15) Calendar Days to approve, being in the obligation in this case of informing the GRANTOR about this approval. If there is any observation to the Test Protocols, within the terms previously mentioned, the Regulator must communicate to the CONCESSIONAIRE indicating the norm or technical specification which is not complied, giving a term not exceeding ten (10) Calendar Days to the CONCESSIONAIRE to proceed with the corresponding amendment.

The Regulator will have a term of five (5) Calendar Days to check the mending presented by the CONCESSIONAIRE and notify in a written document his corresponding comments, observations and approval. In case that the regulator does not emit an announcement within the previous term, the mending will be considered denied. If there are new comments or observations, they must be modified in a term of maximum five (5) Calendar Days since they were notified to the CONCESSIONAIRE, applying what is established in this Clause

6.27. The CONCESSIONAIRE will invite the GRANTOR and the Regulator to start the Stage of Start-up Tests, provided that he has received the approval of the Protocols of Tests. The invitation must be sent no longer than five (5) Days in advance to the date seen at the beginning. The objective of this stage is to prove the satisfactory state of the Investments.

6.28. The delay in the beginning of the Starting Tests mentioned previously, due to facts imputable to the Regulator or the GRANTOR, will generate an automatically postpone of the Initial term of Exploitation and of the Concession Term for the same number of days mentioned in this Clause.

6.29 The CONCESSIONAIRE will serve notice to the GRANTOR with an anticipation not exceeding fifteen (15) Calendar Days to the date provisioned at the end of the Start-up Tests to perform the approval of the Investments by the GRANTOR.

6.30. During the Start-up Tests, the Regulator will confirm the satisfactory state of the investments, its installation, as well as its adaptation to the Final Study and the Technical Specifications. When the Start-up Tests are concluded and the correct performance of the Investments are verified, a final act will be signed in conformity which will be signed at the end of the test period by the CONCESSIONAIRE, the GRANTOR and the Regulator.

6.31. If during the Start-up Tests, the Regulator determines that the investments have defects, they must be registered in an act of the day when the test was performed and will be notified to the CONCESSIONAIRE by the Regulator. In this case, the Regulator will give a term of no less of fifteen (15) days to the CONCESSIONAIRE to mend the defects.

In the case the CONCESSIONAIRE has not complied to mend those observations within the indicated term, the Regulator will give an additional reasonable term according to the complexity of the observation without diminishing the penalties for no compliances mentioned before in the Appendix 10

The Regulator must verify the mending of those observations in a maximum term of five (5) days of communicating the corresponding mending. In case the regulator does not emit an announcement within this term, they will be considered denied.

6.32. The stage of Starting Tests will be considered finished in a satisfactory way when: (i) it has been complied what is indicated in the Definite Study, in the Technical Specifications in respect to the Starting Tests and to the Protocols of Tests; (ii) It has been signed the final act of the Starting Tests; and, (iii) The Regulator communicates in a written document to the CONCESSIONAIRE, with a copy to the GRANTOR that the results of the Starting Tests has been satisfactory for the future Service Performance.

The Commercial Operation Performance

6.33 The CONCESSIONAIRE will begin the Commercial Operation Performance after ending in a satisfactory way the Start-up Test phase in the terms provisioned in Clauses 6.22. to 6.33 provided that the CONCESSIONAIRE proves its capacity of demanding transport according to the Clause 6.22. For this, the CONCESSIONAIRE must notify in writing to the GRANTOR with a copy to the Regulator, the commencement of the Commercial Operation Performance with an anticipation of a minimum of three (3) Days.

The CONCESSIONAIRE will commence Commercial Operation Performance within the twenty two (22) months counted from the Date of Entering into the Contract, or ten (10) months in case the CONCESSIONAIRE purchases recycled Rolling Stock; provided that the CONCESSIONAIRE proves their capacity of transportation referred in the Clause 6.22 and the Appendix 7, except there are cases of Suspension of postpone indicated in the Clauses 4.2 and/or 6.19 as it corresponds, extended to a period equivalent to the Suspension and/ or postpone. For this purpose, the CONCESSIONAIRE must prove the following: (i) have its R.O.I. properly approved by the corresponding Government Authority , (ii) have presented the corresponding insurance policies to the Exploitation established in the Contract and they are properly approved; and (iii) comply with the other obligations provisioned in Laws Applicable required for the Commercial Operation Performance

If the CONCESSIONAIRE does not comply with the term previously stated due to its imputable fact, it will be applied the penalty indicated in the Appendix 10.

6.34. During this period, the Regulator must communicate his observations to the CONCESSIONAIRE within the maximum term of five (5) Days of being detected. In these observations, if this is the case, the Regulator will indicate the regulation or technical specification no complied, being in the obligation of indicating expressly if this observation would affect the calculation of the term indicated in the Item (i) of the Clause 6.37. The Regulator will determine a term for the corresponding correction of no less than ten (10) Days, term that must be included in the notification of the observation (s) to the CONCESSIONAIRE. The Regulator must verify the correction of these observations in a maximum term of five (5) Days after receiving the corresponding mending. In case that the Regulator does not emit any announcement within this term, they shall be considered denied.

6. 35. In case the established term ends without the CONCESSIONAIRE performing the corresponding corrections, the GRANTOR or whom he appoints, will proceed to the application of the penalties indicated in the Appendix 10 and a maximum additional term will be given at criterion of the Regulator. In case that the Regulator does not issue any announcement within this term, they will be considered denied.

6.36. The Commercial Operation Performance will finish in a satisfactory way in the moment that: (i) The Service has been given in a proper way for an effective period no less of thirty (30) Calendar Days; and (ii) the Regulator give its conformity in a written document to the CONCESSIONAIRE, with copy to the GRANTOR of the Commercial Operation Performance.

Investments Approval

6.37. The GRANTOR will proceed to accept the investments after the stage of Commercial Operation Performance has ended satisfactorily according to what is established in Clause 6.37.

The Investments approval will be registered in the Investment Approval Act that the CONCESSIONAIRE, the GRANTOR and the Regulator must sign, on the same date when it is complied what is established in Clause 6.37. Investment approval does not release the CONCESSIONAIRE from its responsibilities about the competence of the investments, which is kept during the entire Period of the Concession according to the agreements set forth in Clauses 6.1, 6.3, 6.27 and other similar to this.

The entering into of the Investment Approval Act will constitute the approval and authorization for the continuity of the Exploitation.

SECTION VII: MAINTENANCE OF THE PROPERTY OF THE AWARDING

- 7.1 THE SUCCESSFUL BIDDER is under the obligation to carry out the Maintenance as from the finalization of the Taking of Possession until the Concession Expiry date.
- 7.2 THE CONCESSIONARY will carry out the Maintenance Works that are necessary to reach and maintain the Service Levels established in Exhibit 7.

Maintenance Plan

- 7.3 The obligation undertaken by the CONCESSIONAIRE entails the responsibility of defining the techniques, procedures and opportunity of the Maintenance tasks.
- 7.4 The Maintenance Plan should be proposed by the Operation Technical Consultant so that in turn, it is submitted by the CONCESSIONAIRE to the Regulator as indicated in Exhibit 7. The Maintenance Plan will include the description and justification of the policies to be followed, the schedule of the activities to be carried out, the indices measurements on which the Maintenance Plan is based and its general technical justification, in compliance with the dispositions established in Exhibit 7.

Extraordinary Maintenance

- 7.5 Extraordinary maintenance is considered to include all that which is not foreseen in the Maintenance Plan systematic assumed and developed by the CONCESSIONAIRE. Also all the defects related to the security of the operation detected by the Regulator's inspections are considered as extraordinary maintenance.

In the case of a situation arising which requires extraordinary maintenance, the CONCESSIONAIRE should proceed with the shortest delay possible to take the necessary measures to recover the Concession's operative level, at its own expense. THE CONCESSIONAIRE in common agreement with the GRANTOR and with the favorable opinion of the Regulator, determine the required period of time to the effect that the Concession's Properties that have been affected by said situation, recover the Service Levels.

SECTION VIII: THE CONCESSION'S EXPLOITATION

Rights and Obligations of the CONCESSIONAIRE

- 8.1. The Exploitation by the Concessionaire constitutes a right, since it is the mechanism by which the CONCESSIONAIRE will recover its investment; as well as an obligation, since the CONCESSIONAIRE is under the obligation to Maintain the Concessions Properties and provide a Service to the users under the standards specified in Exhibit 7.

THE CONCESSIONAIRE has the right to organize the Services and make the decisions which it considers convenient for its adequate operation and functioning, respecting the terms and conditions of the present Contract and the Applicable Laws. This right includes the CONCESSIONAIRE'S freedom to administer and manage the business, within the scope of the present Contract and Applicable Laws.

The CONCESSIONAIRE is under the obligation to, within the scope of the Contract, respond for the acts or omissions of the personnel in charge of the Exploitation or the contractors that the CONCESSIONAIRE decides to contract

Start of Exploitation

- 8.2. The starting date of the Exploitation coincides with the starting of the Commercial Operation and will imply that the CONCESSIONAIRE begins the charging of Rates, in compliance with Articles 9.6 to 9.12, regarding the Service rendered.

THE CONCESSIONAIRE may request authorization from the GRANTOR, with the aim of starting Exploitation before expected in previously identified sections. It will be at the GRANTOR'S discretion to expressly authorize the CONCESSIONAIRE, as well as expressly define the Service Levels which will be applicable to guarantee the Users' security, and the other terms and conditions which assure the Service, as well as the continuance of the execution of the Investments according to that established in the Contract.

In the case of the above mentioned, neither the reordering obligation nor the GMAI are applicable until the beginning of the total Exploitation of the stretch of line 1 between Villa El Salvador and Grau Avenue.

Service's Organization

- 8.3. The CONCESSIONAIRE must accordingly design and administer the Service that it will render to the Users, in compliance with the Service Levels established for that effect in the Contract.
- 8.4. When the CONCESSIONAIRE is required to obtain authorizations, permits, licenses [or any administrative act](#) from the competent Governmental Authorities directly related to the rendering of the Service, and by means of a written and

solidly based request to the GRANTOR, the former will do everything possible in supporting the CONCESSIONAIRE in the coordination that it requires with said Governmental Authorities, within its duties and what is permitted to the GRANTOR by the Applicable Laws and without prejudice of the CONCESSIONAIRE'S obligation to comply with the requirements which the Applicable Laws establish to that effect. In the case in which the CONCESSIONAIRE for reasons beyond his control, does not obtain said licenses, authorizations or administrative acts and this hinders the rendering of the Service, the CONCESSIONAIRE will have the right to request a Suspension.

- 8.5. In the case of emergency or crisis situations arising, duly declared by the Governmental Authority, the CONCESSIONAIRE will continue to render the Service as long as possible, carrying out the actions determined by the GRANTOR for the solution of the arisen emergency or crisis. If as a result of the emergency or crisis, the GRANTOR determines the rendering of the Service at a cost lower than the fee charged at the moment of the declaration of this situation, the GRANTOR will acknowledge the operation costs minus the income obtained, if the case may be. Whilst the emergency situation or crisis persists according to that established in this Article, the Regulator will communicate to the CONCESSIONAIRE the Service Levels which will not be applicable.

Exploitation's Supervision

- 8.6. It is the Regulator's responsibility to carry out directly or by means of third-party contracting, the supervision and control, under its scope, during the development of the Exploitation Works indicated in this section of the Contract.

The Regulator will be in charge of the verification of the compliance of the CONCESSIONAIRE'S obligation to render the Service and to foresee its quality. Likewise, it will verify that the rendering of the Service to the Users always be carried out within the limits defined in Exhibit 7 of the Contract.

- 8.7. For these purposes, besides the obligation of cooperation necessary for the supervision and control of the Exploitation, the CONCESSIONAIRE is under the obligation to deliver the information indicated in Article 8.8.

Information

- 8.8. THE CONCESSIONAIRE, at its expense, should provide the Regulator, within the terms indicated by it, the reports related to the Exploitation development, in the terms and conditions established by the Regulator, according to the Applicable Laws.

Administration and management by the Operations Technical Advisor

- 8.9. THE CONCESSIONAIRE commits itself that during a period of no less than ten (10) years, as from the Signature Date of the Contract, the Operations Technical Advisor will offer technical assistance to the CONCESSIONAIRE in the rendering of the Service and the actions necessary to comply with the Service Levels established in Exhibit 7. Likewise, he will assist the CONCESSIONAIRE in the organization of the management offices of operations and maintenance, carrying out the training and formation of their technical personnel.

THE CONCESSIONAIRE will designate the team of professionals responsible for carrying out the operation and maintenance, as from the list proposed by the

Operations Technical Advisor, which should comply with the following minimum requirements: (i) the Operations Manager or executive with a similar position and responsibility will have an experience of no less than five (5) years, operation management of a massive transport system like a subway or urban railway which transports more than one hundred (100) million passengers per year; and (ii) the Maintenance Manager or executive with a similar position and responsibility will have experience of no less than five (5) years in the management of maintenance of a massive transport system like a subway or urban railway which transports more than one hundred (100) million passengers per year.

In accordance to that agreed in the Operations Technical Assistance Contract, the Operations Technical Advisor should provide the CONCESSIONAIRE with the information that the latter considers necessary, be it on his own initiative or by the Regulator's request, and offer him the facilities which are necessary for the correct fulfillment of his duties.

- 8.10. Without prejudice to that stated in the previous Article, for all purposes hereof, the CONCESSIONAIRE is responsible for the Service operation to the GRANTOR.
- 8.11. Any amendment to the Operations Technical Assistance Contract related to the obligations of the Operations Technical Advisor indicated in Article 8.9, shall be subject to at least the following: a) the contractual amendments must be made known to the GRANTOR, with a copy to the Regulator, for its prior approval; b) the change of Operations Technical Advisor will previously require the favorable opinion of the Regulator and the GRANTOR'S approval. To this effect the new Operations Technical Advisor should comply with the technical-operation requirements stated in the Tender Document and which proceeded to the Bidder's short listing. Said substitution may occur within the ten (10) years period referred to in Article 8.9.

For the purpose of the approval referred to in the foregoing Paragraphs a) and b), the CONCESSIONAIRE should send a request to the GRANTOR with a copy to the Regulator. The GRANTOR should issue a declaration, within the thirty (30) Calendar Days following the reception of the mentioned request, having the Regulator's opinion. In the case of the COCEDENT fails to issue the declaration within the mentioned period, the authorization will be considered refused

Reordering of the Public Transport

- 8.12. With the aim of ensuring the adequate integration of Line 1, in the stretch Villa El Salvador – Av. Grau, with the rest of Lima's public transport system, the GRANTOR, with no less than months prior to the starting of the Exploitation, should deliver to the CONCESSIONAIRE, the Reordering of Routes Plan for the urban public transport of passengers (as from now to be known as the RRP), duly approved by the corresponding authorities and which will additionally include the actions and measures which will enable the carrying out of the supervision and control of the reordering with the aim of conserving its adequate maintenance.
- 8.13. THE GRANTOR commits itself to carry out the relevant procedures so that the RRP will start, months before the beginning of the Exploitation, not being able to begin later than (.....) months as from the Contract's Signature Date

THE GRANTOR is under the obligation of undertaking that the RRP's implementation comes to an end not later than months as from the Exploitation's beginning.

The failure to fulfill this obligation by the GRANTOR will give place to the application of that established in Article 8.19. In case the GRANTOR does not fulfill with that disposed of in Article 8. 19, the CONCESSIONAIRE may appeal for the lapsing of the Concession due to the GRANTOR'S failure, following the procedures established in Section XV.

- 8.14. THE CONCESSIONAIRE may request authorization from the competent Governmental Authority for the rendering of the passengers public transport service, including those routes which will function as service routes for the Concession in compliance with the Applicable Laws.
- 8.15. In the case of failure to fulfill the GRANTOR'S obligations established in Article 8.13, the CONCESSIONAIRE will grant the GRANTOR at least three (3) additional months, which will be calculated as from the reception date of the request, to rectify said situation of lack of fulfillment, provided that the reordering process has begun.

Additional Investment

- 8.16. In case the increase of real demand for trips requires Additional Investment to comply with that established in Exhibit 7, the CONCESSIONAIRE should present the GRANTOR, with a copy to the Regulator, a report which justifies the need to carry out Additional Investments. This should include the technical studies with details of the Additional Investments to be carried out and the pertaining deadlines. The GRANTOR will issue its opinion within thirty (30) Calendar Days from having received the report, which should include the Regulator's opinion.
- 8.17. The Additional Investment should be funded by the resources generated by the Concession or with the own Concession funds.
THE GRANTOR will not bear any costs which could generate the acquisition, implementation or execution of the Additional Investments.

Free commercial decision and risks

- 8.18. THE CONCESSIONAIRE has the right to the Exploitation, according to the established in this Contract, the Terms and in the Applicable Laws. This right implies the CONCESSIONAIRE'S freedom to manage and administer the business. This includes, but does not limit itself to, the administration and Maintenance of the Concession's Properties; freedom to subcontract services; freedom to choose the personnel to be hired and freedom to commercial decision, within the limits mentioned in the present Contract, Terms and the Applicable Laws. In that sense, the CONCESSIONAIRE is the only holder and responsible for the financial results and the risks related to the decisions made on the Exploitation and that established herein.

Users' Claims and Rights

- 8.19. THE CONCESSIONAIRE is obligated to preserve the following Users' rights:
 - (i) To have access to the Service, according to that established in the Applicable Laws.

- (ii) To be duly informed about the Fares and scope of the Service offered by the CONCESSIONAIRE, in compliance with this Contract.
- (iii) To receive the Service according to the Service Levels and the terms and conditions established in the Contract; and
- (iv) Those according to the Applicable Laws and others that could be established in the Contract.

8.20. THE CONCESSIONAIRE will establish a Users' service system, for claims, requests and suggestions, in compliance with the Exhibit 7. Every two (2) years, the CONCESSIONAIRE shall submit the approved system to the Regulator for its renewal.

8.21. THE CONCESSIONAIRE will have to pronounce itself within the date limits and in compliance with the mechanisms and procedures set forth in Exhibit 7, which the Regulator establishes for the attention of claims, requests or suggestions presented by those interested.

In case the CONCESSIONAIRE and the Users do not settle the dispute, this should be solved by the competent Governmental authority in compliance with the Applicable Laws on that matter.

Complementary Services

8.22. THE CONCESSIONAIRE is duly empowered to additionally render the Complementary Services, which may not be conditioned to the contracting of the Service. For the Complementary Services Rendered, the CONCESSIONAIRE shall have the right to charge a fee. Said services cannot be contrary to generally accepted moral codes, norms of good behavior and public order nor may they affect the functionality of the Service in any of its aspects. The CONCESSIONAIRE or whosoever it designates shall be authorized to render said services, prior approval by the GRANTOR.

8.23. By virtue of the present Article, the GRANTOR authorizes the CONCESSIONAIRE to develop the following as Complementary Services a: i) renting of premises in the stations; ii) renting of advertising space in the stations and buses, in the interior as well as on the exterior, in the viaduct's platform and on the columns iii) maintenance and repairing service of the rolling stock of other operators. The income from the Complementary Services stated in this Article belongs to the CONCESSIONAIRE.

This authorization does not imply the assumption of any responsibility on behalf of the GRANTOR, nor does it exempt the CONCESSIONAIRE of obtaining each and every one of the concessions, authorizations, licenses and/or permits which, according to sectorial norms and, in general, the Applicable Laws, are necessary for the beginning, development or exploitation of said Complementary Services.

8.24. The rendering of Complementary Services different to those stated in the preceding Clause, shall require GRANTOR'S prior approval. In these cases, the Parties shall agree on the corresponding payment and the corresponding distribution of the income, among others.

SECTION IX: ECONOMIC REGIME

Conditions for obtaining the Financial Closure

- 9.1. In a maximum term of four (4) months, as from the Contract's Signature Date, the CONCESSIONAIRE should accredit that it has the sufficient financial resources or signed contracts that establish the financial commitments which will be generated for the execution of the Investments, according hereto.

For the purposes of accreditation referred to in the preceding paragraph, the amount to be accredited by the CONCESSIONAIRE will be the minimum stated in the duly approved Final Study.

To accredit that the CONCESSIONAIRE has the pertaining financing, it should present either , alternatively or jointly for the GRANTOR'S approval: (i) a legalized notary's copy of the financing contracts, bonds, trust, copy of the Debt Cost Rate and in general any relevant contractual document, that the CONCESSIONAIRE may have agreed to with the Authorized Creditor(s) that will participate in the financing of the investments; or (ii) a legalized notary copy of the financing contracts, bonds, trusteeships and in general any relevant contractual document with Companies Linked to the CONCESSIONAIRE. The contracts referred to in Article (i) should specifically include a disposition that in the case in which financing is not effective or the CONCESSIONAIRE incur in any action which might cause its termination or dissolution, the Authorized Creditor will immediately communicate such situation to the GRANTOR. The contracts indicated in Article (ii) shall not constitute Authorized Guaranteed Borrowing.

In case the Investments are financed with the CONCESSIONAIRE'S personal funds, it should submit, in the period stated in the first paragraph of the present Article, the statement of the public deed where it records the amount of corresponding capital, duly paid and registered in the public registry office.

- 9.2. In case the CONCESSIONAIRE has not complied with accrediting the financial closure by the expiry of the period established in the preceding Article, the CONCESSIONAIRE may request from the GRANTOR just once an extension of two (2) months, without prejudice of the application of the corresponding penalties in case the CONCESSIONAIRE does not accredit the financial closure at the lapse of the extended period, the lapsing of the concessionaire's right will arise due to the CONCESSIONAIRE, and the GRANTOR will execute in compensation for damages the Performance Guarantee of the Concession Contract for an amount equivalent to 100% of it.

Financial Statements

- 9.3. Within ninety (90) Calendar Days beginning each Calendar Year, the CONCESSIONAIRE shall remit to the GRANTOR and Regulator its audited financial statements corresponding to the previous financial year. Likewise, within thirty (30) Calendar Days of finalizing each quarter of each Calendar Year, the CONCESSIONAIRE shall remit to the GRANTOR and Regulator its financial statements corresponding to said quarter.

Whilst the CONCESSIONAIRE receives the MAGI Payment, the company in charge of auditing its financial statements should be a company of renowned prestige, which shall be chosen by the CONCESSIONAIRE from a short-list proposed by the CONCESSIONAIRE and approved by the GRANTOR.

Carbon Credits

- 9.4. The CONCESSIONAIRE acknowledges that the rights on the reduction of the emission of greenhouse effect gases derived from or to be derived from the Project are of the GRANTOR'S exclusive property.

Trust Administration

- 9.5. In order to facilitate and guarantee the adequate fulfillment of the obligations derived from the present Contract, the CONCESSIONAIRE commits itself to constitute and maintain, at its expense, as trustee, an irrevocable trust administration, which will be governed by the norms indicated in Appendixes 2 and 3 of Exhibit 4 of the Contract, as well as by that indicated in the respective trust contract.

Fares

- 9.6. The CONCESSIONAIRE has the responsibility of charging fares as from the beginning of the Exploitation, in consideration of the Service.
- 9.7. THE CONCESSIONAIRE is free to establish the Fares that it will charge for the rendering of the Service. The Fares that the CONCESSIONAIRE establishes for the Service should be less or equivalent to the maximum Fare stated in the present Article. The initial maximum Fares shall be equivalent to the greatest value between (US\$) and (S/. ...). For comparison of the Fares established by the CONCESSIONAIRE, the maximum Fare shall be converted to Nuevos Soles at the Exchange Rate closing the previous month. The maximum Rate only refers to the rendering of the Service which does not include the rendering of other transport services.
- 9.8. As from the Calendar Year following the Contract's Signature Date, the maximum Fare established in Dollars will be adjusted annually according to the percentage variation, produced in each Calendar Year, of the consumer price index for all urban consumers (CPI-U) published by the Department of Labor of the United States Government (series CUUR000SA0).

As from the Calendar Year following the Contract's Signature Date, the maximum Fare established in Nuevos Soles shall be adjusted annually according to the variation of the Price in New Soles of the adult ticket of the urban public transport in Metropolitan Lima, published by the INEI (urban adult passenger (bus and mini bus) in Lima Metropolitan, monthly series). For the adjustment effects the variation of the annual average of the before mentioned monthly series published by the INEI shall be considered

The new maximum Fare of each Calendar Year shall be the greatest result between the values calculated in the first and second paragraph of this Article.

Within the five (5) Days of the CPI-U index having been published, referred to in the first paragraph of the present Article, of the following Calendar Year at the

beginning of the Exploitation, the CONCESSIONAIRE should remit the calculation of the adjustments and the new resulting maximum fare, for its revision and approval by the Regulator, within the following ten (10) Days. In the case of lack of a written reply by the Regulator within said period, it shall be understood that the maximum Fare calculated by the CONCESSIONAIRE has been denied on the terms stated in this Article.

In the case of approval, the maximum Fare shall become valid thirty (30) Calendar Days after having been approved

- 9.9. The Fares which the CONCESSIONAIRE applies to the Users shall be stated and charged in Nuevos Soles and cannot exceed the maximum fare stated in Article 9.7 or that resulting after the adjustment according to Article 9.8. For the application of Fares, the CONCESSIONAIRE should observe the Applicable Laws on free tickets and differentiated fares.

On the Contract's Signature Date, the Fare is exempt of VAT. If this exemption does not continue during the Concession's Exploitation, the CONCESSIONAIRE will be able to present a report to the GRANTOR, with a copy to the regulator, which manifests that during one Calendar Year, after the elimination of the VAT exemption of the Fare, the passenger demand has reduced by more than ten percent (10%) with respect of the past Calendar Year in which the CONCESSIONAIRE received income for the rendering of the Service with the Fare being exempted from VAT.

The comparison of the demand shall be done only in the case in which the CONCESSIONAIRE demonstrates that the variation of demand responds only to the effect of the VAT increase on the Fare.

In the case in which the demand reduction referred to in the preceding paragraph is proved, the GRANTOR will compensate the CONCESSIONAIRE for the difference in income which has been generated for said concept, discounting the tax credit it obtained for the concept of the purchases subject to VAT, through the following alternatives, which could even be combined:

- a) The modification of the maximum Fare.
- b) The extension of the Concession Period.
- c) The modification of the Exploitation terms.
- d) The modification of the amount corresponding to the Compensation for the Concession.
- e) Others agreed to between the Parties.

THE CONCESSIONAIRE should remit the mentioned report, which shall include the compensation proposal to be implemented within thirty (30) Calendar Days of the deadline referred to in this Article so that the GRANTOR in a period no greater than fifteen (15) Days formulated its approval, the same which should have the Regulator's approval, determining the amount to be reimbursed to the CONCESSIONAIRE. In the case of the CONCESSIONAIRE disagreeing on the result issued by the GRANTOR, it can remit it to the Dispute Settlement Mechanism established in Section XVI.

Whilst the controversial solution process is in progress, the CONCESSIONAIRE should continue rendering the Service in the conditions in force before the dispute, not giving rise to the Suspension or cancellation of the Contract for this concept.

If the VAT exemption continues, this should not be understood as modifications in the Applicable Laws referred to in Article 9.14.

- 9.10. The Fares should be made known to the Users in an adequate manner and observing the norms of consumer protection which are applicable.
- 9.11. Any change in the Fares should be communicated by the CONCESSIONAIRE to the Regulator and GRANTOR and be published in two journal of wide circulation in the province of Lima and in the ticket offices or stations and in the CONCESSIONAIRE'S website, at least five (5) Days prior to its enforcement.
- 9.12. THE CONCESSIONAIRE shall provide information related to the Fares that the Regulator may need to evaluate the CONCESSIONAIRE'S compliance of the terms of this Contract and of the Applicable Laws.

Other Income

- 9.13. The CONCESSIONAIRE'S additional income will consist of all those gained as a result of the exploitation of Complementary Services.

Economic - Financial Balance

- 9.14. The Parties acknowledge that at the Contract's Signature Date, it is in a situation of financial-economic balance in terms of rights, responsibilities and risks assigned to the Parties. The Parties declare their commitment to maintain the financial-economic balance during the whole period of duration of the Contract.
- 9.15. The present contract stipulates a mechanism of re-establishment of the economic-financial balance to which the CONCESSIONAIRE and GRANTOR have right in case the Concession's economic-financial balance be significantly affected, exclusive and explicitly due to changes in the Applicable Laws, provided that it is exclusively related to economic-financial aspects related to the variation in the income and costs linked to the rendering of the Service, or both simultaneously.

In case the break of the Concession's economic-financial balance comes about during the Investment Execution Stage, the re-establishment will proceed as from the beginning of the Exploitation.

- 9.16. It is the Regulator's Responsibility to ratify or deny the invocation of break of the economic-financial balance by one of the Parties, as well as determining the compensation mechanism which would enable the reestablishment of said balance.

The re-establishment of the economic financial balance will take place on the basis of the Concessionaire's audited Profit and Loss Statement, where the income variations, related to the Service, or previously referred to costs can be verified. Without prejudice of this, the GRANTOR may request further information on what the mentioned variations are based upon.

- 9.17. The Regulator, shall establish the extent of the imbalance based on the difference between:
 - a) The net result of the income and costs incurred in the rendering of the Service, which include the variations caused by the changes in the Applicable Laws.

- b) The net result of the income and costs incurred in the rendering of the Service that would have been obtained if the changes in the Applicable Laws had not come about.

9.18. If the imbalance is produced in several periods, without it having been restored, the accumulated difference will be found between (a) and (b), defined in the preceding Article, in accumulated form.

Following this, the percentage of imbalance will be found through the following operation.

$$\text{Imbalance percentage} = \frac{[\text{Amount obtained in (b)} - \text{Amount obtained in (a)}]}{[\text{Amount obtained in (b)}]}$$

If the imbalance percentage exceeds ten per cent (10%) in absolute value, the re-establishment will proceed. If (b>a) the CONCESSIONAIRE will be damaged in the difference of both amounts, the CONCESSIONAIRE shall be granted a compensation equivalent to the difference of the amount obtained in b) minus the amount obtained in a). If (b<a) the imbalance affects the GRANTOR, the CONCESSIONAIRE shall grant a compensation equivalent to the difference of the amount obtained in a) minus the amount obtained in b). In both cases, the compensation could be added or discounted, respectively, in the following GMAI payment, for the amount resultant without including interest, or, if it is not available the Parties shall have the right to propose the following alternatives, which could even be combined:

- a) The modification of the maximum Fare.
- b) The extension of the Concession period.
- c) The modification of the Exploitation terms.
- d) The modification of the amount corresponding to the Concession Retribution.

If the amount obtained in (b) is equivalent to zero 0, only the difference between the amount obtained in (a) and the amount obtained in (b) will be considered in order to re-establish the economic financial balance, without the necessity of calculating the before mentioned imbalance percentage.

9.19. If the CONCESSIONAIRE invokes the re-establishment of the economic-financial balance, the Regulator shall determine within thirty (30) Days following reception of such request, if it proceeds, under the established in the previous paragraphs. If it proceeds, the Regulator should establish in a maximum term of thirty (30) Days, as from the date of its decision, the amount to be paid in favor of the CONCESSIONAIRE, applying to such effect, the appreciation criteria foreseen in the present Article and will inform the GRANTOR and CONCESSIONAIRE of this result for the corresponding measures to be taken. The amount which has been determined shall be deposited to the former within the following six (06) months. For any delay, an interest at the LIBOR rate plus one percent (1%) will be paid on the unpaid balance.

If the CONCESSIONAIRE invokes the re-establishment of the economic-financial balance, it shall be the Regulator's responsibility to determine, within thirty (30) Days, the proceeding in application of that disposed in the preceding paragraphs. If it be the case, the Regulator should establish in a maximum term of thirty (30) Days, as from its decision, the amount to be paid in favor of the GRANTOR,

applying for such affect, the appreciation criteria foreseen in the present Article and will inform the GRANTOR and CONCESSIONAIRE so that the corresponding measures be taken. The resulting amount shall be deposited by the CONCESSIONAIRE to the GRANTOR within the following six (06) months. For any delay, an interest at the LIBOR rate plus one percent (1%) will be charged on the unpaid balance after the specified maximum deposit date.

In the same moment in which the GRANTOR or the CONCESSIONAIRE invokes the re-establishment of the economic-financial balance, they will address themselves to the Regulator for it to issue its technical opinion according to its legally attributed competencies in this field.

Any other procedure of restitution of the economic-financial balance shall be agreed upon by the Parties.

- 9.20. The discrepancy with respect to the compensation amount due to the break of the economic-financial balance shall be resolved in compliance with the dispute settlement mechanism regulated in Section XVI hereof, the other provisions of this article being applicable in what is considered pertinent.
The contents of this article shall not be considered applicable to the changes produced as a consequence of provisions issued by the Regulator that establish infringements and penalties, that were considered in the Contract or produced as a consequence of acts, facts attributable to or resultant from the CONCESSIONAIRE'S performance.
- 9.21. The existence of an important economic-financial imbalance of the Contract could only give place to the modification of the benefits of the Parties for the effects of re-establishing of the economic-financial balance, but not give place to neither the Suspension nor the Dissolution of the Contract.
- 9.22. The Article 9.14 and following shall not be considered applicable, those changes produced by the imposition of fines or any sanction or action derived from acts incurred upon or of the CONCESSIONAIRE'S responsibility; or contractual or legal non fulfillment of the GRANTOR or Regulator in the execution of this Contract.

Retribution for the Concession

- 9.23. THE CONCESSIONAIRE shall pay to the GRANTOR the Retribution for the Concession within one hundred and twenty (120) Calendar Days following the end of each Calendar Year and will be effective in Nuevos Soles including all taxes which could be applicable. The amount corresponding to the Retribution for the Concession shall be determined by the Regulator on the basis of the audited Financial Statements, presented by the CONCESSIONAIRE.
- 9.24. As from year..... (.....) calculated as from the beginning of the Exploitation and until the end of the Concession Term, the Retribution for the Concession shall be percent (.....%) of the income received by the CONCESSIONAIRE corresponding to the rendering of the Service.

The total of the previously indicated income which the GRANTOR shall receive will be simultaneously transferred to the Trust.

Concession's Tax Regime

- 9.25. THE CONCESSIONAIRE shall be subject to the applicable national, regional and municipal legislation. He has the obligation of complying with all the tributary responsibilities which correspond to its activity. THE CONCESSIONAIRE is

obligated to according to the Applicable Laws, pay all taxes, contributions and rates applied, among others, to the Concession's Properties, be they administrated by municipal, regional or national government.

- 9.26. THE CONCESSIONAIRE may sign with the State, a legal stability agreement, which according to applicable legal rules has the level of contract-law, subject to the provisions of Legislative Decrees N° 662 and N° 757 and the Unique Arranged Text, prior fulfillment of the conditions and requirements established in said rules.

Likewise, the CONCESSIONAIRE may enjoy tax benefits which correspond, provided it complies with the fundamental and formal conditions and requirements stated in the Applicable Laws.

SECTION X: FINANCIAL REGIME

- 10.1. The provisions related to the present Contract's Financial Regime are contained in Exhibit 4 hereof.

SECTION XI: GUARANTEES

11.1 GRANTOR'S Guarantee

Guaranteed Minimum Annual Income (GMAI)

- 11.1.1 The application of the GMAI become effective as from the six (6) months subsequent to the beginning of the Exploitation for a period of (.....) years effectively

THE GRANTOR is under the obligation of offering and supplying the funds necessary for the GMAI Account of the Trust, with the aim of complying with the GMAI Payment.

Validity of the GMAI

- 11.1.2 The GMAI shall be valid for the days in which the Service operates at least the minimum of the hours daily established in Exhibit 7 and for those days in which, without having complied with operating the minimum of established hours daily, said incompliance has been duly justified by the CONCESSIONAIRE and said justification accepted by the GRANTOR, with an opinion from the Regulator. In this manner, each day of the Calendar Year in which the Service operates less than said number of hours and said incompliance has not been duly justified and approved by the GRANTOR, with opinion of the Regulator, it will be discounted and payment shall be made according to that established in Article 11.1.5.

In addition to that indicated in the previous paragraph, the Payment for GMAI will be applicable if the adult Average Fare of urban public transport in Metropolitan Lima, published by INEI (adult urban ticket (bus and mini bus) in Metropolitan Lima, annual average variation).

If the Fare charged by the CONCESSIONAIRE exceeds the limit indicated in the previous paragraph, the application of the GMAI should not have any objection from the GRANTOR, prior opinion of the Regulator.

11.1.3 The GMAI shall be (US\$) which is equivalent to the Economic Proposal made by the Successful Bidder, without prejudice to that established in Article 11.1.1.

Payment of the GMAI

11.1.4 The Payment of GMAI will become applicable if the income corresponding to the CONCESSIONAIRE'S rendering of Service is less than the respective GMAI.

11.1.5 The Payment of GMAI shall be determined as follows:

$$\text{Payment of GMAI} = \text{GMAI} * ((\text{.....} - d) / \text{.....}) - \text{IS}$$

Whereas:

- GMAI: Guaranteed Minimum Annual Income, according to that established in Article 11.1.1
- d: Number of days corresponding to the year of calculation, in which the Service did not operate the minimum of hours daily, according to Article 11.1.2
- IS: CONCESSIONAIRE'S income for the rendering of the Service corresponding to the year of calculation.

The Payment of GMAI will be payable half-yearly for each period. The GMAI corresponding to one half-year shall be the result of dividing the yearly GMAI between two (2), according to the afore-mentioned procedure; however, once the CONCESSIONAIRE presents the audited financial statements, the liquidation that corresponds to the Calendar Year in which the half-year payments were made will take place.

The procedure for the corresponding payment will be carried out according to the following terms and conditions, which should be established in the corresponding trust contract:

- a. THE CONCESSIONAIRE should remit to the Regulator, with a copy to the GRANTOR, within the first five (05) Days of each month, a report of daily collection.
- b. Within a maximum term of fifteen (15) Calendar Days of reception of the report indicated in the preceding Paragraph corresponding to June and December, the Regulator shall determine, in principle, if the income received for the rendering of the Service during the half-year, is equivalent or superior to the GMAI of the same half-year. If it is greater or equivalent, the income received for the rendering of the Service of the same half-year, it will inform the CONCESSIONAIRE that the payment does not proceed, Paragraphs c), d) e), f) and g) not being applicable.
- c. Within the same period of fifteen (15) Calendar Days indicated in the preceding Paragraph, the Regulator shall calculate the half-yearly amount of Payment for GMAI according to the aforementioned formula, in Nuevos Soles, which should be converted into dollars at the average daily Exchange Rate corresponding to the half-year calculation.
- d. Once the half-yearly Payment for GMAI has been determined, the Regulator shall communicate it to the GRANTOR, within a maximum term

of five (5) Calendar Days of having calculated the amount. THE GRANTOR shall have five (5) Days, as from the reception date of the Document sent by the REGULATOR, where the half-yearly Payment for GMAI is determined, for its approval.

- e. Once the half-yearly Payment for GMAI has been approved by the GRANTOR, its shall remit this approval to the Regulator, with copy to the CONCESSIONAIRE and the Trustee, for the latter, in a maximum term of three (3) Days of having received the communication of approval of the half-yearly Payment for GMAI, make said payment, charging it to the available funds of the GMAI's Account of the Trust's Administration.

The GRANTOR is responsible of all the necessary actions for the GMAI be considered annually in the Public Sector's Budget as from the year previous to the beginning of the Exploitation stage and for the period indicated in Article 11.1.1., Parties acknowledge that the budget formulation process of the State of the Republic of Peru is governed by public provisions and are of public knowledge.

- f. Any delay in the half-yearly Payment for GMAI will generate daily interest at the rate of one LIBOR.
- g. Without prejudice to that mentioned in the preceding Paragraphs and considering that established in Article 11.1.3, with the purpose of carrying out the settlement of the annual Payment for GMAI and adjusting the excess or deficit of the half-yearly payments to the CONCESSIONAIRE, the latter should send to the Regulator within the first ninety (90) Calendar Days of the following Calendar Year in which the half-yearly Payments for GMAI were carried out, a report indicating the CONCESSIONAIRE'S annual takings for the rendering of the Service, the amount of the Average Annual Fair, as well as the audited Income Statement , all corresponding to the Calendar Year in which the half-yearly Payments for GMAI were carried out. The Regulator shall determine the annual Payment for GMAI, in function of the before mentioned information, for which it could request additional information from the CONCESSIONAIRE. It will be the Regulator's responsibility to determine if the Annual Average Fare charged by the CONCESSIONAIRE complies with that established in Article 11.1.2. If the Annual Average Fare should exceed the percentage (%) indicated in Article 11.1.2, the Regulator will communicate with the GRANTOR in a period no greater than two (2) Days, with the purpose of the GRANTOR in a period no greater than threes (3) Days formulate or not an objection to the acknowledgement of the GMAI.
- h. Within the fifteen (15) Calendar Days subsequent to the presentation of the information mentioned in the previous Article g), the Regulator shall carry out the calculation of the annual Payment for GMAI according to the formula established in the present Paragraph and will determine if the difference between the amount of the Payment for GMAI and the sum of the half-yearly Payments for GMAI is positive or negative.

Once the annual Payment for GMAI has been calculated and the difference between the amount of the Payment for GMAI and the amount of the half-yearly Payments for GMAI that have been carried out has been determined, the Regulator shall communicate said information to the GRANTOR, in a period no greater than five (5) Calendar Days of having calculated the amount. THE GRANTOR shall have fifteen (15) Days, as from the reception date of the document sent by the Regulator, for the corresponding approval.

In case said difference is positive, there shall be a positive balance in favor of the CONCESSIONAIRE, giving place to a reimbursement equivalent to said difference; on the contrary, if the difference is negative, there shall be a balance against the CONCESSIONAIRE and will give place to a reimbursement equivalent to said difference in the GMAI's Account of the Trust's Administration.

- i. Once the calculations and difference that are referred to in the previous Article h. have been approved on behalf of the GRANTOR, in a period no greater than five (5) Calendar Days of having determined the annual Payment for GMAI, the Regulator shall remit a communication to the Trustee, with a copy to the GRANTOR, stating if the reimbursement or discount which are referred to in Article h) proceed and the corresponding amount.
- j. On the payment date which corresponds to the first half-year of the Calendar Year, the Trustee will reimburse or discount the difference calculated in the previous Article i).
- k. In the case in which the CONCESSIONAIRE does not agree with the settlement of the annual Payment for GMAI determined by the Regulator, it could submit it to the controversial settlement mechanism established in Section XVI.
- l. Once the final result of the arbitral awarding that is generated in the proceeding established in the previous Article k) is obtained, the CONCESSIONAIRE shall remit to the Trustee, a copy of the same, in order for it to proceed in the implementation of the resolution, on the pay date corresponding to the nearest half-year.

Guarantees in favor of the GRANTOR

11.2 Performance Guarantee

- 11.2.1 THE CONCESSIONAIRE should maintain during the entire validity of the Concession Period, and up to six (6) months in addition, a Performance Guarantee in accordance with that foreseen in this Paragraph.
- 11.2.2 THE CONCESSIONAIRE is in the obligation of delivering to the COCNEDENT, in the Contract's Signature Date, an irrevocable, unconditional, bond letter, of automatic execution, without benefit of excussion, under the terms and conditions stated in form 1 of Exhibit 2 of the Terms, according to Paragraph 11.2.3.
- 11.2.3 The Performance Guarantee should be issued in favor of the GRANTOR by a Banking entity or an International Prime Bank but confirmed by a Banking Entity, for an amount of:
 - (i) Dollars (US\$)
as from the Contract's Signature Date until two (2) years subsequent to the beginning of the Exploitation, and
 - (ii) Dollars (US\$) as from the expiry of the period indicated in the previous Paragraph until six (6) months subsequent to the Concession Period.

11.2.4 Purpose of the Performance Guarantee

This document guarantees, during its validity, the correct and appropriate compliance of each and every one of the obligations that this Contract establishes for the CONCESSIONAIRE. The amount of the Performance Guarantee does not constitute a limit to the penalties or compensations that could correspond for the breaches.

The Performance Guarantee could become partially effective, in the case in which the accrued liabilities in accordance with the present Contract are not paid in a direct and punctual manner by the CONCESSIONAIRE; or, that the amount corresponding to the GRANTOR for any breach of contract be less than the total amount of the guarantee.

The Performance Guarantee may also become effective for the effects of amending breaches in which the CONCESSIONAIRE might incur in financial leasing arrangements or similar of property necessary for a normal and adequate Exploitation of the Service. THE GRANTOR may collect the amount necessary to amend the CONCESSIONAIRE'S breach and avoid the dissolution of these or other contracts which enable the use and/or utilization of properties for the Exploitation.

The effectiveness of the Performance Guarantee will proceed in the case in which the CONCESSIONAIRE has not paid the liabilities or amended the breaches within the periods granted for such cases.

Restitution of the guaranteed amount

In the case of a partial or total execution of the Performance Guarantee, the CONCESSIONAIRE will be under the obligation to reconstitute the original amount in the same conditions established in Paragraph 11.2, which it should carry out within the thirty (30) Calendar Days subsequent to the date on which the effectiveness of the Performance Guarantee was made, be it partial or total. In the case in which said period expires without the CONCESSIONAIRE complying with the restitution of the total amount, the GRANTOR may execute its right to the dissolution of the Contract which is foreseen in Paragraph 15.4.

11.2.5 Renewal

The Performance Guarantee should be renewed annually in such a manner that it remains valid until six (6) months subsequent to the expiry of the Concession Period. If the Concession Period is extended, the Performance Guarantee should be renewed annually in such a manner that it remains valid until six (6) months subsequent to the extension period.

If the guarantee is not renewed by the CONCESSIONAIRE no later than thirty (30) Calendar Days before its expiry, the GRANTOR shall proceed to the full execution of the Performance Guarantee. Without prejudice to that disposed of in Paragraph i) of Clause 15.4, the amount of the guarantee shall be retained by the GRANTOR as guarantee until the CONCESSIONAIRE complies with renewing the guarantee. On complying with the renewal of the guarantee, the GRANTOR shall return to the CONCESSIONAIRE the amount of the guarantee, without interest, and after deduction of costs incurred, if it be the case.

Without prejudice to that disposed of in the previous paragraph, the penalties foreseen in Exhibit 10 shall be applicable.

The Performance Guarantee should be issued, on the terms contained in the Terms and in the present Clause.

Guarantees in favor of the Authorized Creditors

11.3 With the purpose of obtaining financing to fulfill the execution of the investments and the rendering of the Service under the terms of the Contract, the CONCESSIONAIRE, on condition that the Applicable Laws permit it and following the procedure that these establish, may, prior authorization from the GRANTOR and with the favorable opinion of the Regulator, grant guarantees in favor of the Authorized Creditors, to guarantee the Guaranteed Indebtedness, on the following:

- a) The right of Concession, according to that stipulated in article 3 de la Law N°26885.
- b) The Income of the Concession, net after Retribution, of the Regulation Contribution to which subsection a) of article 14 of Law N° 26917 and of any other amount committed to state entities.
- c) The stock or shares of the CONCESSIONAIRE.

THE CONCESSIONAIRE accepts and acknowledges that neither of such guarantees or allowances will exempt it from its responsibilities nor from the Contract.

THE GRANTOR accepts and acknowledges that neither the Authorized Creditors nor any other person acting on their behalf shall be responsible for the fulfilling of the Contract of behalf of the CONCESSIONAIRE until if it be the case the Authorized Creditors execute the rights mentioned in Paragraph b of Clause 11.3.2. concerning the execution of the mortgage, in which case whoever is the holder of the same as a result of its execution, will assume in its condition of new concessionaire the obligations and rights of the present Contract.

THE GRANTOR and the CONCESSIONAIRE guarantee that the rights that are stipulated in favor of the Authorized Creditors in the present Contract are not forfeitable, irrevocable and unchangeable, except with the prior and explicit consent of said Authorized Creditors, directed to the GRANTOR and CONCESSIONAIRE informing them of their use of said rights; with the understanding that with the sole communication to El GRANTORE y el CONCESIONARIO from the Authorized Creditors informing them they will make use of said rights, it will be taken as fulfilled the acceptance of the respective Authorized Creditor to which Article 1458 of the Civil Code refers to.

For the effect of the authorization of the constitution of the guarantees to which the present Clause refers to, the CONCESSIONAIRE should remit to the GRANTOR and Regulator a copy of the contract projects and other documents related to the operation, as well as a declaration from the possible Authorized Creditor that contains the requirements contained in Exhibit 12.

11.3.1 Authorization of Authorized Guaranteed Indebtedness

The GRANTOR'S approval shall be required for the main financial terms of the Authorized Guaranteed Indebtedness. The approval may only be denied based on the economic prejudice that said terms could cause to the GRANTOR.

THE CONCESSIONAIRE should present the request for approval in writing both to the GRANTOR and Regulator, together with the information related to the Authorized Guaranteed Indebtedness, as well as the information indicated in the last paragraph of Clause 11.4.

THE GRANTOR should emit its declaration in a period no greater than thirty (30) Calendar Days, respectively, as from the day following the expiry date for the emission of the Regulator's technical opinion, even when the latter has not yet pronounced itself. The Regulator shall have twenty (20) Days as from the reception of the CONCESSIONAIRE'S request to emit its technical opinion.

For the effects of evaluation, the GRANTOR and Regulator may request additional information, within fifteen (15) Calendar Days of having received the request presented by the CONCESSIONAIRE. In such case, the maximum period of twenty (20) Calendar Days for the emission of the Regulator's technical opinion will be counted once again from the date of the presentation of the additional information requested, provided that it has been presented in a complete manner and without deficiencies. Said information should be remitted both to the Regulator and GRANTOR.

For its part, the GRANTOR may request additional information within fifteen (15) Calendar Days of reception of the Regulator's technical opinion. In such case, the maximum periods provided for said entities to emit their declarations, will be counted once again from the date of the presentation of the additional information requested.

In case the mentioned period in the previous paragraphs expires without the GRANTOR pronouncing itself, it shall be understood that the Authorized Guaranteed Indebtedness has been approved.

Exhibit 12 of the present Contract contains the terms of the communication that the GRANTOR irrevocably agrees to grant in favor of the Authorized Creditors, agreeing to the creation of the guarantee package as well as their execution when required by the Authorized Creditors.

The indebtedness which the CONCESSIONAIRE shall contract for effects of the designing, construction of the Maintenance Workshop for the new and existing trains (includes the Access routes to the same) in the second level of the Workshop Patio, supply of rolling stock, the maintenance and/or Exploitation of the Concession, will have no guarantee whatsoever from the GRANTOR.

THE GRANTOR may demand that in the contracts which the CONCESSIONAIRE signs with Authorized Creditors for the financing of the Investments, there be established the GRANTOR'S right to assume the contractual position of the CONCESSIONAIRE in case of the Expiry of the Concession. To this end, the GRANTOR shall have a final period of ten (10) Days, as from the presentation date of the request mentioned in the second paragraph of this Clause, to execute the right.

Any modification that the CONCESSIONAIRE deems necessary to carry out on the financial terms of the Authorized Guaranteed Indebtedness agreed to, should have the GRANTOR'S previous approval in accordance with the procedure established in the present Clause.

11.3.2 Concession's Mortgage

THE CONCESSIONAIRE has the right to mortgage his Concession right in compliance with that established in the Applicable Laws and Dispositions, in guarantee of the Authorized Guaranteed Indebtedness. The request for authorization and the constitution of the guarantee and its respective out-of-court implementation will be enforced by the following rules:

a. Authorization of Mortgage constitution

The CONCESSIONAIRE may mortgage his Concession right on condition that it has the GRANTOR'S prior authorization and the Regulator's technical opinion, according to Clause 11.3.1.

For the modification of the Concession mortgage in case it be necessary, the same procedure provided in Clause 11.3.1 shall be followed.

b. Out-of-court implementation of the Mortgage

The implementation of the mortgage will follow similar principles and mechanisms as those established for the implementation of the Stock Agreement provided in Clause 11.3.3, implementation procedure that shall be established in the corresponding contract respecting that established in Article 3 of Law N° 26885.

11.3.3 Procedure of the execution of the Securities Guarantee on stock or bonds corresponding to the Minimum Participation

The procedure of the execution of the securities guarantee on stock or bond corresponding to the Minimum Participation, under the direction of the Authorized Creditor(s) and with the GRANTOR'S participation, is under the obligation to be governed by the following rules:

- The Authorized Creditor(s) decision consisting of exercising its (their) right of implementing the securities guarantee on stock or bonds constituted in their favor, should be communicated in writing to the GRANTOR, CONCESSIONAIRE and the Regulator.
- As from said moment, (a) the GRANTOR shall be unable to declare the Expiry of the Concession and shall be under the obligation to immediately begin the corresponding coordination with the Authorized Creditor(s), with the purpose of designating the legal entity which, according to the terms provided in the Concession Contract and under a retribution to be agreed upon with the Authorized Creditor(s), shall act as controller and will be a substitution in charge of the Concession's operation during the time required for the substitution of the Strategic Partner to which the following points refer to; and (b) no act on the part of the CONCESSIONAIRE may suspend the procedure of the implementation of the securities guarantee, remaining unable to comply with the obligations that caused the implementation of the referred to guarantee.
- To that effect, the Qualified Creditor(s) may propose qualified operators to the CONCEDENT, which comply with the requirements established in the Terms and which will elect one of them to temporarily be in charge

of the Concession. The designation of the legal entity which will act as controller, determined by the GRANTOR, should be informed in writing to the Regulator and CONCESSIONAIRE. As from that moment, the CONCESSIONAIRE will be under the obligation to begin the corresponding coordination, with the purpose that the transition transfer will be carried out as efficiently as possible.

- The temporary operation of the Concession in hands of the controller should be perfected in a period no greater than sixty (60) Calendar Days as from the date in which the CONCESSIONAIRE had knowledge of said designation, the CONCESSIONAIRE taking responsibility if the before mentioned temporary operation is not perfected due to causes attributable to it.
- Once the Concession is under the controller's temporary operation, the Qualified Creditor(s) should propose to the GRANTOR, the complete text of the official announcement and the procedure terms of private tender of Minimum Participation, in a maximum period of thirty (30) Days. Said terms should respect the fundamental guidelines contained in the Tender Terms, especially that corresponding to the general characteristics of the Concession and the Final Study, respectively, on condition they do not contradict the nature of the new tender that will take place. To that effect, the Authorized Creditor(s) shall remit a proposal of announcement and terms to the GRANTOR.
- Complying with the text of the announcement and procedure terms of private tender of the Minimum Participation for consideration of the GRANTOR, the latter shall formulate its observations on them within ten (10) Days as from having received the mentioned text. On expiration of said period and lacking a declaration from the GRANTOR, the referred to text shall be taken as approved.
- Once the Authorized Creditor(s) has knowledge of the observations formulated by the GRANTOR, it shall have a period no greater than ten (10) Days to amend or reject them and submit to the GRANTOR for the second time the text of the official announcement and procedure terms for private tender of the Minimum Participation. Following this, the GRANTOR shall emit a declaration regarding the referred to text within ten (10) Days as from date in which it received the information for a second time. However, once the mentioned period has expired and lacking an approval statement, the referred to text shall be taken as approved,
- Once the announcement text and procedure terms for private tender of Minimum Participation have been approved, the Authorized Creditor(s) should begin the processing of the procedures established therein in a period no greater than the ten (10) following Days. The awarding should be granted in a period which may not exceed one hundred and eighty (180) days as from the announcement, except for, in compliance with the circumstances, the processing of such procedure should require a greater period, in which case, the extension determined by the GRANTOR shall be applied.
- Once the granting of the private tender of Minimum Participation has been awarded according to that established in the text of the terms

approved by the GRANTOR, as well as that stated in this Clause, said act should be communicated in writing both to the GRANTOR and to the controlling legal entity. As from that moment, the latter shall be under the obligation to begin the respective coordination, with the objective that the transition of the operation of the Concession will be carried out as efficiently as possible. The definite substitution of the Strategic Partner in favor of the successful Bidder should be finalized in a period no greater than thirty (30) Days from the date in which the awarding of the private tender was granted, under responsibility of the controller, except in the case that the substitution has not been finalized in said period for circumstances attributable to the bidder.

- In compliance with the proceeding previously established, the successful bidder of the private tender previously described shall be acknowledged by the GRANTOR as the new Strategic Partner. For that effect, said Strategic Partner will completely substitute the former Strategic Partner, remaining subject to the terms of the present Concession Contract.

SECTION XII: CONCESSIONAIRE'S REGIME OF INSURANCE AND LIABILITY

Insurance Regime

12.1. Approval

THE CONCESSIONAIRE is under the obligation of having insurance in compliance with that established in the present Section, and its policy proposals should be presented to the GRANTOR for approval.

The policy proposals shall be submitted no later than forty (40) Calendar Days subsequent to the Contract Signature Date. THE GRANTOR has a period of ten (10) Calendar Days for its approval. Such a situation is equally applicable to the cases in which the CONCESSIONAIRE should present the changes in the case of there being any modification, according to that established in Clause 12.6.

Should there be any observation, the CONCESSIONAIRE shall have ten (10) Calendar Days to amend said observation.

Should there be no observation by the GRANTOR; the insurance proposals shall be taken as approved.

12.2. Risk study

THE CONCESSIONAIRE shall hire the services of a specialized company of international prestige, different to the insurance broker, agent or advisor of the CONCESSIONAIRE, for the carrying out of the risk study, with the aim of determining the maximum probable loss that could be caused product of the accidents or events which occur and will be covered by the policies mentioned in Clause 12.3, except for 12.3.4., the maximum probable loss shall be the minimum insured amount for each policy required.

Five (5) Calendar Days subsequent to the Contract's Signature Date, the CONCESSIONAIRE shall present to the Regulator a list of no less than three (3)

specialized companies. The Regulator has fifteen (15) Calendar Days to select one of the proposed specialized companies and communicate its decision to the CONCESSIONAIRE. If no selection has been made within the mentioned period, the CONCESSIONAIRE shall be able to hire the company of its choice.

THE CONCESSIONAIRE should present to the GRANTOR, with copy to the Regulator, the risk studies referring to Clauses 12.3.1 and 12.3.3, except Paragraph a) of Clause 12.3.1, thirty (30) Calendar Days from the Contract's Signature Date.

With relation to the insurance of Clause 12.3.3, the before mentioned risk study should be updated after the Initial Inventory indicated in Clause 5.22, considering the Concession's properties after the refunding referred to in Clause 5.21.

THE CONCESSIONAIRE should present to the GRANTOR, with copy to the Regulator, the risk study referring to the insurance referred to in Clause 12.3.2, at least thirty (30) Calendar Days before the beginning of the Investment Implementation Stage.

THE CONCESSIONAIRE should present to the GRANTOR, with copy to the Regulator, the risk study referred to the insurance indicated in Paragraph a) of Clause 12.3.1 and Clause 12.3.3 corresponding to the accepted Investments which have obtained the condition of Concession Properties, at least thirty (30) Calendar Days before the Exploitation beginning date.

Following the acceptance of the Investments, the CONCESSIONAIRE shall deliver to the GRANTOR, with copy to the Regulator, within the first quarterly of each Calendar Year, a risk study updated on the 31st of December of the previous Calendar Year, including the possible Additional Investments which have been implemented.

12.3. Types of Insurance policies

During the Contract's validity, the CONCESSIONAIRE shall take and maintain valid the following insurance policies, whose objective shall be to cover its responsibility for the accidents related to the Investments and Exploitation, according to the following:

12.3.1. Civil liability

THE CONCESSIONAIRE shall be under the obligation of retaining an insurance policy, as from the inauguration, with exception of Paragraph a) of the present Clause, for civil liability (CL) which would cover any damage, loss or injury which could occur to third party property or to third parties due to any action on behalf of the CONCESSIONAIRE, its contractors, sub contractors, employees and/or dependants, with relation to the implementation of the present Contract.

In said insurance the GRANTOR should appear as additionally insured

This insurance should at least have the following coverage:

- a) CL for accidents occurred to passengers.
- b) CL for activities related to the Contract (Contractual CL).
- c) CL for construction.

- d) CL for leaking, contamination or for sudden, unforeseen and accidental contamination.
- e) Crossed suits.

The minimum insured amount to be retained for the extra contractual Civil liability policy should be of Dollars (US\$) per event.

THE CONCESSIONAIRE is under the obligation to have the coverage referred to in Paragraph a) of the present Clause, as from the beginning of the Exploitation.

12.3.2. Insurance during the Investment Implementation Stage

THE CONCESSIONAIRE is under the obligation to retain, during the Investment Implementation Stage and until the signing of the Investment Acceptance Act, an all-risk insurance denominated CAR (Construction All Risk) which considers Basic coverage ("A") and others according to the coverage usually employed in the insurance market for these types of activities.

In addition to the Basic coverage ("A") the CAR policy should have other coverage such as: theft and any other coverage considered under a CAR policy up to an insured amount that should be sufficient to face any accident that could occur during the implementation of the Investments, whose minimum insured amount will correspond to that determined by the respective risk study.

THE CONCESSIONAIRE is under the obligation to obtain the necessary endorsements so that the GRANTOR or whosoever it designates be considered as beneficiary, for compensations superior to Dollars (US\$), of the respective insurance policies. The present insurance should include a clause in which it is established that the funds product of the compensation for any accident should be necessarily destined to the repair of damages caused by the accident.

12.3.3. Insurance on the Concession's Properties

THE CONCESSIONAIRE should retain comprehensive insurance policies for all the Concession's Properties as from the ending of the Inauguration date.

The retaining of the respective comprehensive insurance policies should adapt itself to the nature of each asset forming part of the Concession's Properties. THE CONCESSIONAIRE is under the obligation of obtaining the necessary endorsements so that the GRANTOR or whosoever it designates be considered beneficiary, for compensations superior to five million and 00/100 Dollars (US\$ 5 000 000,00), of the respective insurance policies. The coverage shall be at least for the following: partial or total damage caused by water, earthquake, fire, explosion, war, terrorism, vandalism, civil uprising, theft, robbery and illegal conversion. The insurance policies should remain valid during the Concession Period. Said insurances shall include coverage for: (a) reparation costs and/or the substitution of the Concession's Property; and (b) the loss of profit which covers all income that the CONCESSIONAIRE did not receive during the delays or the interruption of the Service, in compliance with that established in this Contract and the Applicable Laws.

THE GRANTOR shall suspend the CONCESSIONAIRE'S obligation to retain and keep valid the policy that covers damages to the Concession's Properties only in that concerning acts of terrorism and/or external war, if this type of insurance ceases to be offered on the local and international market, and if it is thus determined by the specialized company referred to in Clause 12.2. The suspension of this obligation will become effective in the moment in which the alternative treatment which should be accorded by the CONCESSIONAIRE and the GRANTOR in writing to regulate the supposition that the Concession's Properties will suffer damages due to acts of terrorism or external war. If during the suspension which is referred to in this paragraph, the national or international market once again offers policies covering damages caused by acts of terrorism and/or external war, accordingly, the CONCESSIONAIRE'S obligation to retain and maintain valid the policy which covers this type of damage will recover validity and the CONCESSIONAIRE shall retain said policy within the ten (10) Days requested by writing by the GRANTOR. This obligation shall will regain validity in the moment in which the CONCESSIONAIRE retains the policy to cover damages to the Concession's Properties by acts of terrorism or external war, or , once the referred to period of ten (10) days has transpired whichever occurs first. Simultaneously with the obligation becoming effective, the alternative treatment which the Parties would have agreed to remains without effect, once again existing the possibility of suspending i ton the same terms which are referred to in this paragraph, if the supposition here provided arose again.

12.3.4. Workers' Personal Insurances

THE CONCESSIONAIRE should comply with retaining and presenting all the policies that the Applicable Laws require for the workers in Peru, covering and protecting the life and health of the workers directed related to the Contract's objective, such as the Law Insurance Policy (Legislative Decree N° 688) and the Hazardous Work Supplemental Insurance (Health and Benefits)). These insurances should be retained considering as a minimum the coverage and requirements demanded by the Applicable Laws.

Likewise, the CONCESSIONAIRE should verify that the companies of special services, contracting agents or subcontractors with which the CONCESSIONAIRE is going to employ or contract, also comply with the norms pointed out in the previous paragraph, or, in defect, should retain said insurance on their own expense.

12.3.5. Other policies

Without prejudice to the obligatory policies indicated in Clauses 12.3.1 to 12.3.4, the CONCESSIONAIRE may, according to its own strategic vision of risk management and distribution or to comply with that established by the Applicable Laws or for any other duly justified cause, retain any other insurance policy, communicating this to the GRANTOR once they have been retained.

12.4. Communication

The policies emitted in compliance with the Contract should contain a statement which binds the respective insurance company to notify the GRANTOR in writing of any omission in the Premium payments in which the CONCESSIONAIRE may incur and on any circumstance which affects the policy's force, effect or effectiveness, with no less than twenty (20) Days in

advance of the date in which the noncompliance of the CONCESSIONAIRE can determine the policy's partial or total expiry or loss of effectiveness. The obligation of notification shall also be applicable to the supposition of termination, withdrawal, cancellation or lack of renewal of any insurance that the CONCESSIONAIRE should maintain according to this Contract.

The respective policy should establish, likewise, that the expiry or loss of effectiveness of the policy shall only be produced if the insurance company has previously complied with the obligation to which the preceding paragraph refers to.

- 12.5. In the case in which the GRANTOR should receive an amount for reimbursement for damages produced to the concession's Properties, as a consequence of the terms agreed upon in the policies to which Clauses 12.3.2 and 12.3.3 refer to, it should hand it to the CONCESSIONAIRE within a period no greater than fifteen (15) Days of its reception. THE CONCESSIONAIRE is under the obligation to assign these amounts received only and exclusively to replace and/or repair the Concession's Properties affected by the respective accident. Without prejudice to that established in this Clause, in the case in which, at the GRANTOR'S discretion the restitution, reposition or reparation of the damaged property is materially impossible, it will proceed according to that established in Paragraph a) of Clause 15.16.

12.6. Validity of the policies

THE CONCESSIONAIRE commits itself to annually present to the GRANTOR, with copy to the Regulator, before the 30th of January of each Calendar Year, and during the entire Concession Period, a list of the insurance policies to be retained and/or maintained by the CONCESSIONAIRE during each Calendar Year, indicating at least the coverage, the insurance company and the claims made during the previous year, and a certificate issued by the authorized company representative indicating that the CONCESSIONAIRE has complied during the previous year with the terms of the present Clause.

The insurance policies should be duly renewed with a minimum of thirty (30) Calendar Days before their expiry date.

Without prejudice to that indicated previously, during the Contract's course and each time the GRANTOR requests it, the CONCESSIONAIRE should present accurate proof to the GRANTOR that all the insurance policies remain effective and comply with the GRANTOR'S approval.

12.7. GRANTOR'S right to insure

If the incompliance of the CONCESSIONAIRE'S obligation of maintaining effective the policies stated in Clause 12.3.1 to 12.3.4 should be proven, the GRANTOR will have the right, proceeding in a reasonable manner, to obtain these insurances by its own means. In such a case, all the amounts paid by the GRANTOR for this concept plus interest, from its payment for the GRANTOR to its reimbursement of the same, at an annual interest rate (on the basis of a year of 360 days and of days actually passed) equivalent to the highest interest rate which during said period was in force in the Peruvian financial system for active operations in dollars, they shall be reimbursed to it by the CONCESSIONAIRE, within ten (10) Calendar Days following the date in which the GRANTOR formally communicated the exercise of the faculty included in this Clause.

In the case of non-compliance of the reimbursement obligation, the GRANTOR shall proceed to immediately execute the Performance Guarantee, up to the owed amount, without prejudice of the eventual actions which could come about from the referred non-compliance.

12.8. Possibility of revision of the terms of the obligation of retaining insurances

With the intention of contributing to the retaining and/or renewal of the insurances indicated in Clause 12.3, said obligation may be exceptionally revised by the GRANTOR, if the high cost of its premiums constitutes a real obstacle for their retention. For the effects of determining the before mentioned situation, the following rules will be applied:

- a) It shall be considered as a real obstacle for hiring the insurances required in this section, if the cost of the lowest Premium available in the local and international market would have undergone an increase in value superior to fifty percent (50%) in addition to the real value, with respect to the Premium paid by the CONCESSIONAIRE for the same or parallel insurance the year immediately prior to the preceding one if the retained insurance were at a period superior to one year, taking as a bases said year or period for the calculation of the accumulated increase. In no case may the CONCESSIONAIRE claim this circumstance during the Investment Implementation Stage.
- b) The CONCESSIONAIRE should communicate the occurrence of this circumstance to the GRANTOR at least sixty (60) Calendar Days prior to the date in which the coverage or renewal certificates are to be presented, together with a report from the specialized company referred to in Clause 12.2, which includes: i) a well founded description of the manner and amount in which the insurance market conditions have changed in the sense invoked by the CONCESSIONAIRE and ii) a well founded and reasonable proposition on the new policies and/or amounts that the CONCESSIONAIRE, given the changes undergone on the market, should take without incurring in excessive expenses which make the Contract's medium term subsistence unfeasible.
- c) THE GRANTOR shall study the GRANTOR'S communication and the before mentioned report under the perspective that the contracting costs of the required insurances could make the Contract's subsistence unfeasible in the medium term and, if it considers it to proceed, shall accept the modifications proposed by the insurance company(ies), in a maximum period of thirty (30) Calendar Days of having received the report, as well as expressly establishing that the modification of the insurance regime that the GRANTOR would establish for a determined period will only be valid for one year, having expired this period the requirements contained in Clause 12.3.3., will once again be enforced.

In case the CONCESSIONAIRE requests Access to that established in the present Clause and this request is accepted by the GRANTOR, the CONCESSIONAIRE will be solely responsible in face of the GRANTOR in case of any loss and/or damage resultant not covered by the corresponding insurance.

12.9. CONCESSIONAIRE'S responsibility

The hiring of insurance policies on behalf of the CONCESSIONAIRE does not reduce its responsibility, the same which is attributable to it for causes subsequent to the Inauguration, therefore the CONCESSIONAIRE remains subject to the fulfillment of the obligations established in this Contract and is under the obligation to hold the GRANTOR and Regulator harmless in the face of any demand, delay or claim related to its operation, subrogating itself in place of the GRANTOR and/or regulator, if there exists any intention from third parties for this cause, in any channel.

In case of accident caused by the CONCESSIONAIRE'S willful misconduct or negligence and not being covered by the insurance policies established in Clause 12.3, the CONCESSIONAIRE shall be the sole responsible for any damage caused, having to pay the total of the amounts owed to any person according to the Applicable Laws.

THE CONCESSIONAIRE will undertake the costs of each and every one of the deductibles and/or coinsurances that have been contracted in the required insurance policies.

THE CONCESSIONAIRE will retain all the insurance policies required in virtue of the present Contract with insurance and reinsurance companies that have a B+ or higher qualification, according to information from the Superintendence of Banking, Insurance and AFP and/or risk rating agency that operates in Peru and/or abroad. The insurance certificates for each of the previously indicated policies should include the following:

- A Statement in which the GRANTOR appears as an additional insured party.
- A Statement in which the insurance company has waived the rights of the subrogation rights with respect of the GRANTOR.

In the case of accidents, the CONCESSIONAIRE should immediately report it to the insurance company and at the same time notify the GRANTOR. If the insurance coverage is cancelled due to lack of timely notification of an accident, the responsibility incurred shall be the CONCESSIONAIRE'S and discharges the GRANTOR of all responsibility, respect to the equivalent of the amount that should have been compensated to the insured party in case the accident would have been notified in a timely manner.

In no case shall the CONCESSIONAIRE be responsible for the acts or facts committed or incurred by the GRANTOR or Regulator who in accordance with the Applicable Laws must assume responsibility.

SECTION XIII: SOCIAL AND ENVIRONMENTAL REMARKS

The CONCESSIONAIRE's social and environmental obligations

- 13.1. During the execution stage of investments and exploitation, the CONCESSIONAIRE should take into account the responsibility to obey the legal norms which refer to the preservation of the environment, as a fundamental value of its process, implementing the necessary measures which assure appropriate social and environmental management of the CONCESSION and the mechanisms that allow adequate participation and communication with the

community.

- 13.2. The CONCESSIONAIRE will be supportively responsible with subcontractors of the application of the environmental rules to be enforced, applicable to the activities that correspond pursuant to the present contract. Especially in compliance with what is established in the law no. 28611- general environmental law and before any environmental damage, loss, claim or liability of the CONCESSIONAIRE in the CONCESSION area. What was established in clause 13.3 will be carried out.
- 13.3. The CONCESSIONAIRE will be liable of the mitigation of the environmental problems that are caused in the CONCESSION for the execution of investments and/or in other areas used for the operation of the CONCESSION, starting from the date of the fulfillment of the entry to office, or in zones outside the CONCESSION area taking into account that that the damage would have originated as a consequence of the activities carried out by the CONCESSIONAIRE in the CONCESSION area. The CONCESSIONAIRE will not be held responsible in any case for pre-existing environmental damage, which includes environmental liabilities, generated before the entry to office. Even if the damaging effects and/or corresponding claims are produced after the mentioned date.

Cultural Heritage

- 13.4. For the treatment of the aspects of cultural heritage, the following specifications will be considered:
- a. The environmental applicable legislation, **the nation's general law of cultural heritage**, law N° 28296 of July 22 of 2004 and its modifiable norms, recognizes the archaeological sites as cultural goods, stipulating administrative penalties in the case of serious negligence or fraud, in the conservation of the goods of the nation's cultural heritage. It is worth mentioning that the national hospital Dos de Mayo has been declared as a national monument by means of the supreme resolution No 2900-72-ED of December 28 of 1972.
 - b. The executive order No. 017-2003-ED that approves the regulations of organization and functions of the national institute of culture (INC).
 - c. By means of the registry No. 502-2006-INC/DN of the date April 7 of 2006, the national institute of culture considered it to be appropriate to grant previous authorization for the CONCESSION process of the electric system project of the massive transport of Lima and Callao, in accordance with what is stipulated in the article 30 of law no. 28296.

According to what has been established in article 1° of the legislative decree no. 418 the electric system project of massive transportation of Lima and Callao has the right to use the public roadway, taking into account what has been established in the national direction of the INC in the registry no. 1180-2004-INC/DN of November 23 of 2004, for the case of the CONCESSIONs that promise asphalted roadways, such as the Panamericana highway, the Evitamiento roadway and the like, built in past decades do not require the issuance of the certificate of the inexistence of archaeological remains (CIRA: Certificado de Inexistencia de Restos Arqueológicos), due to the fact that they have been built and are in plain

use, just as the cases of the rights of the roadways of such public roadways.

Notwithstanding of what has been mentioned in the previous paragraphs, any other applicable law which substitutes the indicated norms will be complied.

- 13.5. In addition to what has been pointed out in the clause 13.4, concerning the treatment of the cultural heritage, the following specifications will be considered:
- a. Measures of risk prevention and contingencies. The CONCESSIONAIRE must comply with all the obligations pointed out in the contract, taking into account the legislation of the subject that protects the cultural heritage of the state of the republic of Peru.
 - b. Program of Archaeological monitoring and treatment. The CONCESSIONAIRE must have the corresponding archaeological monitoring plan, be in charge of a graduate in archaeology and have the corresponding authorization of INC, if he executes building work which implies terrain removal before initiating it.

Social and environmental technical specifications for the conservation of the investments and exploitation of the CONCESSION

- 13.6. The social and environmental technical specifications for the conservation of CONCESSION and exploitation goods will be elaborated according to the reference terms.
- 13.7. The non-fulfillment of the environmental obligations not contemplated expressively in the contract and which derive from the applicable laws in force, will be penalized by the corresponding government authorities.
- 13.8. The CONCESSIONAIRE will be able to incorporate additional measures, which to his judgment contribute to the fulfillment of the execution conditions of investments indicated in this contract referring to the protection of the environment.

Penalties

- 13.9. The non-fulfillment of the obligations of environmental character provisioned in the contract will give place to the imposing of penalties according with what has been established in the annex 10.

Treatment of extra costs because of environmental measures not contemplated in the contract

- 13.10. If during the effectiveness of the CONCESSION, the GRANTOR or any corresponding government authority will determine the need to imply measures of mitigation and/or social and environmental compensation, the CONCESSIONAIRE will be able to carry them out, if there are resources available for its execution, according to what both parts have agreed on.
- The CONCESSIONAIRE will not be responsible before the corresponding government authorities or before the GRANTOR of the implementation of the aforementioned measures due to lack of budget. This disposition will not be applicable if the mitigation measures and/or social and environmental

compensation are the consequence or the result of the building actions and/or exploitation generated by the CONCESSIONAIRE.

SECTION XIV: RELATIONSHIPS WITH PARTNERS, THIRD PARTIES AND PERSONNEL

Contract rules and regulations

14.1. In all the contracts that the CONCESSIONAIRE celebrates with his partners, third parties and personnel must include clauses that contemplate the following:

- i) Include a clause that allows the GRANTOR, to his only option, assume the contractual position of the CONCESSIONAIRE in the mentioned contract through an agreement of contractual position irrevocably and previously authorized by a third party. In case that expiry, suspension or resolution of the CONCESSION is produced because of any cause, to make the continuation of such contracts at the same terms possible and therefore the exploitation. This option will not be applicable in the contracts referred to the rendering of lent public services in favor of the CONCESSIONAIRE or other contracts that the GRANTOR celebrates by agreement.
- ii) The GRANTOR has the right to assume the contractual position in each of the mentioned contracts in the last subparagraph.
- iii) To include a section in which it is specified to not enforce the agreement to the contractual position which is being referred to in the last paragraph. The expiry of the CONCESSION will convey the resolution of the respective contracts, because they work as accessories to the first one.
- iv) To put a limit to its validity with the objective that it does not exceed the period of the CONCESSION.
- v) The resignation to insert actions of civil responsibility against the GRANTOR, the regulating body and his officials.

14.2. The CONCESSIONAIRE will offer the GRANTOR copies of the contracts referred to in the clause 14.1 within fifteen (15) days of his subscription.

14.3. The CONCESSIONAIRE will not waive any responsibilities in any case before the GRANTOR, for acts coming from the execution of the subscribed contracts with third parties that might have an impact on the CONCESSION.

Contract for Supply of Rolling Stock

14.4. The construction contract and the supply contract of rolling stock will have to be delivered to the GRANTOR, with a copy for the regulating body, in a period not greater than four (4) months after the subscription date of the contract and under terms and conditions established in the in the bases.

Substitution of the supplier of rolling stock

14.5. The supplier of rolling stock will can be substituted by the CONCESSIONAIRE until ninety (90) days after the subscription date of the contract. For these effects

all the required documents should be presented to the bases to pre-qualify the new supplier of the rolling stock. The substitution should be previously authorized in written form by the GRANTOR with the regulating body's opinion within a minimum period of thirty (30) days, having received the application of the CONCESSIONAIRE. This authorization cannot be denied in the case that the person who is to substitute the supplier of rolling stock meets the requirements of the bases. In the case that the GRANTOR does not declare himself against this authorization in the aforementioned period, the application will be approved.

In the case of substitution, the new supplier of rolling stock must comply with the requirements asked for in the bases to be prequalified by the supplier of rolling stock.

Relationships with the strategic partner

- 14.6. The strategic partner must maintain the ownership, as a direct owner with the minimum participation of the CONCESSIONAIRE in a period not less than ten (10) years starting from the contract's subscription date on. During this period the strategic partner must at the same time meet the requirements of the pre-qualification that allowed him to be the strategic partner, in accordance with what has been established in the bases, which are the following: (i) total assets of at least Dollars (US\$.....) and (ii) shareholder's equity minimum amount ofof dollars (US\$.....).

Notwithstanding of the preceded, the CONCESSIONAIRE can substitute the strategic partner within the period mentioned in the paragraph above, if he meets the prequalification requirements established in the bases for the strategic partner, as long as he has previous written authorization of the GRANTOR and the opinion of the regulating body. In this regard, the regulating body must pronounce himself within a maximum period of ten (10) days, as he receives the application of the CONCESSIONAIRE. For his part, the GRANTOR must pronounce himself within a maximum period of five (5) days, having received the regulating body's opinion. In the case that the GRANTOR does not declare himself against this authorization in the aforementioned period, the application will be denied.

- 14.7. The CONCESSIONAIRE will have to keep watch, so that the strategic partner complies with :
- a. Keeping minimum participation with the CONCESSIONAIRE for a minimum of ten (10) years, starting from the date of contract's subscription.
 - b. Being responsibly supportive with the CONCESSIONAIRE before the GRANTOR for the compliance of all the obligations and liabilities that the CONCESSIONAIRE assumes on the grounds of the contract.
 - c. Adjusting his manners in the general meetings of the CONCESSIONAIRE in such a way that he facilitates the agreements and decisions with his vote of the maximum body of the society in favor of the matters linked with the full execution of the contract.
 - d. Not preventing with his acts or omissions, that the CONCESSIONAIRE develops his activities in a normal way and especially those that imply the execution of the contract.
 - e. Assuming obligations, liability and the guarantee that corresponds to this contract and other related agreements.

Personnel relationships

- 14.8. The contracts of national personnel labor or foreign personnel of the CONCESSIONAIRE, the execution of the aforementioned contracts and the resolution of them, are subject to the norms that regulate the labor relations of the private workers. Likewise, the special working regulations will be applied on those who are to present themselves.
- 14.9. The CONCESSIONAIRE must strictly comply with the labor regulations referred to the formal obligations of the employer (staff register, receipts and others), the payment and retention of the tax deductions, as well as the contractual and legal obligations referred to safety and personal hygiene.
- 14.10. In the case that expiry of the CONCESSION is produced, the CONCESSIONAIRE is exclusively responsible of the payment of all labor benefits, such as remunerations, working conditions and other conventional or unilateral benefits, owing his workers until the date that the expiry of the CONCESSION was produced. The CONCESSIONAIRE will in no case be responsible of the aforementioned debts.

In said case that will be judicially ordered to the GRANTOR when paying any financial claims for labor that would have been generated while the CONCESSION is in force, these might be repeated against the CONCESSIONAIRE.

SECTION XV: EXPIRY OF THE CONCESSION

Termination of contract

- 15.1 The contract can only be declared as terminated by verifying any of the following causes:
- a) Expiry of the CONCESSION term
 - b) Mutual agreement
 - c) Termination of the contract because of non-fulfillment of the CONCESSIONAIRE
 - d) Termination of the contract by the non-fulfillment of the GRANTOR
 - e) Unilateral decision of the GRANTOR
 - f) Force Majeure

End of contract because of the term's expiration

- 15.2 The contract will end at the expiration of the established term in section IV, except for what has been anticipated in the clause 4.2.

End by mutual agreement

- 15.3 The contract will end at any time, by written agreement between the CONCESSIONAIRE and the GRANTOR, with the previous opinion of the regulating body and the opinion of the opinion of the allowed creditors.

If the end of the contract is produced by mutual agreement between both parts, it is mandatory that it contains the rules and the mechanism of liquidation of the CONCESSION, as well as the reversion of the CONCESSION goods, making sure that that the service continues. The time passed since the celebration of the contract, the advance amounts of investments pending of payment, if the case

may be, the value of the goods of the CONCESSION and the existing circumstances where both parts take this decision, as criteria to determine the liquidation mechanism, shall be included in the agreement. A compensation amount for the damages that cause the expiration of the CONCESSION shall not be considered.

Termination of the contract because of non-fulfillment by the CONCESSIONAIRE

15.4 The GRANTOR will be able to resolve the contract in case that the CONCESSIONAIRE incurs in the serious non-fulfillment of contractual obligations. Notwithstanding of the penalties and sanctions that proceed, they are considered as causes of the non-fulfillment of the obligations of the CONCESSIONAIRE, which are expressly pointed out in the contract, they go as follows:

- a. The non-fulfillment by the CONCESSIONAIRE of the obligation to set up his initial capital in the period established in the paragraph a) of the clause 3.6.
- b. The use of goods of the CONCESSION different from the established in the contract by the CONCESSIONAIRE, without previous written authorization by the GRANTOR.
- c. The serious alteration of the environment and natural resources, product of the violation of the recommendations of the environmental and social technical specifications for the conservation of the investments and the exploitation of the CONCESSION, by causes attributable to the CONCESSIONAIRE.
- d. To initiate exploitation within the period established in the clause 8.2, except for the cases of extensions indicated in clause 4.2, just as the failure to offer services, attributable to the CONCESSIONAIRE, during three (3) consecutive days and/or six (6) non consecutive days in the lapse of thirty (30) days.
- e. The transfer of the CONCESSIONAIRE's rights or the agreement of his contractual position in the present contract without previous authorization and in written form by the GRANTOR.
- f. The charging of fares over the top fare.
- g. The beginning, by initiative of the CONCESSIONAIRE, of a merge procedure, a partial company division or transformation of companies or another corporate reorganization, without the corresponding authorization of the GRANTOR.
- h. The non-fulfillment by the CONCESSIONAIRE to accredit the financial closure, in agreement with the pointed out terms in the clause 9.1.
- i. The non-fulfillment by the CONCESSIONAIRE to present or restore the amount of the guarantee of the faithful compliance, according to what is established in the clause 11.2.5 because of its renewal according to what is pointed out in the clause 11.2.6
- j. In the case that the CONCESSIONAIRE will not hire, not maintain validity or renew the policies of the damaged insurance in section XII.
- k. The issuance of a firm judicial or administrative order consented or executed, by causes attributable to the CONCESSIONAIRE which prevent him to realize a substantial part of his business or if it presents an embargo, burden or a seizure that affects all the goods related to the CONCESSION or the substantial part of those of the CONCESSIONAIRE and if any of these measures is maintained more than sixty (60) days or within a period superior to the one established by the regulating body, which will be granted when reasonable causes are mediated.

- l. The beginning, at charge of the CONCESSIONAIRE and/or the strategic partner, of a corporate administrative or judicial process for its dissolution or liquidation.
- m. The declaration of dissolution, liquidation, bankruptcy or appointment of the auditor of the CONCESSIONAIRE in agreement with what is established in the legal norms about this matter. In these cases, the resolution of the contract will be produced when the GRANTOR takes notice of this and processes a notification, with a previous opinion of the regulating body, as long as the dissolution and liquidation, bankruptcy or any other case in this paragraph has not been corrected, in compliance with the law within one hundred twenty (120) days or within a period not greater than the one fixed by the regulating body, which will be granted when the reasonable causes mediate, with the exception that the declaration of the dissolution, liquidation, bankruptcy or appointment of an auditor has been a fraud.
- n. The non-fulfillment of the periods contained in the detailed timescale by the attributable cause to the CONCESSIONAIRE for more than six (6) months, during the execution stage of the investments, if the regulating body is not against this.
- o. The application of contractual penalties that would have been made effective or stayed consented for periods of five (5) years during the validity of the contract, whose amount in total reaches two and a half percent (2, 5%) of the amount contemplated in the referential budget.
Having said this, the GRANTOR will be, if it is considered convenient to guarantee the continuity of the performance of the service, not to appeal for the expiry of the CONCESSION and come to an agreement with the CONCESSIONAIRE in relation to a new limit of penalties.
- p. The non-fulfillment of the established rules in the clause 14.6 for the participation of the strategic partner.
- q. The repeated non-fulfillment of the parameters associated with the investment or the service levels. For these effects, it is understood as a repeated non-fulfillment of the parameters associated to the investment: the imposition for the regulating body of sanctions or penalties for an amount greater than two percent (2%) of the referential budget for facts that occurred during the execution stage of the investments. Likewise, it is understood as a repeated non-fulfillment of the parameters associated with the service levels: the imposition of the regulating body of sanctions or penalties for an amount greater than one percent (1%) by year of the referential budget, in the subsequent period to the initiation of proof of the set up.
- r. To not initiate the execution stage of the investments due to causes attributable to the CONCESSIONAIRE.
- s. The non-fulfillment of the retribution payment by the CONCESSION to the GRANTOR in compliance with the clause 9.23 and 9.24.
- t. In the case of a suspension, if the service is not re-established after the respective suspension period or if the CONCESSIONAIRE does not continue with the exploitation within the extension of the period of the CONCESSION, which is referred to in the last paragraph of the clause 4.2.
- u. In case that the contract of the provisioning of rolling stock is not subscribed in the foreseen period in the contract or if the supplier is substituted without the previous approval of the GRANTOR.
- v. In case that the CONCESSIONAIRE will not accredit, in the tryouts of the set up, an effective capacity in compliance with what is established in the clause 6.22.

- 15.5 In case of the serious non-fulfillment of the CONCESSIONAIRE foreseen in the clause 15.4 or of any other obligation that does not count with an expressive

procedure of a repair regulated in the contract, the regulating body will grant the CONCESSIONAIRE a period of sixty (60), which will be counted from the date of the reception of the requirement, to repair the aforementioned situation of non-fulfillment, with an exception of the period different from the one established in the contract. Attending the circumstances of each case, the regulating body will be able to grant periods greater than the ones that are indicated which is up to his criteria. If the regulating body would grant a period for repairing a non-fulfillment by the CONCESSIONAIRE, he shall have to let the GRANTOR know.

There is no possibility of a repair for the cause of non-fulfillment indicated in the subparagraph (e) of the clause 15.4.

In the case that the CONCESSIONAIRE does not repair the non-fulfillment within the aforementioned period, the GRANTOR can opt to terminate the contract. For these effects, the decision of the resolution will be sent in written form with an anticipation of at least ninety (90) days with respect of the date of the foreseen end of the contract.

Alternatively to the resolution of the contract, the GRANTOR will be able to opt to grant an additional period of amending to the CONCESSIONAIRE. In case that it is not amended in the fulfillment within an additional granted period, it will be applied in the resolution procedure mentioned in the last paragraph.

- 15.6 The resolution of the contract because of the non-fulfillment of the CONCESSIONAIRE during the stage of execution of the investments, will give a right to the CONCESSIONAIRE to receive the amounts which are determined in the clause 15.8.
- 15.7 In case that the GRANTOR decides to resolve the contract because of the non-serious fulfillment of the CONCESSIONAIRE of his foreseen obligations in the clause 15.4: (i) a compensation penalty will be accrued in favor of the GRANTOR for every corresponding concept for the caused damage by the non-fulfillment of the CONCESSIONAIRE, being equivalent to the amount of the guarantee of the faithful compliance. As a consequence the GRANTOR is expressly authorized to charge and retain the amount of the mentioned guarantees without a right of any reimbursement for the CONCESSIONAIRE; (ii) notwithstanding of what has been mentioned, the GRANTOR can ask for the payment of the subsequent damage and (iii) the GRANTOR will have the right to appoint, in conformity with the clause 15.21, a person as the auditor for the goods of the CONCESSION and afterwards a new CONCESSIONAIRE.

The amount of the penalty that is indicated in the precedent paragraph (i) will correspond to the amount of the guarantee of the faithful compliance when the expiry is produced.

The CONCESSIONAIRE will make the payment of the penalty mentioned in the precedent subhead (i), in favor of the GRANTOR, in a period not greater than thirty (30) days of the declared expiry of the CONCESSION.

- 15.8 Without prejudice of the penalty charged, referred to in the clause 15.7, the resolution of the contract because of the CONCESSIONAIRE's non-fulfillment will lead to the GRANTOR paying the CONCESSIONAIRE the equivalent of the net book value of the intangible in terms and conditions pointed out in the clauses 15.17, 15.18, 15.22 and so on.

Resolution of the contract because of non-fulfillment by the GRANTOR

- 15.9 The CONCESSIONAIRE will be able to resolve the contract in case that the GRANTOR incurs in the serious non-fulfillment of his contractual obligations.
- 15.10 There will be serious non-fulfillment of the obligations of the GRANTOR in the following cases:
- a) Non-fulfillment in the implementation of the rearrangement, in accordance with what is established in the clauses 8.12. to 8.15.
 - b) Non-fulfillment of the payment by GMAI in compliance with what is established in the clause 11.1.4
 - c) Non-fulfillment of the foreseen procedure for the re-establishment of financial economic balance, according to what is established in the clauses 9.14 to 9.22.
 - d) Non-fulfillment of the GRANTOR in the delivery of the terrain areas contained in the CONCESSION area at the culmination date of the overtaking of possession, according to what is established in the clause 5.17, just as in the policy of obligations in charge of the GRANTOR, in accordance with the clause 5.47.
 - e) Non-fulfillment of the goods delivery of the GRANTOR in accordance with what is established in the clauses 5.16 and 5.17 by attributable cause of the GRANTOR.
 - f) Non-fulfillment of the GRANTOR in the obligation to program the necessary amount for the GMAI of the next fiscal year in the budget of the corresponding fiscal year.
- 15.11 In case of the non-fulfillment of the two subparagraphs (d), (e) and (f) mentioned in the last clause, the CONCESSIONAIRE will grant the GRANTOR a period of at least sixty (60) days, which will counted since the reception date of the requirement to amend the mentioned situation of non-fulfillment. If the non-fulfillment persists, the CONCESSIONAIRE can opt for the resolution of the contract, which must be communicated in written form to the GRANTOR and the regulating body with an anticipation of at least ninety (90) days with respect to the foreseen ending date.
- 15.12 The resolution of the contract because of non-fulfillment of the GRANTOR will originate that the GRANTOR pays the CONCESSIONAIRE a sum which is equivalent to the book value of the intangible plus an amount equivalent to the guarantee of the faithful compliance that corresponds in the moment that the expiry is produced, in the terms and conditions mentioned in the clauses 15.8 and 15.22 and following.

Powers of the GRANTOR to unilateral liquidation of the contract

- 15.13 The GRANTOR is entitled to unilaterally cancel the contract by public interest reasons duly justified, which will be individualized, justified and explained in an official communication sent by the GRANTOR to the CONCESSIONAIRE with an anticipation of at least six (6) months of the foreseen period. In the same period the GRANTOR must notify his decision to the creditors.

The referred communication will also be subscribed by the competent public institution of the Republic of Peru to attend this issue of public interest.

- 15.14 The resolution of the contract because of non-fulfillment by the GRANTOR will

originate that the GRANTOR pays the CONCESSIONAIRE a sum which is equivalent to the book value of the intangible plus an amount equivalent to the guarantee of the faithful compliance that corresponds in the moment that the expiry is produced, in the terms and conditions mentioned in the clauses 15.8 and 15.22 and following.

Resolution by unforeseeable circumstance(s) or force majeure

15.15 The CONCESSIONAIRE will have the option to resolve the contract because of events of (an) unforeseeable circumstance(s) or force majeure, as long as it is verified that it is one of the mentioned events in section XIX.

For the exercise of the contemplated faculty in the clause, the CONCESSIONAIRE must observe following procedure:

- a) The CONCESSIONAIRE will have to present a report to the GRANTOR and the regulating body, communicating the happening of some of the aforementioned circumstances, within sixty (60) days following the occurrence of these. The mentioned report must contain:
 - a.1) A description based on the invoked cause and the economic or judicial effects of it.
 - a.2) A proposal for the procedure to follow for the liquidation of the contract.
- b) The mentioned proposal must be delivered to the GRANTOR and the regulating body, who will have a period of twenty (20) days to formulate their observations.
- c) In case of the existence of discrepancies concerning the budget proposal by the CONCESSIONAIRE, these will have to be undergone to the mechanism of solution of controversies established in section XVI.
- d) In the case that the CONCESSIONAIRE exerts the option here established during the execution stage of the investments, he will receive an amount with an agreement to what has been pointed out in the appendix 4 of the annex 4, the same one will take part of the corresponding book amount of the intangible

15.16 The resolution of the contract by force majeure will be liquidated taking into account the following:

- a) In the case that the GRANTOR receives a compensation derived from the hired insurances, the GRANTOR will destine this compensation to pay the obligations of the CONCESSIONAIRE pointed out in the clause 15.18, up to a maximum amount equivalent to the book value of the intangible. The credit, if any, corresponds to the GRANTOR.
- b) In the case that the events of the force majeure would have caused the resolution, are not within the coverage of the insurances that must be hired according to the clause 12.3 and if they were different to the ones pointed out in the last paragraph, the following will be proceeded:

b.1) If the situation is due to the CONCESSIONAIRE opting to not take such insurances in accordance with clause 12.8, the CONCESSIONAIRE will pay directly what is established in clause 15.18.

b.2) In other cases, the GRANTOR will pay the obligations in accordance with the precedence established in the clause 15.18, only correspondent to the subheads a) and b), always with the limit and up to the book value of the intangible, in a period not greater than one year of the declared expiry.

Liquidation of the contract

15.17 In the case of resolution caused by non-fulfillment by any of the parts, or by unilateral decision of the GRANTOR, the CONCESSIONAIRE will summon and carry out a tender for the transfer of the CONCESSION and delivery of the goods of the CONCESSION to a new CONCESSIONAIRE, under the following conditions:

- a) The goods of the CONCESSION are delivered to the new CONCESSIONAIRE by the auditor designated in accordance with the clause 15.21 and constituting an economic unit in such a way that the goods of the CONCESSION can continue to be used by the new CONCESSIONAIRE for the service in an uninterrupted way.
- b) The bidders for the tender, which are referred to in this clause will be short-listed by the GRANTOR or by whom he appoints.
- c) The successful bidder of the tender will be the one who presents the best offer for the economic exploitation of the CONCESSION goods, having to subscribe a new contract of the CONCESSION by the GRANTOR.
- d) The tender in this case will be carried out in conformity with the determined procedures by the GRANTOR and the applicable laws.
- e) The obtained amount from the tender can be used by the GRANTOR for the pay of the established obligations in the clause 15.18. The mentioned payment will be made in a period not greater than sixty (60) days.

Payment of obligations of the CONCESSIONAIRE

15.18 According to what has been specified in this section, the GRANTOR will pay the corresponding obligations to the creditors of the CONCESSIONAIRE properly credited in the order of the precedence established in the present clause, with a charge to the sum that corresponds the to pay the CONCESSIONAIRE in accordance with the clauses 15.8, 15.12 and 15.14. Notwithstanding of what is pointed out here, in the foreseen case in the subparagraph b.1) of the clause 15.16, the pointed out payments in the clause will have to be made by the CONCESSIONAIRE.

The order of precedence for the payment is the following:

- a) The remuneration and other pending labor rights of the workers of the CONCESSIONAIRES.

- b) The corresponding credit of allowed guaranteed debt, up to an amount equivalent to the book value of the intangible. Alternatively the allowed creditors can opt to maintain the contracts of allowed guaranteed debt with the new CONCESSIONAIRE, celebrating the contracts that correspond in agreement with clause 11.3.1.
- c) The pending and necessary tax of the payment.
- d) Any fine or other penalty that would not have been satisfied by the CONCESSIONAIRE or charged with a charge to the guarantees granted by him according to this contract.
- e) Any other passive of the CONCESSIONAIRE in favor of the GRANTOR that is not charged with a charge of the guarantees granted by him according to this contract.
- f) The expenditures in which the GRANTOR incurs derived from the notification and execution of the tender which is referred to in the clause 15.17.

The credit of the sum that corresponds, according to what is established in the clauses 15.8 or 15.12 or 15.18, will be delivered to the CONCESSIONAIRE after having paid the mentioned obligations in the last paragraphs.

Refund of the guarantee of the faithful compliance

15.19 In the case that the resolution of the contract is produced by period expiry, in agreement within both parts, by non-fulfillment of the GRANTOR, by unilateral decision of the GRANTOR or force majeure, the GRANTOR will give the CONCESSIONAIRE back the guarantee of faithful compliance within sixty (60) days of the declared expiry of the CONCESSION.

Effects of the liquidation

15.20 The effects of the expiry of the CONCESSION are, among others, the following:

- a. The expiry of the CONCESSION produces the obligation of the CONCESSIONAIRE to return the terrain areas comprised in the CONCESSION area and deliver the goods of the CONCESSION to the GRANTOR, in accordance with the terms of the clauses 5.53 to 5.55.

Sixty (60) days before the end of the contract, the elaboration of a final inventory of the goods of the CONCESSION, the same one that will be realized with the intervention of the regulating body and must be concluded in ten (10) days before the expiration date of the contract.

In the note of expiration by mutual agreement, the final inventory will comprise the mentioned agreement which is subscribed in this effect.

At the end of the period granted for the amending in the cases of resolution by non-fulfillment of the CONCESSIONAIRE, the elaboration of the final inventory of the CONCESSION goods will commence, which will also be carried with the intervention of the regulating body and which must be concluded within sixty (60) days.

The final inventory of the CONCESSION goods must count with the approval of the GRANTOR, with a previous opinion of the regulating body.

- b. Once the expiration of the CONCESSION is produced, the activity of the CONCESSIONAIRE ends and his right of exploitation finishes, right which is resumed by the GRANTOR.

Likewise, all the contracts are dissolved which are referred in the clause 14.1, except for those which the GRANTOR decides to maintain in force and assuming the contractual position of the CONCESSIONAIRE.

- c. When the expiration of the CONCESSION is produced, the GRANTOR, the auditor or the new CONCESSIONAIRE which will be appointed, will be in charge of the CONCESSION.

Appointment of the auditor

- 15.21 In case that any of the parts in invokes the resolution of the contract because of non-fulfillment of the other, or if the GRANTOR decides unilaterally to resolute the contract, the GRANTOR will name an auditor. The auditor will be a judicial person properly trained and with experience in the operation of the infrastructure of the urban railroad transport, whose activity will be to offer service until the moment when the CONCESSION goods are delivered to the new CONCESSIONAIRE or to the GRANTOR. The costs of the auditor will be assumed by the part whose non-fulfillment would cause the resolution of the contract or by the GRANTOR in the case that he exerts the faculty to put a unilateral end to it.

Book value of the intangible

- 15.22 Once the expiration is declared by the foreseen causes in the subheads c), d), e) and f) of the clause 15.1, the regulating body, in a period not greater than thirty (30) days, will carry out the calculation of the book value of the intangible, which will also be approved by the GRANTOR and that the CONCESSIONAIRE is notified by the regulating body with a copy for the beneficiary within five (5) of the corresponding approval.
- 15.23 Independently the established value for tributary objectives or any other objective, the book value of the intangible corresponding to the contract, distinct from the accumulated repayments (in accordance with the financial states of the CONCESSIONAIRE elaborated in conformity with the norms and principles generally accepted in Peru) and without considering the revaluations of any nature.
- 15.24 The book value of the intangible will be the sum of: (i) the corresponding amount of the definitive study approved by the GRANTOR (ii) the financial expenditures until the beginning of the exploitation, (iii) the payment that refers to the paragraph 11.3 of the bases (iv) other pre-operative expenditures that are included in the general balance audited of the CONCESSIONAIRE, properly accredited and approved by the GRANTOR, that are due to be paid at the date of expiration (v) the value of the additional investments minus the eventual financing of them, on behalf of the GRANTOR, (vi) minus the corresponding accumulated amortizations of the stipulated amounts in (i), (ii), (iii) and (v), when making the calculation and (viii) minus the reimbursement of taxes (IGV) that corresponds to the CONCESSIONAIRE.

In case that the resolution of the contract because of non-fulfillment of the CONCESSIONAIRE is produced, the summation of the net profits after the

taxes that the CONCESSIONAIRE has received in the exercises in which the payment by GMAI has been earned, in accordance with the annual financial states audited of the same during(....) years since the beginning of the exploitation.

The necessary information for the calculation of the book value of the intangible will be the one which is quoted in the general balance of the CONCESSIONAIRE, properly audited, to the day before the date in which the event of the expiration is originated.

15.25 The book value of the intangible is registered as well by the following:

- a) The value of the additional investments will be the one that corresponds to be registered in the financial states audited of the CONCESSIONAIRE, except for what is disposed in the next subhead.
- b) In case of liquidation because of the expiration of the period, the CONCESSIONAIRE must present an investment plan that covers the CONCESSION necessities until its expiration, before the last five year period of the contract. Only the book value of the intangible, the value of the additional investments included in the mentioned plan which are expressly approved by the GRANTOR.
- c) If required, for the conversion of figures in soles and dollars (or vice versa) the type of change of the last day will be used in the moment of the calculation of the book value of the intangible.

SECTION XVI: SETTLEMENT OF DISPUTES

APPLICABLE LAW AND SETTLEMENT OF DISPUTES

Applicable law

16.1 The parts have negotiated, written and subscribed the contract in accordance with the applicable laws of Peru. Accordingly, they express that the content, execution, conflicts and other consequences by which they originate, will be administered by the internal legislation of Peru, which is also known by the CONCESSIONAIRE.

Application scope

16.2 The present section regulates the solution of controversies that are generated during the CONCESSION and those related to the expiration of the CONCESSION, with the exception of those controversies that emerge from the administrative acts that the REGULATOR emits in the exercise of his functions, in accordance with the law no. 26917.

16.3 In conformity with the article 62 of the political constitution of Peru, it is recognized that the derived conflicts of the contractual relation will be solved by a direct deal and in an arbitrary way according to the mechanisms of the foreseen protection of the contract.

The issued award will be integrated in the contractual rules established in the present CONCESSION contract.

Notwithstanding of what is established in the last paragraphs, the parties recognize that they can submit the controversies about matters of free disposition to arbitration in compliance with the law, as well as the ones that the law or the international treaties or agreements authorize. In this sense, the decisions of the REGULATOR cannot be a matter of arbitration or other public entities in execution of their administrative competence attributed by expressive norm, whose claiming form is administrative.

Interpretation criteria

- 16.4 The present contract should be interpreted as a whole and in no circumstance none of its clauses in an independent way.
- 16.5 In the case of divergence in the interpretation of this contract, the parties will follow the following order of the precedence to resolve the mentioned situation:
- a) The contract and its amendment laws;
 - b) The circulars;
 - c) The bases;
- 16.6 The contract is to be subscribed only in Spanish. If there is any difference between any translation of the contract and this one, it will prevail in the text of the contract in Spanish. The translations of this contract will not be considered for effects of its interpretation.

The terms "annex", "appendix" "clause", "section", "paragraph" and "subhead" are understood to be referred to the present CONCESSION contract, except for the context to be deduced without errors and without doubts that refer to another document.

- 16.7 The established periods are computed in days, months or years as the case might be.
- 16.8 The titles contained in the contract have the unique purpose to identify and they must not be considered as part of the contract, to limit or broaden its content, or even determine rights and obligations of the parties.

The terms in singular will include the same terms in plural and vice versa. The terms in masculine include the feminine ones and vice versa

- 16.9 The use of the disjunction "or" in a list will be understood to exclusively comprise some of the elements of such list.
- 16.10 The use of the conjunction "and" in a list will be understood to comprise all the elements of this list or T list.

WAIVE TO DIPLOMATIC CLAIMS

- 16.11 The GRANTOR and his partners, shareholders or stockholders renounce expressively, unconditionally and irrevocably to any diplomatic claim because of controversies or conflicts that might come up in the contract.

Direct Negotiation

- 16.12 The parties declare that it is their will that all the conflicts or uncertainties with a

judicial relevance that might come up with respect to the interpretation, execution, compliance and any aspect related to the existence, validity, efficiency or expiry of the CONCESSION. As long as they are not related to the attributions or functions of the empire of the state or entities of public rights, they will be resolved by direct negotiation between the parties.

The period of direct negotiation for the national arbitrary case will be of fifteen (15) days from the date on, on which one party notifies the other in written of the existence of conflict or uncertainty with a judicial relevance.

On the other hand, if international arbitration is concerned, the period of negotiation or direct negotiation will be not greater than six (06) months. The mentioned period will be computed from the date on which the party invokes the clause, notifies his application to initiate the direct negotiation to the ministry of economy and financing in its quality of coordinator of the coordinating system and answer of the state in international controversies of investment, in virtue of what is established in law no. 28933 and its regulations, approved via supreme decree no. 125-2008-EF and amendment laws.

The periods referred to in the last paragraphs can be extended by decision of the parties, an agreement which should be stated with this additional period, the conflict will be resolved by means of the direct negotiation.

In case that the parties, within the period of the direct negotiation, do not resolve a provoked conflict or uncertainty, they should define it as a technical or non-technical character, whichever the case. When the parties do not agree with respect to the nature of the controversy, both parties must sustain their position in written form which they will send to their corresponding counterpart. In this notification they will explain the reasons for which the controversy is considered; be it of a technical or non-technical character.

The technical conflicts or uncertainties (each one, a technical controversy) will be resolved in conformity with the procedure stipulated in the subhead a) of the clause 16.13. The technical conflicts or uncertainties (each one, a technical controversy) will be resolved in conformity with the procedure stipulated in the subhead a) of the clause 16.13. In case that the parties do not agree within the period of the direct negotiation concerning if the conflict or controversy stated is a technical or non technical one. In the case that the conflict has technical controversy components and non-technical controversy components, then such conflict or uncertainty will be considered as a non-technical controversy and it will be resolved in conformity to the respective procedure foreseen in the subhead b) of the clause 16.13.

Arbitration

16.13 Amending laws and arbitral procedures:

Arbitration

16.14 Methods of arbitration procedures:

- a) Judgment Arbitration. - Each and every one of the Technical Disputes which cannot be solved directly by the Parties within the period of direct deal should

be submitted to awareness arbitration, in accordance with Numeral 3 of Article 57 of Legislative Decree N° 1071. in which the arbitrators will settle in good faith and to the best of their knowledge. Arbitrators may be domestic or foreign experts, but in all cases they should have wide experience on the subject on Technical Dispute, and they shouldn't have any conflict of interest with none of the Parties by the time and after their designation.

The Court of Arbitration may ask to the Parties all the information they deem necessary to solve the Technical Dispute in question, and as a result he or she would have the chance to submit a conciliation proposal to the Parties, which they may accept or not. The Court of Arbitration may act all the evidence and ask to the Parties or third Parties the evidence they deem necessary to solve the claims stated. The Court of Arbitration should make a preliminary decision which should be issued to the Parties within the thirty (30) following days after its creation, having the Parties a five (5) days period to prepare and deliver their comments to said preliminary decision to the Court. The Court of Arbitration should extend its final decision on the raised Technical Dispute within the next ten (10) following days after the comments of the Parties were issued, as well as their preliminary decision or the due date to issue such comments, what comes first. The procedure for the resolution of a Technical Dispute should be carried out in the city of Lima, Peru. Exceptionally, and by nature of the concrete case, the Court of Arbitration will move to another town aiming at acting evidence such as an expert's report, a visual examination or any other evidence needed in other town, for a period no longer than (10) days.

The members of the Court should keep the strictest confidence and confidentiality on all information they know for their part in the resolution of a Technical Dispute.

Controversy would be solved through domestic arbitration, and Regulations of Conciliation and Arbitration from the Centro de Arbitraje Nacional e Internacional de la Cámara de Comercio de Lima (Center for Domestic and International Arbitration from the Lima Chamber of Commerce) and would be applied in everything not foresaw in the present contract.

- b) Arbitration in Law.- Non Technical controversies will be solved through Arbitration in Law, in accordance with Numeral 1 and 2 of Article 57 of Legislative Decree N° 1071, procedure in which the arbitrators should solve in accordance with the applicable Peruvian legislation. Arbitration in Law may be domestic or international, in accordance with the following:

In the case that the parties do not agree within a period of direct negotiation referred to in the last paragraph, the stated controversies will be resolved by means of international rights arbitration by means of an issued procedure in conformity of the conciliation rules and arbitration of the International Centre for Settlement of Investment Disputes , established in the settlement about the solving of investment differences between states and nationals of other states, approved by Peru by means of the legislative resolution no. 26210, whose norms the parties must follow unconditionally. Alternatively, the parties can agree to submit the controversy to another institution different to the ICSID if they find it convenient.

For the effects of issuing the arbitration rights procedures, in compliance with the rules of arbitration of the ICSID, the GRANTOR, in representation of State of the republic of Peru, declares that to the

CONCESSIONAIRE is considered as the “national of another hiring state”, for being submitted to a foreign control as it is established in the subhead b) of the paragraph 2 of the article 25 of the settlement about difference related to investments between states and nationals of other states and the CONCESSIONAIRE accepts that he is considered as such.

The arbitration will take place in the city of Washington D.C., United States of America and will be held in Spanish. The foreseen procedure will be carried out in the treaty that refers to the last paragraph, to habilitate the arbitrary instance before the ICSID.

If for any reason the ICSID decides to not be competent or denies to assume the promoted arbitration in virtue of the present clause, the parties accept in an anticipated way to submit in the same terms mentioned before the non-technical controversies that : (a) have an involved amount that exceeds five million dollars (US\$ 5 000000, 00) or its equivalent in the national currency or (b) that the parties are not in agreement about the amount of the amount of the matter in dispute, to the rules of the UNCITRAL arbitration. In that case the arbitration will be carried out in Lima, Peru.

The parties express their anticipated and irrevocable consent so that any difference of this nature can be submitted to any of the arbitration courts pointed out in the previous paragraphs.

- (i) The non-technical controversies in which the involved amount is the same or less than five million and 00/100 dollars (US\$ 5,000,000.00) or its equivalent in the national currency and the controversies of the pure right which are not quantifiable in money, will be resolved by means of the arbitration rights, through a procedure issued in conformity with the regulations of conciliation and arbitration of the center of national and international arbitration of the commerce chamber of Lima, to whose norms the parties must unconditionally submit, being of corresponding application first the general law of Peruvian arbitration and after the civil procedures code of Peru. The parties can expressively agree on another institution different to the commerce chamber of Lima.

The arbitration will take place in the city of Lima, Peru and will be held in Spanish, having to submit the corresponding award in conformity with what is established in the arbitration procedure regulations of the center of national and international arbitration of the commerce chamber of Lima.

Common procedure rules

16.15 The arbitration of judgment which is referred to in the subhead a) of the clause 16.12 as well as the rights arbitration referred to in subhead b) of the mentioned clause, may it be in its international or national modality will be applied, will be applied all the same in the following general legal dispositions:

- a) The arbitration court will be integrated by three (3) members. Each part will appoint an arbitrator and the third party will be appointment by agreement of the two arbitrators appointed by the parties, who will perform as president of the arbitration court. If both parties do come to an agreement about the appointment of the third arbitrator within the period of ten following (10) days

from the date of the appointment of the second arbitrator, the third arbitrator will be appointed by request of any of the parties of the commerce chamber of Lima. In the case that the arbitration of judgment and the arbitration of national rights or by the ICSID, in the case of the national rights arbitration, as it corresponds. If one of the parties does not appoint the arbitrator that corresponds within the period of ten (10) days from the date of reception on of the respective appointment request, it is considered that he has renounced his rights and the arbitrator will be appointed by request of the other party by the chamber of commerce of lima or the ICSID, as it corresponds.

- b) The arbitrator can act, to their discretion, any difference or existing hole in the legislation or in the contract by means of the application of the general rights principles.
- c) The parties agree that the award that emits the arbitration court will be definitive and non-appealable. In this sense, the parties must consider it as a last court ruling on the appeal, with authority as a matter settled in court. In consequence, the parts renounce to the resources of repositioning, appeal, annulment, jurisdiction or any other instrument of appeal against the arbitrary award declaring that this will be mandatory, of definitive compliance and immediate execution, except for the cases unequivocally foreseen in the article 63 of legislative decree no. 1017.
- d) During the development of arbitration the parties continue with the execution of their contractual obligations, as it is possible, and the subject of arbitration. If the subject of arbitration were the compliance of the obligations guaranteed with the guarantee of faithful compliance, if it were applicable, the respective period will remain in suspense and such guarantee will not be executed because of the motive that stated the arbitration and must be maintained valid during the arbitrary procedure.
- e) Every expenditure that cause the resolution of the technical dispute or non technical dispute, including the fees of the arbitrators that participate in the resolution of a controversy, will be covered by the defeated party. The same rule is applied in the case that the sued or reprimanded party agrees or recognizes the pretention of the suer or the counterpart. The suer or counterpart will also assume the expenditures that come out of the request. In case that the procedure ends without an appointment of the about the funds of the causes by the cause of transaction or conciliation, the referred expenditures will be covered in equal parts by the suer or the defendant. Likewise, in the case that the award partially favors the positions of the parties, the arbitrary court will decide the distribution of the expenditures. Of the mentioned matters in this clause, the costs and expenditures such as awarding of consultants, internal costs or others that result to be attributable to a party in an individual manner.

SECTION XVII: ADMINISTRATIVE AUTHORITIES

Common Regulations

- 17.1 The execution of duties and relevant legal regulations which the GRANTOR and the Regulator must serve by virtue of this Contract, in no case would be subject by authorizations, permissions or any other will demonstration of the LICENSEE. THE LICENSEE should wholly collaborate to make the execution of

duties easier; otherwise what is stipulated in the Reglamento de Infracciones y Sanciones del Regulador (Regulation of Infringements and Sanctions of the Regulator) would be applied. THE GRANTOR or Regulator will perform inspections, reviews and similar actions, in accordance with this Contract and the applicable Acts and Regulations, to which the LICENSEE will provide relevant assistance.

- 17.2 In all cases contemplated in this Contract in which the execution of duties the GRANTOR or Regulator must serve require a previous opinion, binding or not, by any of the aforementioned entities, dates haven't been established to this effect, specifically in the correspondent clauses, the following rules must be observed:
- i) In cases where one of the entities is responsible of making an opinion, the time the other will have to issue it will be half of the period plus a Day the competent entity has to give judgment in accordance with the provisions of this Contract, other wise the latter can dispense with such opinion aiming at give judgment within the periods contractually foreseen,
 - ii) In cases where such entities are responsible of making an opinion, the GRANTOR should issue the reports and any other similar document needed to make the opinion to the GRANTOR or Regulator, on the same date, as the case may be;
 - iii) The due date to make an opinion is of thirty (30) Days, except other dispositions expressed on the Contract. This due date starts on the Day following the file date of the application to the correspondent entities; in case of filing the same application on two different dates, the due date will start from the file of the last application;
 - iv) In case more information is needed to make an opinion, the Regulator or GRANTOR may suspend the due date while the LICENSEE gives information or ask for an extension for the due date. The demand for information should be made within the first ten (10) Days when the application to make an opinion was received. This procedure can be repeated until the requested information is delivered to the GRANTOR.
 - v) In case an opinion isn't made within the due dates established in the Contract, this clause included or the GRANTOR has failed in delivering information, the Regulator or another entity, can dispense from this opinion aiming at con give judgment within the periods contractually foreseen, except the latter will be specifically foreseen in the Applicable Acts and Provisions as a condition to perform any act.
- 17.3 Any opinion or approval issued by the GRANTOR or Regulator, when communicated to the LISENCEE, should be sent with a copy to the other entity, as the case may be.
- 17.4 THE LICENSEE will comply with all the information requirements and procedures established in this Contract or to be established by the Applicable Acts and Dispositions, required by the GRANTOR or Regulator, in the subjects of interest.

Authorities of the regulating body

- 17.5 The regulating body is authorized to exert in all the legal authorities and functions that confer in the contract and the applicable laws and dispositions, in conformity with and other norms of the valid legislation or the ones that substitute or modify.

Power of supervision

- 17.6 The costs that come from the activities of supervision of the investments, in which the regulating body incurs, will be paid by the GRANTOR in agreement of what is established in the clause 6.19.
- 17.7 The regulating body can appoint an investment supervisor, which will have the same functions that the regulating body appoints him. The ownership of the function is maintained by the regulating body.
- 17.8 The regulating body can appoint an exploitation supervisor, which will have the same functions that the regulating body appoints him. The functions of the supervisor of exploitation, in case of the designation will be exerted in agreement of the conferred authorities by the regulating body.
- 17.9 In case that any non-fulfillment of the obligations by the CONCESSIONAIRE is detected, the regulating body can demand the necessary amending, notwithstanding of the application of the amending or penalties that correspond.
- 17.10 The designated supervisors by the regulating body, if the case is given, must not have offered directly or indirectly any type of service in favor of the CONCESSIONAIRE, the stockholders or linked companies in the last year, in Peru or abroad.

Sanctioning power

- 17.11 The regulating body will be authorized to apply penalties to the CONCESSIONAIRE in case of non-fulfillment of his obligations, in conformity with and the regulations that are dictated about the subject. The CONCESSIONAIRE must proceed with the compliance of the penalties that the regulating body imposes in accordance with
- 17.12 Additionally, the regulating is authorized to apply the established penalties established in the annex 10 of the present contract on the CONCESSIONAIRE, before the non-fulfillment of the agreed obligations in charge of the CONCESSIONAIRE.

In everything that is not foreseen in the present contract, concerning the CONCESSIONAIRE, it will be applied secondly valid to the date of the happening of the non-fulfillment.

- 17.13 The imposed administrative penalties, between other administrative authorities, by the MML, the tax administration, the labor ministry, will be applied on the CONCESSIONAIRE independently from the established contractual penalties established in the same one and notwithstanding of the obligation to respond for the damages and prejudgments resulting from its non-fulfillment.

SECTION XVIII: AMENDMENT TO THE CONTRACT

- 18.1. All request of rectification, addition or amendment of the contract hereby shall be submitted to the other part, with a copy for the Regulator, with duly economical financial and technical sustentation. The GRANTOR or CONCESSIONAIRE shall solve the request with Regulator opinion. The amendment agreement shall be compulsory for the Parties only whether it is by

writing and it is signed by represents duly authorized of the Parties.

According to item 33 of TOU Regulation, when it is needed, Parties shall be able to modify the Contract hereby respecting its nature and, when it is possible, its economical and technical conditions contractually agreed and economical-financial balance of the facilities in charge of them.

Regarding disposed in the previous paragraph, Parties expressly agree that the GRANTOR shall be able to trade and agree with the CONCESSIONAIRE amendments to the Contract, always when it is necessary and be duly maintained, among others, for:

- a) That the CONCESSIONAIRE is able to obtain Allowed Guaranteed Debt ;
or
- b) That it is related with nature of the guarantee granted to the Allowed Creditors, according to disposed in Clause 11.3; or
- c) Adapt the contract to technological changes or new circumstances produced during Concession term or its extensions, and Parties are not able to reasonably know or plan in Contract Subscription Date.
- d) Reestablish economical-financial balance, according to disposed in Clauses 9.14 a 9.22.

SECTION XIX: FORCE MAJEURE

Force Majeure Events

19.1 For this Contract aim, shall exist a fortuitous act or force majeure situation always that a event, condition or no attributable to the Parties circumstance is produced, with extraordinary, unpredictable and uncontrollable nature, which prevents some of them to fulfill with the obligations in charge of, or causes its partial, late or faulty fulfillment. The event shall be out of control, reasonable to the Party invoking causal, which beside all reasonable efforts to prevent them or mitigate its effects, it is not able to avoid that a non-fulfillment situation is conformed.

Force Majeure includes but it is not limited by:

- (i) Any act of external, internal or civil war (declared or no declared), invasion, armed conflict, blockade, revolution, mutiny, rebellion, civil disturbance or terrorism acts.
- (ii) Any stoppage or strike that does not maintain a labor relation with the CONCESSIONARIE, which affect it directly by any causes beyond its reasonable control or they are unpredictable.
- (iii) Any archeological rest discover that, due to its magnitude, prevent the CONCESSIONAIRE to fulfill its charge's obligations.
- (iv) Any earthquake, flood, hurricane, tornado, seaquake, typhoon, cyclone, electrical storm, fire, explosion, or similar event, always that the Concession Assets were affected directly, total or partial.
- (v) Partial destruction of the Concession Assets by a external event no attributable to the COCESSIONAIRE, whose mending demand a investment over ten per cent (10%) of the Referential Budget.

- (vi) The eventual destructions of the total or considerable part of the Investments, or damages to the assets produced by its total destruction and its impossibility of recovery, caused by order of any public authority, because of no attributable causes to the COCESSIONAIRE.
 - (vii) Any accident caused on railway which required the presence of a representative of public ministry and make impossible Service facility.
- 19.2 Before occurrence of any fortuitous act or Force Majeure event described in the previous Clause, Parties shall be authorized to request the suspension of their obligations or Contract term. For that purpose, the Party affected by the event occurrence shall have to send a statement to its counterpart, with a copy for the Regulator within the term established in Clause 19.6, supporting its request. The Party notified shall issue a pronouncing within a term which does not exceed five (5) Days counting from the date of the presentation of the request, with the previous favorable opinion of the Regulator, which shall be issued within a term which does not exceed three (3) Days of being notified by the request. In case that the Party does not pronounce about the request within the planned term, it shall be understood that it has been approved.
- Affected Party, with unfavorable pronouncing of its counterpart, shall be authorized to recur to the controversy solution proceeding planned in Section XVI.
- Whether it is not controversy between Parties respecting the occurrence of Force Majeure event, the GRANTOR shall declare the Suspension automatically.
- 19.3 Obligations affected by a Force Majeure event as well as the Contract term shall be automatically suspended from occurrence of Force Majeure event and while said event lasts, extending the Contract term during a same term of the Suspension duration.
- 19.4 Non-fulfillment of obligations produced as consequence of assumptions indicated in this Section shall not be punished with penalties indicated in the Contract hereby, according to foreseen terms and conditions.
- 19.5 Force Majeure shall not free Parties to fulfill the obligations that are not suspended by said events.
- 19.6 The Party affected by a Force Majeure event shall inform the other Party about:
- i) facts which constitute said Force Majeure event, within next twenty four (24) hours of the happening or notice of the event, as the case may be; and
 - ii) estimated period of total or partial limitation of its activities and the foreseen impact grade. Additionally, it shall keep inform the other Party about the development of said events.
- 19.7 Parties shall make their best enforces to ensure reinitiating of their obligations fulfillment within the least time possible after said events occurrence.
- 19.8 In case of resolution of the Contract hereby because of a Force Majeure event, the settlement of the Contract shall be in force by rules of Section XV.

- 19.9 In order that a Force Majeure Situation is considered resolution cause shall be necessary observe dispositions in Clause 19.1.
- 19.10 In case the Suspension by Force Majeure is extended more than ninety (90) Calendar Days, counting from respective declaration, any Party shall be able to invoke the Concession Expiration.

SECTION XX: PENALTIES

- 20.1 Regulator is authorized to apply contractual penalties established in the Contract. In this sense, in case that the CONCESSIONAIRE does not fulfill any if the obligations indicated in the Contract, the Regulator shall inform the GRANTOR about the detected non-fulfillment and shall indicate the mechanisms of corresponding reparations and/or the penalties application contained in Exhibit 10. The CONCESSIONAIRE shall not be exempt from responsibilities even cases when the non-fulfillments are consequence of contracts signed with Technical Adviser in Operation, Rolling Stock Supplier, other contractors or sub-contractors.
- 20.2 The penalties amount shall be paid by the CONCESSIONAIRE to the GRANTOR in the account indicated by the GRANTOR and within a ten (10) Days term from the imposition confirmation given by the Regulator.

The foreseen term in prior paragraph to pay penalties shall be suspended before refutation of the penalty imposition by the CONCESSIONAIRE, beginning again the calculation of said term in case that the Regulator confirms its imposition.

- 20.3 The CONCESSIONAIRE shall be able to impugn the penalty imposition whether presents, before the Regulator, the refutation by writing with respective sustentation in a maximum term of ten (10) Days counting from the following day to the penalty notification date.

As far as it concerned, the Regulator shall have a ten (10) Days term to issue its pronouncement duly motivated. After the expiration term above mentioned, without any pronouncement issued by the Regulator, the presented impugnation shall be understood as denied. The Regulator decision shall have conclusive nature and shall not subject to any complain by the CONCESSIONAIRE.

- 20.4 In case that the CONCESSIONAIRE does not fulfill with the payment of said penalties within mentioned term, Regulator shall be able to execute Faithful Fulfill of the Contract Guarantee until the amount of the imposed penalty, and the CONCESSIONAIRE has to return it according to disposed in Clause 11.2.5.
- 20.5 Payment of applicable penalties shall not be considered as a financial flow affectation of the Concession, neither it shall be able to invoke the breaking of the economical-financial balance.

SECTION XXI: ADDRESSES AND APPLICABLE LAW

- 21.1 Addresses

Excepting agreement expressed in opposite sense appearing in the Contract, all notifications, references, petitions, demands and other announcements

relating to the Contract shall have to be by writing and it shall be considered legitimately completed when they have respective reception charge or when they are sent by courier or fax, once their reception is verified, to the following addresses:

If it is addressed to the GRANTOR:

Name: Ministerio de Transportes y Comunicaciones
Address: Jirón Zorritos N° 1203 Cercado de Lima, Lima - Perú
Attention: (...)

If it is addressed to the CONCESSIONAIRE:

Name: (...)
Address: (...)
Attention: (...)

If it is addressed to the Regulator:

Name: (...)
Address: (...)
Attention: (...)

21.2 Addresses Changes

All address change shall have to be communicated by written to the other Party and Regulator with an anticipated term of fifteen (15) Calendar Days. Any new address shall be located in Lima city and be fixed according to the requests of prior Clause.

21.3 Applicable Law

The Contract shall be in force and interpreted according to Applicable Laws. Thus, it enunciates that the content, execution, conflicts and other consequences originated by it shall be carried by said legislation which the CONCESSIONAIRE declares to know.

In witness whereof, the Contract hereby is duly signed on five (5) originals of identical nature, in Lima city, 20..., by CONCESSIONAIRE and GRANTOR.

GRANTOR

CONCESSIONAIRE

EXHIBITS

EXHIBIT 1

**TESTIMONY OF PUBLIC DEED OF INCORPORATION AND COCESSIONAIRE
STATUTE**

EXHIBIT 2

SUCCESSFUL BIDDER PROPOSALS

EXHIBIT 2 - APPENDIX 1

TECHNICAL PROPOSAL

EXHIBIT 2 - APPENDIX 2

ECONOMIC PROPOSAL

EXHIBIT 3

FAITHFUL FULFILLMENT OF THE CONTRACT GUARANTEE

EXHIBIT 4
FINANCIAL REGIME

EXHIBIT 4 - APPENDIX 1

PROCEEDING TO DETERMINATE DAILY PASSENGERS DEMAND

EXHIBIT 4 - APPENDIX 2

TRUST ADMINISTRATION

With the aim to facilitate and guarantee the appropriate fulfillment of obligations derived herefrom, the CONCESSIONAIRE is obliged to constitute and keep to its cost, in main trustee position, a irrevocable administration trust, which shall be in force under rules indicated hereinafter, as well as the dispositions in respective trust contract, which shall contain terms of the Terms Paper of Appendix 3 of Exhibit 4.

The Administration Trust shall be executed with a Bank Corporation or any other qualified financial entity, which shall act as fiduciary entity, which shall be authorized by the GRANTOR.

The CONCESSIONAIRE, in its main trustee position, shall delegate to the GRANTOR, in its subsidiary trustee position, la authorization to issue instructions to the Trustee, with the aim to manage and have the use of the resources according to the specifications of the Trust contract.

Not later than five (5) months counting from Subscription Date of the Contract, the CONCESSIONAIRE shall present to the GRANTOR a Project of Administration Trust contract for its approval.

The GRANTOR shall have a maximum term of fifteen (15) Calendar Days, from the reception of the project of Trust contract, to issue its respective observations. The CONCESSIONAIRE shall rectify the observations in a maximum term of ten (10) Calendar Days since notification.

Once the observations are resolve by the CONCESSIONAIRE, the GRANTOR shall have a term of ten (10) Calendar Days for its respective approval of said contract project.

Passing the terms referred in prior paragraphs, accordingly, and the GRANTOR would not have been pronounced, it shall be understood that the contract project is accepted and approved, having the CONCESSIONAIRE to send to the GRANTOR a copy of the undersigned contract to its later notarial legalization.

The Administration Trust contract shall have to respect obligations and rules established in the Concession Contract, with clear indication of the obligation of the GRANTOR to issue instructions.

In case that the CONCESSIONAIRE does not fulfill with its obligations to constitute the Administration Trust within appointed terms and periods, it shall have to pay to the GRANTOR a diary penalty referred in Exhibit 10.

In case that, within a maximum term of thirty (30) Calendar Days, the corresponding amendment derived of the prior paragraph would not have been carried out, the execution of the Faithful Fulfillment Guarantee shall be carried on.

EXHIBIT 4 - APPENDIX 3

TERMS OF ADMINISTRATION TRUST CONTRACT

The Administration Trust shall enter into according to the following terms and basic conditions, and the stipulations which are normally part of the trust contracts for similar aims in Peru.

A. Aim of Administration Trust

The Administration Trust is constituted to manage the payment of GMAI and the resources of Concession Retribution.

B. Trustee

The CONCESSIONAIRE shall be trustee, who shall transfer to the Trust the resources originating from the Concession Retribution.

In any case, the Trust contract shall be modify without the intervention of the GRANTOR.

C. Fiduciary

It shall be the entity appointed by the CONCESSIONAIRE, without the GRANTOR objection, according to Appendix 2 of the Exhibit hereby.

D. Trust Beneficiary

It shall be the CONCESSIONAIRE or the GRANTOR, accordingly.

E. Patrimony of the Trust

It shall be constitute by the amount corresponding to the Concession Retribution, the value corresponding to GMAI Payment and interests generated by each accounts. The Trustee shall open different accounts to receive and maintain said money contributions, thus in all moment it is possible to distinguish the origin of resources transferred by each trustees.

F. Administration Trust Accounts

The administration Trust shall have at least three (3) separated accounts, according to:

- a) GMAI Account: This account shall be valid since the transfer of resources made according to Clause 11.1.1, in the space of (....) effective years and it shall have the aim to ensure the existence of necessary funds to deal with the GMAI payments, according to established in Clause 11.1.4.

The GRANTOR shall make the payments corresponding to GMAI Payment in favor of the CONCESSIONAIRE.

With the aim to make the short term financial administration of the available resources in this account, the trustee shall have to make the investment of said resources in Certificate of Deposits of *Banco Central de Reserva del Perú* (Central Bank of Peru), or other financial instruments and/or short term deposits which have

the same credit standard and whose term does not pass one hundred (180) Calendar Days.

In case of ending of the Administration Trust, the trustee shall wind up patrimony of the Trust and, accordingly, it shall return existence resources in this account in favor of the GRANTOR, in the account indicated for this effect.

- b) Concession Retribution Account: This account shall be valid since it is activated the retribution by the Concession and until finish the Concession. Said account shall have the aim to attend payments corresponding to Additional Investments and others that the GRANTOS expressly authorizes for exclusive activities of the Concession. In case that the ending of the Administration Trust, the Trustee shall wind up the patrimony of the trust and, accordingly, it shall return existence resources in this account in favor of the GRANTOR, in the account indicated for this effect, after making the corresponding payments.
- c) Fees Account: This account shall be valid since the Trust setting up until ending of the Concession, where the CONCESSIONAIRE shall deposit resources for fees payment of Trustee. In case that the ending of the Administration Trust is produced, the Trustee shall return existence resources in this account in favor of the GRANTOR, in the account indicated for this effect.

G. Instructions of outlay for payments to the Trust Beneficiary

- (i) GMAI Payment

In case of application of Clause 11.1.4, the Trustee shall make that GMAI Payment, charged in GMAI Account, and once the GRANTOR approves the corresponding outlay.

H. Responsibility exoneration of the Trustee

In any case the Trustee shall be responsible before the trustee and the trust beneficiary because of lack of payment caused by lack of available resources in each account of the Trust.

I. Additional Instructions

In case that the occurrence of any act prevents the correct fulfill of instructions already established in the Trust contract, the GRANTOR shall be authorized to issue additional instructions needed for the correct fulfillment of respective payments.

J. Trust Conclusion

The Trust Administration shall end in counting from the beginning of Exploitation and those other causes usually foreseen in similar trust contracts in Peru. In case that it is produced the Trust Administration conclusion, the trustee shall wind up patrimony of the trust and, whether the case may be, shall return existing resources of each account in favor of the CONCESSIONAIRE and the GRANTOR, accordingly for each account.

K. Resignation of the Fiduciary

In case of resignation of the Trustee, norms of *Ley de Bancos del Perú* (Law of Peruvian Banks) shall be imposed.

L. Fiduciary Fees

They shall have to be in accordance with market values for similar contracts. The Trustee Fees shall be of account and charge of the CONCESSIONAIRE and they shall be charged to the Fees Account.

M. Applicable Law

The applicable law to the Trust shall be Peruvian law.

The Administration Trust contract shall allow the inclusion of those stipulations which require the Allowed Creditors and which result reasonable, according to the market situation to date of obtaining of conditions for financing, as long as it counts with the favorable opinion of the GRANTOR.

EXHIBIT 4 - APPENDIX 4

**PROCEDURE TO VALORIZE THE INVESTMENT ADVANCE IN CASE OF
EXPIRATION BECAUSE OF NO-FULFILLMENT OF THE CONTRACT**

EXHIBIT 5

GRANTOR ASSET

EXHIBIT 6 – APPENDIX 1
TECHNICAL SPECIFICATIONS

EXHIBIT 6 – APPENDIX 2

MECHANISM OF REPORTS PRESENTATION OF INVESTMENTS ADVANCE

EXHIBIT 7

SERVICE LEVELS

EXHIBIT 7 - APPENDIX 1

**CRITERIA FOR THE CLEANING OF PASSENGERS STATIONS, SUBSTATIONS,
VIADUCTS AND OTHER INSTALLATIONS**

EXHIBIT 7 - APPENDIX 2

CRITERIA FOR THE CLEANING OF ROLLING MATERIAL

EXHIBIT 8

CONCESSION AREA

EXHIBIT 9
SUPERVISION

EXHIBIT 9

INVESTMENTS SUPERVISION

EXHIBIT 10

APPLICABLE PENALTIES TO THE CONTRACT

(*) Penalties indicated in the Exhibit hereby are referred to Calendar Days.

Table N° 1: Penalties referred to Section V of the Contract: Asset Regime

Amount (US\$)	Penalty description	Implementation Criterion
2,000	Delay in delivery of list of selected assets of the Optional Assets Inventory.	Each day
2,000	Delay in delivery of Concession Assets inventories, accordingly.	Each time
10,000	Do not exercise possessors defense.	Each time

Table N° 2: Penalties referred to Section VI: Works Execution and Starting-up Tests

Amount (US\$)	Penalty description	Implementation Criterion
2,000	Delay in delivery of Definitive Study within a maximum term stipulated in the Contract.	Each day
2,000	Delay in stipulated term to amend observations to presented Definitive Study.	Each day
1,000	Do not give to the GRANTOR and the Regulator all required information (even it is additional information) and access to activities and studies carried out for its work.	Each time
7,500	Do not have and maintain a Work Book since the Investments execution Stage.	Each time
10,000	Do not allow the GRANTOR and Regulator free access to Work Book during Investments Execution Stage.	Each time
5,000	Delay in the beginning of Investments Execution Stage.	Each day
5,000	Delay in maximum term to begin Starting-up Tests.	Each day
4,000	Extension of Investments execution Term because of imputable reasons to CONCESSIONAIRE.	By month or month fraction
2,500	Delay in presentation of Tests Protocols to the Regulator, with copy to GRANTOR within foreseen maximum term.	Each day
2,000	Delay in lifting of notified observations during Starting-up Tests.	Each day
2,000	Delay in lifting of notified observations during Commercial Operation Setting.	Each day

Table N° 3: Penalties referred to Section VIII: Concession Exploitation

Amount (US\$)	Penalty description	Implementation Criterion
5,000	Delay in maximum term for Exploitation Beginning.	Each day
1,000	Delay in delivery of reports related to Concession Exploitation development.	Each day

Table N° 4: Penalties referred to Section IX: Economical Regime

Amount (US\$)	Penalty description	Implementation Criterion
2,000	Delay in delivery of audited financial statements.	Each day
10,000	Do not communicate any change of Rates to the Regulator and GRANTOR, as well as no-fulfillment of Rates changes publication.	Each time
5,000	No-fulfillment in information supply related to Rates which the Regulator may require to fulfill the Contract.	Each time
3,000	Delay in payment of Concession Retribution.	Each day
2,000	Delay in presentation of debit balances to each Allowed Creditor maintaining debts.	Each day

Table N° 5: Penalties referred to Section X: Financial Regime

Contract Clause	Amount (US\$)	Penalty description	Implementation Criterion
Appendix 2 of Exhibit 4	2,000	No-fulfillment in Administration Trust constitution within foreseen term.	Each day

EXHIBIT 11 - APPENDIX 1

REFERENTIAL TERMS TO MITIGATE ENVIRONMENTAL IMPACTS

EXHIBIT 11 - APPENDIX 2

**REQUERIMENTS FOR PRESENTATION OF SOCIAL-ENVIORENMENTAL
REPORTS**

EXHIBIT 12

DECLARATION MODEL OF ALLOWED CREDITOR

Lima, 200

Mrs.
Ministerio de Transportes y Comunicaciones
Jr. Zorritos s/n
Lima 1, Lima – Peru

Allowed Creditor:

Reference: Concession Contract of Lima Callao Mass Transport Electric System Special Project, Line 1, Villa El Salvador – Grau Avenue.

According to foreseen in Clause 11.3 of Concession Contract of Lima Callao Mass Transport Electric System Special Project, Line 1, Villa El Salvador – Grau Avenue, we declare as follows:

1. We do not have any impediments nor restrictions (by contractual, judicial, arbitral, managerial, legislative or other manner) to assume and fulfill with the commitment to finance to _____ (CONCESSIONAIRE) until amount of _____, with the object of being in optimum conditions to fulfill with corresponded obligations according to _____ Concession Contract.
2. By this means, we confirm that our competent internal bodies have approved a credit line until the amount of _____, in favor of _____ (CONCESSIONAIRE), which shall be designated to fulfill derived obligations of Concession Contract of Lima Callao Mass Transport Electric System Special Project, Line 1, Villa El Salvador – Grau Avenue.
3. We fulfill requires established on Concession Contract of Lima Callao Mass Transport Electric System Special Project, Line 1, Villa El Salvador – Grau Avenue, as well as all those demanding by applicable laws Rules, to classify as Allowed Creditor, according to terms that Concession Contract assigns to this definition.

Yours faithfully,

Signature:

Name:
Allowed Creditor Representative

Entity:
Allowed Creditor