

CONFORMED COPY

LOAN NUMBER 7979-MX

Loan Agreement

(Low-Carbon Development Policy Loan)

between

UNITED MEXICAN STATES

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated December 8, 2010

LOAN AGREEMENT

Agreement dated December 8, 2010, entered into between UNITED MEXICAN STATES (“Borrower”), represented by its Ministry of Finance and Public Credit and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of (a) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement, and (b) the Borrower’s maintenance of an appropriate macroeconomic policy framework.

Whereas the Borrower has informed the Bank that the proceeds of the Loan (as set forth in the table in Section II of Schedule 1 to this Agreement, and for purposes of supporting the Program), shall be used in conformity with the requirements of the Borrower’s income, budgetary and public debt laws and the terms of this Agreement, the Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of four hundred one million two thousand five hundred seven Dollars (\$401,002,507), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”).
- 2.02. As a consequence of the Borrower’s maintenance of an adequate macroeconomic policy framework and its satisfactory implementation of the Program, the Borrower may withdraw the proceeds of the Loan in accordance with Section II of Schedule 1 to this Agreement. Unless the Borrower’s representative designated in Section 6.01 of this Agreement otherwise informs the Bank, the Borrower’s Representatives for purposes of taking any action required or permitted to be taken pursuant to this Section are the *Director General* of BANSEFI, or the *Director General Adjunto de Banca Institucional* of BANSEFI

or any person or persons whom such representative shall jointly or severally designate in writing.

- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.05. The Payment Dates are April 15 and October 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 2 to this Agreement.
- 2.07.
 - (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
 - (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
 - (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to

itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section II of Schedule 1 to this Agreement.

- 2.08. Without limitation upon the provisions of Section 5.08 of the General Conditions (renumbered as such pursuant to paragraph 3 of Section II of the Appendix to this Agreement and relating to *Cooperation and Consultation*), the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation (to be coordinated, within the Borrower, by SEMARNAT). To this end, and further to Section 5.08 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in the implementation of the Program;
 - (b) prior to each such exchange of views, the Borrower, through SEMARNAT, shall furnish to the Bank for its review and comment a report on the progress achieved in the implementation of the Program, in such detail as the Bank shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.
- 3.02. (a) The Borrower, through SHCP, shall enter into a contract (*Contrato de Mandato*) among SHCP, SEMARNAT, and BANSEFI, satisfactory to the Bank, whereby:
- (i) BANSEFI agrees to act as financial agent of the Borrower with regard to the Loan, meaning that, *inter alia*, BANSEFI agrees to represent the Borrower *vis-à-vis* the Bank for purposes of submitting Loan withdrawal applications to the Bank in form and substance sufficient to justify disbursement by the Bank to

the Borrower of Loan proceeds in compliance with the terms of this Agreement; and

- (ii) the Borrower, through SHCP, shall cooperate fully with BANSEFI to ensure that BANSEFI is able to comply with all of BANSEFI's obligations referred to in paragraph (a) of this Section.

- (b) The Borrower, through SHCP, shall exercise its rights and carry out its obligations under the *Contrato de Mandato* in such a manner as to protect the interests of the Bank and to accomplish the purposes of the Loan. Except as the Bank may otherwise agree, the Borrower shall not amend or fail to enforce any provision of the *Contrato de Mandato*. In case of any conflict between the terms of the *Contrato de Mandato* and those of this Agreement, the terms of this Agreement shall prevail.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of, namely, that the *Contrato de Mandato* has been executed by the parties thereto.

- 5.02. The Additional Legal Matter consists of the following, namely that the Borrower (in its legal opinion) and BANSEFI (in a separate legal opinion satisfactory to the Bank, issued by BANSEFI counsel acceptable to the Bank), indicate that the *Contrato de Mandato* has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and BANSEFI and is legally binding upon the Borrower and BANSEFI in accordance with the *Contrato de Mandato*'s terms.

- 5.03. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on May 23, 2012.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. Except as set forth in Section 2.02 of this Agreement, the Borrower's Representative is the *Titular de la Unidad de Crédito Público* of SHCP.

6.02. The Borrower's Address for purposes of Section 10.01 of the General Conditions is:

Secretaría de Hacienda y Crédito Público
Unidad de Asuntos Internacionales de Hacienda
Palacio Nacional
Edificio 12, segundo piso
Colonia Centro
06000 México, D.F.

Facsimile: 011-52-55-3688-1216

6.03. The Bank's Address is:

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

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at Cancun, Mexico, as of the day and year first above written.

UNITED MEXICAN STATES

By /s/ Ernesto Cordero Arroyo

Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Robert B. Zoellick

Authorized Representative

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

The actions taken by the Borrower under the Program include the following:

- A. Increasing Renewable Energy Supply, Promoting Energy Efficiency, and Reducing Gas Flaring and Venting
1. The Borrower, through SENER (through CRE), has taken steps to strengthen the regulatory framework for Net-Metering and interconnection for renewable energy-based electricity suppliers, as evidenced by: (i) Resolution No. RES/054/2010 issued by CRE and published in the Borrower's Official Gazette (*Diario Oficial de la Federación*) on April 8, 2010 issuing the model contract for the interconnection to the grid by medium scale cogeneration and renewable energy-based electricity producers and substituting the model contract for the interconnection to the grid by small scale solar energy producers with the model contract for the interconnection to the grid by small scale cogeneration and renewable energy-based producers; (ii) Resolution No. RES/066/2010 issued by CRE and published in the Borrower's Official Gazette (*Diario Oficial de la Federación*) on April 16, 2010 setting forth the methodology for the determination of the service charges for the transmission of electric energy based on renewable energy or efficient cogeneration; and (iii) Resolution No. RES/067/2010 issued by CRE and published in the Borrower's Official Gazette (*Diario Oficial de la Federación*) on April 28, 2010 issuing the model contract for the interconnection for renewable energy generation or efficient cogeneration and the model contract for the transmission service of electricity from renewable and efficient cogeneration energy suppliers.
 2. The Borrower, through SENER (through CNH) has taken steps to gradually reduce gas flaring and venting, as evidenced by: (i) Resolution No. CNH.06.001/09 issued by CNH and published in the Borrower's Official Gazette (*Diario Oficial de la Federación*) on December 4, 2009, setting forth technical specifications to reduce gas flaring and venting in the exploration and exploitation of hydrocarbons; and (ii) declarations (*manifestos*) issued by PEMEX (as a result of the issuance of Resolution No. CNH.06.001/09) and submitted to CNH, and published on CNH's website in July , 2010 (www.cnh.gob.mx) , outlining, *inter alia*, PEMEX's gas recovery goals and gas flaring reduction work plan and timeline.

B. Improving the Efficiency of the Vehicle Fleet and Road Transport Operations in the Borrower's Territory

1. The Borrower, through SEMARNAT and SCT, has taken steps for the creation of a regulatory framework and incentive system to improve fuel efficiency of new vehicles and road transport operations, as evidenced by: (i) a supplement to the 2010 National Standardization Program, published in the Borrower's Official Gazette (*Diario Oficial de la Federación*) on September 13, 2010, initiating the process for the standardization on carbon dioxide ("CO₂") emissions control and energy efficiency for new light duty vehicles; and (ii) an agreement between SEMARNAT and SCT adopting the Voluntary Clean Transport Program, signed on October 6, 2010 and published on SEMARNAT's website in October 2010 (www.semarnat.gob.mx).

C. Promoting Energy-Efficient Housing

1. The Borrower, through CONAVI, has taken steps to promote low carbon urban development and integrate programs and instruments in housing policies to reduce direct and indirect GHG emissions, as evidenced by the establishment of the Sustainable Housing Program dated December 1, 2009 and published on CONAVI's website on December 1, 2009 (<http://www.conavi.org.mx>).

D. Promoting Sustainable Forest Management

1. The Borrower, through SEMARNAT, has modified the national regulatory framework and simplified the administrative procedures for processing and approving forest management plans, and issuing associated permits, as evidenced by a declaration (*Acuerdo*) issued by SEMARNAT and published in the Borrower's Official Gazette (*Diario Oficial de la Federación*) on June 29, 2010.
2. The Borrower, through SEMARNAT with the support of the Inter-secretarial Commission on Climate Change, has created a working group on reducing emissions from deforestation and forest degradation (REDD+) (under the purview of the Inter-secretarial Commission on Climate Change) which is involved in the development of, *inter alia*, a strategy for reducing emissions from deforestation and forest degradation, as evidenced by the minutes of the 2009 second meeting of the Inter-secretarial Commission on Climate Change dated December 2, 2009, the minutes of the first meeting of the working group REDD+, dated March 22, 2010, the minutes of the second meeting of the working group REDD+, dated June 16, 2010 and the minutes of the extraordinary meeting of the working group REDD+, dated July 12, 2010.

Section II. Availability of Loan Proceeds

- A. General.** The Borrower may, or may cause BANSEFI to, withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. Allocation of Loan Amounts.** The Loan (except for amounts required to pay the Front-end Fee and any amount due pursuant to Section 2.07 (c) of this Agreement, as applicable) is allocated in a single withdrawal tranche, from which the Borrower may, or may cause BANSEFI to, make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

<u>Allocations</u>	<u>Amount of the Loan Tranche Allocated (expressed in Dollars)</u>
(1) Single Withdrawal Tranche	400,000,000.73
(2) Front-end Fee	1,002,506.27
(3) Amount due pursuant to Section 2.07(c) of this Agreement	0
TOTAL AMOUNT	401,002,507

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied (a) with the Program being carried out by the Borrower; and (b) with the appropriateness of the Borrower's macroeconomic policy framework.

D. Deposits of Loan Amounts. Except as the Bank may otherwise agree:

1. all withdrawals from the Loan Account shall be deposited by the Bank into an account designated by the Borrower and acceptable to the Bank; and
2. the Borrower shall ensure that upon each deposit of an amount of the Loan into this account, an equivalent amount is accounted for in the Borrower's budget management system, in a manner acceptable to the Bank.

- E. Excluded Expenditures.** The Borrower shall use the proceeds of the Loan in accordance with its laws and shall not use them to finance Excluded Expenditures. If the Bank determines at any time that an amount of the Loan was used to make a payment for an Excluded Expenditure, the Borrower shall, promptly upon notice from the Bank, refund an amount equal to the amount of such payment to the Bank. Amounts refunded to the Bank upon such request shall be cancelled.
- F. Closing Date.** The Closing Date is June 23, 2012.

SCHEDULE 2

Amortization Schedule

The Borrower shall repay the principal amount of the Loan in full on October 15, 2024.

APPENDIX

Section I. Definitions

1. “BANSEFI” means *Banco del Ahorro Nacional y Servicios Financieros, S.N.C.*, a Mexican development bank serving as the Borrower’s financial agent for purposes of the Loan, or any successor thereto acceptable to the Bank for the purposes of this Program.
2. “CFE” means *Comisión Federal de Electricidad*, the Borrower’s Electricity Commission, established pursuant to the Borrower’s which creates the Borrower’s Electricity Commission published in the Borrower’s Official Gazette (*Diario Oficial de la Federación*) on August 24, 1937.
3. “CNH” means *Comisión Nacional de Hidrocarburos*, the Borrower’s National Hydrocarbons Commission, established pursuant to the Borrower’s National Hydrocarbons Law.
4. “CONAVI” means *Comisión Nacional de Vivienda*, the Borrower’s National Housing Commission, established pursuant to the Borrower’s Housing Law.
5. “*Contrato de Mandato*” means the contract referred to in Section 3.02 of this Agreement.
6. “CRE” means *Comisión Reguladora de Energía*, the Borrower’s Energy Regulatory Commission, established pursuant to the Borrower’s CRE Law.
7. “CRE Law” means *Ley de la Comisión Reguladora de Energía* published in the Borrower’s Official Gazette (*Diario Oficial de la Federación*) on October 31, 1995, as amended through November 28, 2008.
8. “Excluded Expenditure” means any expenditure:
 - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association has financed or agreed to finance, or which the Bank or the Association has financed or agreed to finance under another loan, credit, or grant;
 - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future

revisions to the SITC, as designated by the Bank by notice to the Borrower:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;
- (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party;
- (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

- (f) with respect to which the Bank determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Borrower or other recipient of the Loan proceeds, without the Borrower (or other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010 with the modifications set forth in Section II of this Appendix.
10. “GHG” means greenhouse gas.
11. “Housing Law” means *Ley de Vivienda*, the Borrower’s housing law published in the Borrower’s Official Gazette (*Diario Oficial de la Federación*) on June 27, 2006.
12. “Inter-secretarial Commission on Climate Change” means the commission composed of SEMARNAT, SCT, SENER, SHCP, SSA, SAGARPA, SE, SG, SRE, SEDESOL and the ministries and entities invited by said commission, created pursuant to a declaration (*Acuerdo*), published in the Borrower’s Official Gazette (*Diario Oficial de la Federación*) on April 25, 2005 in charge of coordinating the actions, within the respective Ministries’ purview, related to the formulation of climate change mitigation and adaptation policies, programs, and strategies.
13. “National Hydrocarbon Commission’s Law” means *Ley de la Comisión Nacional de Hidrocarburos*, the Borrower’s national hydrocarbon commission’s law published in the Borrower’s Official Gazette (*Diario Oficial de la Federación*) on November 28, 2008.
14. “National Standardization Program” means the Borrower’s program to plan, inform and coordinate the national standardization activities of the public and private sector.
15. “Net-Metering” means the system by which the owner of a renewable energy facility receives credit from CFE for the electricity generated by the owner of the referred renewable energy facility.
16. “PECC” means *Programa Especial de Cambio Climático*, the Borrower’s program for combating climate change while establishing the sectoral level interventions that will result in GHG emission reductions, published in the Borrower’s Official Gazette (*Diario Oficial de la Federación*) on August 28, 2009, which provides an accounting of emissions by sector, creates a framework for monitoring improvements and establishes a blueprint for emission reduction initiatives, sector by sector.

17. “PEMEX” means *Petróleos Mexicanos*, a Borrower’s decentralized entity (with separate legal personality), established by a Borrower’s decree, dated June 7, 1938, and regulated by, *inter alia*, the Borrower’s *Petróleos Mexicanos* Law (*Ley de Petróleos Mexicanos*) published in the Borrower’s Official Gazette (*Diario Oficial de la Federación*) on November 28, 2008.
18. “Program” means the program of actions, objectives and policies designed to support sector-specific policy and regulatory reforms that have been identified to achieve the United Mexican States’ climate change mitigation targets included in the PECC as set forth or referred to in the letter dated October 14, 2010 from the Borrower, through SEMARNAT, to the Bank, which includes measures implemented by the Borrower during 2009 and 2010 (as described in Section 1 of Schedule 1 to this Agreement) declaring the Borrower’s commitment thereto.
19. “SCT” means *Secretaría de Comunicaciones y Transporte*, the Borrower’s Ministry of Communications and Transport.
20. “SAGARPA” means *Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación*, the Borrower’s Ministry of Agriculture, Livestock, Rural Development, Fishing and Food.
21. “SE” means *Secretaría de Economía*, the Borrower’s Ministry of Economy.
22. “SEDESOL” means *Secretaría de Desarrollo Social*, the Borrower’s Ministry of Social Development.
23. “SEMARNAT” means *Secretaría del Medio Ambiente y Recursos Naturales*, the Borrower’s Ministry of Environment and Natural Resources.
24. “SENER” means *Secretaría de Energía*, the Borrower’s Ministry of Energy.
25. “SG” means *Secretaría de Gobernación*, the Borrower’s Ministry of Interior.
26. “SHCP” means *Secretaría de Hacienda y Crédito Público*, the Borrower’s Ministry of Finance and Public Credit.
27. “SRE” means *Secretaría de Relaciones Exteriores*, the Borrower’s Ministry of Foreign Affairs.
28. “SSA” means *Secretaría de Salud*, the Borrower’s Ministry of Health.
29. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

30. “Sustainable Housing Program” means *Programa Específico para el Desarrollo Habitacional Sustentable ante el Cambio Climático*, the Borrower’s program to define guidelines, norms, criteria and technological aspects to achieve significant reductions in GHG emissions in the urban sector.
31. “Voluntary Clean Transport Program” means *Programa Transporte Limpio*, a voluntary program developed by SEMARNAT and SCT to help private long distance passenger and freight operators and freight transport service users to reduce: (i) fuel and energy consumption; (ii) emissions of GHG; and (iii) operation costs for the transport.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.
3. Sections 5.01 (*Project Execution Generally*), and 5.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article V are renumbered accordingly.
4. Paragraph (a) of Section 5.05 (renumbered as such pursuant to paragraph 3 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.
5. Paragraph (c) of Section 5.06 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

“Section 5.06. *Plans; Documents; Records*

... (c) The Borrower shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Loan until two years after the Closing Date. The Borrower shall enable the Bank’s representatives to examine such records.”

6. Paragraph (c) of Section 5.07 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

Section 5.07. *Program Monitoring and Evaluation*

... (c) The Borrower shall prepare, or cause to be prepared, and furnish to the Bank not later than six months after the Closing Date, a report of such scope and in such detail as the Bank shall reasonably request, on the execution of the Program, the performance by the Loan Parties and the Bank of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Loan.

7. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The definition of the term “Eligible Expenditure” is modified to read as follows:

“‘Eligible Expenditure’ means any use to which the Loan is put in support of the Program, other than to finance expenditures excluded pursuant to the Loan Agreement.”

(b) The term “Financial Statements” and its definition are deleted in their entirety.

(c) The term “Project” is modified to read “Program” and its definition is modified to read as follows (and all references to “Project” throughout these General Conditions are deemed to be references to “Program”):

“‘Program’ means the program referred to in the Loan Agreement in support of which the Loan is made.”