Mr. Alejandro Díaz de León  
*Titular de la Unidad de Crédito Público*  
*Secretaría de Hacienda y Crédito Público*  
*Insurgentes Sur No. 1971*  
*Torre III, piso 3*  
*Colonia Guadalupe Inn*  
*01020 México, D.F.*  

**Re:** UNITED MEXICAN STATES: Integrated Energy Services Project  
*(Loan No. 7501-ME)*  
**Amendment to the Loan Agreement**

Dear Mr. Díaz de León,

We refer to the Loan Agreement for the above-captioned Project between the United Mexican States (the “Borrower”) as represented by its Ministry of Finance and Public Credit and the International Bank for Reconstruction and Development (the “Bank”), dated December 5, 2008 (the “Loan Agreement”). Please note that capitalized terms used in this letter (the “Amendment Letter”) and not defined herein have the meaning ascribed to them in the Loan Agreement.

Pursuant to our discussions on the subject and in response to NAFIN’s request to amend the Loan Agreement as evidenced by a letter of May 12, 2011, we are pleased to inform you that the Bank hereby agrees to amend the Loan Agreement as follows:

1. The phrase “Director of International Financial Institutions (Director de Organismos Financieros Internacionales)” is hereby amended and inserted in Section 2.02 of Article II of the Loan Agreement as appropriate.

2. Section 3.01 of Article III of the Loan Agreement is hereby amended to read in its entirety as follows:

   “3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower, through SENER, shall carry out the Project, in accordance with the provisions of Article V of the General Conditions.”

3. The phrase “through SENER” is hereby inserted in Section 3.02 of Article II of the Loan Agreement as appropriate.

4. The Borrower’s address included in Section 6.02 of Article VI of the Loan Agreement is hereby changed.

5. Schedule 1 (Project Description) to the Loan Agreement is hereby amended as follows:

   5.1. The first paragraph of Schedule 1 is hereby amended to read in its entirety as follows:
"The objective of the Project is to increase access to efficient and sustainable integrated energy services in predominantly indigenous rural areas of the Borrower."

5.2. Part 2 is hereby amended to read in its entirety as follows:

"Part 2. Rural Energy Sub-Projects

Carrying out of Rural Energy Sub-Projects."

5.3. Part 3 is hereby deleted.

5.4. Part 4 is hereby numbered as Part 3.

5.5. Part 5 is hereby renumbered as Part 4, which is also hereby amended to read in its entirety as follows:

"Part 4. Project Management

Provision of support for the functioning of the Administrative Unit."

6. Section I of Schedule 2 (Project Execution) to the Loan Agreement is hereby amended as follows:

6.1. The title of Section I.A is hereby amended to read in its entirety as follows: "Institutional Arrangements".

6.2. The phrase "financial administrator and" is hereby deleted in Section I.A.1.(a) as appropriate.

6.3. The phrase "through SHCP and SENER (acting as the executor)" is hereby included in Section I.A.1.(b) as appropriate.

6.4. Section I.A.2 is hereby deleted and replaced to read in its entirety as follows:

"2. The Borrower, through SENER (through its Dirección General de Sustentabilidad), shall maintain, until completion of the Project, the unit within SENER (the "Administrative Unit"), with staff (including a procurement specialist and a financial management specialist), structure and functions satisfactory to the Bank, which shall be responsible for the management, coordination, supervision, monitoring and evaluation of the Project, including, without limitation, the carrying out of procurement and financial management activities under the Project, together with the responsibility for the preparation of the financial statements, financial reports, Project Reports, and maintenance of the records and accounts referred to in Section II of this Schedule 2."

6.5. Section I.A.3 is hereby deleted and replaced to read in its entirety as follows:

"3. For the purposes of implementing Part 2 of the Project, the Borrower, through SENER, shall:

(a) maintain an agreement with CFE (the "SENER-CFE Collaboration Agreement"), under terms and conditions
acceptable to the Bank, including, *inter alia*, the obligation of CFE to: (A) carry out the activities under Part 2 of the Project in accordance with the provisions set forth in this Agreement, the Operational Manual, the Anti-corruption Guidelines and Section III of this Schedule 2; and (B) take all actions necessary to enable the Borrower, through SENER, to comply with all of its obligations under this Agreement; and

(b) exercise its rights and carry out its obligations under the SENER-CFE Collaboration Agreement in such manner as to protect the interests of the Borrower and the Bank, and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower, through SENER, shall not assign, amend, abrogate, waive or fail to enforce the SENER-CFE Collaboration Agreement or any of their provisions. In case of any conflict between the terms of this Agreement and the terms of the SENER-CFE Collaboration Agreement, the terms of this Agreement shall prevail.”

6.6. Section I.A.4 is hereby deleted.

6.7. The title of Section I.B is hereby deleted to read in its entirety as follows: “Operational Manual”.

6.8. The phrase “through SENER” is hereby inserted in the first sentence of Section I.B.1 as appropriate.

6.9. The following paragraphs of Section I.B.2 are hereby amended and/or deleted, as appropriate, to read as follows:

6.9.1 The word “through SENER” is hereby inserted in paragraph (d) as appropriate.

6.9.2. Paragraph (f) is hereby amended to read in its entirety as follows:

“(f) clear and well defined roles and responsibilities, as appropriate, of *inter alia*: (i) CFE; (ii) FTE; (iii) NAFIN; (v) SENER; in the carrying out of the Project;”

6.9.3. The word “framework” is hereby replaced by “plan” in paragraph (g).

6.9.4. Paragraph (h) is hereby amended to read in its entirety as follows:

“(h) a framework for public consultations with Project stakeholders; and”

6.9.5. Paragraph (i) is hereby deleted and amended to read in its entirety as follows:

“(i) procedures for the carrying out of voluntary donations of land by local communities participating in the Project.”

6.10. Section I.C of Schedule 2 (Project Execution) to the Loan Agreement is hereby inserted to read in its entirety as follows:
C. Safeguards

The Borrower, through SENER, shall carry out the Project in accordance with the provisions of the Environmental Management Plan.

7. Section II of Schedule 2 (Project Execution) to the Loan Agreement is hereby amended as follows:

7.1. The phrase “one month” is hereby replaced by “forty-five (45) days” in the last sentence of Section II.A.1.

7.2. The phrases “in close coordination with CFE” are hereby inserted in Sections II.B.2 and II.B.3 as appropriate.

8. Section III of Schedule 2 (Project Execution) to the Loan Agreement is hereby amended as follows:

8.1. Section III.A.2 is hereby deleted and replaced by former Section III.A.3 without the following phrase “, or Consultant Guidelines, as the case may be”.

8.2. Section III.A.3 is hereby inserted to read in its entirety as follows:

“3. Special Provisions. The Borrower, through SENER, shall update the Procurement Plan at least once a year, or as needed through the duration of the Project, to reflect the actual Project implementation needs and progress and supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter.”

8.3. The phrase “and Works” is hereby included in the heading of Section III.B.

8.4. Section III.C is hereby deleted.

8.5. Section III.D is hereby renumbered as Section III.C.

9. Section IV of Schedule 2 (Project Execution) to the Loan Agreement is hereby amended as follows:

9.1. Section IV.A.2 is hereby amended to read in its entirety as follows:

“2. The Bank shall, on behalf of the Borrower, withdraw from the Loan Account on or after the Effective Date and pay to itself the Front-end Fee payable pursuant to Section 3.01 of the General Conditions. The remaining proceeds of the Loan shall be disbursed in Dollars unless otherwise agreed between the Borrower and the Bank and so reflected in the additional instructions referred in Section IV.A.1 immediately above. Consistently with Section 2.05 of the General Conditions, the Borrower shall use an amount from the federal expenditure budget equivalent to the amount in Dollars provided under this Agreement to finance Eligible Expenditures.

The following table specifies the categories of Eligible Expenditures that may be financed with an amount from the federal expenditure budget equivalent to the amount in Dollars provided under the Loan (“Category”), the allocation of the amounts of the Loan to each
9.2. The disbursement table inserted in Section IV.A.2 is hereby amended to read in its entirety as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and works under Part 2 of the Project other than those financed by the GEF Trust Fund Grant</td>
<td>14,962,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultant Services and Training, other than those financed by the GEF Trust Fund Grant</td>
<td>[Intentionally left blank]</td>
<td></td>
</tr>
<tr>
<td>(3) Expenditures under Service Management Contracts other than those financed by the GEF Trust Fund Grant</td>
<td>[Intentionally left blank]</td>
<td></td>
</tr>
<tr>
<td>(4) Operating Costs under Part 4 of the Project other than those financed by the GEF Trust Fund Grant</td>
<td>[Intentionally left blank]</td>
<td></td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>[Intentionally left blank]</td>
<td></td>
</tr>
<tr>
<td>(6) Front-end Fee</td>
<td>37,500</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
</tbody>
</table>

**TOTAL** 15,000,000

For purposes of this Section, the term “Operating Costs” means the reasonable costs of communications, office supply and utilities, travel and per diem directly related to the performance of the Project activities, which would not have been incurred absent the Project.”

9.3. Section IV.B.2. is hereby amended to read in its entirety as follows:

“2. The Closing Date is June 30, 2014.”

10. Definitions No. 2, 3, 7, 11, 15, 16, 18 and 20 of the Appendix to the Loan Agreement are hereby deleted. The following definitions are hereby amended and/or inserted, as applicable, in such Appendix (as a result the definitions are renumbered to maintain alphabetical order): (a) Administrative Unit; (b) Anti-corruption Guidelines; (c) CFE; (d) Environmental Management Plan; (e) FTE; (f) Indigenous People; (g) Operational
Manual; (h) Procurement Guidelines; (i) Procurement Plan; (j) Rural Energy Sub-Projects; (k) SENER-CFE Collaboration Agreement; and (l) SEPA.

Consequently, we are including all the above-mentioned changes in the Attachment A to this Amendment Letter (the “Amended and Restated Loan Agreement”).

Please confirm your agreement with the foregoing amendment, including its Attachment A, by signing, dating and returning to us this Amendment Letter. Thereafter, all the provisions of the Loan Agreement, except as amended through this Amendment Letter, shall remain in full force and effect. This Amendment Letter shall be executed in three counterparts each of which shall be an original.

The provisions set forth in this Amendment Letter shall become effective as of the date of the countersignature upon compliance by the Borrower of the following conditions: (i) one fully executed original of this Amendment Letter has been delivered to the Bank; and (ii) an amendment to the Contrato de Mandato has been duly executed by the parties thereto and is in full effect and a copy of such amendment has been delivered to the Bank.

Please note that the approved Restructuring Paper dated October 4, 2012 will be disclosed on the Bank’s external website.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Gloria M. Grandolini
Director
Colombia and México
Latin American and the Caribbean Region

AGREED:

UNITED MEXICAN STATES

By

Alejandro Díaz de León Carrillo
Authorized Representative

Title: Titular de la Unidad de Crédito Público
Amended and Restated Loan Agreement

(Integrated Energy Services Project)

between

UNITED MEXICAN STATES

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated December 5, 2008 and amended and restated on October 22, 2012
LOAN AGREEMENT

Agreement dated December 5, 2008, and amended and restated on October 22, 2012, between UNITED MEXICAN STATES ("Borrower") represented by its SHCP, and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

WHEREAS by an agreement of even date herewith between the Borrower and the Bank, acting as implementing agency of the GEF (the GEF Grant Agreement), the Bank has agreed to make a grant to the Borrower in an amount of fifteen million Dollars ($15,000,000) (the GEF Trust Fund Grant) to assist in financing of the Project on the terms and conditions set forth in the GEF Grant Agreement;

WHEREAS the Borrower has informed the Bank that the proceeds of the Loan (as set forth in the table in Section IV of Schedule 2 to this Agreement and for purposes of supporting the Project described in Schedule 1 to this Agreement), shall be used in conformity with the requirements of the Borrower’s income, budgetary and public debt laws and the terms of this Agreement.

The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of fifteen million Dollars (USD 15,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. The Borrower’s Representative, for purposes of taking any action required or permitted to be taken pursuant to this Section, is the Director of International Financial Institutions (Director de Organismos Financieros Internacionales) of NAFIN, or any person or person whom he or she shall designate in writing.
2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread; provided that, upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.

2.05. The Payment Dates are May 1 and Nov 1 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.

2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04. (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.
ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower, through SENER, shall carry out the Project in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower, through SENER, shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consists of the following, namely that, NAFIN shall have failed to perform any of its obligations under the Contrato de Mandato.

4.02. The Additional Event of Acceleration consists of the following, namely, that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The GEF Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

(b) The Contrato de Mandato has been entered into by the parties thereto and is in effect.

(c) The Borrower (in its legal opinion) and NAFIN (in a separate legal opinion satisfactory to the Bank, issued by NAFIN counsel acceptable to the Bank), indicate that the Contrato de Mandato has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and NAFIN and is legally binding upon the Borrower and NAFIN in accordance with the Contrato de Mandato’s terms.

5.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank’s approval of the Loan which expire on July 17, 2009.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its Titular de la Unidad de Crédito Público of SHCP.

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

Secretaría de Hacienda y Crédito Público
Unidad de Asuntos Internacionales de Hacienda
Insurgentes Sur 1971
Torre III, tercer piso
Colonia Guadalupe Inn
01020 México, D.F.

6.03. The Bank’s Address is:

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

Cable address: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391

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

UNITED MEXICAN STATES

By /s/ [Signature]
Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ [Signature]
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to increase access to efficient and sustainable integrated energy services in predominantly indigenous rural areas of the Borrower.

The Project consists of the following parts:

Part 1. Policy, Regulation and Strategy

(a) Strengthening of the Borrower’s policy, legal and regulatory framework for the energy sector, including: (i) the definition of the tariff and subsidy mechanisms for projects not connected to the national interconnection system; and (ii) the definition of ownership for projects co-financed with public resources at the national and sub-national level or with a combination of public and private resources.

(b) Development of financial, policy and regulatory incentives to foster the development of RET-based off-grid electricity services.

(c) Development of regulatory measures, standards and manuals to ensure minimum quality levels in technical installations and service delivery practices.

(d) Development of methodological guidelines and tools for public consultation activities and for environmental protection.

(e) Design of a conflict resolution mechanism to ensure transparency and reduce risks.

Part 2. Rural Energy Sub-Projects

Carrying out of Rural Energy Sub-Projects.

Part 3. Promotion and Technical Assistance to Increase Productive Uses of Electricity

Provision of technical assistance to selected entrepreneurs, associations or communities (on a competitive basis when applicable), in the Borrower’s rural areas, to expand their business activities through the use of energy services, including, inter alia: (a) the development of social or community projects through the provision of rural energy services including energy for community centers or local government offices; (b) the development of productive and economic activities through the provision of energy services; (c) better access to
micro-financing and better management of remittances; (d) better understanding of financial schemes and preparation of business plans; (e) the development of socially productive activities; and (f) promoting of economic and productive activities including profitable energy-intensive productive activities and micro-business or entrepreneurial activities.

Part 4. Project Management

Provision of support for the functioning of the Administrative Unit.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. (a) The Borrower, through SHCP and SENER, shall enter into a contract (Contrato de Mandato) with NAFIN, satisfactory to the Bank, whereby NAFIN agrees to act as financial agent of the Borrower with regard to the Loan, meaning that, inter alia, NAFIN agrees to represent the Borrower vis-à-vis the Bank for purposes of submitting withdrawal applications to the Bank in form and substance sufficient to justify disbursement by the Bank to the Borrower of Loan proceeds and agrees to maintain and operate a designated account in compliance with the terms of the instructions deferred to in Section IV. A.1 of this Schedule.

   (b) The Borrower, through SHCP and SENER (acting as the executor), shall exercise its rights and carry out its obligations under the Contrato de Mandato in such a manner as to protect the interests of the Bank and to accomplish the purposes of the Loan, all with the appropriate due diligence and efficiency for the benefit of the Project. Except as the Bank may otherwise agree, the Borrower shall not amend or fail to enforce any provision of the Contrato de Mandato. In case of any conflict between the terms of the Contrato de Mandato and those of this Agreement, the terms of this Agreement shall prevail.

2. The Borrower, through SENER (through its Dirección General de Sustentabilidad), shall maintain, until completion of the Project, the unit within SENER (the “Administrative Unit”), with staff (including a procurement specialist and a financial management specialist), structure and functions satisfactory to the Bank, responsible for the management, coordination, supervision, monitoring and evaluation of the Project, including, without limitation, the carrying out of procurement and financial management activities under the Project, together with the responsibility for the preparation of the financial statements, financial reports, Project Reports, and maintenance of the records and accounts referred to in Section II of Schedule 2 to this Agreement.

3. For the purposes of implementing Part 2 of the Project, the Borrower, through SENER, shall:

   (a) maintain an agreement with CFE (the SENER-CFE Collaboration Agreement), under terms and conditions acceptable to the Bank, including, inter alia: the obligation of CFE to: (A) carry out the activities
under Part 2 of the Project in accordance with the provisions set forth in this Agreement, the Operational Manual, the Anti-corruption Guidelines and Section III of this Schedule 2; and (B) take all actions necessary to enable the Borrower, through SENER, to comply with all of its obligations under this Agreement; and

(b) exercise its rights and carry out its obligations under the SENER-CFE Collaboration Agreement in such manner as to protect the interests of the Borrower and the Bank, and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower, through SENER, shall not assign, amend, abrogate, waive or fail to enforce the SENER-CFE Collaboration Agreement or any of their provisions. In case of any conflict between the terms of this Agreement and the terms of the SENER-CFE Collaboration Agreement, the terms of this Agreement shall prevail.

B. Operational Manual

1. The Borrower, through SENER, shall carry out the Project in accordance with the terms of a manual satisfactory to the Bank (the Operational Manual). Except as the Bank shall otherwise agree, the Borrower, through SENER, shall not amend, waive or fail to enforce the Operational Manual or any provision thereof. In case of any conflict between the terms of this Agreement and those of the Operational Manual, the terms of this Agreement shall prevail.

2. The Operational Manual shall include provisions detailing procedures and guidelines for the carrying out of the Project, including, *inter alia*:

(a) procedures for the preparation, review and approval of reports pursuant to the Project’s financial management arrangements;

(b) procurement and contracting procedures consistent with Section III of Schedule 2 to this Agreement, to be applicable to the contracts for the works, goods and consultants’ services required for the Project and to be financed out of the proceeds of the Loan;

(c) Project performance indicators and the procedures for the monitoring and evaluation of the Project;

(d) procedures for the preparation, review and approval of withdrawal applications in conformity with the instructions that the Bank may give to the Borrower, through SENER, and NAFIN in this respect;

(e) eligibility criteria for the identification, prioritization and selection of the Energy Sub-Projects;
clear and well defined roles and responsibilities, as applicable, of inter
alia: (i) CFE; (ii) FTE; (iii) NAFIN; and (iv) SENER; in the carrying out
of the Project;

(g) the Environmental Management Plan;

(h) a framework for public consultations with Project stakeholders; and

(i) procedures for the carrying out of voluntary donations of land by local
   communities participating in the Project.

C. Safeguards

The Borrower, through SENER, shall carry out the Project in accordance with the
provisions of the Environmental Management Plan.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower, through SENER, shall monitor and evaluate the progress of the
   Project and prepare Project Reports in accordance with the provisions of Section
   5.08 of the General Conditions and on the basis of indicators agreed with the
   Bank. Each Project Report shall cover the period of one calendar semester, and
   shall be furnished to the Bank not later than forty-five (45) days after the end of
   the period covered by such report.

2. For purposes of Section 5.08 (c) of the General Conditions, the report on the
   execution of the Project and related plan required pursuant to that Section shall
   be furnished to the Bank not later than six months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through SENER, shall maintain a financial management system in
   accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower,
   through SENER, in close coordination with CFE, shall prepare and furnish to the
   Bank not later than forty five (45) days after the end of each calendar semester,
   interim unaudited financial reports for the Project covering the semester, in form
   and substance satisfactory to the Bank.

3. The Borrower, through SENER, in close coordination with CFE, shall have its
   Financial Statements audited in accordance with the provisions of Section 5.09
(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines.

3. **Special Provisions.** The Borrower, through SENER, shall update the Procurement Plan at least once a year, or as needed through the duration of the Project, to reflect the actual Project implementation needs and progress and supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter.

**B. Particular Methods of Procurement of Goods and Works.**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
</tbody>
</table>

**C. Review by the Bank of Procurement Decisions**
The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. NAFIN may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower and/or NAFIN (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The Bank shall, on behalf of the Borrower, withdraw from the Loan Account on or after the Effective Date and pay to itself the Front-end Fee payable pursuant to Section 3.01 of the General Conditions. The remaining proceeds of the Loan shall be disbursed in Dollars unless otherwise agreed between the Borrower and the Bank and so reflected in the additional instructions referred in Section IV.A.1 immediately above. Consistently with Section 2.05 of the General Conditions, the Borrower shall use an amount from the federal expenditure budget equivalent to the amount in Dollars provided under this Agreement to finance Eligible Expenditures.

The following table specifies the categories of Eligible Expenditures that may be financed with an amount from the federal expenditure budget equivalent to the amount in Dollars provided under the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and works under Part 2 of the Project other than those financed by the GEF Trust Fund Grant</td>
<td>14,962,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultant Services and Training, other than those financed by the GEF Trust Fund Grant</td>
<td>[Intentionally left blank]</td>
<td></td>
</tr>
<tr>
<td>(3) Expenditures under Service Management Contracts other than those financed by the GEF Trust Fund Grant</td>
<td>[Intentionally left blank]</td>
<td></td>
</tr>
<tr>
<td>(4) Operating Costs under Part 4 of the Project other than those financed by the GEF Trust Fund Grant</td>
<td>[Intentionally left blank]</td>
<td></td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>[Intentionally left blank]</td>
<td></td>
</tr>
<tr>
<td>(6) Front-end Fee</td>
<td>37,500</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
</tbody>
</table>

TOTAL 15,000,000

For purposes of this Section, the term “Operating Costs” means the reasonable costs of communications, office supply and utilities, travel and per diem directly related to the performance of the Project activities, which would not have been incurred absent the Project.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $3,000,000 equivalent may be made for payments made within twelve (12) months of this Agreement, but in no case prior to May 15, 2007, for Eligible Expenditures; and from the Loan
Account until the Bank has received payment in full of the Front-End Fee referred to in Section 2.03 of this Agreement.

2. The Closing Date is June 30, 2014.
SCHEDULE 3

1. The following table sets forth the Principal Payment Dates of the Loan ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 1 and November 1</td>
<td></td>
</tr>
<tr>
<td>Beginning May 1, 2013 through November 1, 2022</td>
<td>5%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date
following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (a) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (b) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions

1. "Administrative Unit" means the unit within SENER referred to in Section I.A.2 of Schedule 2 to this Agreement.


3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

4. "CFE" means Comisión Federal de Electricidad, the Borrower’s national electricity utility.

5. "Contrato de Mandato" means the contract referred to in Section I.A.1.(a) of Schedule 2 to this Agreement.

6. "Environmental Management Plan” means the Manual de Buenas Prácticas Ambientales para la Construcción de Obras de Electrificación con Aplicación de Granjas Solares, published on SENER’s website on March 28, 2012, acceptable to the Bank, which set forth the procedures and measures to be followed for the adequate environmental management of the Project, as said plan may be amended from time to time with the agreement of the Bank.

7. "FTE" means Fondo para la Transición Energética y el Aprovechamiento Sustentable de la Energía, the Borrower’s fund for energy transition and the sustainable use of energy, established pursuant the Borrower’s renewable energy law (Ley para el Aprovechamiento de Energías Renovables y el Financiamiento de la Transición Energética), of November 2008.

8. "General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 with the modifications set forth in Section II of this Appendix.

9. "Indigenous Peoples” means social groups disadvantaged in the development process and with a social and cultural identity distinct from those which constitute the predominant ethnic group in the Borrower’s territory.

10. "NAFIN” means Nacional Financiera, S.N.C., a Mexican development bank serving as the Borrower’s financial agent for purposes of the Loan.
11. "Operational Manual" means the manual dated October 4, 2012, and referred to in Section I.B of Schedule 2 to this Agreement as said manual may be amended from time to time with the Bank's prior approval.


13. "Procurement Plan" means the Borrower's procurement plan for the Project, dated March 1, 2011, updated on July 31, 2012, and referred to in paragraph 1.16 of the Procurement Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraph.


15. "Rural Energy Sub-Projects" means the provision of: (i) centralized solar farms using photovoltaic technology to generate electricity; and/or (ii) mini-grids distributing outputs to households, rural institutions and micro-enterprises; all such infrastructure to be built in selected Project areas where the majority of beneficiaries are Indigenous Peoples.


17. "SENER-CFE Collaboration Agreement" means the agreement referred to Section I.3.(a) of Schedule 2 to this Agreement.

18. "SEPA" means the Bank’s publicly accessible Procurement Plans Execution System.


Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 2.07 (b) shall read as follows:

   "Except as otherwise provided in the Loan Agreement, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account on or after the Effective Date and pay to itself the amount of the Front-end Fee payable pursuant to Section 3.01."

2. Section 3.01 shall read as follows:
"Section 3.01. *Front-end Fee.* The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee")."

3. A new paragraph (d) is added to Section 3.02, at the end thereof, which shall read as follows:

"Section 3.02. *Interest*

(d) Notwithstanding the provisions of paragraph (a) of this Section, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the Borrower shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified in the Loan Agreement (or such other interest rate as may be applicable pursuant to Article IV as a result of a Conversion) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date."

4. APPENDIX - Definitions:

4.01. Definition (19) “Commitment Charge” is deleted.

4.02. Definition (40) “Fixed Spread” shall read as follows:

"‘Fixed Spread’ means the Bank’s fixed spread for the initial Loan Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement; provided, that upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, such fixed spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines; and provided further that notwithstanding the foregoing, for purposes of determining the Default Interest Rate applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the “Fixed Spread” means the Bank’s fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount."

4.03. Definition (43) “Front-end Fee” shall read as follows:

"‘Front-end Fee’ means the fee specified in the Loan Agreement for the purpose of Section 3.01."

4.04. Definition (56) “LIBOR Reset Date” shall read as follows:

"‘LIBOR Reset Date’ means:

(a) for any Loan Currency other than Euro, the day two London Banking Days prior to the first day of the relevant Interest Period (or: (i) in the
case of the initial Interest Period of a Variable Spread Loan, the day two London Banking Days prior to the fifteenth day of the month preceding the month in which the Loan Agreement is signed; provided that if the date of the Loan Agreement falls on or after the fifteenth day of the month in which the Loan Agreement is signed, the LIBOR Reset Date shall be the day two London Banking Days prior to the fifteenth day of such month; (ii) in the case of the Initial Interest Period of a Fixed Spread Loan, the day two London Banking Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided, that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the LIBOR Reset Date shall be the day two London Banking Days prior to the date of the Loan Agreement; and (iii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to any Approved Currency other than Euro falls on a day other than a Payment Date, the initial LIBOR Reset Date for the Approved Currency shall be the day two London Banking Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided, that if the Conversion Date falls on the first or fifteenth day of such month, the LIBOR Reset Date for the Approved Currency shall be the day two London Banking Days prior to the Conversion Date);
the LIBOR Reset Date for the Approved Currency shall be the day two
Target Settlement Days prior to the Conversion Date); and

(c) notwithstanding sub-paragraphs (a) and (b) of this paragraph, if, for a
Currency Conversion to an Approved Currency, the Bank determines
that market practice for the determination of the LIBOR Reset Date is on
a date other than as set forth in said sub-paragraphs, the LIBOR Reset
Date shall be such other date, as further specified in the Conversion
Guidelines."

4.05. Definition (63) “Loan Payment” shall read as follows:

""Loan Payment" means any amount payable by the Loan Parties to the Bank
pursuant to the Legal Agreements or these General Conditions, including (but not limited
to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, interest at
the Default Interest Rate (if any), any prepayment premium, any transaction fee for a
Conversion or early termination of a Conversion, any premium payable upon the
establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding
Amount payable by the Borrower."

4.06. Definition (68) “Payment Date” shall read as follows:

""Payment Date" means each date specified in the Loan Agreement occurring on
or after the date of the Loan Agreement on which interest is payable."

4.07. The following definitions are added to the Appendix at the end thereof:

""Default Interest Period" means for any overdue amount of the Withdrawn Loan
Balance, each Interest Period during which such overdue amount remains unpaid;
provided, however, that the first such Default Interest Period shall commence on the 31st
day following the date on which such amount becomes overdue, and the final such
Default Interest Period shall end on the date at which such amount is fully paid."

""Default Interest Rate" means for any Default Interest Period:

(a) in the case of a Variable Spread Loan: Default LIBOR plus the Variable
Spread plus one half of one percent (0.5%);

(b) in the case of a Fixed Spread Loan for which interest on the amount of
the Withdrawn Loan Balance to which the Default Interest Rate applies
was payable at a Variable Rate immediately prior to the application of
the Default Interest Rate: the Default Variable Rate plus one half of one
percent (0.5%); and
(c) in the case of a Fixed Spread Loan for which interest on the amount of the Withdrawn Loan Balance to which the Default Interest Rate applies was payable at a Fixed Rate immediately prior to the application of the Default Interest Rate: Default LIBOR plus the Fixed Spread plus one half of one percent (0.5%)."

"Default LIBOR" means LIBOR for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default LIBOR shall be equal to LIBOR for the Interest Period in which the amount referred to in paragraph (d) of Section 3.02 first becomes overdue."

"Default Variable Rate" means the Variable Rate for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default Variable Rate shall be equal to the Variable Rate for the Interest Period in which the amount referred to in paragraph (d) of Section 3.02 first becomes overdue."