

No. 7138

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

**Guarantee Agreement—*Second Irrigation Program* (with
annexed Loan Regulations No. 4 and Loan Agreement
between the Bank and Nacional Financiera, S.A.).
Signed at Washington, on 29 April 1963**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
21 February 1964.*

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

**Contrat de garantie — *Deuxième programme d'irrigation*
(avec, en annexe, le Règlement n° 4 sur les emprunts et
le Contrat d'emprunt entre la Banque et la Nacional
Financiera, S.A.). Signé à Washington, le 29 avril 1963**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 21 février 1964.*

No. 7138. GUARANTEE AGREEMENT¹ (*SECOND IRRIGATION PROGRAM*) BETWEEN THE UNITED MEXICAN STATES AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 29 APRIL 1963

AGREEMENT, dated April 29, 1963 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 Nacional Financiera, S.A. (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to twelve million five hundred thousand dollars (\$12,500,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to enter into this Agreement; and

WHEREAS the Guarantor in consideration of the Bank's entering into the Loan Agreement has agreed to enter into this Agreement;

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 February 15, 1961,² subject, however, to the modifications thereof set forth in Section 1.01 of 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 otherwise requires, the several terms defined in Section 1.02 of the Loan Agreement shall have the respective meanings therein set forth.

¹ Came into force on 3 January 1964, upon notification by the Bank to the Government of Mexico.

² See p. 164 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this 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, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

Article III

Section 3.01. (a) The Guarantor shall cause the Project described in Schedule 1¹ to this Agreement to be carried out and operated with due diligence and efficiency and in conformity with sound engineering, agricultural and financial standards and practices.

(b) The Guarantor shall exercise every right and recourse available to it to cause to be taken all such action as shall be required to assure that no use, other than for domestic uses, will reduce the amounts of water available for irrigation purposes on the Project below the amounts needed therefor.

(c) The Guarantor shall continue to take all such action as shall be required to assure that the land included in the Project and the water made available therefor are to the maximum extent possible fully, effectively and promptly utilized.

(d) The Guarantor shall cause all works and facilities included in the Project to be adequately maintained and repaired in accordance with sound engineering and agricultural practices and standards and shall cause all dams, canals, structures and other works and facilities not included in the Project but necessary to the proper and efficient operation thereof to be operated and adequately maintained and repaired in accordance with such practices and standards.

(e) The Guarantor shall, in accordance with its laws, cause the water charges levied for operation and maintenance of the Project to be set and maintained at levels necessary to provide *(a)* revenues sufficient to cover all operating and maintenance costs and *(b)* reasonable reserves for repair of damage to the Project caused by floods or other hazards.

(f) Except as the Guarantor and the Bank shall otherwise agree, the Guarantor shall, in the carrying out of the Project, utilize the services of a drainage expert or experts acceptable to, and to an extent and upon terms and conditions satisfactory to, the Guarantor and the Bank.

¹ See p. 162 of this volume.

(g) Except as the Bank shall otherwise agree, the Guarantor shall cause the public works included in the Project to be constructed or rehabilitated and improved by contractors satisfactory to the Guarantor and the Bank employed under contracts providing therefor.

(h) The Guarantor shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.

(i) The Guarantor shall at all times make available promptly as needed all sums which shall be required for the carrying out and operation of the Project.

(j) The Guarantor shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof), to show the results achieved by irrigation of the land included in the Project and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition with respect to the Project of the agency or agencies of the Guarantor responsible for the carrying out or operation of the Project or any part thereof; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project and the goods, the results achieved by irrigation of the land included in the Project, and the operations and financial condition with respect to the Project of the agency or agencies of the Guarantor responsible for the carrying out or operation of the Project or any part thereof.

Section 3.02. Except as the Guarantor and the Bank shall otherwise agree, the Guarantor 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 Project.

Section 3.03. 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 or (iii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods.

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 3.04. (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 or materially affects the carrying out of the Project.

(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 3.05. 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 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 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 3.06. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes 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 3.07. 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 3.08. The Guarantor shall satisfy the Bank that adequate arrangements have been made to insure the goods financed out of the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower and delivery to the sites of the Project.

Section 3.09. The Guarantor shall make and at all times maintain suitable provision, satisfactory in form and substance to the Guarantor and the Bank, for the recovery, on reasonable terms and conditions, from the users of irrigation waters within the area of the Project, of the moneys invested by the Guarantor in the Project.

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 Borrower. Nacional Financiera, S.A. 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 :

Secretario de Recursos Hidráulicos
Mexico, D.F., Mexico

Alternative address for cablegrams and radiograms :

Secretaría Recursos Hidráulicos
Mexico, D.F.

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. The *Secretario de Recursos Hidráulicos* of the Guarantor 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 :
Nacional Financiera, S.A.

By Manuel S. VALLADARES
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

SCHEDULE 1

DESCRIPTION OF THE PROJECT

1. The Project consists of :

- (a) the completion of the construction and of the rehabilitation and improvement of the public irrigation and drainage works serving about 332,000 hectares of land situated within the irrigation districts of Bajo Río Bravo, Bajo Río San Juan and Ciudad Delicias in order to : (i) lower the ground water table so as to prevent or reduce salinity; (ii) improve and extend the water distribution systems; and (iii) reduce flood damage;
- (b) assistance to users of irrigation waters in connection with the private on-farm works necessary for the effective utilization of the public irrigation facilities;
- (c) improvement and expansion of extension services to farmers in the Project area with a view to providing them with effective guidance in the productive utilization of the land included in the Project and the water made available therefor; and
- (d) maintenance of the public irrigation and drainage works included in paragraph (a) above.

2. The public works to be constructed include about 1,070 kms. of drains, and 70 kms. of canals, together with the necessary related structures. Existing public works to be rehabilitated and improved include about 900 kms. of drains and about 730 kms. of canals, together with the necessary related structures. It is expected that the public works will be completed in a five-year period.

3. The assistance to be furnished by the Guarantor under 1 (b) above is related to farm drainage, land levelling, and leaching and improvement of saline land. Such assistance includes : (i) the preparation of plans for farm draining systems and other land improvements by the Secretaría de Recursos Hidráulicos with the advice of the drainage expert or experts required under Section 3.01 (f) of this Agreement; (ii) the undertaking of research on drainage and salinity problems necessary for the foregoing; and (iii) the provision on suitable terms to users of irrigation waters of credit necessary for on-farm development.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961

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

[Not published herein. See *United Nations, Treaty Series, Vol. 400, p. 212.*]

LOAN AGREEMENT
(SECOND IRRIGATION PROGRAM)

AGREEMENT, dated April 29, 1963 between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and NACIONAL FINANCIERA, S.A. (hereinafter called the Borrower).

WHEREAS the International Bank for Reconstruction and Development has previously made a loan to assist in financing the foreign exchange costs of an irrigation project in the irrigation districts of Río Culiacán, Río Mayo, Río Yaqui and Río Fuerte of the Guarantor and has entered into a Loan Agreement¹ with the Borrower and a Guarantee Agreement¹ with the Guarantor, both dated January 16, 1961, providing for such project;

WHEREAS the Borrower and the Guarantor have requested the Bank to assist in financing a second irrigation project in the irrigation districts of Bajo Río Bravo, Bajo Río San Juan and Ciudad Delicias of the Guarantor;

WHEREAS the Bank is at this time willing to make a loan to the Borrower for such second irrigation project on the terms and conditions hereinafter and in the Guarantee Agreement of even date² herewith provided;

NOW THEREFORE the parties hereto hereby agree as follows :

¹ United Nations, *Treaty Series*, Vol. 422, p. 203.

² See p. 152 of this volume.

Article I

LOAN REGULATIONS; DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,¹ with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations):

- (a) The second sentence of Section 3.02 of the Loan Regulations shall apply only to withdrawals pursuant to subsection (a) of Section 2.03 of this Agreement.
- (b) Section 4.01 of the Loan Regulations is deleted.
- (c) Paragraph 11 of Section 10.01 shall read as follows:

“The term ‘Project’ means the project or projects or program or programs for which the Loan is granted, as described in the Guarantee Agreement and as the description thereof shall be amended from time to time by agreement between the Guarantor and the Bank.”

Section 1.02. Wherever used in the Loan Agreement, unless the context otherwise requires, the following terms shall have the following meanings:

- (a) The term “First Loan Agreement” means the Loan Agreement dated January 16, 1961, between the Bank and the Borrower.
- (b) The term “First Guarantee Agreement” means the Guarantee Agreement dated January 16, 1961, between the Guarantor and the Bank.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to twelve million five hundred thousand dollars (\$12,500,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower 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, this Agreement and the Loan Regulations.

Section 2.03. Except as the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account:

- (a) such amounts as shall have been expended (other than for local currency expenditures) for the reasonable cost of goods to be financed under this Agreement and, if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments for such goods; and

¹ See p. 164 of this volume.

- (b) the equivalent of a percentage or percentages to be established from time to time by agreement between the Guarantor, the Bank and the Borrower of such amounts as shall have been paid for the reasonable cost of works done and services rendered for carrying out Part 1 (a) of the Project described in Schedule 1¹ to the Guarantee Agreement and not included in (a) above, such percentage or percentages to represent the foreign exchange component of such cost;

provided, however, that no withdrawals shall be made on account of: (i) expenditures prior to the date of this Agreement; or (ii) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

As used in this Section, the term "local currency expenditures" means expenditures in the currency of the Guarantor or for goods produced in (including services supplied from) the territories of the Guarantor.

Section 2.04. Withdrawals from the Loan Account pursuant to subsection (b) of Section 2.03 of this Agreement shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. The Borrower 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.

Section 2.06. The Borrower shall pay interest at the rate of the five and one-half per cent ($5\frac{1}{2}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower 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 2.08. Interest and other charges shall be payable semi-annually on January 1 and July 1 in each year.

Section 2.09. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. Subject to the provisions of this Agreement, the Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 1 to the Guarantee Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and proce-

¹ See p. 163 of this volume.

² See p. 176 of this volume.

dures for procurement of such goods shall be determined by agreement between the Guarantor, the Bank and the Borrower, subject to modification by further agreement between them.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

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

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall make with the Guarantor arrangements satisfactory to the Bank providing for the transfer of the proceeds of the Loan from the Borrower to the Guarantor.

Section 5.02. (a) The Bank and the Borrower 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.

(b) The Bank and the Borrower 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 Borrower 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 Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower; shall enable the Bank's representatives to inspect any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan and the operations and financial condition of the Borrower.

Section 5.03. The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower 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.

Section 5.04. The Borrower shall pay or cause to be paid all taxes, 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 5.05. The Borrower shall pay or cause to be paid all taxes, 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.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) 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 or in Section 6.02 of this Agreement for the purposes of paragraph (j) 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 Borrower, 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.

Section 6.02. The following event is specified for the purposes of paragraph (j) of Section 5.02 of the Loan Regulations: a default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the first Loan Agreement, the First Guarantee Agreement, or the Bonds provided for therein.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations:

- (a) the arrangements referred to in Section 5.01 of this Agreement, in terms satisfactory to the Bank, have been made; and
- (b) the Guarantor has taken such legislative or other action as is required initially to satisfy the provisions of Section 3.09 of the Guarantee Agreement.

Section 7.02. The following are specified as additional matters, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

- (a) that the arrangements referred to in Section 5.01 of this Agreement are valid and are binding on the Guarantor and the Borrower; and
- (b) that the action referred to in Section 7.01 (b) is valid and is binding on the water users.

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.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be June 30, 1968, or such other date or dates as shall be agreed by the Bank and the Borrower as the Closing Date.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Nacional Financiera, S.A.
Avenida Venustiano Carranza 25
Mexico 1, 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.

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

Nacional Financiera, S.A. :
By Manuel S. VALLADARES
Authorized Representative

SCHEDULE I

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>
July 1, 1968	\$250,000	July 1, 1976	\$385,000
January 1, 1969	255,000	January 1, 1977	395,000
July 1, 1969	265,000	July 1, 1977	405,000
January 1, 1970	270,000	January 1, 1978	415,000
July 1, 1970	275,000	July 1, 1978	430,000
January 1, 1971	285,000	January 1, 1979	440,000
July 1, 1971	295,000	July 1, 1979	450,000
January 1, 1972	300,000	January 1, 1980	465,000
July 1, 1972	310,000	July 1, 1980	475,000
January 1, 1973	315,000	January 1, 1981	490,000
July 1, 1973	325,000	July 1, 1981	505,000
January 1, 1974	335,000	January 1, 1982	515,000
July 1, 1974	345,000	July 1, 1982	530,000
January 1, 1975	355,000	January 1, 1983	545,000
July 1, 1975	365,000	July 1, 1983	560,000
January 1, 1976	375,000	January 1, 1984	575,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), 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 three years before maturity	½ of 1%
More than three years but not more than six years before maturity	1½%
More than six years but not more than eleven years before maturity	2½%
More than eleven years but not more than sixteen years before maturity	3½%
More than sixteen years but not more than eighteen years before maturity	4½%
More than eighteen years before maturity	5½%