

No. 9511

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

**Guarantee Agreement—*Rio Colorado Irrigation Project*
(with annexed Loan Regulations No. 4, as amended,
and Loan Agreement between the Bank and the
Nacional Financiera, S.A.). Signed at Washington
on 26 January 1968**

Authentic text : English.

*Registered by the International Bank for Reconstruction and Development on
17 April 1969.*

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

**Contrat de garantie—*Projet d'irrigation du Colorado*
(avec, en annexe, le Règlement n° 4 sur les emprunts,
tel qu'il a été modifié, et le Contrat d'emprunt entre
la Banque et la Nacional Financiera, S.A.). Signé à
Washington le 26 janvier 1968**

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 17 avril 1969.*

GUARANTEE AGREEMENT¹

AGREEMENT, dated January 26, 1968, 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 herein 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 twenty-five million dollars (\$25,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to enter into this Guarantee Agreement ; and

WHEREAS the Guarantor in consideration of the Bank's entering into the Loan Agreement has agreed to enter into this Guarantee 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 as amended February 9, 1967,³ subject, however, to the modification 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.

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,

¹ Came into force on 20 September 1968, upon notification by the Bank to the Government of Mexico.

² See p. 334 of this volume.

³ See p. 332 of this volume.

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 carry out and operate the Project described in Schedule 1 to this Guarantee Agreement with due diligence and efficiency and in conformity with sound engineering, agricultural, economic and financial standards and practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

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

(c) 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 reasonably request.

(d) 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 exclusively in the carrying out of the Project.

Section 3.02. (a) 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 and for agricultural and livestock processing in the Project area below the amounts needed therefor.

(b) The Guarantor shall take or cause to be taken all such action as shall be required to assure that : (i) the land included in the Project and the water made available therefor are, to the maximum extent possible, fully, effectively and promptly utilized for agricultural purposes ; and (ii) the rights-of-way necessary for the construction and operation of the Project are established free and clear of encumbrances and adequately protected against third parties.

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

Section 3.03. 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 administration, 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, and shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents.

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, the Guarantor and the Bank shall from time to time, at the request of either of them, exchange views through their representatives with regard to the performance by the Guarantor of its obligations under this Guarantee Agreement, the administration, 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, and other matters relating to the purposes of the Loan.

(b) The Guarantor shall furnish or cause to be furnished to the Bank all such relevant information as the Bank shall request concerning the expenditure of the proceeds of the Loan, the goods financed out of such proceeds, the Project, the administration, operations and financial condition with respect to the Project of the agency or agencies of the Guarantor responsible for the carrying out of the Project or any part thereof, the results achieved by irrigation of the land included in the Project, and the general status of the Loan. 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.

(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.

(d) 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, the maintenance of the service thereof or the performance by the Guarantor of its obligations under this Guarantee Agreement.

Section 3.05. 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 the account of the Guarantor or any political subdivision of the Guarantor.

Section 3.06. 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 and free from all restrictions 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 3.07. This Guarantee 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 3.08. Except as the Bank and the Guarantor shall otherwise agree, the Guarantor undertakes to insure any imported goods financed out of the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation, and any indemnity under such insurance shall be payable in a currency freely usable by the Guarantor to replace or repair such goods.

Section 3.09. The Guarantor shall make available or cause to be made available, promptly as needed, medium and long-term agricultural credit on reasonable terms to farmers in the Project areas in order to enable such

farmers, among other things, to carry out the necessary on-farm works and make full, prompt and productive use of their land and the Project facilities.

Section 3.10. The Guarantor shall at all times provide or cause to be provided, such agricultural extension and other technical services (including demonstration programs, research and tests at experimental stations) as shall be reasonably required in the Project areas and shall cause such services to be made available to farmers through an adequate staff of officers trained in the techniques appropriate to the Project.

Section 3.11. (a) The Guarantor shall cause the water charges levied for operation and maintenance of the Project to be set and maintained at levels necessary at least to provide : (i) revenues sufficient to cover all operating and maintenance costs, and (ii) reasonable sums of money for repair of damage to the Project caused by hazards.

(b) 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 areas of the Project and other beneficiaries, if any, of the Project facilities, of as much as practicable of the moneys invested by the Guarantor in the Project together with reasonable interest thereon.

(c) The Guarantor shall cause the agency or agencies responsible for the assessment and collection of all charges, fees and taxes levied for the use of irrigation water or for other benefits accruing within the areas of the Project from time to time : (i) to review such charges, fees and taxes in order to verify that they are adequate to provide the Guarantor with such revenues as are required to satisfy the provisions of paragraphs *(a)* and *(b)* of this Section ; and (ii) to take all necessary steps promptly to collect such charges, fees and taxes.

Section 3.12. The Guarantor shall take or cause to be taken all action (including, if necessary, the issuance and application of suitable regulations) which shall be necessary to ensure *(a)* effective control of pumping of the underground waters in the Project areas, *(b)* effective coordination of the use of the surface and underground waters available to the Project areas, and *(c)* such diversification of the annual cropping patterns in the Project areas as would be necessary in order, among other things, to assure productive and efficient utilization of the water available to the Project areas.

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 :

United Mexican States
c/o Nacional Financiera, S.A.
Isabel la Catolica, 51
Mexico 1, D.F., Mexico
Alternative address for cables :
Nafin
Mexico City

For the Bank :

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

Section 5.02. Nacional Financiera, S.A. is designated for the purposes of Section 8.03 of the Loan Regulations.

Section 5.03. If the Loan Agreement terminates pursuant to Section 7.03 thereof, this Guarantee Agreement and all obligations of the parties hereunder shall terminate.

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 to be 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 Alfredo NAVARRETE
Authorized Representative

International Bank for Reconstruction and Development :
By George D. WOODS
President

SCHEDULE 1

DESCRIPTION OF PROJECT

1. The Project consists of the rehabilitation, improvement and operation of the irrigation and drainage works and related facilities serving a gross area of about 250,000 hectares in the Rio Colorado Irrigation District.

2. The main works included in the Project are :

- (a) Reconstruction and lining with concrete of about 2,330 kilometers of canals, and construction of necessary canal structures and gauging stations ;
- (b) Improvement of about 1,180 kilometers of existing drains and construction of about 335 kilometers of new drains, together with necessary drain structures ;
- (c) Rehabilitation of about 485 existing deep wells, drilling and equipping of about 105 new deep weels, and drilling of about 220 observation wells ;
- (d) Construction or improvement of about 555 kilometers of roads ;
- (e) Land leveling on up to 178,000 hectares ; and
- (f) Construction of telephone lines, office and repair shop buildings, and houses for ditch-riders.

3. The Project includes the purchase, installation and utilization of equipment and vehicles for repair and maintenance operations.

4. The Project also includes the establishment and operation in the Rio Colorado Irrigation District of a continuing program of hydrogeological and cropping pattern studies, investigation of on-farm drainage needs and soil testing, in order to determine the adequacy of the underground water supplies, identify the cropping patterns which would make the most productive and advantageous use of available water supply, and detect salinity or alkalinity problems developing during the operation of the Project.

The Project will be carried out under the responsibility, supervision and control of the Secretaria de Recursos Hidraulicos of the Guarantor and is expected to be completed by December 31, 1974.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967

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

[Not published herein. See United Nations, Treaty Series, Vol. 598, p. 210.]

LOAN AGREEMENT

AGREEMENT, dated January 26, 1968, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and NACIONAL FINANCIERA, S.A. (hereinafter called the Borrower).

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 as amended February 9, 1967,¹ with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations) :

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 Schedule 1 to the Guarantee Agreement,² and as the description thereof shall be amended from time to time by agreement between the Guarantor and the Bank. ”

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower an amount in various currencies equivalent to twenty-five million dollars (\$ 25,000,000).

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 the Loan Agreement, to withdraw from the Loan Account the equivalent of such percentage or percentages as may be established from time to time by agreement between the Guarantor, the Bank and the Borrower of such amounts as shall have been paid, or, if the Bank shall so agree, such amounts as shall be required to meet payments to be made, for the reasonable cost of goods for the Project. For the purposes of this Section, clause (b) of Section 4.01 of the Loan Regulations shall not apply.

¹ See p. 332 of this volume.

² See p. 320 of this volume.

Section 2.04. Pursuant to Section 3.02 of the Loan Regulations, withdrawals under Section 2.03 of this Agreement shall be made in dollars or such 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 from the Loan Account.

Section 2.06. The Borrower shall pay interest at the rate of six and one-fourth per cent ($6\frac{1}{4}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Except as the Bank and the Borrower 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 February 1 and August 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 1 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to expenditures on the Project. The specific allocation of the proceeds of the Loan, and the methods and procedures for procurement of the goods to be financed out of such proceeds, 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. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of 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 (a) 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, the Bank and the Borrower shall from time to time, at the request of either of them, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement and other matters relating to the purposes of the Loan and the maintenance of the service thereof.

(b) 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

(c) The Borrower shall : (i) 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 with respect to the Loan ; (ii) enable the Bank's representatives to inspect any relevant records and documents ; and (iii) furnish or cause to be furnished to the Bank all such relevant information as the Bank shall request concerning the expenditure of the proceeds of the Loan and the operations and financial condition of the Borrower with respect to the Loan.

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 the Loan 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 the Loan 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 (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 a default shall occur in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the Borrower or under any bond delivered pursuant thereto and such default shall continue for a period of thirty days, or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days, or (iv) 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 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 Bank and the Borrower hereby agree that for the purposes of the Loan Agreements between the Bank and the Borrower dated January 16, 1961,¹ April 29, 1963,² and May 25, 1966,³ and this Loan Agreement, respectively, an event referred to in paragraph (c) of Section 5.02 of the Loan Regulations No. 4 of the Bank applicable to any such Agreement shall be deemed to be an event under paragraph (c) of Section 5.02 of the Loan Regulations No. 4 of the Bank applicable to any other such Agreement.

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 (d) 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 paragraphs (a) and (b) of Section 3.11 of the Guarantee Agreement.

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

² United Nations, *Treaty Series*, Vol. 489, p. 151.

³ United Nations, *Treaty Series*, Vol. 596, p. 3.

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. If this Agreement shall not have come into force and effect by August 1, 1968, this Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be June 30, 1975, or such later date or dates as may 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.
Isabel la Catolica 51
Mexico 1, D. F., Mexico

Alternative address for cables :

Nafin
Mexico City

For the Bank :

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

Alternative address for cables :

Intbafrad
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be 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 George D. WOODS
President

Nacional Financiera, S.A. :

By Alfredo NAVARRETE
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, 1975	635,000	February 1, 1982	950,000
February 1, 1976	655,000	August 1, 1982	980,000
August 1, 1976	680,000	February 1, 1983	1,010,000
February 1, 1977	700,000	August 1, 1983	1,045,000
August 1, 1977	720,000	February 1, 1984	1,075,000
February 1, 1978	745,000	August 1, 1984	1,110,000
August 1, 1978	765,000	February 1, 1985	1,145,000
February 1, 1979	790,000	August 1, 1985	1,180,000
August 1, 1979	815,000	February 1, 1986	1,215,000
February 1, 1980	840,000	August 1, 1986	1,255,000
August 1, 1980	865,000	February 1, 1987	1,295,000
February 1, 1981	895,000	August 1, 1987	1,335,000
August 1, 1981	920,000	February 1, 1988	1,380,000

* 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	$\frac{1}{2}$ of 1 %
More than three years but not more than six years before maturity	1 $\frac{1}{2}$ %
More than six years but not more than eleven years before maturity	2 $\frac{1}{2}$ %
More than eleven years but not more than sixteen years before maturity ..	3 $\frac{3}{4}$ %
More than sixteen years but not more than eighteen years before maturity .	5 %
More than eighteen years before maturity	6 $\frac{1}{4}$ %