
REPUBLIC OF PANAMA

THIRTY YEAR 5½% EXTERNAL SECURED SINKING
FUND GOLD BONDS

Due June 1, 1953

GUARANTY TRUST COMPANY OF NEW YORK, Trustee

Trust Indenture

Dated June 1, 1923

Indenture dated the first day of June, 1923, between the REPUBLIC OF PANAMA, acting by EUSEBIO A. MORALES, Minister of Finance, Envoy Extraordinary and Minister Plenipotentiary of the Republic of Panama on Special Mission, hereunto duly authorized (hereinafter called the "Republic"), party of the first part, GUARANTY TRUST COMPANY OF NEW YORK as Trustee hereunder, (hereinafter called the "Trustee") party of the second part, and WILLIAM NELSON CROMWELL, of the City and State of New York, as Fiscal Agent of the Republic of Panama (hereinafter called the "Fiscal Agent"), party of the third part, WITNESSETH:

WHEREAS, by an act of the National Assembly of Panama, approved February 14, 1923, known as Law No. 4 of 1923, the President of the Republic of Panama was, among other things, duly authorized to contract a National Loan for the amount hereinafter mentioned, with authority to guarantee the payment of the principal and interest of said Loan by means of such income as might be necessary to obtain such Loan; and

WHEREAS, pursuant to such authority, the Republic has contracted for a National Loan of \$4,500,000 in gold coin of the United States of America, to be evidenced by an issue of Thirty Year 5½% External Secured Sinking Fund Gold Bonds of the Republic (hereinafter called the "Bonds"), of the character and upon the terms and conditions hereinafter set forth; and

WHEREAS, pursuant to Article 138 of the Constitution of the Republic (a copy whereof is hereto attached as Exhibit C) a permanent fund of Six million dollars (\$6,000,000) was established in the year 1904, and was

invested and has ever since been kept invested in first mortgages upon real estate in New York City, or the equivalent thereof, and is now so invested and produces a reliable annual revenue, which fund is hereinafter referred to as the Constitutional Fund; and

WHEREAS, by Article XIV of the "Convention between the United States and the Republic of Panama for the construction of a ship canal to connect the waters of the Atlantic and Pacific oceans," signed November 18, 1903, ratifications of which were exchanged at Washington on February 26, 1904, and which was proclaimed on said date, the Government of the United States agreed to pay to the Republic an annual payment (hereinafter called the "Treaty Payment") in perpetuity of \$250,000 in gold coin of the United States, beginning nine years after the date of said exchange of ratifications, to-wit: On February 26, 1913, and has made the payments falling due February 26, 1913, and thereafter; and

WHEREAS, the Republic has determined to confer upon the Fiscal Agent exclusive authority to receive from the Government of the United States of America, and to instruct the said United States Government to pay to said Fiscal Agent the annual Treaty Payments; subject, however, to prior assignments aggregating One Hundred Ninety Thousand Two Hundred Fifty-eight and $61/100$ Dollars (\$190,258.61) annually to The Farmers' Loan and Trust Company, as trustee of the trust indenture dated November 2, 1914, securing an issue of Five Per Cent. Secured Sinking Fund Thirty-Year Gold Bonds of the Republic; and

WHEREAS, under the authority conferred upon him by Law 4 of February 14, 1923 above mentioned, the President of the Republic has resolved to pledge the

revenue to be received from said Constitutional Fund and from the Treaty Payments as security for said Loan as and to the extent hereinafter provided;

NOW, THEREFORE, it is agreed between the parties hereto as follows:

FIRST: The Republic has duly created bonds of the Republic, to be designated as "Republic of Panama Thirty Year 5½% External Secured Sinking Fund Gold Bonds" to the aggregate face amount of Four Million, Five Hundred Thousand Dollars (\$4,500,000) in gold coin of the United States of America of or equal to the present standard of weight and fineness. The Bonds shall bear date June 1, 1923; shall mature June 1, 1953; shall bear interest at the rate of 5½% per annum from June 1, 1923, payable semi-annually on the first days of June and December of each year, and shall, both as to principal and interest, be payable at the principal office of the Trustee, in the Borough of Manhattan, City of New York, United States of America, in gold coin of the United States of America of or equal to the present standard of weight and fineness.

Both as to principal and interest said Bonds shall be forever exempt from all kinds of taxes now or hereafter established by or within the Republic.

Said Bonds shall be issued as coupon Bonds in the denominations of \$1,000 and \$500 each. They shall be substantially in the form annexed hereto as "Exhibit A", and shall be impressed with the seal of the Secretaria de Hacienda y Tesoro of the Republic and shall bear the engraved, printed or lithographed fac-simile signature of the President of the Republic and the written signature of the Secretario de Hacienda y Tesoro of the Republic, or the Minister or Chargé d'Affaires of the Republic at Washington, D. C., or a Special Delegate of the Republic

thereunto duly appointed by the President of the Republic.

In case any officer of the Republic or special delegate of the Republic whose signature may be affixed to any of the Bonds shall cease to be such officer or special delegate before the Bonds so signed shall have been actually authenticated and delivered as hereinafter provided, such Bonds may, nevertheless, be adopted as though the person whose signature thus appears thereon had not ceased to be such officer or special delegate.

The coupons to be attached to the Bonds shall be authenticated by the engraved signature of the present Secretario de Hacienda y Tesoro of the Republic, or of any future Secretario de Hacienda y Tesoro, and the Republic may adopt and use for that purpose the engraved signature of any person who shall have been such Secretario de Hacienda y Tesoro notwithstanding the fact that he shall have ceased to be such officer at the time the Bonds shall have been authenticated and delivered.

The holder of any Bond may have the ownership thereof registered on the books to be kept by the Trustee, at the principal office of the Trustee in the City of New York, for this purpose, and such registration noted on the Bond. After such registration no transfer shall be valid unless made by the registered owner in person or by his duly authorized attorney and noted on the Bond; but the same may be discharged from registration by being in like manner transferred to bearer and thereupon transferability by delivery shall be restored; and such Bond may again, from time to time, be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the coupons but every such coupon shall continue to be transferable by delivery merely and shall remain payable to bearer.

None of the above mentioned Bonds shall be valid or obligatory until the same shall have been duly authen-

ticated by the execution by the Trustee of a certificate thereon in substantially the form hereto attached, marked "Exhibit B".

All said Bonds, the coupons attached thereto, and the certificate of the Trustee shall be in the English language, and the Bonds shall meet the requirements of the New York Stock Exchange for listing the same.

Before any Bonds shall be authenticated, any matured coupons attached thereto shall be detached and cancelled.

SECOND: The Republic agrees to cause the definitive Bonds to be engraved on or before November 1, 1923, and until the definitive Bonds can be so engraved the Republic may in like manner execute and issue, in lieu of such definitive Bonds, one or more temporary, printed or lithographed Bonds, negotiable by delivery, and substantially of the tenor of the definitive Bonds, except that such temporary Bond or Bonds may be for one thousand dollars or any multiple thereof. Any such temporary Bond shall bear upon its face the words "Temporary Bond exchangeable for a like principal amount of engraved bonds." Upon surrender of such temporary Bond or Bonds, the Republic at its own expense shall issue in exchange therefor, and the Trustee shall authenticate and deliver engraved Bonds for the same aggregate principal amount as the temporary Bond or Bonds surrendered for exchange and cancellation. Until such exchange such temporary Bond or Bonds shall be entitled, in all respects, to the lien and benefit of this Indenture. When and as interest is paid upon the temporary Bond or Bonds the fact of such payment shall be noted thereon.

Upon receipt by the Republic and the Trustee of evidence satisfactory to them of the loss, destruction, theft or mutilation of any outstanding Bond hereby secured, and of indemnity satisfactory to them, and upon surrender

and cancellation of such Bond, if mutilated, the Republic shall execute and the Trustee shall authenticate and deliver a new Bond of like tenor bearing the same serial number to be issued in lieu of such lost, destroyed, stolen or mutilated Bond.

THIRD: Said Bonds for the principal amount of Four Million Five Hundred Thousand Dollars (\$4,500,000) shall forthwith be executed by the Republic and delivered to the Trustee and forthwith thereafter shall be authenticated by the Trustee and redelivered to the Republic in accordance with the order or orders of the Republic evidenced by writing or writings signed either by its President or the Secretario de Hacienda y Tesoro or the Envoy Extraordinary and Minister Plenipotentiary of the Republic at Washington, without any further evidence, act or thing being requisite for such authentication and delivery.

FOURTH: The Republic covenants that it will, and hereby does, establish a Sinking Fund, as herein provided, adequate to retire the entire issue of Bonds at or before maturity, and to that end will pay, or cause to be paid, to the Trustee in gold coin of the United States of America of the present standard of weight and fineness, on or before the first day of September and the first day of March in each year, commencing September 1, 1923, and continuing to and including September 1, 1944, the sum of Sixteen Thousand Seven Hundred Fifty Dollars (\$16,750); and on or before March 1, 1945, and on or before each September 1 and March 1 thereafter the sum of One Hundred Fifteen Thousand Seven Hundred Fifty Dollars (\$115,750). Commencing on or before March 1, 1924, and on or before each September 1 and March 1 thereafter the Republic will also pay to the Trustee for the Sinking Fund an amount equal to semi-annual inter-

est at the rate of five and one-half per cent. ($5\frac{1}{2}\%$) per annum on all Bonds previously retired through the operation of the Sinking Fund and the Market Fund hereinafter mentioned. The moneys so paid shall be applied by the Trustee to the purchase, redemption or payment of outstanding Bonds in the manner hereinafter next provided.

The Trustee shall, in the month of March and the month of September in each year, by notice published once a week for two successive weeks in one daily newspaper published in the Borough of Manhattan, in the City of New York, advertise for written proposals or offers to sell to it, as such Trustee, Bonds then outstanding and secured hereby, and the Trustee, to the extent of the Sinking Fund moneys then in its hands for that purpose, shall purchase, at the lowest price at which the greatest amount of Bonds may be obtained, Bonds so offered, not exceeding, however, the Sinking Fund redemption price in effect at the next succeeding interest date (plus accrued interest). Should there be two or more proposals at the same price, aggregating more than the amount which the Trustee has available, such proposals shall, if possible under their terms and as nearly as possible, be accepted *pro rata*.

If, upon such advertisement being made, the proposals made thereunder and accepted as aforesaid shall not be sufficient to exhaust the Sinking Fund moneys then in its hand, the Trustee shall in any other manner it may deem advisable, endeavor to purchase the requisite number of Bonds at prices not exceeding the Sinking Fund redemption price in effect on the next succeeding interest date (plus accrued interest). The foregoing provisions covering advertisement for written offers to sell Bonds to the Trustee for the Sinking Fund are subject to the limitation that if and so long as Bonds are listed on the New York Stock Exchange, the Trustee need not ad-

vertise for written offers but may endeavor to purchase Bonds in any other manner it may deem advisable.

Any residue of the Sinking Fund moneys which shall not have been applied to the purchase of Bonds, as aforesaid, six (6) days prior to the first day of April and the first day of October in each year following the payment of any instalment into the Sinking Fund (providing such amount is not less than Five Thousand Dollars (\$5,000)) is to be applied, as nearly as may be, by the Trustee to redemption of Bonds on the next succeeding interest date after call by lot.

Bonds are subject to redemption through the Sinking Fund on any interest date at the following prices: On December 1, 1923, and thereafter to and including December 1, 1937, at the principal amount thereof plus a premium of two and one-half per cent. ($2\frac{1}{2}\%$); on June 1, 1938, and thereafter to and including December 1, 1942, at the principal amount thereof plus a premium of two per cent. (2%); on June 1, 1943, and thereafter to and including December 1, 1947, at the principal amount thereof plus a premium of one per cent. (1%); and thereafter at the principal amount thereof.

After drawing by lot a sufficient number of Bonds to exhaust, as nearly as may be, at the Sinking Fund redemption price in effect on the next succeeding interest date, the moneys in the Sinking Fund held by the Trustee at the time of such drawing, the Trustee shall give notice, in the manner provided in Article Seventh hereof, that the Bonds so drawn have been called for redemption on the next succeeding interest date. All Bonds so drawn shall cease to bear interest from and after said redemption date, anything in such Bonds or the coupons appertaining thereto to the contrary notwithstanding. The coupons maturing on said redemption date shall be payable as therein specified. All Bonds purchased or redeemed by operation of the Sinking Fund

shall forthwith be cancelled by the Trustee, and delivered to the Republic on its request, and shall not thereafter be subject to re-issue.

The Republic will provide funds for the payment of accrued interest on all Bonds purchased or redeemed by operation of the Sinking Fund, for expenses of advertisement and other Sinking Fund expenses, and such accrued interest and Sinking Fund expenses shall not be a charge upon Sinking Fund moneys. In case the Trustee shall have in its hands moneys applicable to the payment of interest on the interest date next succeeding the purchase of any Bonds for the Sinking Fund, at the time of any such purchase, it shall apply such moneys to the payment of accrued interest on Bonds so purchased. In case the Trustee shall have in its hands moneys to the credit of the Republic which are free and clear from the lien of this Indenture, it is authorized to apply such moneys for expenses of advertisement and other Sinking Fund expenses.

FIFTH: The Republic covenants to pay semi-annually to the Trustee, at least five (5) days prior to December 1 and June 1 in each year, so long as any of the Bonds are outstanding, a sum of money sufficient to meet the interest payments due on the next succeeding interest payment date.

The Republic covenants to pay to the Trustee at least five (5) days prior to June 1, 1953, a sum of money sufficient to meet the principal of all Bonds then outstanding and maturing on June 1, 1953.

In order specifically to secure the payment of the principal and semi-annual interest and Sinking Fund requirements of this Loan, the Republic hereby creates a charge upon, allocates and pledges:

(a) The said annual Treaty Payment of \$250,000; subject, however, until November 1, 1944 (or until the

earlier satisfaction and cancellation of the trust indenture dated November 2, 1914, made by the Republic to The Farmers' Loan and Trust Company, as trustee, and securing an issue of Five Per Cent. Secured Sinking Fund Thirty-Year Gold Bonds of the Republic) to the prior assignments aggregating One Hundred Ninety Thousand Two Hundred Fifty-eight and 61/100 Dollars (\$190,258.61) to said The Farmers' Loan and Trust Company, as trustee; and

(b) The net interest, income and revenue on all investments constituting the principal of said Constitutional Fund.

The Republic hereby irrevocably confers upon the Fiscal Agent and his successors exclusive authority to receive from the Government of the United States, and forthwith upon the execution of this Indenture will irrevocably request and authorize the Government of the United States in substantially the form set forth in Exhibit D hereto annexed, to pay to said Fiscal Agent the said annual Treaty Payment of Two Hundred Fifty Thousand Dollars (\$250,000), subject, however, to said prior assignment to The Farmers' Loan and Trust Company, as trustee.

The Republic hereby irrevocably orders, authorizes and directs the Fiscal Agent and his successors to pay over to the Trustee, from and after the date of the execution of this Indenture, all the net interest, income and revenue collected and received by the Fiscal Agent upon all investments of said Constitutional Fund as and when such net interest, income and revenue is collected and received, and said annual Treaty Payment of Two Hundred Fifty Thousand Dollars (\$250,000) or portion thereof as and when the same is received, and the Repub-

lic hereby irrevocably authorizes and empowers the Trustee to use, hold and apply the same when received as hereinafter set forth. In case the net income of the Constitutional Fund and the allocated income of the annual Treaty Payment from the United States received by the Trustee within the six (6) months period immediately preceding March 1 in any year shall exceed the amounts required to be paid into the Sinking Fund on such March 1, plus an amount equal to interest payable on the next succeeding June 1 on Bonds outstanding on such March 1, the balance shall be held by the Trustee as a reserve for the Sinking Fund payments and interest payments due on the next succeeding September 1 and December 1, respectively. In case on September 1 in any year until and including September 1, 1944, the net income received by the Trustee for the preceding six (6) months, together with any reserve then held by the Trustee, shall exceed the amount to be required to be paid into the Sinking Fund on such September 1, plus an amount equal to the interest payment due on the next succeeding December 1 on all Bonds outstanding on such September 1, such excess, up to Twenty-five Thousand Dollars (\$25,000), shall constitute a Market Fund and shall be set aside and applied by the Trustee for the purchase, in any manner it may deem advisable, of Bonds during the month of September at a price not exceeding par and accrued interest. The balance of such excess held by the Trustee upon the close of business on September 1 in any year, and the balance of such Market Fund as shall not have been exhausted by the purchase of Bonds at not exceeding par and accrued interest up to the next succeeding October 1, shall be set aside for the disposal of the Republic, free and clear from the lien of this Indenture. Accrued interest on the Bonds purchased through the Market Fund shall be paid out of the moneys

reserved to meet interest maturing on the next succeeding December 1. On and after September 1, 1945, the entire excess over Sinking Fund and interest requirements held by the Trustee at the close of business on September 1 in any year shall be set aside for the disposal of the Republic free and clear from the lien of this Indenture.

All Bonds purchased by operation of the Market Fund shall forthwith be cancelled by the Trustee, and delivered to the Republic on its request, and shall not thereafter be subject to re-issue.

The Fiscal Agent officially takes due note of the order, authorization and direction of the Republic of Panama as in this Article provided.

The Republic further covenants that so long as any of said Bonds are outstanding it will continue to maintain in the United States of America a Fiscal Agent who shall at all times be a citizen and resident of the United States, or a partnership a majority of whose members shall at all times be citizens and residents of the United States, or a Trust Company in the City of New York having a capital, surplus and undivided profits of at least two million dollars and be approved, in any case, by the Trustee as to each successor, as the custodian and Fiscal Agent of said Constitutional Fund, and who shall have and is hereby given full power and discretion and is directed to invest and reinvest the same from time to time within the United States of America in first mortgages on real estate in New York City, and to collect the interest, income and revenue on the same, and to enforce or extend payment of the principal and interest thereon, and to enforce and realize upon the security for any such investment or otherwise to deal with the same as he may deem most advantageous; and that it will not withdraw or remove from the United States or from the custody of the Fiscal

Agent or his successors any part of the investments constituting at such time the principal of such Constitutional Fund (nor the legal evidences thereof), nor impair the powers now vested in the Fiscal Agent for the purposes aforesaid, nor will it collect the income and revenue thereof except through such Fiscal Agent, nor will it pledge or attempt to pledge the principal of said Constitutional Fund for any purpose so long as any of the said Bonds are outstanding.

It is provided and agreed that no lien is constituted hereunder, nor shall any lien exist at any time hereunder upon or in respect of the principal of said Constitutional Fund, nor shall the Trustee or any holder or holders of any Bonds issued hereunder, in case of any default of the Republic or otherwise, have any recourse to or remedy against the principal of the Constitutional Fund, whether by attachment, by execution on judgment, or in any other way whatsoever; and that prior to default hereunder the Trustee shall have no right to enforce the charge hereby created upon the income of the Constitutional Fund or annual Treaty Payment until and unless said income and revenue is actually collected and received by the Fiscal Agent, whose duty it shall be forthwith to pay over the same to the Trustee as hereinbefore provided. The Republic agrees that at the time of the execution and delivery of the Bonds, as provided by Article Third hereof, no pledge of any part of said income and revenue from the Constitutional Fund shall exist, and that at said time said net income and revenue shall be free and clear of any prior incumbrance and lien whatsoever; and that no charge upon or assignment of the said annual Treaty Payment exists, except the assignments to The Farmers' Loan and Trust Company, as trustee, as hereinbefore set forth.

The Trustee agrees to allow and pay to the Republic interest upon all such moneys while remaining in its hands at such rates as may be mutually agreed upon between the Trustee and the Republic; and in case of failure to reach such agreement, the Trustee will place and keep the same on deposit in its own name with another trust company in the City of New York mutually agreed upon and offering a more favorable rate.

The Republic agrees to furnish and file with the Trustee (or cause its Fiscal Agent so to do) within twenty-one days after the first days of June and December in each and every year commencing December 1, 1923, a detailed schedule, list and exhibit of all the mortgage loans and investments of said Constitutional Fund as of said first days of June and December (including particulars of the registration or mortgage records); and also a full detailed statement and exhibit of the net income and revenue derived during each such six months period in respect of such investment.

SIXTH: The Republic covenants and agrees that:

(1) It will not at any time while any of the Bonds issued hereunder are outstanding enter into any agreement or understanding, or do any act or thing whereby the obligation of the United States of America to make the Treaty Payments, shall or may be in any manner released, affected or impaired. It will not in any manner impair the exclusive authority conferred by this Indenture upon the Fiscal Agent, and his successors, to collect and receive said Treaty Payments, or portion thereof, upon which a charge has been created and which have been pledged and allocated for the security of this Loan, nor will it in any manner affect or impair said charge, pledge or allocation.

(2) If for any reason, or at any time while any of the Bonds issued hereunder are outstanding, the security hereinbefore provided for, becomes affected or impaired, the Republic upon the demand, in writing, of the Trustee, will forthwith furnish such additional security as may in the judgment of the Trustee be adequate to provide and secure the payment to the Trustee hereunder of a fixed semi-annual income sufficient to satisfy the Sinking Fund requirements and interest payments upon the Bonds issued and outstanding hereunder.

SEVENTH: The Bonds are subject to redemption at the option of the Republic in whole, but not in part (except through operation of the Sinking Fund as hereinbefore provided), on June 1, 1933, and on any interest date thereafter to and including December 1, 1937, at the principal amount thereof plus a premium of two and one-half per cent. ($2\frac{1}{2}\%$); on June 1, 1938, and on any interest date thereafter to and including December 1, 1942, at the principal amount thereof plus a premium of two per cent. (2%); on June 1, 1943, and on any interest date thereafter to and including December 1, 1947, at the principal amount thereof plus a premium of one per cent. (1%); and on any interest date thereafter at the principal amount thereof.

Notice of such redemption shall be given by the Republic by publication thereof in two daily newspapers of general circulation in the Borough of Manhattan, City of New York, once a week for six successive weeks, the first publication to be not less than sixty (60) nor more than sixty-five (65) days prior to the redemption date. Such notice shall state that the Bonds will be redeemed and paid at the place of payment specified in the Bonds, upon the date so fixed for redemption, at the principal amount thereof plus the premium, if any, payable on such

redemption date, upon presentation and surrender of such Bonds and of the coupons maturing after such redemption date. The coupons maturing on such redemption date shall be payable as therein specified, and the Republic covenants to make payment thereof accordingly. At least five (5) days before the redemption date, the Republic will deposit with the Trustee an amount in United States gold coin, or its equivalent, sufficient to redeem all the Bonds then outstanding.

Upon publication of notice of redemption, as above provided, and upon the deposit of moneys sufficient to provide for the redemption of Bonds as aforesaid, and of the coupons maturing on the redemption date, the Bonds shall mature and be payable on the redemption date in such notice set forth; and, after the redemption date so designated, the Bonds shall cease to bear interest, anything in said Bonds or in the coupons appertaining thereto to the contrary notwithstanding.

EIGHTH: The Republic covenants and agrees that (1) if default be made in the payment of any interest on or principal of any Bond outstanding and secured hereby, or in the payment of any Sinking Fund installment, and any such default shall continue for thirty days, or (2) if default be made by the Republic in any of the other covenants, agreements or conditions on its part herein made and by it to be performed and such last named default shall continue for thirty days after written notice thereof to the Republic by the Trustee or by the holders of one-fourth in amount of the Bonds then outstanding, then upon the happening of any of said events the Trustee may and upon the election of the holders of a majority in interest of the Bonds then outstanding, evidenced by an instrument or instruments in writing, signed by them and delivered to the Fiscal Agent and to the Trustee, shall by

written notice to the Republic declare the entire principal sum of all of said Bonds then outstanding and the interest accrued thereon to be immediately due and payable, and the same shall thereupon become and be immediately due and payable, anything herein or in said Bonds contained to the contrary notwithstanding. From and after the delivery of such notice by the Trustee to the Republic, the Trustee shall take such action as it may be advised by counsel, to collect the income and revenues pledged as security for this Loan, and shall apply as and when received the Treaty Payment, or portion thereof, as the case may be, then payable to the Trustee, the entire net income of the Constitutional Fund, and any other revenue either pledged with the Trustee or charged with the payment of the principal and interest of the Bonds to the payment of such principal and interest, until the entire principal of all said Bonds, with interest thereon, shall be fully paid.

Whenever the principal of the outstanding Bonds shall become due and payable, either at maturity or as above provided, the Republic covenants and agrees that it will immediately pay or cause to be paid to the Trustees for the benefit of the respective holders of the said Bonds, an amount sufficient to pay the said Bonds in full together with all accrued interest thereon.

NINTH: The Trustee hereinbefore named, or any successor to it, may resign and be discharged of the trust created by this Indenture, by executing an instrument in writing duly acknowledged, resigning such trust, and by filing the same with the Republic and a notarial copy thereof with the Fiscal Agent. In case of such resignation some other trust company in the City of New York having a capital and undivided profits and surplus aggre-

gating at least two million dollars, shall be appointed by the Republic as its successor, but if no such appointment shall be made within two months after the resignation of such Trustee or its successors, then The New York Trust Company of New York City is hereby appointed trustee hereunder. Every new trustee hereunder shall execute, in duplicate, acknowledge and deliver to the Republic and to the Fiscal Agent, respectively, an instrument in writing accepting said office, and thereupon the new Trustee shall, without any further act, deed or conveyance, become vested with all the assets, properties, rights, powers, duties and trusts of its predecessor in the trust hereunder, with like effect as if originally named as trustee in this Indenture; but the retiring Trustee, shall, nevertheless, at the written request of the Republic or of the Fiscal Agent or of the new trustee, and upon filing with it proof of the due appointment of such new Trustee, execute and deliver an instrument conveying and transferring to such new Trustee upon the trusts herein expressed all the assets, properties, rights, powers and trusts of the Trustee so retiring, and shall duly assign, transfer and deliver to the new Trustee all bonds, obligations or other securities and moneys held by it subject to this Indenture.

The Republic hereby certifies and declares that all acts, conditions and things required to be done and performed and to have happened precedent to and in the execution of this Indenture and the issuance of the Bonds hereby secured have been done and performed and have happened in due and strict compliance with the constitution and laws of the Republic.

The recitals and statements contained herein and in any Bonds and coupons issued hereunder, shall not be considered as made by or imposing any liability upon the

Trustee or Fiscal Agent, neither of whom make any representations as to the validity of this Indenture or of any Bonds or coupons issued hereunder or the security hereby afforded; nor shall the Trustee or the Fiscal Agent be in any respect responsible for the application of the proceeds of said Bonds or for compliance with any law relating to the same; nor shall the Fiscal Agent be individually liable or responsible in the actual collection and receipt of the income and revenues of said Constitutional Fund and/or of the annual Treaty Payments, except for wilful default; and the Republic agrees to indemnify and hold harmless the Trustee and the Fiscal Agent against all loss, liabilities and expenses in connection with their duties hereunder, including the reasonable remuneration of any agents, employees or counsel or other persons whom either of them may employ and the Trustee and Fiscal Agent shall be entitled to reasonable compensation. Neither the Trustee nor the Fiscal Agent shall be liable for any error of judgment in the exercise of any discretion hereunder, or for any mistake of law or of fact, or for the default of any agent or employee, or for any act or thing, except for its or his own personal wilful default.

The Trustee shall not be bound to recognize any person as a Bondholder unless or until his Bonds are submitted to the Trustee for inspection, if required, and his title, if disputed, established to the satisfaction of the Trustee.

The Trustee and the Fiscal Agent may become the owners of the Bonds with the same rights as any other Bondholder.

All notices from the Trustee to the Republic may be given by written communication addressed to the Minister of the Republic of Panama, at Washington, D. C.

TENTH: All Bonds and all coupons retired and paid as in this Indenture provided shall forthwith be cancelled by the Trustee and delivered to the Republic, and shall not thereafter be subject to re-issue. Whenever the Republic shall have paid or caused to be paid unto the holders of the Bonds issued hereunder, the principal and interest due thereon at the time and in the manner stipulated therein, or shall have provided for the payment thereof at maturity thereof by depositing with the Trustee not more than six months prior to maturity the entire amount to become due thereon for principal and interest, and shall have fully performed and discharged all of its obligations hereunder, then the Trustee on request of the Republic shall cancel and discharge the lien of this Indenture, and deliver to the Republic all other moneys remaining in its hands hereunder, and shall thereupon be discharged from all further obligation or responsibility hereunder.

ELEVENTH: This Indenture and all the provisions hereof, as well as the Bonds secured hereby, shall be construed and enforced under and in accordance with the laws of the State of New York, United States of America.

IN WITNESS WHEREOF, this Indenture has been signed on behalf of the Republic of Panama by its Envoy Extraordinary and Minister Plenipotentiary on Special Mission to the United States of America, thereunto authorized, and the seal of the Secretaria de Hacienda y Tesoro has been affixed hereto, and the Trustee has caused this Indenture to be executed by its officers thereunto duly

authorized and its corporate seal to be hereunto affixed,
and the Fiscal Agent has hereunto set his hand and seal,
all the day and year first above written.

Signed, sealed and delivered
in the presence of:

THE REPUBLIC OF PANAMA,

[SEAL.] By EUSEBIO A. MORALES
Envoy Extraordinary and Minister Plenipo-
tentiary on Special Mission to the United
States of America.

Witness:

JOHN FOSTER DULLES
LANSING P. REED

GUARANTY TRUST COMPANY OF NEW YORK,
as Trustee.

[SEAL.] By F. J. H. SUTTON
Vice-President.

Attest:

J. E. FREEMAN
Assistant Secretary.

WM. NELSON CROMWELL
As Fiscal Agent of the Republic of Panama,

Witness:

JOHN FOSTER DULLES
LANSING P. REED.

Exhibit A.

REPUBLIC OF PANAMA.

THIRTY YEAR 5½% EXTERNAL SECURED SINKING FUND
GOLD BOND.

Issue Limited to \$4,500,000.

No.

\$

U. S. Gold

THE REPUBLIC OF PANAMA (hereinafter called the Republic), for value received, promises to pay to the bearer, or if this bond be registered to the registered holder hereof, on the first day of June, 1953, at the principal office of Guaranty Trust Company of New York, in the Borough of Manhattan, City of New York, United States of America, Dollars in gold coin of the United States of America, of or equal to the present standard of weight and fineness, and to pay interest thereon from June 1, 1923, at the rate of five and one-half per cent. per annum in like gold coin, payable at said office on the first days of June and December in each year, according to the tenor of the respective coupons hereto attached and upon presentation and surrender thereof, until such principal shall be paid.

The Republic will pay both the principal and interest of this bond without deduction for any taxes now or hereafter established by or within the Republic.

This bond is one of an issue of coupon bonds of the Republic known as its Thirty Year 5½% External Secured Sinking Fund Gold Bonds of the aggregate principal sum of Four Million Five Hundred Thousand Dollars (\$4,500,000), all issued in pursuance of the Law of the Republic of February 14, 1923, and under and equally secured by an Indenture, dated June 1, 1923, executed

between the Republic, Guaranty Trust Company of New York, as Trustee, and William Nelson Cromwell, of New York, as Fiscal Agent of the Republic, to which Indenture reference is made for a description of the nature and extent of the security, the rights of the holders of the bonds and the terms and conditions upon which the bonds are issued and secured.

This bond is entitled to the benefits of the Sinking Fund provided for in said Indenture and is redeemable through the operation of the Sinking Fund on any interest day to and including December 1, 1937, at one hundred two and one-half per cent. (102½%) of the principal amount thereof; thereafter, to and including December 1, 1942, at one hundred two per cent. (102%) of the principal amount thereof; thereafter, to and including December 1, 1947, at one hundred one per cent (101%) of the principal amount thereof; and thereafter at one hundred per cent. (100%) of the principal amount thereof, upon at least sixty days prior notice by publication in two newspapers of general circulation in the Borough of Manhattan, City of New York, all as provided in the Indenture.

The bonds of this issue are redeemable in whole, but not in part (except through operation of the Sinking Fund), at the option of the Republic on June 1, 1933, and on any interest date thereafter, at the then current Sinking Fund redemption price and upon at least sixty days prior notice by publication as above provided.

The principal hereof also may become due on the conditions, in the manner and at the time set forth in the said Indenture if default be made in the payment of interest on any of the bonds of this issue then outstanding, or any payment into the Sinking Fund required by said Indenture, or in the performance of any other of the covenants in said Indenture.

This bond shall pass by delivery unless registered in the name of the holder at the principal office of the Trustee in the Borough of Manhattan, City of New York, such registration being noted hereon. After such registration no transfer shall be valid unless made at said office by the registered holder in person or by his attorney duly authorized and similarly noted hereon. The same may be discharged from registration by a transfer in like manner to bearer, and thereupon transferability by delivery shall be restored; but this bond may again, from time to time, be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the coupons which shall always be payable to bearer and transferable by delivery.

This bond shall not be valid unless the same shall have been duly authenticated by the execution by the Trustee of the certificate endorsed hereon.

IN WITNESS WHEREOF, the Republic of Panama has caused this Bond to be engraved with the fac-simile signature of the President of the Republic and to be signed by the Secretario de Hacienda y Tesoro of the Republic or the Minister or Chargé d'Affaires of the Republic at Washington, D. C., or by a Special Delegate of the Republic thereunto duly appointed by the President, and to be impressed with the seal of the Secretaria de Hacienda y Tesoro, and the coupons of the said Bond engraved with the fac-simile signature of the Secretario de Hacienda y Tesoro, to be hereunto attached.

Dated the first day of June, 1923.

.....
President of the Republic of
Panama.

.....
Secretario de Hacienda y Tesoro.

[FORM OF COUPON]

No. _____ §

On the first day of _____, 19____, unless the Bond hereinafter referred to shall have been called for previous redemption, the Republic of Panama will pay to bearer, at the principal office of Guaranty Trust Company of New York in the Borough of Manhattan, City of New York, _____ Dollars (\$ _____) in gold coin of the United States of America without deduction for any taxes now or hereafter established by or within the Republic as specified in its Thirty Year 5½% External Secured Sinking Fund Gold Bond No. _____, being six months interest then due on the said Bond.

.....,
Secretario de Hacienda y Tesoro.

Exhibit B.

[FORM OF TRUSTEE'S CERTIFICATE.]

THIS IS TO CERTIFY that this Bond is one of the Thirty Year 5½% External Secured Sinking Fund Gold Bonds of the Republic of Panama described in the within-mentioned Indenture.

GUARANTY TRUST COMPANY OF NEW YORK,
as Trustee,

By
Vice-President.

Exhibit C.ARTICLE 138 OF THE CONSTITUTION OF THE REPUBLIC OF
PANAMA.

SPANISH.

Para asegurar a la posteridad parte de los beneficios pecuniarios que se reciban por la negociación para la apertura del canal interoceánico, se reserva la cantidad de seis millones de dollars, que serán invertidos en seguridades que produzcan renta fija anual. La ley reglamentará esta inversion.

TRANSLATION.

In order to guarantee to posterity a part of the pecuniary benefits which are received from the negotiation for the opening of the interoceanic canal, the sum of six million dollars is reserved which will be invested in securities which produce a fixed annual revenue. The law will regulate this investment.

Exhibit D.

[Communication from the Republic of Panama to the Secretary of State of the United States.]

JUNE 8, 1923.

EXCELLENCY :

I have the honor in the name and on behalf of the Republic of Panama, to advise you that the Republic has arranged for the creation and issue of Thirty Year 5½% External Secured Sinking Fund Gold Bonds, dated June 1, 1923, maturing June 1, 1953, for the aggregate principal amount of \$4,500,000.

All the Bonds are to be issued under and secured by an Indenture of Trust made between the Republic of Panama, Guaranty Trust Company of New York, as Trustee, and William Nelson Cromwell, as Fiscal Agent of the Republic, a copy of which is herewith submitted; and to secure the payment of the principal, interest and Sinking Fund charges of said Loan, the Republic has created a charge upon and pledged and allocated the Annuity of \$250,000. in gold coin of the United States of America, which, pursuant to the terms of the "Convention between the United States and the Republic of Panama for the construction of a ship canal to connect the waters of the Atlantic and Pacific Oceans," ratified and proclaimed on February 26, 1904, the United States of America has agreed to pay in perpetuity to the Republic of Panama on February 26 in each year, subject, however, until November 1, 1944 (or until the earlier sat-

isfaction of the Trust Indenture of November 2, 1914, under which The Farmers' Loan and Trust Company of the City of New York is Trustee) to the prior assignments to said The Farmers' Loan and Trust Company of \$190,258.61 of such Annuity.

The Republic has irrevocably conferred exclusive authority upon William Nelson Cromwell, as Fiscal Agent of the Republic, and his successors, to receive payment of and give acquittance for the sum of \$59,741.39 out of the \$250,000. to fall due to the Republic of Panama on the 26th day of February, 1924, and a like sum on each 26th day of February thereafter until and including February 26, 1944 (or until the earlier satisfaction of the Trust Indenture of November 2, 1914, under which said The Farmers' Loan and Trust Company is Trustee) and to receive payment of and give acquittance for the entire amount of said Annuity, namely, \$250,000. to fall due to the Republic on the 26th day of February, 1945, and a like sum on each 26th day of February thereafter until and including February 26, 1953; or in the event of the satisfaction of said Trust Indenture of November 2, 1914, prior to February 26, 1944, to receive and give acquittance for the entire amount falling due on each February 26th subsequent to the satisfaction of said Trust Indenture; and we hereby irrevocably authorize and request that Your Excellency's Government pay over said several sums to said William Nelson Cromwell, as Fiscal Agent, or his successors, during the periods and as above provided. You may accept as conclusive evidence of the satisfaction of said Trust Indenture of November 2, 1914, prior to February 26, 1944, a certificate executed by The Farmers' Loan and Trust Company of New York, as trustee, certifying to such satisfaction. In the absence of the receipt by you of such certificate

you may conclusively assume that said Trust Indenture of November 2, 1914, has not been satisfied prior to February 24, 1944.

Accept Excellency the renewed assurance of my highest consideration.

.....
Envoy Extraordinary and
Minister Plenipotentiary
of the Republic of Pan-
ama on Special Mission.

To His Excellency,
CHARLES EVANS HUGHES,
Secretary of State,
Washington, D. C.