Loan Agreement

(Third Small- and Medium-Scale Industry
Development Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

NACIONAL FINANCIERA S.A.

Dated August 15, 1983
LOAN AGREEMENT

AGREEMENT, dated August 15, 1983, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and NACIONAL FINANCIERA S.A. (hereinafter called the Borrower).

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated October 27, 1980, with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions).

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

(a) "FOGAIN" means Fondo de Garantía y Fomento a la Industria Mediana y Pequena, established by a law of the Guarantor published in the Diario Oficial on December 30, 1953 of which the Borrower is the Trustee pursuant to a contrato de fideicomiso between the Guarantor and the Borrower dated April 7, 1954, as amended; and such term includes the technical and administrative organization, resources, staff and facilities used, or to be used, by the Borrower to operate FOGAIN.

(b) "FOMIN" means Fondo Nacional de Fomento Industrial, established by a contrato de fideicomiso between the Guarantor and the Borrower dated April 12, 1972, as amended, and of which the Borrower is Trustee pursuant to said contrato; and such term includes the technical and administrative organization, resources, staff and facilities used, or to be used, by the Borrower to operate FOMIN.

(c) "FIDEIN" means Fideicomiso de Conjuntos, Parques y Ciudades Industriales y Centros Comerciales, established by a
law of the Guarantor published in the Diario Oficial on December 24, 1970 of which the Borrower is Trustee pursuant to a contrato de fideicomiso between the Guarantor and the Borrower dated February 1, 1971, as amended; and such term includes the technical and administrative organization, resources, staff and facilities used, or to be used, by the Borrower to operate FIDEIN.

(d) "Fideicomiso" means FOGAIN, FOMIN and FIDEIN.

(e) "Participating Intermediary" means any credit institution approved by FOGAIN.

(f) "FOGAIN Loan" means a loan made by the Borrower, as Trustee for FOGAIN, to a Participating Intermediary to assist the latter in the financing of an Investment Project or Working Capital Project or Common Service Facilities Project in accordance with the FOGAIN Operating Regulations, the proceeds of such loan to be on-lent to an Investment Enterprise and to be partially financed out of the proceeds of the Loan; and "free-limit FOGAIN Loan" means a FOGAIN Loan, as so defined, which qualifies as a free-limit FOGAIN Loan pursuant to the provisions of Section 2.02 (c) (i) of this Agreement; and "FOGAIN Loan Agreement" means the agreement for the FOGAIN Loan.

(g) "FIDEIN Loan" means a loan made by the Borrower as Trustee for FIDEIN to an Investment Enterprise pursuant to Sub-paragraph (j) (iii) below to assist in the financing of a FIDEIN Project under Part A (5) of the Project, all in accordance with the FIDEIN Operating Regulations, and to be partially financed out of the proceeds of the Loan; and "FIDEIN Loan Agreement" means the agreement for the FIDEIN Loan.

(h) "sub-loan" means a loan made or proposed to be made by a Participating Intermediary out of the proceeds of a FOGAIN Loan to an Investment Enterprise for an Investment Project or a Working Capital Project or a Common Service Facilities Project.

(i) "FOMIN Equity Investment" means an equity investment, including debt represented by instruments convertible into equity, made or proposed to be made by the Borrower as Trustee for FOMIN in an Investment Enterprise pursuant to Sub-paragraph (j) (ii) below for a FOMIN Project, all in accordance with the FOMIN Operating Regulations, and to be partially financed out of the proceeds of the Loan; and "free-limit FOMIN Equity Investment"
means a FOMIN Equity Investment, as so defined, which qualifies as a free-limit FOMIN Equity Investment pursuant to the provisions of Section 2.02 (c) (ii) of this Agreement; and "FOMIN Agreement" means the agreement for the FOMIN Equity Investment.

(j) "Investment Enterprise" means (i) a small- or medium-scale industrial enterprise engaged in the production of goods or services to which a Participating Intermediary proposes to make or has made a sub-loan, or (ii) an industrial enterprise in which the Borrower as Trustee for FOMIN proposes to make or has made a FOMIN Equity Investment, or (iii) an eligible borrower of a FIDEIN Loan; and the term includes any group of Investment Enterprises joining forces, under legal arrangements satisfactory to the Borrower, for the carrying out of a Common Service Facilities Project.

(k) "Sub-project" means an Investment Project or a Working Capital Project or a Common Service Facilities Project or a FOMIN Project or a FIDEIN Project or a Technical Assistance Project.

(l) "Investment Project" means a specific development project to be carried out by an Investment Enterprise under Part A (2) of the Project utilizing the proceeds of a sub-loan.

(m) "Working Capital Project" means a specific working capital project to be carried out by an Investment Enterprise under Part A (1) of the Project utilizing the proceeds of a sub-loan.

(n) "Common Service Facilities Project" means a specific development project to be carried out by an Investment Enterprise under Part A (3) of the Project utilizing the proceeds of a sub-loan.

(o) "FOMIN Project" and "FIDEIN Project" mean a specific development project to be carried out by an Investment Enterprise under Part A (4) and A (5) of the Project, respectively, utilizing the proceeds of the Loan.

(p) "Technical Assistance Project" means a technical assistance project under Part B of the Project to be carried out by the Borrower, in its own capacity or as Trustee for any of the Fideicomisos, or by any agency of the Guarantor acceptable to the Bank, and to be financed out of the proceeds of the Loan; and "Agency" means any of such agencies which has been accepted by
the Bank for the purposes of carrying out a Technical Assistance Project approved by the Bank pursuant to Section 2.03 (b) of this Agreement.

(q) "Peso" means the currency unit of the Guarantor.

(r) "Foreign currency" means any currency other than the currency of the Guarantor.

(s) "FOGAIN Operating Regulations" means the operating regulations of FOGAIN dated April 6, 1954, as amended to the date of this Agreement and as further amended in accordance with the provisions of this Agreement.

(t) "FOMIN Operating Regulations" means the operating regulations of FOMIN dated April 12, 1972, as amended to the date of this Agreement and as further amended in accordance with the provisions of this Agreement.

(u) "FIDEIN Operating Regulations" means the operating regulations of FIDEIN dated April 27, 1976, as amended to the date of this Agreement and as further amended in accordance with the provisions of this Agreement.

(v) "Operating Regulations" means the FOGAIN Operating Regulations, the FOMIN Operating Regulations and the FIDEIN Operating Regulations.

(w) "Separate Account" means the account that the Borrower shall open in its books pursuant to Section 3.09 of this Agreement.

(x) "Small- and Medium-scale Industrial Enterprises" means small- and medium-scale industrial enterprises as defined in the FOGAIN Operating Regulations.

(y) "Prevailing Interest Rate" or "ACF" means an annual rate of interest which reflects the average cost of borrowed funds to financial departments of multi-purpose banks operating in Mexico as calculated and published by Banco de Mexico on a monthly basis.

(z) "Interest Rate Structure" means a structure of interest rates for sub-loans which provides for different categories of
borrowers and the annual rate applicable to each of such categories, such rates to be expressed in terms of ACF and percentage point constants; and "Agreed Interest Rate Structure" means the Interest Rate Structure agreed between the Bank and the Borrower for purposes of Sections 6.01 (b) or 5.01 (b) of this Agreement.

(aa) "Project Execution Document" means the document dated May 13, 1983, approved by the Borrower in its own capacity and in its capacity of Trustee for each of the Fideicomisos.

(bb) "Local expenditures" means expenditures in the currency of the Guarantor for goods or services supplied from the territory of the Guarantor and "foreign expenditures" means expenditures in the currency of any country other than the Guarantor and for goods or services supplied from the territory of any country other than the Guarantor.

(cc) "Special Account" means the account referred to in Section 2.03 of this Agreement.

(dd) "Central Bank" means Banco de Mexico.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Loan Agreement, an amount in various currencies equivalent to one hundred and seventy five million dollars ($175,000,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account for:

(1) 73% of amounts expended by the Borrower, as Trustee for FOGAIN, FOMIN or FIDEIN, under a FOGAIN Loan, a FOMIN Equity Investment or a FIDEIN Loan; all to meet the reasonable cost of goods and services required for the Sub-project in respect of which the withdrawal from the Loan Account is requested; provided, however, that no withdrawal shall be made in respect of a FOGAIN Loan, FOMIN Equity Investment or FIDEIN Loan unless (1) the FOGAIN Loan or FIDEIN Loan or FOMIN Equity Investment shall have been approved by the Bank, or (2)
the FOGAIN Loan or FOMIN Equity Investment shall be a free-limit FOGAIN Loan or free-limit FOMIN Equity Investment for which the Bank shall have authorized withdrawals from the Loan Account.

(ii) 75% of local expenditures and 100% of foreign expenditures made by the Borrower to meet the reasonable cost of goods and services required for a Technical Assistance Project under Part B of the Project which shall have been approved by the Bank.

(b) The proceeds of the Loan shall be allocated as follows:

(i) $75,000,000 equivalent for FOGAIN Loans for Investment Projects or Common Service Facilities Projects;

(ii) $75,000,000 equivalent for FOGAIN Loans for Working Capital Projects;

(iii) $8,000,000 equivalent for FOMIN Equity Investments for a FOMIN Project under Part A (4) (i) of the Project;

(iv) $10,000,000 equivalent for FOMIN Equity Investments for a FOMIN Project under Part A (4) (ii) of the Project;

(v) $4,600,000 equivalent for FIDEIN Loans;

(vi) $1,963,591 equivalent for Part B of the Project; and

(vii) $436,409 equivalent for amount due on account of fee referred to in Section 2.06 of this Agreement.

The foregoing allocation of the proceeds of the Loan may be subject to change from time to time as determined by the Bank after consultation with the Borrower.

(c) Except as the Bank and the Borrower shall otherwise agree:
(i) a free-limit FOGAIN Loan shall be any FOGAIN Loan made for purposes of financing a Sub-loan for an Investment Project under Part A (2) of the Project or any FOGAIN Loan made for purposes of financing a Sub-loan for a Working Capital Project under Part A (1) of the Project other than the first three sub-loans proposed to be made thereunder;

(ii) a free-limit FOMIN Equity Investment shall be a FOMIN Equity Investment for a FOMIN Project in an amount to be financed out of the proceeds of the Loan which shall not exceed the sum of $400,000 equivalent.

(d) Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of (i) expenditures made before the date of this Agreement, or (ii) expenditures made by an Investment Enterprise in respect of a FOGAIN Loan or FIDEIN Loan or FOMIN Equity Investment subject to the Bank's approval, or by the Borrower in its own capacity or by an Agency, in respect of a Technical Assistance Project, if such expenditures shall have been made more than one hundred and eighty days prior to the date on which the Bank shall have received in respect of such FOGAIN Loan or FIDEIN Loan or FOMIN Equity Investment or Technical Assistance Project the application and information required by Section 2.04 (a) of this Agreement or, in respect of a free-limit FOGAIN Loan or free-limit FOMIN Equity Investment more than one hundred and eighty days prior to the date on which the Bank shall have received in respect of such free-limit FOGAIN Loan or free-limit FOMIN Equity Investment the request and information required by Section 2.04 (c) of this Agreement, or (iii) expenditures made by FOGAIN, FIDEIN or FOMIN in respect of Part A of the Project unless the Borrower has entered into the contractual arrangements referred to in Section 3.03 (a) of this Agreement with FOGAIN, FIDEIN or FOMIN, respectively, and the Bank has been furnished with an opinion satisfactory to the Bank of counsel acceptable to the Bank showing that such contractual arrangements are legally binding upon the parties thereto; or (iv) expenditures made by an Investment Enterprise in the carrying out of a Working Capital Project after December 31, 1985.

Section 2.03. (a) The Borrower shall cause to be opened and thereafter maintained a Special Account in the Central Bank on terms and conditions satisfactory to the Bank. Payments out of
the Special Account shall be made exclusively to pay the reason-
able cost of goods and services required to carry out the Project
and to be financed by the Bank under this Agreement in accordance
with the provisions of Section 2.02 hereto of this Agreement.

(b) The Bank may, after the Effective Date and at the
request of the Borrower, withdraw on behalf of the Borrower from
the Loan Account and deposit in the Special Account an amount in
dollars of up to $17,500,000. In the event that the amount of
such initial deposit into the Special Account is less than
$17,500,000, the Borrower may from time to time request the Bank
to withdraw from the Loan Account and make one or more additional
initial deposits into the Special Account, but in no event shall
the amount of such initial deposits exceed in the aggregate
$17,500,000. At the request of the Borrower, the Bank shall fur-
ther withdraw from the Loan Account and deposit in the Special
Account such amounts as shall be required to replenish the
Special Account with amounts equal to payments made out of the
Special Account for expenditures for the Project eligible for
financing under this Agreement. Except as the Bank shall other-
wise agree, each such deposit after the initial deposits shall be
withdrawn by the Bank from the Loan Account pursuant to the pro-
visions of Section 2.02 of this Agreement, and in the same res-
pective amounts, as have been justified by the documentation for
the request for such deposit furnished pursuant to paragraph (d)
of this Section.

(c) Prior to or at the time of each request for a with-
drawal by the Borrower from the Special Account, the Borrower
shall furnish to the Central Bank an application for withdrawal
from the Special Account on the basis of statements of expendi-
tures showing that the payment was made on account of the reason-
able cost of goods and services required for the Project and to
be financed out of the proceeds of the Loan in accordance with
paragraph (a) above. The Central Bank shall authorize with-
drawals from the Special Account an amount in pesos determined on
the basis of such statements of expenditures, and shall debit the
Special Account with the dollar equivalent of such amount in
pesos determined on the basis of the rate of exchange between the
dollar and the peso in effect at the time each payment was made.

(d) Prior to or at the time of each request for a deposit
by the Bank into the Special Account, the Borrower shall furnish
to the Bank in respect of each withdrawal from the Special
Account an application for withdrawal from the Loan Account on
the basis of the statements of expenditures referred to in paragraph (c) of this Section together with a statement from the Central Bank indicating the amounts disbursed from the Special Account in connection with each such application.

(e) If the Bank shall have determined that any payment out of the Special Account (i) was made for any expenditure or in any amount not eligible for financing by withdrawal from the Loan Account; or (ii) was not justified by the statements of expenditure furnished pursuant to paragraph (d) above, the Bank shall notify the Borrower of such circumstances, and if after a period of 30 days from the issuance of such notice an amount equal to the amount of such payment or the portion thereof not so eligible or justified has not been deposited by the Borrower into the Special Account or, if the Bank shall so request, refunded to the Bank, the Bank may refrain from making further deposits into such Account.

(f) Notwithstanding the provision of paragraph (a) of this Agreement, when the withdrawals from the Loan Account deposited into the Special Account plus the amount of any agreement to reimburse made by the Bank pursuant to Section 5.02 of the General Conditions shall have reached the equivalent of $140,000,000, the Bank shall be entitled, after consultations with the Borrower, to reduce the percentage of disbursements for expenditures under the Project or take any other action which will ensure the Bank that, by the time the total amount of the Loan has been disbursed, all deposits (including the amount corresponding to the initial deposit) made by the Bank into the Special Account were made on account of the reasonable cost of goods or services eligible for financing out of the proceeds of the Loan in accordance with paragraph (e) above.

Section 2.04. (a) When presenting a FOGAIN Loan (other than a free-limit FOGAIN Loan) or a FIDEIN Loan or FOMIN Equity Investment (other than a free-limit FOMIN Equity Investment) to the Bank for approval, the Borrower shall furnish to the Bank an application together with: (i) an appraisal of the corresponding Sub-project (other than a Technical Assistance Project), including a summary description of the expenditures proposed to be partially financed out of the proceeds of the Loan and, whenever applicable, a description of the Investment Enterprise; (ii) the proposed terms and conditions of the FOGAIN Loan or the FIDEIN Loan or the FOMIN Equity Investment; and (iii) such other information as the Bank shall reasonably request.
(b) When presenting a Technical Assistance Project to the Bank for approval, the Borrower shall furnish to the Bank an application together with: (i) a description of the activities to be undertaken and goods and services and to be financed out of the proceeds of the Loan for such Technical Assistance Project, a statement on whether such Technical Assistance Project will be carried out by the Borrower and/or any other agency of the Guarantor and, if applicable, a description of such agency and of the legal arrangements to be entered into between the Borrower and such agency; and (ii) such other information as the Bank shall reasonably request.

(c) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of a free-limit FOGAIN Loan or a free-limit FOMIN Equity Investment shall contain: (i) a summary description of the Investment Project, including a summary description of the expenditures proposed to be partially financed out of the proceeds of the Loan, and, whenever applicable, a summary description of the Investment Enterprise; (ii) the proposed terms and conditions of the free-limit FOGAIN Loan or free-limit FOMIN Equity Investment; and (iii) such other information as the Bank shall reasonably request.

(d) Except as the Bank and the Borrower shall otherwise agree, applications and requests made pursuant to the provisions of paragraphs (a), (b) and (c) of this Section shall be presented to the Bank on or before December 31, 1986.

Section 2.05. The Closing Date shall be June 30, 1987, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.06. (a) The Borrower shall pay to the Bank a fee equivalent to four hundred thirty-six thousand four hundred nine dollars ($436,409).

(b) On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of the said fee in such currency or currencies as the Bank shall determine.

Section 2.07. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.
Section 2.08. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to one half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

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

(c) For purposes of this Section:

(i) "Interest Period" means the six-month period commencing on each date specified in Section 2.08 of this Agreement, including the Interest Period in which this Agreement is signed.

(ii) "Cost" of Qualified Borrowings means the cost, expressed as a percentage per annum, as reasonably determined by the Bank, provided that the amount of $8,520.5 million referred to in (iii) (B) hereunder shall be reckoned at a cost of 10.93% per annum.

(iii) "Qualified Borrowings" means: (A) outstanding borrowings of the Bank drawn down after June 30, 1982; and (B) until July 1, 1985, the amount of $8,520.5 million (representing borrowings of the Bank between July 1, 1981 and June 30, 1982) less any part thereof repaid earlier than July 1, 1985.

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

Section 2.09. Interest and other charges shall be payable semiannually on February 1 and August 1 in each year.

Section 2.10. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

ARTICLE III

The Project

Management and Operations of the Borrower

Section 3.01. (a) The purpose of the Project is to assist the Borrower in financing such technical assistance and produc-
tive facilities and resources in Mexico as will contribute to the
economic development of the country's small- and medium-scale
industry. The Project consists of the following parts:

Part A: Financing of:

(1) Working Capital Projects through FOGAIN Loans to
Participating Intermediaries for further relending
under Sub-loans to Investment Enterprises; such Working
Capital Projects to consist in the financing of
permanent working capital requirements of an Investment
Enterprise for the incremental cost of raw materials,
components, spare parts and other production inputs.

(2) Investment Projects through FOGAIN Loans to Partici-
pating Intermediaries for further relending under
Sub-loans to Investment Enterprises; such Investment
Projects to consist of:

(i) establishment or expansion of productive capacity;
and

(ii) permanent working capital related to any increase
in such productive capacity.

(3) Common Service Facilities Projects through FOGAIN Loans
to Participating Intermediaries for further relending to
groups of Investment Enterprises for the construc-
tion and establishment of common service facilities;
such Investment Projects to consist of maintenance and
repair shops; central warehouse facilities; purchasing
and distribution facilities; training facilities;
quality control centers; accounting and data processing
centers; food service facilities; and other facilities
agreed upon from time to time between the Bank and the
Borrower as Trustee for FOGAIN.

(4) FOMIN Projects through FOMIN Equity Investments in
Investment Enterprises; such Investment Projects to
consist of:

(i) the acquisition of fixed assets and related
increases in permanent working capital; and/or

(ii) the increase in permanent working capital require-
ments arising from increases in the cost of raw
materials, components, spare parts and other pro-
duction inputs.
(5) FIDEIN Projects through FIDEIN Loans to support the infrastructure and urbanization requirements of public or private industrial parks.

Part B: Technical Assistance Projects consisting of: (i) technical assistance to industrial enterprises by the Borrower's industrial extension agents and specialized agencies of the Guarantor; (ii) recruitment and training of extension agents, and of staff of such agencies and enterprises; (iii) studies; and (iv) such other technical assistance activities to be agreed upon by the Bank and the Borrower, including acquisition and utilization of equipment, materials and services thereof.

(b) The Borrower as Trustee for the Fideicomisos and in its own capacity shall carry out the Project and conduct its operations and affairs in accordance with sound financial standards and practices, with adequate personnel, and in accordance with the Operating Regulations and the Project Execution Document and shall, at all times, make available promptly as needed, such funds and other resources as shall be required for the purpose.

(c) The Borrower further covenants that in the management of FOGAIN's operations, it shall take all actions necessary to maintain the integrity of FOGAIN's equity. To that effect, it shall take into account, inter alia, that the rates of interest charged by FOGAIN adequately reflect the cost of funds to FOGAIN and its operating cost.

Section 3.02. In order to assist the Borrower in the carrying out of Part B of the Project, the Borrower shall employ or cause the Agencies to employ, experts in cases in which the technical expertise is not available from the staff of the Borrower or the Agencies. In such cases and whenever the experts services are to be financed out of the proceeds of the Loan, the Borrower shall employ experts with qualifications, experience and terms and conditions of employment, and in accordance with procedures, satisfactory to the Bank.

Section 3.03. The Borrower shall:

(a) transfer to the Fideicomisos' accounts, for purposes of Part A of the Project and under contractual arrangements satisfactory to the Bank, the equivalent in pesos at the time of withdrawal of each portion of the Loan withdrawn from the Loan
Account. The Borrower shall not, acting in its own capacity or as Trustee for the Fideicomisos, change or fail to enforce any provision of such arrangements; and

(b) use, as Trustee for each of the Fideicomisos, the amounts accruing to it from the carrying out of Part A of the Project and corresponding to the portion of FOGAIN Loans, FIDEIN Loans and FOMIN Equity Investments financed out of the proceeds of the Loan for purposes similar to those of said Part of the Project.

Section 3.04. Except as the Bank shall otherwise agree, the Borrower, as Trustee for the applicable Fideicomiso, shall:

(a) ensure, at all times, that the average rate within the Agreed Interest Rate Structure shall be equal to the average of the Prevailing Interest Rates in effect during the three calendar months immediately preceding plus not less than one percentage point; and

(b) charge at all times interest on (i) sub-loans, at an annual rate equal to the applicable rate within the Agreed Interest Rate Structure; and (ii) FIDEIN Loans and on any FOMIN Equity Investment consisting totally or partially of debt represented by instruments convertible into equity, at an annual rate equal to the average of the Prevailing Interest Rates in effect during the three immediately preceding calendar months (A) plus at least one percentage point, in the case of FIDEIN Loans and (B) minus three percentage points, in the case of FOMIN Equity Investments.

Section 3.05. The Borrower: (a) as Trustee for the applicable Fideicomiso shall take all such action as shall be necessary to ensure that interest on (i) the Loans and debt referred to in paragraph (b) of the preceding Section; and (ii) sub-loans, shall be charged at a floating rate to be adjusted quarterly to reflect fully any change in the average Prevailing Interest Rates in effect during the immediately preceding three calendar months; and

(b) as Trustee for FOGAIN shall carry out a program of adjustment of the interest rates applicable to loans in the FOGAIN's portfolio existing as of June 30, 1983, as set forth in Schedule 3 to this Agreement.

Section 3.06. The Borrower as Trustee for FOGAIN shall require that if a sub-loan or any part thereof shall be repaid to
a Participating Intermediary in advance of maturity, or if a sub-loan shall be sold, transferred, assigned or otherwise disposed of for value by a Participating Intermediary, such Participating Intermediary shall repay promptly to the Borrower the amounts of the FOGAIN Loan corresponding to such sub-loan or parts thereof so repaid in advance or disposed of for value.

Section 3.07. (a) The Borrower as Trustee for each of the Fideicomisos undertakes that, unless the Bank shall otherwise agree, a sub-loan or FIDEIN Loan or FOMIN Equity Investment will be made, or proceeds of the Loan for the financing of a Technical Assistance Contract will be made available, on terms whereby a Participating Intermediary or the Borrower, as the case may be, shall obtain, by written contract with an Investment Enterprise or with an Agency or by any other appropriate legal means, rights adequate to protect the interests of the Borrower and, when applicable, of the Participating Intermediary, including, in the case of any sub-loan or FIDEIN Loan and to the extent that it shall be appropriate in the case of any FOMIN Equity Investment or any Technical Assistance Project, the right to:

(i) require the Investment Enterprise or Agency to carry out and operate the Sub-project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and to maintain adequate records;

(ii) require that (A) the goods and services to be financed out of the proceeds of the Loan shall be purchased at a reasonable price, account being taken also of other relevant factors such as time of delivery and efficiency and reliability of the goods and availability of maintenance facilities and spare parts therefor, and, in the case of services, of their quality and the competence of the parties rendering them, provided, however, that the procurement of goods and services financed out of the proceeds of a FIDEIN Loan shall be made in accordance with the provisions set forth therefor in the Project Execution Document and (B) such goods and services shall be used exclusively in the carrying out of the Sub-project in question;

(iii) inspect, by itself or jointly with representatives of the Bank, if the Bank shall so request after consultation with the Borrower, such goods and the sites, works, plants and construction included in
the Sub-project in question, the operation thereof, and any relevant records and documents;

(iv) require that the Investment Enterprise shall take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and that such insurance cover marine, transit and other hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Loan to the place of use or installation, and that any indemnity thereunder be made payable in a currency freely usable by the Investment Enterprise to replace or repair such goods;

(v) obtain all such information as the Borrower or the Participating Intermediaries shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprises and Agencies; and

(vi) suspend or terminate the right of the Investment Enterprise or Agency to the use of the proceeds of the Loan upon failure by such Investment Enterprise or Agency to perform any of its obligations under its contract with the Participating Intermediary or the Borrower as the case may be.

(b) The Borrower shall exercise its rights, and, in the case of Sub-loans, cause the Participating Intermediary to exercise its rights, in relation to each Sub-project in such manner as to: (i) protect the interests of the Bank, the Borrower and the Participating Intermediary; (ii) comply with its obligations under the FOGAIN Loan Agreement or FIDEIN Loan Agreement or FOMIN Agreement; and (iii) achieve the purposes of the Project.

Section 3.08. (a) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the Project, the Investment Enterprises, the Agencies, the Sub-projects, the FOGAIN Loans, the FIDEIN Loans, the sub-loans, and the FOMIN Equity Investments.

(b) The Borrower shall: (i) maintain or cause to be maintained records and procedures adequate to record and monitor the progress of the Project, to identify the goods and services financed out of the proceeds of the Loan, and to disclose their
use in the Project; and (ii) furnish to the Bank all such
information as the Bank shall reasonably request concerning the
Project, the expenditure of the proceeds of the Loan, and the
goods and services financed out of such proceeds.

(c) Promptly after completion of the Project, but in any
event not later than one year after the Closing Date or such
later date as may be agreed for this purpose between the Borrower
and the Bank, the Borrower shall prepare and furnish to the Bank
a report on the execution and operation of the Project and its
cost and benefits, and on the accomplishment of the purposes of
the Loan.

Section 3.09. The Borrower shall:

(a) establish and maintain in its books a Separate
Account; and

(b) record in the Separate Account: (i) the amounts trans-
ferred to each of the Fideicomisos for purposes of Part A of the
Project and pursuant to Section 3.03 (a) of this Agreement; and
(ii) all receipts and payments for or in respect of Part B of the
Project, in accordance with sound accounting practices consist-
ently applied.

Section 3.10. The Borrower shall at all times maintain such
organizational arrangements as shall be necessary for purposes of
coordinating the carrying out of all the several Parts of the
Project.

Section 3.11. The Borrower shall, in its own capacity and as
Trustee for the Fideicomisos, not later than December 31, 1983:
(i) carry out or cause to be carried out, a study on the basis of
terms of reference and a schedule satisfactory to the Bank, of
the extension agent system of the Guarantor's small- and medium-
scale industry development program; and (ii) review with the Bank
the findings and recommendations of such study.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower, in its capacity as Trustee
for the Fideicomisos in respect of Part A of the Project, and in
its own capacity in respect of Part B of the Project, shall main-
tain or cause to be maintained records adequate to record the
progress of the Project and of each Sub-project and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower in respect of Part B of the Project and of each of the Fideicomisos, including, without limitation to the foregoing, separate accounts reflecting all expenditures on account of which withdrawals are requested from the Loan Account on the basis of statements of expenditure.

(b) The Borrower shall retain or cause to be retained until one and a half years after the Closing Date, all records (contracts, orders, invoices, bills, receipts, and other documents) evidencing the expenditures on account of which withdrawals are requested from the Loan Account on the basis of statements of expenditures, and shall enable or cause to enable the Bank's representatives to examine such records.

Section 4.02. The Borrower shall:

(a) make or cause to be made annual audits satisfactory to the Bank of the Fideicomisos' accounts and financial statements (balance sheets, statements of income and expenses and related statements), and of the Separate Account for each fiscal year audited in accordance with sound auditing principles consistently applied, by independent and qualified auditors;

(b) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, (i) certified copies of such financial statements and of the Separate Account for such year as so audited and (ii) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested, including, without limitation to the foregoing, separate opinions by said auditors in respect of the expenditures and records referred to in Section 4.01 (b) of this Agreement, as to whether the proceeds of the Loan withdrawn from the Loan Account on the basis of statements of expenditures have been used for the purpose for which they were provided; and

(c) furnish to the Bank such other information concerning the accounts and financial statements of the Fideicomisos, the Separate Account, and the audits thereof, as the Bank shall from time to time reasonably request.

Section 4.03. (a) The Borrower represents that at the date of this Agreement no lien exists on any of its assets as security for any external debt.
(b) 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, \textit{ipso facto}, equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan, and in the creation of any such lien express provision will be made to that effect, at no cost to the Bank, provided, however, that the foregoing provisions of this paragraph 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 as security for the payment of debt incurred for the purpose of financing the purchase 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 the date on which it is originally incurred.

Section 4.04. The Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the administration and operations of the Fideicomisos, and the Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning such administration and operations.

Section 4.05. The Borrower shall enable the Bank's representatives to inspect the records referred to in Section 4.01 of this Agreement and any relevant documents.

ARTICLE V

Remedies of the Bank

Section 5.01. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified:

(a) a change shall have been made in any legal instrument under which FOGAIN, FOMIN or FIDEIN has been established which would materially and adversely affect the carrying out of the Project or the financial condition of FOGAIN, FOMIN or FIDEIN;

(b) a change shall have been made in any of the Operating Regulations, or in the Project Execution Document or in the agreed Interest Rate Structure, without the Bank's concurrence thereon;
(c) a resolution shall have been passed for the dissolution or liquidation of FOGAIN or FOMIN or FIDEIN; and

(d) the Guarantor and the Bank shall have failed to reach the agreement referred to in Section 3.02 of the Guarantee Agreement.

Section 5.02. For purposes of Section 7.01 of the General Conditions, the following additional events are specified pursuant to paragraph (h) thereof:

(a) that the event specified in paragraph (a) or paragraph (c) of Section 5.01 of this Agreement shall occur; and

(b) that the event specified in paragraph (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower.

ARTICLE VI
Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) that the technical committees of FOGAIN and FIDEIN have formally approved modifications in their respective Operating Regulations, satisfactory to the Bank; and

(b) that the Bank has been furnished with an Interest Rate Structure satisfactory to the Bank of the interest rates to be used by FOGAIN in its operations.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that all necessary acts, consents and approvals to be performed or given by the Guarantor, its political subdivisions or agencies or by any agency of any political subdivision or otherwise to be performed or given in order to authorize the carrying out of the Project and to enable the Borrower to perform, in its own capacity and as Trustee for the Fideicomisos, all of the covenants, agreements and obligations of
the Borrower in the Loan Agreement contained, together with all necessary powers and rights in connection therewith, have been duly and validly performed or given and no other such acts, consents and approvals are required to be performed or given for said purpose.

Section 6.03. The date November 14, 198__, is hereby specified for the purpose of Section 12.04 of the General Conditions.

ARTICLE VII
Addresses

Section 7.01. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Bank:

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

Cable address: INTBAFRAD
Telex: 440098 (ITT)
Telex: 248423 (RCA) or
Telex: 64145 (WUI)

For the Borrower:

Nacional Financiera S.A.
Isabel la Católica 51
06008 México, D.F.
México

Cable address: NAFIN
Telex: NAFIME 383-1772538 BMXME
Mexico City
Mexico City
IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names in Mexico City, Mexico, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By/S

Senior Vice President Operations

NACIONAL FINANCIERA S.A.

By

Authorized Representative
### SCHEDULE 1

**Amortization Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Payment of Principal (expressed in dollars)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 1 and August 1</td>
<td></td>
</tr>
<tr>
<td>beginning February 1, 1987 through February 1, 1998</td>
<td>7,290,000</td>
</tr>
<tr>
<td>On August 1, 1998</td>
<td>7,330,000</td>
</tr>
</tbody>
</table>

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal; see General Conditions, Section 3.04.
## Premiums on Prepayment

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.04 (b) of the General Conditions:

<table>
<thead>
<tr>
<th>Time of Prepayment</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not more than three years before maturity</td>
<td>0.20</td>
</tr>
<tr>
<td>More than three years but not more than six years before maturity</td>
<td>0.40</td>
</tr>
<tr>
<td>More than six years but not more than eleven years before maturity</td>
<td>0.73</td>
</tr>
<tr>
<td>More than eleven years but not more than thirteen years before maturity</td>
<td>0.87</td>
</tr>
<tr>
<td>More than thirteen years before maturity</td>
<td>1.00</td>
</tr>
</tbody>
</table>

The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on the Loan on the day of prepayment multiplied by:
SCHEDULE 2

Modifications of the General Conditions

For purposes of the Loan Agreement, the provisions of the General Conditions are modified as follows:

(1) The word "Sub-projects" is added after the words "the Project" at the end of Section 5.03.

(2) Section 6.03 is deleted and replaced by the following new Section:

"Section 6.03. Cancellation by the Bank. If (i) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (ii) by the date specified in paragraph (d) of Section 2.04 of the Loan Agreement no applications or requests permitted under paragraph (a) or paragraph (b) or paragraph (c) of such Section shall have been received by the Bank in respect of any portion of the Loan, or having been so received, shall have been denied, or (iii) after the Closing Date an amount of their Loan shall remain unwithdrawn from the Loan Account, or (iv) the Bank shall have received notice from the Guarantor pursuant to Section 6.07 with respect to an amount of the Loan, the Bank may, by notice to the Borrower, terminate the right of the Borrower to submit such applications or requests or to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice such amount or portion of the Loan shall be cancelled."
SCHEDULE 3

Adjustment of interest rates on loans in FOGAIN's portfolio pursuant to Section 3.05(b) of this Agreement

<table>
<thead>
<tr>
<th>Quarter Beginning</th>
<th>FOGAIN Loans made between 9/79 and 7/80</th>
<th>FOGAIN Loans made between 8/80 and 6/83</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1983</td>
<td>Increase by 4 points</td>
<td>Increase by 4 points</td>
</tr>
<tr>
<td>October 1, 1983</td>
<td>Increase by 1/6 of difference between existing rate and July '83 Category Rate.</td>
<td>Increase by 1/5 of difference between existing rate and July '83 Category Rate.</td>
</tr>
<tr>
<td>January 1, 1984</td>
<td>Increase by 1/5 of difference between existing rate and October '83 Category Rate.</td>
<td>Increase by 1/4 of difference between existing rate and October '83 Category Rate.</td>
</tr>
<tr>
<td>April 1, 1984</td>
<td>Increase by 1/4 of difference between existing rate and January '84 Category Rate.</td>
<td>Increase by 1/3 of difference between existing rate and January '84 Category Rate.</td>
</tr>
<tr>
<td>July 1, 1984</td>
<td>Increase by 1/3 of difference between existing rate and April '84 Category Rate.</td>
<td>Increase by 1/2 of difference between existing rate and April '84 Category Rate.</td>
</tr>
<tr>
<td>October 1, 1984</td>
<td>Increase by 1/2 of difference between existing rate and July '84 Category Rate.</td>
<td>Category Rate.</td>
</tr>
<tr>
<td>January 1, 1985</td>
<td>Category Rate.</td>
<td>Category Rate.</td>
</tr>
</tbody>
</table>

and thereafter:

The Category Rate is the particular rate within the Agreed Interest Rate Structure applicable at a given time to the category of loan in question, as specified in section 3.04(a) of the Loan Agreement.
CERTIFICATE

I hereby certify that the foregoing is a true copy of the original in the archives of the International Bank for Reconstruction and Development.

In witness whereof I have signed this Certificate and affixed the Seal of the Bank thereunto this 15th day of August, 1983.

[Signature]

FOR SECRETARY