

CONFORMED COPY

LOAN NUMBER 3159-ME

Loan Agreement

(Interest Support Loan)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

BANCO NACIONAL DE COMERCIO EXTERIOR, S.N.C.

Dated February 4, 1990

LOAN NUMBER 3159 ME

LOAN AGREEMENT

AGREEMENT, dated February 4, 1990, between
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(the Bank) and BANCO NACIONAL DE COMERCIO EXTERIOR,
S.N.C. (the Borrower).

WHEREAS (A) the international banking community has
responded favorably to the request dated September 15,
1989 of the United Mexican States (the Guarantor) for
participation in a debt relief and new financing package
designed to support the Guarantor's medium-term
growth-oriented economic program and the Guarantor has
requested the assistance of the Bank, as part of such
package, in financing the provision of collateral to
secure interest payments on bonds to be issued in
exchange for existing debt;

(B) on the basis, inter alia, of the foregoing, the
Bank has decided to provide such assistance to the
Guarantor by making the loan to the Borrower upon the
terms and conditions set forth in this Agreement; and

(C) by an agreement (the Guarantee Agreements of even date herewith between the Guarantor and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Loan and to undertake all other obligations set forth in the Guarantee Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications thereof set forth in Schedule 3 to this Agreement (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Collateral" means collateral to be pledged by the Guarantor in connection with the Exchange (as hereinafter defined) to secure interest payments on the Eligible Bonds (as hereinafter defined) in accordance with agreements entered into pursuant to the Financing Package (as hereinafter defined), and partially financed out of the proceeds of the Loan;

(b) "Exchange" means the exchange of any or all Eligible Debt (as hereinafter defined) of Participation Lenders (as hereinafter defined) for new debt evidenced by, inter alia, Eligible Bonds (as hereinafter defined) to be implemented in accordance with agreements entered into pursuant to the Financing Package (as hereinafter defined);

(c) "Eligible Debt" means any or all of the Guarantor's public sector medium-term debt owed to commercial banks and other financial institutions, and eligible for Exchange under the Financing Package (as hereinafter defined);

(d) "Participating Lenders" means commercial banks and other financial institutions with Eligible Debt that elect to partial pate in the Financing Package (as hereinafter defined);

(e) "Financing Package" means the 1989-92 Financing Package dated September 15, 1989 proposed by the Guarantor to commercial banks and other financial institutions with Eligible Debt for participation in debt relief and new financing required by the Guarantor to support its medium-term growth-oriented economic program during Fiscal Years 1989 through 1992;

(f) "Eligible Bonds" means Discount Bonds or Par Bonds or both to be issued by the Guarantor as part of the Exchange;

(g) "Discount Bonds" means Collateralized Floating Rate Bonds Due 2019 as described in the Financing Package in a principal amount equal to 65% of the principal amount of the Eligible Debt to be exchanged for such Bonds;

(h) "Par Bonds" means Collateralized Fixed Rate Bonds Due 2019 as described in the Financing Package in a principal amount equal to 100% of the principal amount of the Eligible Debt to be exchanged for such Bonds;

(i) "Collateral Accounts" means the several Interest Collateral Accounts in which the Collateral for the Eligible Bonds is to be deposited in accordance with agreements (hereinafter the "Collateral Pledge Agreements") made by the Guarantor in favor of the collateral agent (hereinafter the "Collateral Agent") pursuant to the Financing Package;

(j) "Set-aside Funds" means funds allocated under the loan agreements for each of the following loans in order to assist the Guarantor in implementing Debt Reduction Plans as defined in such agreements and pursuant to implementation agreements for each of such loans: Loan No. 2916-ME (Steel Sector Restructuring Project); Loan No. 2918-ME (Agricultural Sector Loan); Loan No. 2919-ME (Fertilizer Sector Loan); Loan No. 3085-ME (Financial Sector Adjustment Loan); Loan No. 3086-ME (Public Enterprises Reform Project); and Loan No. 3087-ME (Industry Sector Policy Loan);

(k) "Exchange Date" means the date on which the Exchange takes place; and

(l) "Fiscal Year" means the fiscal year of the Guarantor beginning on January 1 of each year.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of one billion two hundred and sixty million dollars (\$1,260,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement.

Section 2.03. The Closing Date shall be May 31, 1990 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower and the Guarantor of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

Section 2.08. (a) Upon the occurrence of any of the following events, the Bank, at its option, may, by notice to the Borrower and the Guarantor, require the Borrower to repay, in advance of maturity, such portion of the principal amount of the Loan then outstanding as specified below together with all accrued interest and other charges thereon:

- (i) The Bank shall have determined at any time that any amount of the Loan has not been used on or prior to the Closing Date for the purpose of the Project in which case the amount of the Loan subject to prepayment shall be such amount as shall have been so determined.
- (ii) Any portion of the Collateral shall have been released to the Guarantor and the amount of the remaining Collateral shall be less than the amount set forth in Section 2.01 of this Agreement in which case the amount of the Loan subject to prepayment shall be equal to the difference between the amount set forth in Section 2.01 of this Agreement and the remaining amount of the Collateral less: (i) any amounts which have been previously prepaid pursuant to this Section 2.08 (a) (ii); and (ii) any amounts which would have been subject to such prepayment but for the provision of the following sentence. The provisions of this paragraph shall not apply if the Guarantor establishes, to the satisfaction of the Bank, that the amount of such Collateral so released has been or will be used to support further debt or debt service reduction activities of the Guarantor.

(b) The Borrower, and the Guarantor pursuant to Section 3.02 (b) of the Guarantee Agreement, shall inform the Bank of the occurrence of any of the events listed in paragraph (a) of this Section within five (5) working days of the occurrence thereof.

(c) The Bank hereby waives the payment of any premium payable under Schedule 2 to this Agreement on prepayment of any portion of the Loan pursuant to paragraph (a) of this Section.

(d) Prepayment of all or any portion of the Loan in accordance with paragraph (a) of this Section shall be made on a date and in the currency specified by the Bank and the amount so prepaid shall be deleted from the Central Disbursement Account on such date.

Section 2.09. (a) The Ministry of Finance of the Guarantor is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

(b) Without limitation or restriction to the foregoing, the Borrower hereby entrusts the Ministry of Finance of the Guarantor with responsibility for the preparation of withdrawal applications under the Loan and for the collection of the documents and other evidence to be furnished to the Bank in support of such applications.

ARTICLE III

Transfer of Funds; Other Covenants

Section 3.01. The Borrower shall enter into contractual arrangements, satisfactory to the Bank, with the Guarantor, providing, inter alia, for relending the proceeds of the Loan to the Guarantor on the same terms and conditions as are set forth in Sections 2.04, 2.05, 2.06, 2.07 and 2.08 of this Agreement and on the condition that such proceeds relent shall not be used except as may be required for purposes of carrying out the Project. Such contractual arrangements shall also provide that the Guarantor shall maintain, or cause to be maintained, separate records and accounts in respect of the Project. Except as the Bank may otherwise agree, the Borrower shall not change or fail to enforce any provision of such contractual arrangements.

Section 3.02. (a) The Borrower and the Bank, and the Guarantor pursuant to Section 3.01 (a) of the Guarantee Agreement, shall from time to time at the request of any party, exchange views on the Project.

(b) Prior to each such exchange of views, the Borrower, and the Guarantor pursuant to Section 3.01 (b) of the Guarantee Agreement, shall furnish to the Bank for its review and comment a report on the Project in such detail as the Bank shall reasonably request.

ARTICLE IV

Remedies of the Bank

Section 4.01. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) any event shall have occurred that, in the reasonable judgment of the Bank, materially and adversely affects the maintenance of the Collateral under the agreements entered into pursuant to the Financing Package; and

(b) the pledge of the Collateral shall have ceased to be a valid and perfected first priority security interest in favor of the Collateral Agent on behalf of the holders of the Eligible Bonds.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) that the contractual arrangements referred to in Section 3.01 of this Agreement shall have been executed;

(b) that the Guarantor shall have concluded agreements with Participating Lenders (i) for the Exchange of Eligible Debt aggregating at least the equivalent of \$40.5 billion; and (ii) holding Eligible

Debt aggregating at least the equivalent of \$5 billion for new money under the Financing Package; and

(c) that the Guarantor shall have confirmed the availability of adequate resources to implement the Exchange.

Section 5.02. The following is specified as an additional matter, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that the contractual arrangements referred to in Section 3.01 of this Agreement have been duly executed and delivered on behalf of the parties thereto and are legally binding upon them in accordance with their terms.

Section 5.03. The date March 30, 1990 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Director General of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Banco Nacional de Comercio Exterior, S.N.C.
Camino Santa Teresa No. 1679
01900 Mexico, D.F.
Mexico

Cable address: Telex:

BANCOMEXT BNCE ME-1764393
Mexico, D.F.

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: Telex:

INTBAFRAD 440098 (ITT)
Washington, D.C. 248423 (RCA) or
64145 (WUI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Mexico City, Mexico, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Shahid Husain
Regional Vice President
Latin America and the Caribbean

BANCO NACIONAL DE COMERCIO EXTERIOR, S.N.C.

By /s/ Humberto Soto Rodriguez
Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. Subject to the provisions set forth or referred to in this Schedule, the proceeds of the Loan may be withdrawn from the Loan Account for payments made or, if the Bank shall so agree, to be made in respect of the provision of Collateral for the Eligible Bonds and to be financed out of such Loan proceeds.

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments to be made in respect of the provision of Collateral unless:

(a) the Bank shall have approved the procedures for such withdrawals, including the arrangements for the submission to the Bank of legal opinions satisfactory to the Bank of counsel acceptable to the Bank on the Exchange and the establishment and maintenance of the Collateral pursuant to the Financing Package;

(b) the Bank shall be satisfied, based on evidence satisfactory to the Bank, with the arrangements for the establishment and maintenance of the Collateral; and

(c) except as the Bank shall otherwise agree, the Set-aside Funds are being disbursed concurrently with the proceeds of the Loan.

SCHEDULE 2

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each April 15 and October 15	
beginning October 15, 1995	
through April 15, 2007	52,500,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions. Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, and except as otherwise provided in Section 2.08 (c) of this Agreement, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (ex-pressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than eleven years before maturity	0.65
More than eleven years but not more than fifteen years before maturity	0.88
More than fifteen years before maturity	1.00

SCHEDULE 3

Modifications to the General Conditions

1. The following provisions of the General Conditions are deleted:

- (a) The last sentence of Section 3.02.
- (b) Section 5.02.
- (c) Section 5.04.
- (d) Section 5.08.

(e) The phrase ", except that the Borrower may not so cancel any amount of the Loan in respect of which the Bank shall have entered into a special commitment pursuant to Section 5.02" in Section 6.01.

(f) Paragraph (c) of Section 6.03.

(g) Section 6.04.

(h) The phrase "and not subject to any special commitment entered into by the Bank pursuant to Section 5.02" in Section 6.07.

(i) Section 9.04

(j) Section 9.05.

(k) Section 9.06.

(l) Section 9.08.

(m) Section 9.09.

2. Section 2.01, paragraph 11, shall be modified to read:

"'Project' means the provision of Collateral (as defined in the Loan Agreement) for the purpose of securing the payment of interest on Eligible Bonds (as defined in the Loan Agreement) to be exchanged for Eligible Debt (as defined in the Loan Agreement) that may be financed out of the proceeds of the Loan pursuant to the provisions of Schedule 1 to the Loan Agreement."

3. Section 4.01 shall be modified to read:

"Section 4.01. Currencies in which Withdrawals are to be Made. Except as the Bank and the Borrower shall otherwise agree, withdrawals from the Loan Account shall be made in the respective currencies in which the payments to be financed out of the proceeds of the Loan have been made or are to be made."

4. The last sentence of Section 4.02 (a) shall be modified to read:

"Each such amount shall be deleted from the Central I Disbursement Account on the date it becomes due or such earlier date as may be accepted by the Bank for prepayment or as may be specified for prepayment pursuant to the Loan Agreement."

5. The second sentence of Section 4.02 (c) shall be modified to read:

"Each such amount shall be deleted from such subaccount on the date it becomes due or such earlier date as may be accepted for prepayment or as may be specified for prepayment pursuant to the Loan Agreement."

6. Section 5.01 shall be modified to read:

"Section 5.01. Withdrawal from the Loan Account. The Borrower shall be entitled to withdraw from the Loan Account amounts paid or, if the Bank shall so agree, to be paid for the purposes of the Project in accordance with the provisions of the Loan Agreement and of these General Conditions."

7. Section 5.03 shall be modified to read:

"Section 5.03. Applications for Withdrawal. When the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request. Applications for withdrawal, including the documentation required pursuant to this Article, shall be made promptly in relation to payments for the Project."

8. Section 9.07 shall be modified to read:

"Section 9.07. Records and Reports.
(a) the Borrower shall: (i) maintain records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the payments financed out of the proceeds of the Loan, and to disclose their use in the Project; (ii) enable the Bank's representatives to examine the records and documents relevant to the performance of the obligations of the Borrower under the Loan Agreement and of the Guarantor under the Guarantee Agreement; and (iii) furnish to the Bank at regular intervals all such information as the Bank shall reasonably request concerning the Project, its cost and, where appropriate, the benefits to be derived from it, and the payments financed out of the proceeds of the Loan.

(b) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Guarantor, the Bank and the Borrower, the Guarantor and the Borrower shall prepare and furnish to the Bank a joint report, of such scope and in such detail as the Bank shall reasonably request, on the carrying out of the Project, its cost and the benefits derived and to be derived from it, the performance by the Guarantor, the Borrower and the Bank of their respective obligations under the Guarantee Agreement and the Loan Agreement and the accomplishment of the purposes of the Loan."

