

ARNOLD & PORTER

PARK AVENUE TOWER
65 EAST 55TH STREET
NEW YORK, NEW YORK 10022-3219
(212) 750-5050

1200 NEW HAMPSHIRE AVENUE, N. W.
WASHINGTON, D. C. 20036
(202) 872-6700

1700 LINCOLN STREET
DENVER, COLORADO 80203
(303) 863-1000

WILLIAM D. ROGERS
DIRECT LINE 202 872-6915

CABLE: "ARFOPO"
TELECOPIER: (202) 872-6720
TELEX: 89-2733

January 30, 1990

His Excellency Carlos Rodriguez
Fernandez-Miranda
Ambassador of the Republic of
Panama to the United States
of America
Embassy of Panama
Washington, D.C.

Dear Mr. Ambassador:

We are honored to have been asked to represent the Republic of Panama, and we look forward to working with you and your colleagues. In this letter we have set forth our understanding of the basis upon which the Republic of Panama has retained our firm.

It has been agreed that Arnold & Porter will represent the Republic of Panama in connection with legal matters in the United States of America and elsewhere, including, inter alia:

(i) Assisting and advising the Republic of Panama with respect to the sanctions program instituted by the United States Government during the Noriega regime;

(ii) Assisting and advising the Republic of Panama with respect to the economic reconstruction of Panama; and

(iii) Assisting and advising the Republic of Panama with respect to efforts by Panama to recover assets which were misappropriated by Noriega, his family, or his associates. In this connection, it has been agreed that Arnold & Porter is authorized, with the guidance of you and your colleagues, to institute and conduct litigation in the United States and to retain and coordinate with foreign counsel with respect to the possible institution of litigation in other countries.

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GENERAL COUNSEL
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His Excellency Carlos Rodriguez
Fernandez-Miranda
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It has been agreed that, with respect to these matters, the Republic of Panama will pay Arnold & Porter an initial retainer of \$50,000, and our statement in this amount is being sent to you. In addition, it has been agreed that the Republic of Panama will pay Arnold & Porter a fee against which the retainer will be charged for Arnold & Porter's services with respect to these matters. This fee will be in accordance with the usual and customary hourly time charges we make for matters of this nature and will be based upon the amount of time and effort actually spent on your behalf. Statements for our services will be sent to you on a monthly basis.

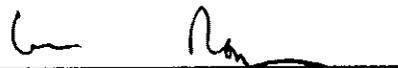
It is also understood that, in addition to the amounts to be paid us for our services, the Republic of Panama will reimburse Arnold & Porter for out-of-pocket expenses incurred on behalf of the Republic of Panama including such items as travel expenditures and living expenses when out of town, taxi fares, long-distance tolls, printing, xerox and other reproduction costs and charges, and the like. Statements for these disbursements will be sent to you on a monthly basis.

If this letter accurately reflects your understanding of the basis upon which we have been retained, I would appreciate your signing a copy of the letter and returning it to me for our files.

Once again, we very much appreciate the opportunity to work with the government of the Republic of Panama.

Sincerely yours,

ARNOLD & PORTER

By 
William D. Rogers

AGREED:



Ambassador Carlos Rodriguez Fernandez-Miranda