

MEMORANDUM

To: All Ecuadorian Discount and Par Bondholders
From: The Ecuador Creditors Advisory Group, Inc.
Date: May 18, 2000
Re: Procedure to Draw Down the Rolling Interest Guaranty

The purpose of this memorandum is to outline the procedures and provide model forms of notice that would lead to a draw down of the Rolling Interest Guaranty ("RIG") in respect of the following interest payment defaults:

- In the case of the Discount Bonds, the interest payment due August 30, 1999 and the interest payment due February 28, 2000.
- In the case of the Par Bonds, the interest payment due November 28, 1999.

For those bondholders who utilize a custodian bank, they are directed to complete the attached form of notice and deliver to its custodian bank. The custodian is instructed by this notice to request Euroclear or Cedel (now Clearstream) to deliver a Payment Request (as defined in the Collateral Pledge Agreement) to Chase Manhattan Bank, as Fiscal Agent. We understand that Euroclear will request the custodian bank to prepare a "type 53 custody instruction form" prior to acting upon this notice.

For those bondholders who hold a direct account with Clearstream, they are directed to complete the attached form of notice and deliver to Clearstream. Clearstream is instructed by this notice to deliver a Payment Request to Chase Manhattan Bank.

For those bondholders who hold a direct account with Euroclear, they are directed to complete the "type 53 custody instruction form" that is available directly from Euroclear. This instruction form directs Euroclear to deliver a Payment Request to Chase Manhattan Bank.

We suggest that all bondholders obtain written confirmation from their custodian bank, Clearstream or Euroclear, as appropriate, that the notice was successfully delivered to the relevant addressee.

Should any bondholder wish more information, please contact Marc Helie at Gramercy Advisors tel. 212-353-3000.