

No. 4466

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
MEXICO**

**Guarantee Agreement—*Power Projects—1958* (with annexed
Loan Regulations No. 4 and Loan Agreement—*Power
Projects—1958*—between the Bank and Comisión Federal
de Electricidad and Nacional Financiera, S.A.). Signed
at Washington, on 5 May 1958**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
11 August 1958.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
MEXIQUE**

**Contrat de garantie — *Projets relatifs à l'énergie électrique
— 1958* (avec, en annexe, le Règlement n° 4 sur les
emprunts et le Contrat d'emprunt — *Projets relatifs
à l'énergie électrique — 1958* — entre la Banque et
la Comisión Federal de Electricidad et la Nacional
Financiera, S.A.). Signé à Washington, le 5 mai 1958**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 11 août 1958.*

No. 4466. GUARANTEE AGREEMENT¹ (*POWER PROJECTS —1958*) BETWEEN THE UNITED MEXICAN STATES AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 5 MAY 1958

AGREEMENT, dated May 5, 1958, between UNITED MEXICAN STATES (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Comisión Federal de Electricidad and Nacional Financiera, S.A. (hereinafter called the Borrowers), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrowers a loan in various currencies equivalent to thirty-four million dollars (\$34,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrowers in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrowers, has agreed so to guarantee such obligations of the Borrowers;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 3³ to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the terms "Comisión" and "Financiera" shall have the respective meanings set forth in Section 1.02 of the Loan Agreement.

¹ Came into force on 1 July 1958, upon notification by the Bank to the Government of Mexico.

² See p. 12 of this volume.

³ See p. 30 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrowers, and each of them, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Guarantee Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that at any time the amount of currency of the Guarantor held by Comisión and accruing to it for the twelve month period next following such time will be inadequate to meet the estimated expenditures payable in such currency and required for carrying out the Projects during such twelve month period, to make arrangements, satisfactory to the Bank, promptly to provide Comisión or cause Comisión to be provided with such amounts of currency of the Guarantor as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

As used in this Section (a) the term "assets of the Guarantor" includes assets of the Guarantor or of any of its political subdivisions or of any Agency and (b) the term "Agency" means any agency or instrumentality of the Guarantor or of any political subdivision of the Guarantor and shall include any institution or organization which is owned or controlled directly or indirectly by the Guarantor or by any political subdivision of the Guarantor or the operations of which are conducted primarily in the interest of or for account of the Guarantor or any political subdivision of the Guarantor.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Section 3.06. The Guarantor shall not take or permit any of its political subdivisions or agencies to take any action which would prevent or interfere with the performance by the Borrowers of any of the covenants, agreements and obligations of the Borrowers or either of them, in the Loan Agreement contained, and will take or cause to be taken all reasonable action which shall be necessary in order to enable the Borrowers to perform such covenants, agreements and obligations.

Section 3.07. The Guarantor shall, subject to its laws, take all action necessary or desirable to assure that Comisión will earn a reasonable return on its investment.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrowers. Financiera and such person or persons as it shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

United Mexican States
c/o Nacional Financiera, S.A.
Avenida Venustiano Carranza 25
Mexico, D. F., Mexico

Alternative address for cablegrams and radiograms :

Nafin
Mexico City

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 5.02. Financiera is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

United Mexican States :
By Nacional Financiera, S.A.
By R. MARTINEZ OSTOS
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 260, p. 376.*]

LOAN AGREEMENT (*POWER PROJECTS—1958*)

AGREEMENT, dated May 5, 1958, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, party of the first part (hereinafter called the Bank), and COMISIÓN FEDERAL DE ELECTRICIDAD and NACIONAL FINANCIERA, S.A., parties of the second part (hereinafter called the Borrowers).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,¹ subject, however, to the modifications thereof set forth in Schedule 3² to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule hereto :

- (1) The term "Comisión" means Comisión Federal de Electricidad.
- (2) The term "Financiera" means Nacional Financiera, S.A.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrowers, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to thirty-four million dollars (\$34,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrowers and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

¹ See above.

² See p. 30 of this volume.

Section 2.03. The Borrowers shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrowers from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrowers shall pay interest at the rate of five and three-eighths per cent ($5\frac{3}{8}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrowers shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrowers pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on February 1 and August 1 in each year.

Section 2.07. The Borrowers shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Section 2.08. All obligations of the Borrowers under this Loan Agreement (not including, however, obligations expressly undertaken by only one of the Borrowers) and the Bonds shall be joint and several and the obligation of either of them to comply with any provision of this Loan Agreement is not subject to any prior notice to, demand upon or action against the other. No extension of time or forbearance given to either of the Borrowers in respect of the performance of any of its obligations under this Loan Agreement or the Bonds, and no failure of the Bank or of any holder of the Bonds to give any notice or to make any demand or protest whatsoever to either of the Borrowers, or strictly to assert any right or pursue any remedy against either of them in respect of this Loan Agreement or the Bonds, and no failure by either of the Borrowers to comply with any requirement of any law, regulation or order, shall in any way affect or impair any obligation of the other Borrower under this Loan Agreement or the Bonds.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrowers shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Projects described in Schedule 2² to this Agreement. The specific goods to be financed out of the proceeds of the Loan

¹ See p. 26 of this volume.

² See p. 28 of this volume.

shall be determined by agreement between the Bank and the Borrowers, subject to modification by further agreement between them.

Section 3.02. The Borrowers shall cause all goods financed out of the proceeds of the Loan to be used in the territories of the Guarantor exclusively in the carrying out of the Projects. Except as shall be otherwise agreed between the Bank and the Borrowers, title to all such goods shall be conveyed to Comisión free and clear of all incumbrances.

Article IV

BONDS

Section 4.01. The Borrowers shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations. The form of Bonds referred to in Article VI of the Loan Regulations shall be appropriately modified to provide for joint and several obligations on the part of the Borrowers.

Section 4.02. (a) The *Director General* of Comisión and such person or persons as he shall appoint in writing are designated as authorized representatives of Comisión for the purposes of Section 6.12 (a) of the Loan Regulations.

(b) The *Director General* of Financiera and such person or persons as he shall appoint in writing are designated as authorized representatives of Financiera for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrowers shall carry out the Projects with due diligence and efficiency and in conformity with sound engineering and financial practices.

Section 5.02. (a) The Borrowers shall furnish to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the Projects and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(b) The Borrowers shall maintain records adequate to identify the goods purchased out of the proceeds of the Loan, to disclose the end-use thereof in the Projects, to record the progress of the Projects (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Borrowers.

(c) The Borrowers shall enable the Bank's representatives to inspect any and all goods purchased out of the proceeds of the Loan and the sites, works and construction included in the Projects and any of the properties owned or operated by Comisión and to examine any relevant records and documents.

(d) The Borrowers shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the use of the goods purchased therewith, the progress of the Projects and the operations and financial condition of the Borrowers.

Section 5.03. (a) The Bank and the Borrowers shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to any other of them all such information as it shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrowers shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrowers shall promptly inform the Bank of any condition which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

Section 5.04. Comisión shall not, without the prior approval of the Bank, incur any debt if thereby the aggregate amount required in any fiscal year of Comisión (including the fiscal year in which Comisión proposes to incur such debt) for the payment of principal (including amortization and sinking fund payments) of, and interest and other charges on, all outstanding debt (including said proposed debt) incurred by Comisión would exceed 66 $\frac{2}{3}$ % of the aggregate amount of the revenues of Comisión during a period of any twelve consecutive months out of the fifteen months last preceding the date on which Comisión proposes to incur such debt. For purposes of this Section :

(a) the term "revenues of Comisión" shall be deemed to mean the aggregate of all current revenues of Comisión excluding public appropriations, contributions, grants and proceeds of taxes and levies less the amount of all operating, administrative and overhead expenses of Comisión, but without deduction of any amounts for depreciation, replacement, retirement, obsolescence, interest, sinking fund, amortization of principal indebtedness or the *entero* tax payable by Comisión to the Guarantor;

(b) The term "debt" shall not include debt incurred in the ordinary course of business and maturing by its terms not more than one year after the date on which it is incurred;

(c) The term "incur" with reference to any debt shall include any assumption or guarantee of such debt or any modification of the terms of payment of such debt; and

(d) sums in currency other than currency of the Guarantor shall be converted into currency of the Guarantor at the official selling rate of Banco de México, S.A., for such other currency on the date on which Comisión proposes to incur the debt in question.

Section 5.05. Each of the Borrowers undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any of its assets as security for any external debt, such lien shall *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and in the creation of any such lien express provision shall be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property,

at the time of purchase thereof, solely as security for the payment of the purchase price of such property or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.06. The Borrowers shall pay or cause to be paid all taxes or fees, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.07. The Borrowers shall pay or cause to be paid all taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

Section 5.08. Except as shall be otherwise agreed between the Bank and the Borrowers,

(a) the Borrowers shall insure or cause to be insured with responsible insurers all goods financed with the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territories of the Guarantor and to delivery thereof to the sites of the Projects, and shall be for such amounts as shall be consistent with sound commercial practice. Such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable; and

(b) in addition, Comisión shall insure against such risks and in such amounts as shall be consistent with sound public utility and business practices.

Section 5.09. (a) The Borrowers shall at all times maintain their existence and right to carry on operations and Comisión shall, except as the Bank shall otherwise agree, maintain and renew all rights, powers, privileges and franchises owned by it and necessary or useful in the operation of its business.

(b) Comisión shall operate and maintain its plants, equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering standards; and shall at all times operate its plants and equipment and maintain its financial position in accordance with sound business and public utility practices.

(c) Comisión shall not, without the consent of the Bank, sell or otherwise dispose of all or substantially all of its property and assets, unless the Borrowers shall first redeem and pay, or make adequate provision satisfactory to the Bank for redemption and payment of, all of the Loan which shall then be outstanding and unpaid.

(d) Comisión shall not, without the consent of the Bank, sell or otherwise dispose of all or substantially all the property included in any of the Projects described in Schedule 2 to this Agreement or any plant included in any such Project unless the Borrowers shall first redeem and pay, or make adequate provision satisfactory to the Bank for the redemption and payment of, the amount of the Loan which shall have been withdrawn from the Loan Account by the Borrowers on account of each such Project and which shall then be outstanding and unpaid.

Section 5.10. Whenever there is reasonable cause to believe that at any time the amount of currency of the Guarantor held by Comisión and accruing to it for the twelve month period next following such time will be inadequate to meet the estimated expenditures payable in currency of the Guarantor and required for carrying out the Projects during such twelve month period, Comisión shall forthwith notify Financiera, the Guarantor and the Bank of such fact and of the amount of the anticipated deficit for such twelve month period. Upon the receipt of such notice, Financiera shall forthwith take such action as may be necessary to provide Comisión with an amount of currency of the Guarantor adequate to meet such deficit if and as it arises, and upon the completion thereof Comisión shall advise the Bank in writing concerning the details of the arrangements made.

Section 5.11. Comisión shall from time to time take all steps necessary or desirable to obtain such adjustments in its rates, subject to the laws of the Guarantor, as may be required to ensure the continued operation and expansion of Comisión's business in accordance with sound financial and public utility practices.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e), paragraph (f) or paragraph (j) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrowers, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be June 30, 1962.

Section 7.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

(a) For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

(b) For the Borrowers :

Comisión Federal de Electricidad
Calle de Ródano 14
Mexico 5, D. F., Mexico

Alternative address for cablegrams and radiograms :

Cefelec
Mexico
and
Nacional Financiera, S.A.
Avenida Venustiano Carranza 25
Mexico, D. F., Mexico

Alternative address for cablegrams and radiograms :

Nafin
Mexico

Section 7.03. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

Comisión Federal de Electricidad :

By C. RAMIREZ ULLOA
Authorized Representative

Nacional Financiera, S.A. :

By R. MARTINEZ OSTOS
Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
August 1, 1962	429,000	August 1, 1973	\$ 770,000
February 1, 1963	441,000	February 1, 1974	790,000
August 1, 1963	453,000	August 1, 1974	812,000
February 1, 1964	465,000	February 1, 1975	833,000
August 1, 1964	477,000	August 1, 1975	856,000
February 1, 1965	490,000	February 1, 1976	879,000
August 1, 1965	504,000	August 1, 1976	902,000
February 1, 1966	517,000	February 1, 1977	927,000
August 1, 1966	531,000	August 1, 1977	952,000
February 1, 1967	545,000	February 1, 1978	977,000
August 1, 1967	560,000	August 1, 1978	1,003,000
February 1, 1968	575,000	February 1, 1979	1,030,000
August 1, 1968	590,000	August 1, 1979	1,058,000
February 1, 1969	606,000	February 1, 1980	1,087,000
August 1, 1969	622,000	August 1, 1980	1,116,000
February 1, 1970	639,000	February 1, 1981	1,146,000
August 1, 1970	656,000	August 1, 1981	1,176,000
February 1, 1971	674,000	February 1, 1982	1,208,000
August 1, 1971	692,000	August 1, 1982	1,240,000
February 1, 1972	711,000	February 1, 1983	1,274,000
August 1, 1972	730,000	August 1, 1983	1,308,000
February 1, 1973	749,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 3 years before maturity	½%
More than 3 years but not more than 6 years before maturity	1%
More than 6 years but not more than 11 years before maturity	1½%
More than 11 years but not more than 16 years before maturity	2 ³ / ₈ %
More than 16 years but not more than 21 years before maturity	3 ³ / ₈ %
More than 21 years but not more than 23 years before maturity	4 ³ / ₈ %
More than 23 years before maturity	5 ³ / ₈ %

SCHEDULE 2

DESCRIPTION OF THE PROJECTS

A. *Mazatepec Hydroelectric Project*

This project involves the construction of a 156,000 kw plant and auxiliary works on the Apulco River in the State of Puebla. A diversion dam at Atexcaco will divert the Xiucayucan River through a tunnel of approximately 4,000 meters to the Apulco River Basin. A concrete dam at Soledad on the Apulco River, of the thin arch type, approximately 82 meters high, will provide a reservoir of approximately 25 million cubic meters of useful storage for weekly regulation. A pressure tunnel of approximately 6,600 meters, a surge tank and penstocks will conduct the water from the Soledad reservoir to the powerhouse. Three vertical Pelton turbo-generating units with a capacity of 52,000 kw each will be installed with the necessary auxiliary equipment. A substation at the plant will step-up the voltage from 13.8 to 220 kv at 50 cycles. A transmission line with a length of 220 kms, consisting of two circuits insulated at 220 kv on galvanized steel towers, will run from the plant to a substation at Ixtapalapa near Mexico City, which will step-down the voltage from 220 to 85 kv for connection with the Mexican Light and Power Company. The project is scheduled to be completed by August 31, 1961.

B. *Temascal Hydroelectric Project*

This project involves the construction of a 154,000 kw plant using the electric power potential of the existing Miguel Aleman flood control dam on the Tonto River in the State of Oaxaca. A power intake and pressure tunnel through the dam will conduct the water to the powerhouse on the downstream side of the dam. Four Francis turbo-generating units with a capacity of 38,500 kw each will be installed with the necessary auxiliary equipment. A substation at the plant will step-up the voltage from 13.8 to 115 kv at 60 cycles. Transmission lines from the plant to Tuxpango with a length of 127 kms, consisting of one circuit insulated at 115 kv on galvanized steel towers, and to Veracruz with a length of 125 kms, consisting of two circuits insulated at 115 kv on galvanized steel towers, will supply the network of the Cia. Impulsora de Empresas Eléctricas, S.A. A transmission line from the plant with a length of 56 kms, consisting of one circuit insulated at 115 kv on galvanized steel towers, will supply the newly constructed paper mill at Sebastopol. To connect the transmission lines to the corresponding distribution systems, step-down substations will be built at Veracruz (115/44 kv and 25,000 kva), José Cardel (115/13.2 kv and 3,000 kva), Jalapa (115/13.2 kv and 10,000 kva) and Cruz Blanca (115/6 kv and 18,000 kva), and the substation at Tezuitlan will be extended.

C. *Cupatitzio Hydroelectric Project*

This project involves the construction of a 73,600 kw plant and auxiliary works on the Cupatitzio River in the State of Michoacan. A secondary diversion dam will divert the waters of the Tzararacuilla River to the Cupatitzio River. A main diversion dam at Tzararacua will divert the waters of the Cupatitzio River through a series of open canals,

tunnels and syphons with a total length of 9,900 meters to two regulation tanks with a total capacity of 150,000 cubic meters. From there a penstock will conduct the water to the powerhouse, where two vertical Pelton turbo-generator units with a capacity of 36,800 kw each will be installed with the necessary auxiliary equipment. A sub-station at the plant will step-up the voltage from 13.2 to 161 kv. A transmission line with a length of 70 kms, consisting of one circuit insulated at 161 kv on galvanized steel towers, will run from the plant to the Carapan switching station. From Carapan a transmission line with a length of 171 kms, consisting of one circuit insulated at 161 kv on galvanized steel towers, will run to Guadalajara and another with a length of 129 kms, consisting of one circuit insulated at 161 kv on galvanized steel towers, to Irapuato. Substations at the ends of these lines, with capacities of 54,000 kva and 27,000 kva respectively, will provide connection with the network of the Cia. Impulsora de Empresas Eléctricas.

D. *Guaymas Thermal Project*

This project involves the installation of a third generating unit at the existing Guaymas steam plant. It will consist of one 30,000 kw turbo-generator with corresponding steam boiler, switchboard, auxiliary equipment and transformers. A transmission line with a length of 130 kms, consisting of one circuit insulated at 115 kv on wooden H structures, will run from the plant to Hermosillo, where the existing 115/13.2 kv substations will be expanded by 10,000 kva. From Hermosillo a transmission line with a length of 70 kms, consisting of one circuit insulated at 115 kv on wooden H structures, will run to the pumping zone of Siete Cerros, where three substations with a capacity of 5,000 kva each will step-down the voltage to 13.2 kv for supply to the rural distribution system. The existing rural distribution system of that area will be expanded by approximately 200 kms of new single circuit lines insulated at 13.2 kv on wooden poles.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated June 15, 1956, shall be deemed to be modified as follows :

(a) Section 2.02 is deleted.

(b) Sub-sections (c), (i) and (j) of Section 5.02 are amended to read as follows :

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrowers or either of them or the Guarantor under the Loan Agreement, the Guarantee Agreement of the Bonds, or under the loan agreements between the Bank and the Borrowers dated January 6, 1949¹ and January 11, 1952² or under any bonds issued thereunder, or under the guarantee agreements between the Guarantor and the Bank dated January 6, 1949³ and January 11, 1952.⁴”

¹ United Nations, *Treaty Series*, Vol. 154, pp. 18 and 94.

² United Nations, *Treaty Series*, Vol. 159, p. 138.

³ United Nations, *Treaty Series*, Vol. 154, pp. 3 and 81.

⁴ United Nations, *Treaty Series*, Vol. 159, p. 129.

“(i) On or after the date of the Loan Agreement and prior to the Effective Date there shall have been any act or omission to act which would have constituted a violation of any covenant contained in the Loan Agreement or the Guarantee Agreement if the Loan Agreement and Guarantee Agreement had been effective on the date of such act or omission.

“(j) By action of the Guarantor or of any governmental authority, the ownership, possession or control of all or substantially all of the properties which are included in the Projects, or of any plant included therein, or of any property necessary for the operation thereof, shall have been taken from Comisión.”

(c) The second sentence of Section 7.02 is amended to read as follows :

“Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrowers or either of them or to any prior notice to or demand upon the Guarantor with regard to any defaults by the Borrowers or either of them, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to the Borrowers or either of them; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrowers or either of them or in respect of any security for the Loan; any modification or amplification of the provisions of the Loan Agreement contemplated by the terms thereof; any modification or amplification of any other document related to the Loan or related to any security therefor; any failure of the Borrowers or either of them to comply with any requirement of any law, regulation or order of the Guarantor or of any political subdivision or agency of the Guarantor.”

(d) Paragraph 6 of Section 10.01 is amended to read as follows :

“6. The term ‘Borrower’ means the Borrowers, except that as used in Sections 5.02 (b), (d), (e) and (f), and Section 7.01 such term shall mean the Borrowers or either of them. The term ‘Guarantor’ means United Mexican States.”

(e) Paragraph 12 of Section 10.01 is amended to read as follows :

“12. The terms ‘Project’ and ‘Projects’ mean the Projects (or any of them, or such groupings of them, as the context may require) for which the Loan is granted, as described in the Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrowers.”