

3 de junio de 1997.

Licenciado
CARLOS A. VALLARINO
Viceministro de Planificación
y Política Económica
E. S. D.

**To: Midland Bank Public Limited Company
HSBC Investment Bank plc**

**Project and Export Finance
Vintners Place
68 Upper Thames Street
London EC4V 3BJ**

RE: OPINION ON LEGAL VALIDITY OF LOAN CONTRACT

I refer to the loan contract ("The Agreement") between the Republic of Panama ("Borrower") and Midland Bank Public Limited Company dated 1997.

I have made no investigation of the laws of England and assume that the terms of the Agreement are in all respects lawful, effective and enforceable under such laws. Subject to this, I have made all investigations which I consider requisite or desirable and am of the opinion that under the laws of the Republic of Panama the Agreement is legally valid and binding on the Borrower and is legally enforceable against the Borrower in accordance with its terms and that the Promissory Notes issued and signed by Borrower are legally valid and binding on the Borrower, subject to the limitations noted bellow.

In particular, but without limiting the generality of the foregoing, I am of the opinion as follows that:

1. The necessary Cabinet decess have been issued enabling the Republic of Panama, acting through its Ministry of Planning to conclude the Agreement;
2. The necessary Cabinet decrees have been issued enabling the Borrower to issue the Promissory Notes in support of the Agreement referred to in (1) above;

3. The Borrower has full legal capacity to enter into and to perform its obligations under the Agreement;

4. The signatories to the Promissory Notes have been authorised so to sign by the decree referred to in (2) above;

5. The liability of the Borrower to pay on due dates in accordance with the Agreement is absolute;

6. The form of Promissory Notes in Schedule I to the Agreement when signed by a duly authorised officer will be a legal and valid promissory note enforceable against Borrower in accordance with the Laws of Panama other than for the immunity provided for by Articles 1033, 1034 and 1963 of the Judicial Code in respect of execution on and attachment of properties of the Republic of Panama in the courts of the Republic of Panama.

7. No other formalities are considered requisite or desirable for the validity and enforceability of the Agreement or Promissory Notes.

Very truly yours,

ALMA MONTENEGRO DE FLETCHER
Attorney General
(Administrative Law Affairs)

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