

EDC LOAN NO. 880-MEX-UF00-UF00B



DATED OCTOBER 23, 1998

COMISION FEDERAL DE ELECTRICIDAD

AND

EXPORT DEVELOPMENT CORPORATION

LINE OF CREDIT AGREEMENT

TABLE OF CONTENTS



PARTIES.....	
RECITALS.....	
ARTICLE I.....	
DEFINITIONS.....	
Section 1.01 - Definitions.....	1
Section 1.02 - Rules of Interpretation.....	6
Section 1.03 - Currency of Account and Currency of Payment.....	6
ARTICLE II.....	6
REPRESENTATIONS AND WARRANTIES.....	6
Section 2.01 - Representations and Warranties.....	6
ARTICLE III.....	9
LOAN.....	9
Section 3.01 - Loan.....	9
Section 3.02 - Manner of Disbursement.....	9
Section 3.03 - Currency of Advances.....	9
Section 3.04 - Allocation and Availability Periods and Cancellation.....	10
Section 3.05 - Disclaimer.....	10
Section 3.06 - Request for and Allocation for Contracts.....	11
Section 3.07 - Cancellation or Termination of a Contract.....	11
Section 3.08 - Third Country Supply.....	11
ARTICLE IV.....	12
REPAYMENT OF PRINCIPAL, PAYMENT OF INTEREST AND OTHER CHARGES.....	12
Section 4.01 - Bundling Notices.....	12
Section 4.02 - Principal.....	12
Section 4.03 - Interest.....	13
Section 4.04 - Interest on Amounts in Default.....	14
Section 4.05 - Additional Costs and Illegality.....	14
Section 4.06 - Place and Manner of Payment.....	15
Section 4.07 - No Deduction for Taxes.....	15
Section 4.08 - Administration Fees.....	15
Section 4.09 - Commitment Fees.....	16
Section 4.10 - Exposure Fees.....	16
Section 4.11 - Costs and Expenses.....	17
Section 4.12 - Application of Payments.....	18
Section 4.13 - Voluntary Prepayment.....	18
Section 4.14 - Indemnities.....	19
ARTICLE V.....	19
LOAN ACCOUNTS.....	19
Section 5.01 - Loan Accounts.....	19

11

ARTICLE VI.....	19
PREDISBURSEMENT CONDITIONS	19
Section 6.01 - First Advance.....	19
Section 6.02 - First Advance for Each Contract	20
Section 6.03 - Each Advance	20
Section 6.04 - Waiver of Predisbursement Conditions	21
ARTICLE VII.....	21
COVENANTS OF BORROWER.....	21
Section 7.01 - Covenants of Borrower	21
ARTICLE VIII	22
CANADIAN BENEFITS	22
Section 8.01 - Canadian Benefits.....	22
ARTICLE IX.....	22
DEFAULT.....	22
Section 9.01 - Events of Default	22
Section 9.02 - Suspension of Advances.....	24
Section 9.03 - Termination of Advances; Acceleration	24
Section 9.04 - Remedies Cumulative	24
ARTICLE X	25
NOTICE	25
Section 10.01 - Notice	25
ARTICLE XI.....	26
APPLICABLE LAW, JURISDICTION, WAIVER OF IMMUNITY	26
AND JUDGMENT CURRENCY	26
Section 11.01 - Applicable Law, Jurisdiction, Waiver of Immunity and Judgment Currency.....	26
ARTICLE XII.....	27
SUCCESSORS AND ASSIGNS.....	27
Section 12.01 - Successors and Assigns	27

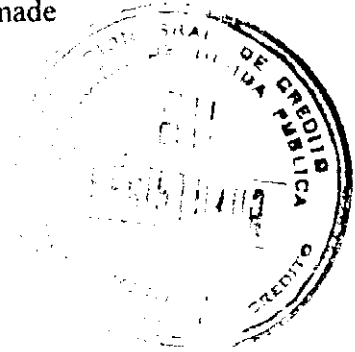
SCHEDULE "A"	FORM OF APPLICATION FOR FINANCING
SCHEDULE "B"	FORM OF OFFER OF FINANCING (BUNDLING TRANCHE)
SCHEDULE "C"	FORM OF OFFER OF FINANCING (SPECIFIC TRANSACTION TRANCHE)
SCHEDULE "D"	FORM OF BUNDLING NOTICE
SCHEDULE "E"	FORM OF OPINION OF BORROWER'S COUNSEL

1

THIS LINE OF CREDIT AGREEMENT dated October , 1998 is made

BETWEEN

COMISION FEDERAL DE ELECTRICIDAD,
a decentralized public agency validly existing under
the laws of the United Mexican States, having its
principal office at Mexico City D.F., Mexico
(the "BORROWER")



AND

EXPORT DEVELOPMENT CORPORATION,
a corporation established by an Act of the
Parliament of Canada, having its head office at
Ottawa, Canada
("EDC")

WHEREAS:

At the request of the BORROWER EDC has agreed to establish a credit facility in the amount of USD50,000,000, on the terms and subject to the conditions of this agreement in order to finance, as the case may be, LOCAL COSTS and EXPOSURE FEES and to assist in financing the purchase by the BORROWER of GOODS and/or SERVICES from EXPORTERS; and

The BORROWER has agreed to promote the purchase of Canadian goods and services by advising its customers in MEXICO of the availability of the credit facility, in the manner reasonably determined by the BORROWER;

The Parties agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 - Definitions

In this Agreement and the recitals, unless the context otherwise requires:

"ADVANCE" means an amount loaned or, as the context may require, to be loaned, to the BORROWER pursuant to this Agreement and, unless otherwise provided herein includes

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EXPOSURE FEE ADVANCES, and "ADVANCED" means loaned or, as the context may require, to be loaned to the BORROWER pursuant to this Agreement;

"ALLOCATED AMOUNT" means, for each CONTRACT, the amount specified in an ALLOCATION as the maximum amount of financing to be provided by EDC for that CONTRACT;

"ALLOCATION" means, in respect of a CONTRACT, an OFFER OF FINANCING from EDC which has been accepted by the BORROWER, substantially in the form of Schedule "B" or Schedule "C", as the case may be;

"APPLICATION FOR FINANCING" means a request from the BORROWER for financing for a contract or proposed contract, substantially in the form of Schedule "A";

"BANK" means The Bank of Montreal, a Canadian chartered bank having its head office at Montreal, Canada and its principal branch in Toronto;

"BUNDLE" means the aggregate of all the EXPOSURE FEE ADVANCES and DISBURSEMENTS made during a CONSOLIDATION PERIOD under the BUNDLING TRANCHE;

"BUNDLING NOTICE" means with respect to each BUNDLE, a notice issued by EDC substantially in the form of Schedule "D";

"BUNDLING TRANCHE" has the meaning attributed to that term in Section 3.01(a);

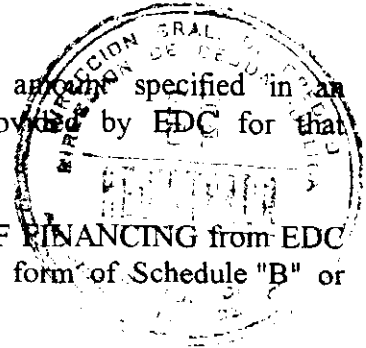
"BUSINESS DAY" means any day except Saturday, Sunday and any day on which banks are closed for business in Ottawa or Toronto, Canada or New York, New York, U.S.A., or London, England;

"CANADIAN DOLLARS" and "CAD" each means the lawful currency of Canada;

"CONSOLIDATION DATE" means, with respect to each BUNDLE, the last day of the relevant CONSOLIDATION PERIOD or, if such date is not a BUSINESS DAY, the BUSINESS DAY next following;

"CONSOLIDATION PERIOD" means the period beginning on and including the date of this Agreement and ending on July 15, 1998 and thereafter each succeeding six month period beginning the day after a CONSOLIDATION DATE and ending on the next CONSOLIDATION DATE;

"CONTRACT" means each contract or purchase order for the purchase of GOODS and/or SERVICES, as the same may be amended from time to time, with the consent of EDC, in respect of which EDC has issued an OFFER OF FINANCING;



"DISBURSEMENT" means an amount disbursed to an EXPORTER or reimbursed to the BORROWER under an ALLOCATION;

"EVENT OF DEFAULT" means any of the events or circumstances described in Section 9.01;

"EXPORTER" means a Canadian seller of GOODS and/or SERVICES under a CONTRACT;

"EXPOSURE FEE" means with respect to each ALLOCATION, the exposure fee due and payable to EDC pursuant to Section 4.10;

"EXPOSURE FEE ADVANCE" has the meaning ascribed to it in Section 4.10;

"EXTERNAL INDEBTEDNESS" means all indebtedness in respect of borrowed money which is payable in a currency other than the currency of MEXICO and payable outside the territory of MEXICO to a person or entity resident or having its principal place of business outside the territory of MEXICO;

"FIRST REPAYMENT DATE" means:

- (a) with respect to the BUNDLING TRANCHE, for each BUNDLE, the first INTEREST PAYMENT DATE after the applicable CONSOLIDATION DATE for that BUNDLE;
- (b) with respect to the SPECIFIC TRANSACTION TRANCHE, for each ALLOCATION, the REPAYMENT DATE determined in accordance with such ALLOCATION, which shall be a date not more than six months following the actual or projected date of final delivery of the GOODS or performance of the SERVICES or commissioning of the Project under the relevant CONTRACT or termination of the CONTRACT;

"GOODS" means the goods to be supplied under a CONTRACT and meeting the Canadian benefit requirements of EDC;

"INTEREST PAYMENT DATE" means:

- (a) with respect to the BUNDLING TRANCHE, the first CONSOLIDATION DATE and the second CONSOLIDATION DATE and each anniversary of those dates or if any such date is not a BUSINESS DAY, the BUSINESS DAY next following;
- (b) with respect to the SPECIFIC TRANSACTION TRANCHE, in relation to each ALLOCATION:
 - (i) prior to the FIRST REPAYMENT DATE, the semi-annual REPAYMENT DATES specified in that ALLOCATION;
 - (ii) the FIRST REPAYMENT DATE; and

- (iii) the dates which fall six and twelve months after the FIRST REPAYMENT DATE, and each anniversary of those dates;

or if any such date is not a BUSINESS DAY, the BUSINESS DAY next following

"INTEREST PERIOD" means:

- (a) with respect to the BUNDLING TRANCHE:

- (i) for each ADVANCE, prior to each CONSOLIDATION DATE, the period commencing on and including the date on which that ADVANCE is made and ending on and including the date preceding such CONSOLIDATION DATE; and
- (ii) the period commencing on and including the CONSOLIDATION DATE for that BUNDLE and ending on and including the date preceding the next INTEREST PAYMENT DATE; and thereafter
- (iii) the period commencing on and including an INTEREST PAYMENT DATE and ending on and including the date preceding the next INTEREST PAYMENT DATE;

- (b) with respect to the SPECIFIC TRANSACTION TRANCHE:

- (i) for each ADVANCE, the period commencing on and including the date on which that ADVANCE is made and ending on and including the date preceding the next succeeding INTEREST PAYMENT DATE; or
- (ii) for those amounts in default payable pursuant to Sections 4.08 and 4.09, the period commencing on and including the date of default and ending on and including the date preceding the next INTEREST PAYMENT DATE;

and thereafter the period commencing on and including an INTEREST PAYMENT DATE and ending on and including the date preceding the next succeeding INTEREST PAYMENT DATE;

"LIBOR", for each INTEREST PERIOD means the rate per annum established as of two (2) days on which banks are open for business in London, England before the first day of such INTEREST PERIOD for value on the first day of such INTEREST PERIOD as the average (rounded upwards to the nearest 1/16th of one per cent) of the rates quoted at 11:00 a.m. (London, England time) on the REUTERS SCREEN LIBO PAGE by the banks used as reference banks for such service as the rates offered by such banks for six-month deposits in UNITED STATES DOLLARS. If, for any such INTEREST PERIOD, LIBOR is not displayed on the REUTERS SCREEN LIBO PAGE or the REUTERS SCREEN LIBO PAGE is not available from the Reuters Monitor Money Rates Services, LIBOR will mean the rate per annum equal to the average (rounded upwards to the nearest 1/16th of one per cent) determined by EDC of

respective rates per annum quoted by National Westminster Bank, Barclays Bank plc., Bank of Tokyo, Bankers Trust Co. (the "Reference Banks") at 11:00 a.m. (London, England) on the date of calculation, which the Reference Banks are prepared to accept as a rate of return on deposits of UNITED STATES DOLLARS, with first class banks in the London Interbank Market, or if the Reference Banks cannot make UNITED STATES DOLLARS deposits in London, then in the New York Interbank Market, in amounts equal or comparable to the relevant amount ADVANCED or principal outstanding, for periods equal or comparable to the relevant INTEREST PERIOD; if any Reference Bank does not furnish timely such information, EDC shall determine LIBOR on the basis of the information timely furnished by the remaining Reference Banks or Bank;

"LOCAL COSTS" means costs, charges and expenses incurred or to be incurred by the BORROWER in connection with goods supplied from and services rendered in MEXICO and relating to the completion of the project/importation, transportation to site and installation of the GOODS and/or SERVICES, as the case may be;

"MEXICO" means the United Mexican States;

"OFFER OF FINANCING" means, in respect of a CONTRACT, an offer of financing from EDC made in response to an APPLICATION FOR FINANCING, substantially in the form of Schedule "B" or Schedule "C", as the case may be;

"REPAYMENT DATE" means, with respect to the SPECIFIC TRANSACTION TRANCHE, January 15, April 15, July 15 and October 15 in each year and each anniversary of these dates or if any such date is not a BUSINESS DAY, the BUSINESS DAY next following;

"REUTERS SCREEN LIBO PAGE" means the display designated as page "LIBO" on the Reuters Monitor Money Rates Services (or such other page as may replace the LIBO page on that service for the purpose of displaying London Interbank Offered Rates);

"SERVICES" means services to be provided under a CONTRACT and meeting the Canadian benefit requirements of EDC;

"SPECIFIC TRANSACTION TRANCHE" has the meaning attributed to that term in Section 3.01(b);

"STANDARD & POORS" means Standard & Poors Ratings Group, a division of McGraw-Hill Corporation;

"TAXES" means all taxes, levies, imposts, duties, fees, deductions and withholdings and any restrictions or conditions resulting in a charge levied, imposed, assessed or collected under the laws of MEXICO or by or within MEXICO including, without limitation, by the Federal Government of MEXICO or the government of any state or political subdivision of MEXICO or by any taxing authority thereof; and

"UNITED STATES DOLLARS" and "USD" each means the lawful currency of the United States of America.

Section 1.02 - Rules of Interpretation

In this Agreement unless the context requires otherwise:

- (a) the singular will include the plural and vice versa;
- (b) references to a "person" will be construed as references to any individual, firm, company, corporation, unincorporated body of persons or any state or political subdivision thereof or any government or any agency thereof;
- (c) whenever any person is referred to, such reference will be deemed to include the permitted assignees and successors of such person, whether by operation of law, consolidation, merger, sale, amalgamation or otherwise as applicable;
- (d) references to a specified Article, Section or Schedule will be construed as references to that specified Article or Section of, or Schedule to, this Agreement;
- (e) references to any agreement or other instrument will be deemed to include such agreement or other instrument as it may from time to time be modified, amended, supplemented or restated in accordance with its terms and, where required hereunder, with the consent of EDC;
- (f) the terms "hereof", "herein" and "hereunder" will be deemed to refer to this Agreement; and
- (g) the headings of the Articles and Sections are inserted for convenience only and will not affect the construction or interpretation of this Agreement.

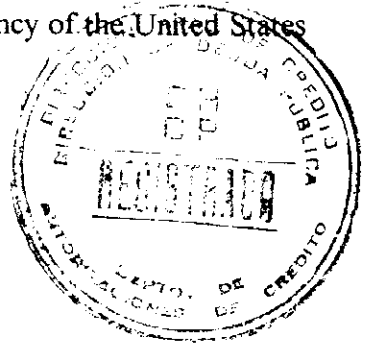
Section 1.03 - Currency of Account and Currency of Payment

In this Agreement, each specification of UNITED STATES DOLLARS is of the essence, and UNITED STATES DOLLARS are both the currency of account and the currency of payment.

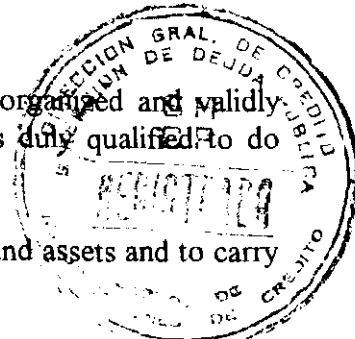
ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.01 - Representations and Warranties

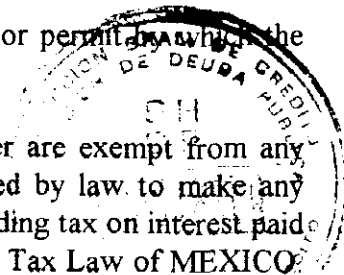

The BORROWER represents and warrants to EDC as of the date hereof and, except as otherwise permitted or required hereunder, shall be deemed to represent and warrant as of the date of each



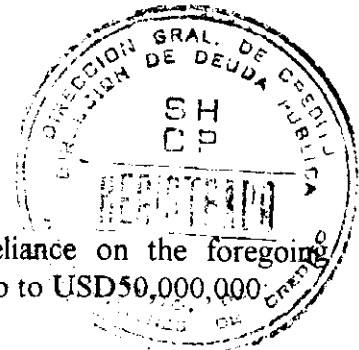
ADVANCE (and it shall be a condition of EDC's obligations to make each ADVANCE and the making of such ADVANCE shall not constitute a waiver thereof), that:

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- (a) the BORROWER is a decentralized public agency of MEXICO, organized and validly existing and in good standing under the laws of MEXICO, and is duly qualified to do business in MEXICO;
 - (b) the BORROWER has full power and authority to own its property and assets and to carry on business as presently conducted;
 - (c) the obligations of the BORROWER to EDC hereunder constitute public debt as provided pursuant to the provisions of the General Law of Public Debt (as amended from time to time) (hereinafter the "GENERAL LAW OF PUBLIC DEBT") which was published in the Official Gazette on December 31, 1976;
 - (d) the entering into and the performance of the terms of this Agreement, and the acceptance of each OFFER OF FINANCING by the BORROWER:
 - (i) are within its corporate powers and have been duly authorized by all necessary corporate action; and
 - (ii) are not in violation of any law, statute, regulation, ordinance or decree existing in MEXICO and are not contrary to public policy or public order in MEXICO;
 - (e) this Agreement does, and each ALLOCATION will constitute direct, legal, valid and binding obligations of the BORROWER, enforceable against the BORROWER in accordance with their respective terms subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally;
 - (f) all registrations, consents, licences and approvals, if any, of any administrative agency or governmental or other body required pursuant to the laws of MEXICO in connection with the execution and delivery by the BORROWER of this Agreement and each ALLOCATION and for the performance by the BORROWER of the terms thereof, and for the validity and enforceability thereof, have been effected or obtained and are in full force and effect, except for the registration of this Agreement with the Secretaria de Hacienda y Credito Publico referred to in Section 2.01(j) below;
 - (g) the payment obligations of the BORROWER under this Agreement rank and will rank at least pari passu with all other unsecured unsubordinated EXTERNAL INDEBTEDNESS of the BORROWER;
 - (h) the BORROWER is not in violation of any material term of its Organic Law (Electrical Power Public Utility Law) and by-laws; the entering into and performance of and compliance with this Agreement or each ALLOCATION will not constitute a default under its Organic Law or by-law or any provision contained in any agreement, instrument,

law, ordinance, decree, judgment, order, rule, regulation, license or permit, in which the BORROWER or any of its assets is bound or affected;

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- (i) all payments required to be made by the BORROWER hereunder are exempt from any TAXES of or in MEXICO and the BORROWER is not required by law to make any deduction or withholding therefrom, except for the federal withholding tax on interest paid to non residents provided for in Article 154 of the Federal Income Tax Law of MEXICO. However, according to Article 154-A of the Federal Income Tax Law of MEXICO, interest payable on loans with a term of three or more years, granted or guaranteed by a foreign credit institution responsible for promoting exports by granting credits and/or guarantees under preferential conditions, and duly registered in the Mexican Banking and Financing Institutions, Pensions, Retirement and Foreign Investment Funds Registry administrated by the Secretaria de Hacienda y Credito Publico (Mexican Ministry of Finance and Public Credit), are not subject to withholding tax;
 - (j) except for the registration of this Agreement with the Secretaria de Hacienda y Credito Publico, it is not necessary in order to ensure the legality, validity, binding nature, enforceability or admissibility in evidence of this Agreement or each ALLOCATION in MEXICO that any document be filed, recorded or enrolled with any court or authority in MEXICO provided that in the event any legal proceedings are brought in the courts of MEXICO, an official Spanish translation of the documents required in such proceedings duly prepared by a court approved translator are delivered to the court and an opportunity is given to the defendant to be heard with respect to the accuracy of the translation;
 - (k) the BORROWER is subject to the civil and commercial laws of MEXICO in respect of its obligations generally and is not entitled to claim for itself or its assets immunity from jurisdiction, suit, judgment, execution, attachment or other legal process in MEXICO in respect of its obligations under this Agreement except that the BORROWER is immune from writ of execution and attachment in MEXICO as provided in Article 4 of the Federal Code of Civil Procedure of MEXICO;
 - (l) the audited financial statements of the BORROWER dated as of December 31, 1996, copies of which have been delivered to EDC, are true and correct and present fairly the financial condition of the BORROWER and the results of its operations for the period covered thereby and such financial statements have been prepared in accordance with accounting guidelines set forth by the National Banking and Securities Commission of MEXICO applied on a consistent basis, and between the date of the financial statements and the date of this Agreement there has been no material adverse change in the financial condition or in the business or assets of the BORROWER; and
 - (m) the choice of Ontario law as the governing law of the Agreement, is a valid and binding choice of law and the irrevocable submission by the BORROWER and EDC to the jurisdiction of the Courts of the Province of Ontario, Canada and the courts of MEXICO is legal, valid, binding and enforceable.
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ARTICLE III LOAN



Section 3.01 - Loan

Subject to the terms and conditions of this Agreement and in reliance on the foregoing representations and warranties, EDC agrees to lend the BORROWER up to USD50,000,000.

- (a) under the BUNDLING TRANCHE, to finance the EXPOSURE FEES and the purchase by the BORROWER of GOODS and/or SERVICES provided that the aggregate of the ADVANCES made hereunder relating to the GOODS and/or SERVICES will at no time exceed 85% of the purchase price of the GOODS and/or SERVICES; and
- (b) under the SPECIFIC TRANSACTION TRANCHE, to finance the EXPOSURE FEES, the LOCAL COSTS and the purchase by the BORROWER of GOODS and/or SERVICES provided that the aggregate of the ADVANCES made hereunder relating to the GOODS and/or SERVICES and the LOCAL COSTS will at no time exceed 85% and 15% respectively of the purchase price of the GOODS and/or SERVICES.

Section 3.02 - Manner of Disbursement

- (a) The BORROWER authorizes EDC to make DISBURSEMENTS out of funds available under Section 3.01 in accordance with the relevant ALLOCATION and to charge to the loan account of the BORROWER the amount of each such DISBURSEMENT and the EXPOSURE FEES, as the case may be, and all such DISBURSEMENTS and EXPOSURE FEES so charged shall constitute ADVANCES under this Agreement. If the BORROWER has already paid part or all of the purchase price of GOODS and/or SERVICES or part or all of LOCAL COSTS which are the subject of an ADVANCE, at the request of the BORROWER and on confirmation from the relevant EXPORTER that it has received such payment, EDC will disburse such ADVANCE to the BORROWER as provided in Section 3.03, with any transfer costs to be payable by the BORROWER.
- (b) EDC shall advise the BORROWER of the particulars of each DISBURSEMENT and EXPOSURE FEE charged to the BORROWER's account, including the amount in UNITED STATES DOLLARS charged to the loan account of the BORROWER pursuant to Section 3.03, and the rate of exchange used by EDC for the purposes of Section 3.03 if applicable.

Section 3.03 - Currency of Advances

- (a) Subject to the provisions of Section 3.03(b), each DISBURSEMENT under this Agreement shall be paid by EDC (i) if to an EXPORTER, in CANADIAN DOLLARS or UNITED STATES DOLLARS in accordance with the currency of payment of the relevant CONTRACT, and (ii) if as a reimbursement to the BORROWER, in UNITED STATES DOLLARS.

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- (b) For each DISBURSEMENT in CANADIAN DOLLARS of an ALLOCATED AMOUNT denominated in UNITED STATES DOLLARS, EDC will obtain the buying rate of the BANK for UNITED STATES DOLLARS with CANADIAN DOLLARS on the date of each ADVANCE for delivery on the date of the ADVANCE. EDC will use such rate to determine the amount of UNITED STATES DOLLARS (i) to be charged to the loan account of the BORROWER with respect to the EXPOSURE FEES, and (ii) to be ADVANCED to provide the amount of CANADIAN DOLLARS required for a DISBURSEMENT to the EXPORTER, or the amount of UNITED STATES DOLLARS to be reimbursed to the BORROWER that is equivalent to the amount of CANADIAN DOLLARS previously paid to the EXPORTER. The indebtedness of the BORROWER to EDC constituted by each such CANADIAN DOLLARS DISBURSEMENT and UNITED STATES DOLLARS DISBURSEMENT and EXPOSURE FEES shall be the amount of UNITED STATES DOLLARS determined as aforesaid.

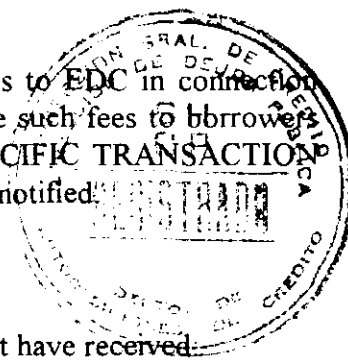
Section 3.04 - Allocation and Availability Periods and Cancellation

- (a) EDC will not consider any APPLICATION FOR FINANCING under the BUNDLING TRANCHE, with respect to any contract valued at less than USD50,000 or more than USD5,000,000.
- (b) Unless otherwise agreed by EDC, acting in its absolute discretion, EDC will not consider any APPLICATION FOR FINANCING under the SPECIFIC TRANSACTION TRANCHE with respect to any contract valued at less than USD5,000,000.
- (c) The BORROWER or EDC may cancel the unallocated balance of this credit facility at any time by giving sixty (60) days written notice to the other. EDC will have no obligation to consider any APPLICATION FOR FINANCING or to issue any further OFFER OF FINANCING after the date on which such cancellation takes effect. It is understood that ADVANCES pursuant to ALLOCATIONS issued and approved prior to cancellation of this Agreement taking effect will continue to be made after such cancellation takes effect.

Section 3.05 - Disclaimer

- (a) Notwithstanding that ADVANCES under this Agreement are to be used to finance the EXPOSURE FEES and the purchase of GOODS and/or SERVICES and, as the case may be, LOCAL COSTS, the BORROWER agrees that EDC is under no obligation to determine the validity, legality or enforceability of any CONTRACT. If part or all of any CONTRACT or any related document is repudiated or proves to be invalid, illegal or unenforceable, or if there is any dispute between an EXPORTER and the BORROWER relating to GOODS and/or SERVICES, such event shall not in any way affect or impair the rights of EDC against the BORROWER under this Agreement or any related document executed or issued by the BORROWER, or diminish in any way the obligations of the BORROWER to EDC hereunder.

- (b) It is EDC's policy to require exporters and suppliers to pay fees to EDC in connection with its financing; exporters have complete discretion to disclose such fees to borrowers and buyers. This policy applies to all allocations under the SPECIFIC TRANSACTION TRANCHE and the BORROWER acknowledges having been so notified.



Section 3.06 - Request for and Allocation for Contracts

- (a) To consider financing a contract under this Agreement, EDC must have received:
- (i) an APPLICATION FOR FINANCING (Schedule "A") from the BORROWER; and
 - (ii) from the EXPORTER a copy of the contract and Canadian benefit documentation (in the form required by EDC) for the goods and/or services covered by the contract.
- (b) Within thirty (30) days of receipt of the above documents in form and substance satisfactory to EDC and any additional information which EDC may reasonably require in respect of the request for financing, EDC will either issue an OFFER OF FINANCING indicating its approval of the CONTRACT for financing, or notify the BORROWER that the contract is not approved for financing.

The BORROWER acknowledges that the Canadian benefit level of the goods and services to be supplied under a contract, as determined by EDC, and the adequacy of the payment terms specified in the contract, are some of the factors considered by EDC in approving or not approving a contract for financing under this Agreement.

- (c) The BORROWER must notify EDC of its acceptance or non-acceptance of an OFFER OF FINANCING within ten (10) days of receipt of the OFFER OF FINANCING.
- (d) The ALLOCATION shall include the conditions for making DISBURSEMENTS with respect to the relevant CONTRACT, which conditions shall, to the extent possible, be in accordance with the payment provisions of the CONTRACT.

Section 3.07 - Cancellation or Termination of a Contract

If a CONTRACT is canceled or terminated prior to completion, or not all of the ALLOCATED AMOUNT is disbursed when the CONTRACT is completed, such undisbursed amount may be reallocated pursuant to Section 3.06 for another CONTRACT.

Section 3.08 - Third Country Supply

No amount shall be ADVANCED by EDC pursuant to Section 3.01 of this Agreement in respect of GOODS shipped to a BORROWER from a country other than Canada or in respect of non-

Canadian SERVICES, as determined by EDC, provided to a BORROWER without EDC's prior written consent.

ARTICLE IV
REPAYMENT OF PRINCIPAL, PAYMENT OF INTEREST AND OTHER CHARGES

Section 4.01 - Bundling Notices

With respect to the BUNDLING TRANCHE, within thirty (30) days after the end of each CONSOLIDATION PERIOD, EDC will send the BORROWER a BUNDLING NOTICE specifying the aggregate of all DISBURSEMENTS and EXPOSURE FEES included in the BUNDLE amount for such period.

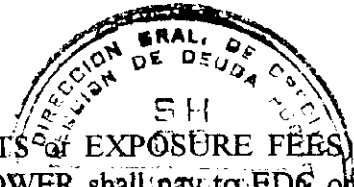
Section 4.02 - Principal

Subject to Sections 4.05 and 4.13, the BORROWER shall repay to EDC or its order:

- (a) with respect to the BUNDLING TRANCHE:
 - (i) the aggregate amount of each BUNDLE of USD1,000,000 or less in ten (10) substantially equal, consecutive instalments on successive INTEREST PAYMENT DATES, commencing on the FIRST REPAYMENT DATE with the last instalment being in the amount necessary to repay the full principal outstanding under that BUNDLE; and
 - (ii) the aggregate amount of each BUNDLE of more than USD1,000,000 in sixteen (16) substantially equal, consecutive instalments on successive INTEREST PAYMENT DATES, commencing on the FIRST REPAYMENT DATE with the last instalment being in the amount necessary to repay the full principal outstanding under that BUNDLE;
- (b) the aggregate amount ADVANCED in respect of each ALLOCATION under the SPECIFIC TRANSACTION TRANCHE in substantially equal, consecutive instalments on successive INTEREST PAYMENT DATES commencing on the FIRST REPAYMENT DATE, as set out in such ALLOCATION, or, if ADVANCES are made after the FIRST REPAYMENT DATE for such ALLOCATION, each instalment for that ALLOCATION shall be in an amount equal to the result obtained by dividing the amount of the loan outstanding and not overdue hereunder, thirty (30) days prior to the INTEREST PAYMENT DATE on which such instalment is due by the number of instalments then remaining to be paid with the last instalment in each case being in the amount necessary to repay the full principal outstanding under that ALLOCATION. The number of instalments for each CONTRACT will be specified in the relevant ALLOCATION and shall be not less than six (6) instalments and not more than twenty (20).

Section 4.03 - Interest

- (a) With respect to the BUNDLING TRANCHE:
- (i) for each amount ADVANCED (as DISBURSEMENTS of EXPOSURE FEES) during each CONSOLIDATED PERIOD, the BORROWER shall pay to EDC or its order, on the CONSOLIDATION DATE ending such CONSOLIDATION PERIOD, interest on each such amount at a rate equal to LIBOR plus 1/4 of 1% per annum calculated from and including the date of the relevant ADVANCE to and including the date preceding such CONSOLIDATION PERIOD. If an ADVANCE is made within the thirty (30) days before such CONSOLIDATION DATE, interest accruing on such ADVANCE from the date of such ADVANCE to such CONSOLIDATION DATE shall be paid on such ADVANCE starting only on the second INTEREST PAYMENT DATE after that ADVANCE is made;
 - (ii) with respect to each BUNDLE, the BORROWER shall pay to EDC or its order interest on the aggregate amount outstanding from time to time with respect to each BUNDLE, at a rate equal to LIBOR plus 1/2 of 1% per annum.
- (b) With respect to the SPECIFIC TRANSACTION TRANCHE, the BORROWER shall pay to EDC or its order interest on the aggregate of all amounts ADVANCED and outstanding from time to time:
- (i) at a floating rate equal to LIBOR plus 1/2 of 1% per annum where, in accordance with the relevant ALLOCATION, such ADVANCES for GOODS and/or SERVICES are to be repaid in not less than six and not more than sixteen (16) instalments;
 - (ii) at a floating rate equal to LIBOR plus 5/8 of 1% per annum where, in accordance with the relevant ALLOCATION, such ADVANCES for GOODS and/or SERVICES are to be repaid in more than sixteen (16) instalments but not more than twenty (20) instalments; and
 - (iii) with respect to ADVANCES for LOCAL COSTS, a floating rate of interest equal to LIBOR plus 1 3/8% per annum.
- If an ADVANCE is made within thirty (30) days before an INTEREST PAYMENT DATE, interest shall be paid on the second INTEREST PAYMENT DATE after the ADVANCE is made.
- (c) Interest shall be calculated and payable in arrears on each INTEREST PAYMENT DATE. Interest shall be calculated on the basis of the actual number of days elapsed (from and including the date an ADVANCE is made or an INTEREST PAYMENT DATE to and including the date preceding the next INTEREST PAYMENT DATE) divided by 360; the actual yearly rate of interest equivalent to each of the rates determined as above and



calculated in such manner is such rate multiplied by the actual number of days in the year divided by 360.

Section 4.04 - Interest on Amounts in Default

If the BORROWER fails to pay any amount due and payable hereunder, the BORROWER shall, to the extent permitted by applicable law, pay interest on any such amount in default at an interest rate equal to the pre-default rate applicable to the relevant ALLOCATION or BUNDLE, as the case may be, plus one percent per annum. Interest on amounts in default shall be payable on demand, shall accrue from the date of default for so long as such default shall continue, before and after demand and judgment until paid, and shall be, to the extent permitted by applicable law, compounded on each INTEREST PAYMENT DATE. Interest shall be calculated on the basis of the actual number of days elapsed divided by 360. The actual yearly rate of interest to which the said rate is equivalent is the said rate multiplied by the actual number of days in the year divided by 360.

Section 4.05 - Additional Costs and Illegality

- (a) If, after the date hereof, due to either (i) the introduction of, or change in or in the interpretation of, any law or regulation (including, without limitation, the imposition or increase of any reserve or similar requirement, but excluding any capital adequacy requirement) in respect of MEXICO or this loan; or (ii) the compliance with any direction from or requirement of any governmental or monetary authority related directly to MEXICO or this loan, whether or not having the force of law, there shall be any increase in the cost to EDC of agreeing to make or making, funding or maintaining this loan, or reduction in the amounts received or receivable by EDC, which increase or reduction arises solely as a result of any extension of credit by EDC pursuant to the terms of this Agreement (such increase or reduction being hereinafter called "Increased Cost"), then the BORROWER shall from time to time, upon demand by EDC, pay to EDC additional amounts sufficient to indemnify EDC against such Increased Cost. EDC shall take such reasonable steps as it shall determine in its sole discretion to minimize any such Increased Cost. Together with any demand relating to Increased Costs, EDC shall submit to the BORROWER a certificate setting forth the Increased Costs in reasonable detail, and such certificate prepared in good faith by EDC shall, in the absence of manifest error, be conclusive and binding for all purposes. Notwithstanding anything to the contrary contained in this Agreement respecting prepayment, in the event EDC gives the notice provided for in this Section 4.05(a), the BORROWER shall have the right, upon written notice to that effect (which shall be irrevocable and shall constitute the BORROWER's undertaking to prepay accordingly) delivered to EDC at least thirty (30) days prior to the next INTEREST PAYMENT DATE, to prepay in full without premium or penalty on such INTEREST PAYMENT DATE, the said principal indebtedness of the BORROWER together with accrued interest thereon, all other sums due hereunder with respect to such indebtedness and the Increased Costs to the date of such prepayment. In the event of such prepayment, the obligation of EDC to make any further ADVANCES under Section 3.01 shall, at the option of EDC, thereupon terminate. The obligations of the BORROWER

under this Section 4.05(a) shall survive the repayment to EDC of the principal of and interest on the indebtedness of the BORROWER to EDC hereunder.

- (b) If it shall become unlawful in Canada and MEXICO for EDC to continue to make or to maintain ADVANCES pursuant to Section 3.01, the BORROWER shall prepay to EDC (without premium or penalty) upon request by EDC, forthwith or at the end of such period as EDC shall have permitted, that portion of the principal indebtedness of the BORROWER pursuant to Section 3.01 affected by such illegality, together with interest accrued thereon up to the date of actual prepayment and, where applicable, all other sums due hereunder with respect to such indebtedness. In the event of any such illegality, the obligation of EDC to make any further ADVANCES under Section 3.01 shall, at the option of EDC, thereupon terminate.

Section 4.06 - Place and Manner of Payment

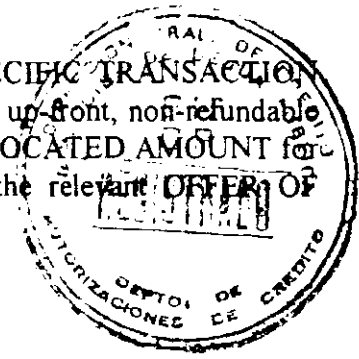
Amounts payable by the BORROWER to EDC pursuant hereto in UNITED STATES DOLLARS will be paid in UNITED STATES DOLLARS without set-off or counterclaim not later than 11:00 a.m. (New York City time) on the day such payment is due and in funds which are for same-day settlement, at Citibank, N.A., 111 Wall Street, New York, New York 10043, U.S.A. for the credit of EDC, UID number 189284, account number 38636645, or at such other account or financial institution as EDC may from time to time notify in writing to the BORROWER at least ten (10) BUSINESS DAYS in advance.

Section 4.07 - No Deduction for Taxes

- (a) All payments by the BORROWER to EDC pursuant hereto, to the extent permitted by applicable law, will be made without deduction for and free from any present or future TAXES.
- (b) All payments to be made by the BORROWER hereunder shall be free of any deductions, levies, imposts or withholding (hereinafter referred to as "CHARGES") imposed, assessed, levied, or collected by any jurisdiction through which the BORROWER chooses to make payment, or any political subdivision or taxing authority thereof.
- (c) If any such TAXES or CHARGES are deducted or withheld from any such payments, the BORROWER hereby agrees to promptly remit to EDC the equivalent of the amounts so deducted or withheld.

Section 4.08 - Administration Fees

- (a) The BORROWER shall pay to EDC, with respect to the BUNDLING TRANCHE, in UNITED STATES DOLLARS, as administration fees a non-refundable amount equal to 3/8 of 1% of each BUNDLE within thirty (30) days after each CONSOLIDATION DATE.



- (b) The BORROWER shall pay to EDC, with respect to the SPECIFIC TRANSACTION TRANCHE, in UNITED STATES DOLLARS, a flat, one-time, up-front, non-refundable administration fee equal to $\frac{3}{8}$ of 1% of the amount of each ALLOCATED AMOUNT for each CONTRACT, within thirty (30) days of acceptance of the relevant OFFER OF FINANCING.

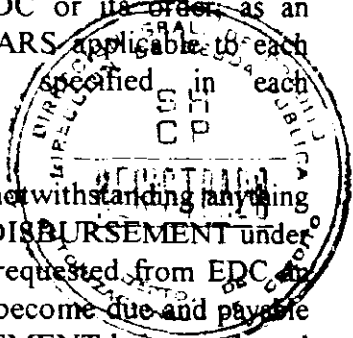
Section 4.09 - Commitment Fees

- (a) With respect to the BUNDLING TRANCHE and the SPECIFIC TRANSACTION TRANCHE, as commitment fees, the BORROWER will pay to EDC a sum, in UNITED STATES DOLLARS, equal to $\frac{1}{2}$ of 1% per annum of that part of the ALLOCATED AMOUNT under each ALLOCATION remaining un-ADVANCED from time to time, computed from and including the date the BORROWER accepts the relevant OFFER OF FINANCING, up to and including the earlier of the date on which a CONTRACT is terminated or the ALLOCATED AMOUNT has been fully ADVANCED or the date on which the BORROWER no longer requires the un-ADVANCED portion of the ALLOCATED AMOUNT. Commitment fees are due and payable on each INTEREST PAYMENT DATE following acceptance of an OFFER OF FINANCING, up to the first INTEREST PAYMENT DATE after the earlier of the date on which a CONTRACT is terminated or the ALLOCATED AMOUNT has been fully ADVANCED or the date on which the BORROWER no longer requires the un-ADVANCED portion of the ALLOCATED AMOUNT. If a CONTRACT is terminated or the BORROWER no longer requires the un-ADVANCED portion of the ALLOCATED AMOUNT, commitment fees in respect of the un-ADVANCED portion of the ALLOCATED AMOUNT for such CONTRACT shall cease to accrue on the date that EDC receives written notice from the BORROWER to such effect. Commitment fees are calculated on the basis of the actual number of days elapsed divided by 360. Notwithstanding the foregoing, for administrative efficiency, the BORROWER will pay the commitment fees based on that part of the ALLOCATED AMOUNT under each ALLOCATION remaining unadvanced as at thirty (30) days prior to the relevant INTEREST PAYMENT DATE and EDC will adjust for any underpayment or overpayment, as the case may be, on the next following INTEREST PAYMENT DATE.

Section 4.10 - Exposure Fees

- (a) (i) Under the BUNDLING TRANCHE, the BORROWER covenants and agrees to pay to EDC or its order in UNITED STATES DOLLARS, as an EXPOSURE FEE, a sum equal to (i) 2.33% of each DISBURSEMENT for each BUNDLE of USD1,000,000 or less; and (ii) 3.05% of each DISBURSEMENT for each BUNDLE of more than USD1,000,000 on the date of such DISBURSEMENT.
- (ii) Under the SPECIFIC TRANSACTION TRANCHE, at the BORROWER's option, the EXPOSURE FEE relating to DISBURSEMENTS under an ALLOCATION may be financed hereunder pursuant to the terms of Section 4.10(b) and the BORROWER will indicate its choice in the APPLICATION FOR FINANCING.

The BORROWER covenants and agrees to pay to EDC or its order, as an EXPOSURE FEE, a sum in UNITED STATES DOLLARS applicable to each DISBURSEMENT under an ALLOCATION, as specified in each ALLOCATION.

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- (b) In the case where the EXPOSURE FEE is financed hereunder, notwithstanding anything contained in this Agreement to the contrary, on the day of each DISBURSEMENT under an ALLOCATION, the BORROWER will be deemed to have requested from EDC an advance in an amount equal to the EXPOSURE FEE which has become due and payable pursuant to Section 4.10(a) in respect of the relevant DISBURSEMENT being made and the BORROWER authorizes EDC on the same day to make such advance payable to EDC (the "EXPOSURE FEE ADVANCE") and apply it in payment of the EXPOSURE FEE owing by the BORROWER to EDC pursuant to Section 4.10(a). Each such EXPOSURE FEE ADVANCE will constitute an ADVANCE hereunder and will be charged to the loan account of the BORROWER maintained pursuant to Section 5.01 hereof.
- (c) For the purpose of calculating the EXPOSURE FEE to be paid for a DISBURSEMENT in CANADIAN DOLLARS, EDC will use the buying rate of the BANK for UNITED STATES DOLLARS with CANADIAN DOLLARS on the date of the DISBURSEMENT for delivery on the date of the DISBURSEMENT.
- (d) The BORROWER agrees that EDC may from time to time review such EXPOSURE FEE and may change the amount of such fee by notifying the BORROWER in writing at least fifteen (15) days prior to the effective date of such change. Such notice will constitute an automatic amendment to this Agreement and the revised EXPOSURE FEE rates will apply to all OFFERS OF FINANCING issued to the BORROWER thereafter, until amended by a further notice.
- (e) In the case where the EXPOSURE FEE is not financed hereunder under the SPECIFIC TRANSACTION TRANCHE, the BORROWER acknowledges that each EXPORTER may be required to pay to EDC an EXPOSURE FEE in respect of disbursements made under this Agreement and the BORROWER authorizes EDC in EDC's sole discretion to withhold, if so agreed with the EXPORTER, for EDC's account a portion of each disbursement to the EXPORTER hereunder in payment of the EXPOSURE FEES. EXPORTERS have complete discretion to disclose the EXPOSURE FEES to the BORROWER. The BORROWER acknowledges that amounts withheld by EDC in payment of EXPOSURE FEES will constitute ADVANCES under this Agreement and that it will be obligated to repay such amounts to EDC on the terms hereof.

Section 4.11 - Costs and Expenses

- (a) The BORROWER shall pay to EDC an amount of USD7,500 in connection with the preparation, negotiation and execution of this Agreement, payable as follows:

- (i) an amount of USD3,500 within thirty (30) days following execution of this agreement by the BORROWER;
 - (ii) an amount of USD4,000 within thirty (30) days following acceptance by the BORROWER of the first OFFER OF FINANCING under the SPECIFIC TRANSACTION TRANCHE.
- (b) All documents or information to be furnished to EDC by the BORROWER shall be supplied at the BORROWER's expense. The BORROWER will pay, within thirty (30) days of EDC's billing therefor, all reasonable duly documented costs and expenses incurred by EDC in connection with the preservation of rights under or enforcement of this Agreement including the fees and expenses of independent legal counsel for EDC incurred by EDC.

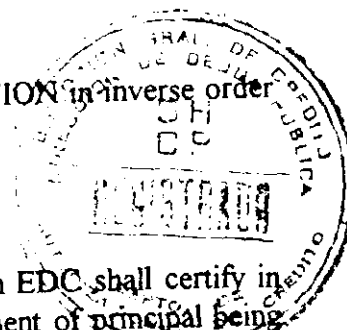
Section 4.12 - Application of Payments

All payments by or for the account of the BORROWER under this Agreement shall be applied first to costs and expenses, administration fees, commitment fees and exposure fees then due and payable, then to interest due and payable, then to principal due and payable, and lastly to prepayment of instalments of principal in inverse order of maturity.

Section 4.13 - Voluntary Prepayment

- (a) The BORROWER may, when not in default hereunder, with respect to each ALLOCATION under the BUNDLING TRANCHE, on any INTEREST PAYMENT DATE after the CONSOLIDATION DATE for that BUNDLE and any INTEREST PAYMENT DATE thereafter, upon giving in each case at least thirty (30) days prior notice to EDC (which notice shall be irrevocable and shall constitute the BORROWER's undertaking to prepay accordingly) prepay, without premium or penalty except as provided hereunder, the principal indebtedness with respect to such BUNDLE in whole or from time to time in part (such part being in each instance not less than the amount of one (1) instalment of principal payable with respect to such BUNDLE pursuant to Section 4.02(a) or a whole multiple thereof). Prepaid amounts will be applied to instalments payable under the relevant BUNDLE in inverse order of maturity.
- (b) The BORROWER may, when not in default hereunder, with respect to each ALLOCATION under the SPECIFIC TRANSACTION TRANCHE, on the second INTEREST PAYMENT DATE after the FIRST REPAYMENT DATE and any INTEREST PAYMENT DATE thereafter, upon giving in each case at least thirty (30) days prior notice to EDC (which notice shall be irrevocable and shall constitute the BORROWER's undertaking to prepay accordingly) prepay, without premium or penalty except as provided hereunder, the principal indebtedness with respect to such ALLOCATION in whole or from time to time in part (such part being in each instance not less than the amount of one (1) instalment of principal payable with respect to such ALLOCATION pursuant to Section 4.02(b) or a whole multiple thereof). Prepaid

amounts will be applied to instalments payable under the ALLOCATION in inverse order of maturity.



Section 4.14 - Indemnities

The BORROWER shall indemnify EDC against any loss or expense which EDC shall certify in writing as sustained or incurred by EDC as a consequence of any prepayment of principal being made on other than an INTEREST PAYMENT DATE. The obligations of the BORROWER under this Section 4.14 shall survive the repayment to EDC of the principal of and interest on the indebtedness of the BORROWER to EDC hereunder.

ARTICLE V LOAN ACCOUNTS

Section 5.01 - Loan Accounts

EDC shall maintain loan accounts in the name of the BORROWER in accordance with normal banking business practices. The loan accounts of EDC shall be prima facie evidence (in the absence of manifest error) of the indebtedness of the BORROWER and of the amounts due from time to time by the BORROWER to EDC under this Agreement.

ARTICLE VI PREDISBURSEMENT CONDITIONS

Section 6.01 - First Advance

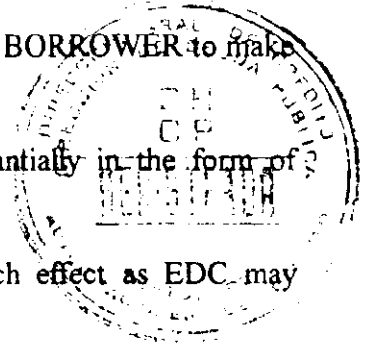
The obligation of EDC to make the first ADVANCE hereunder is subject to and conditional upon EDC having received:

- (a) a statement of the BORROWER or other documentation satisfactory to EDC, setting forth the names of individuals in its employ who are authorized to sign any acceptance of an OFFER OF FINANCING on its behalf, together with specimen signatures for each such individual; and the BORROWER acknowledges and agrees that EDC, without further evidence or confirmation and until notified in writing to the contrary (effective only upon actual receipt by EDC), shall be entitled to rely upon the authority of such individual or individuals as the case may be, and any acceptance of an OFFER OF FINANCING signed by such individual or individuals shall be binding upon the BORROWER. For these purposes, a telefax shall be deemed to be signed by the individual or individuals whose names and signatures appear on such telefax;
- (b) evidence satisfactory to EDC that the BORROWER has obtained any necessary authorization and registration, including the approval and authorization and stamping by the Secretaria de Hacienda y Credito Publico in connection with this Agreement and any and all authorizations and approvals which may, after the date hereof, become necessary to enable the BORROWER to acquire and remit to EDC at New York, New York,

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U.S.A., the UNITED STATES DOLLARS necessary to enable the BORROWER to make payments of principal, interest and other sums due hereunder;

- (c) the favourable opinion of counsel for the BORROWER, substantially in the form of Schedule "E"; and
- (d) the favourable opinion of counsel for EDC in MEXICO to such effect as EDC may require.



Section 6.02 - First Advance for Each Contract

The obligation of EDC to make the first ADVANCE in respect of each CONTRACT is subject to and conditional upon EDC having received each of the following prior to the making of that ADVANCE:

- (a) a copy of the signed CONTRACT; and
- (b) an ALLOCATION.

Section 6.03 - Each Advance

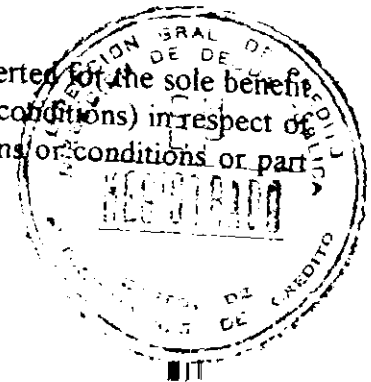
EDC shall not be required to make any ADVANCE under an ALLOCATION unless the following additional terms and conditions have been satisfied when the ADVANCE is to be made:

- (a) except as permitted or required hereunder, each of the representations and warranties in Section 2.01 shall continue to be true and correct at the date of the ADVANCE;
- (b) if applicable, confirmation that the EXPORTER has received at least 15% of that portion of the purchase price of the GOODS and/or SERVICES with respect to which the ADVANCE has been requested, which 15% (or greater) portion will not be financed by EDC hereunder;
- (c) there shall have been no material adverse change in the financial condition or in the business or assets of the BORROWER since the date of the financial statements referred to in Section 2.01(l);
- (d) the disbursement provisions of the ALLOCATION shall have been complied with in respect of the ADVANCE; and
- (e) no EVENT OF DEFAULT shall have occurred and be continuing and no event or circumstance shall have occurred and be continuing which, after notice or lapse of time or both, would constitute an EVENT OF DEFAULT.

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Section 6.04 - Waiver of Predisbursement Conditions

The terms and conditions set forth in Sections 6.01, 6.02 and 6.03 are inserted for the sole benefit of EDC and may be waived by EDC in whole or in part (with or without conditions) in respect of any ADVANCE without prejudicing the right of EDC to assert such terms or conditions or part thereof, in respect of any other ADVANCE or ADVANCES.



ARTICLE VII

COVENANTS OF BORROWER

Section 7.01 - Covenants of Borrower

The BORROWER covenants and agrees with EDC that, unless compliance has been waived by EDC, it will:

- (a) punctually pay to EDC the principal of and interest accrued on its indebtedness to EDC hereunder and any other amounts owing by it to EDC hereunder on the dates, at the place, in the currency and in the manner specified herein;
- (b) within one hundred and eighty (180) days after the end of each financial year deliver to EDC a copy of its audited financial statements (including a balance sheet, statement of profit and loss) together with a certificate of its independent auditors, setting forth that in their opinion without any material qualification the statements present fairly the financial position of the BORROWER and the results of its operations for the financial year reported on, in accordance with accounting guidelines set forth by the National Banking and Securities Commission of MEXICO applied on a basis consistent with that of the preceding year;
- (c) ensure that at all times its obligations hereunder rank at least pari passu with all other unsecured and unsubordinated EXTERNAL INDEBTEDNESS;
- (d) obtain and maintain in force any authorization, approval, registration, licence or consent of or from any official, agency or instrumentality of MEXICO or any political subdivision thereof necessary or required in order that the BORROWER may fulfill its obligations hereunder;
- (e) maintain its existence in accordance with Mexican laws subject to the right to merge, amalgamate or effect any reorganization which does not result in any deterioration of the position of or detriment to any of its creditors, and provided that any successor company executes, prior to or at the time of such transaction, such instruments as are satisfactory to EDC evidencing the agreement of such successor company to observe and perform all the covenants and obligations of the BORROWER hereunder;

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- (f) carry on its business in a proper, efficient and businesslike manner and maintain and renew all contracts necessary or useful in the conduct of its business or operations;
- (g) not, without the consent of EDC, agree to the cancellation or termination by the BORROWER of any CONTRACT or agree to any amendments which relate to the purchase price, the terms and manner of payment, the time and manner of delivery of any GOODS or SERVICES or which reduce the Canadian benefit of any GOODS or SERVICES;
- (h) promptly notify EDC of any EVENT OF DEFAULT and any event or circumstance which, after notice or lapse of time or both, would constitute an EVENT OF DEFAULT and of any matter which might materially affect the BORROWER's ability to perform its obligations hereunder as well as of the steps being taken to remedy the same; and
- (i) from time to time deliver to EDC such other financial information and operating reports and statements as EDC may reasonably request.

ARTICLE VIII CANADIAN BENEFITS

Section 8.01 - Canadian Benefits

The BORROWER acknowledges that EDC has entered into this Agreement to finance goods and services of Canadian manufacture and origin, and that the GOODS and SERVICES shall have the maximum practicable Canadian benefits. It is the responsibility of the EXPORTER to satisfy EDC that EDC's Canadian benefits requirements are met with respect to each CONTRACT.

ARTICLE IX DEFAULT

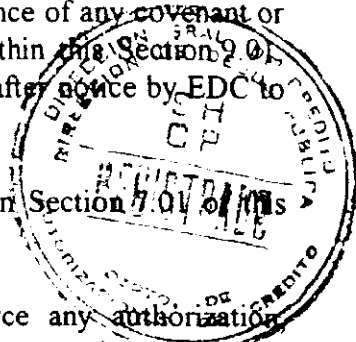
Section 9.01 - Events of Default

The occurrence of any one or more of the following events or circumstances shall constitute a default by the BORROWER under this Agreement:

- (a) the non-payment of any sum due hereunder within three (3) days of when such sums was due and payable, whether at maturity, by acceleration or otherwise;
- (b) if proceedings are started by any person to dissolve, liquidate, or wind up the BORROWER or to suspend its business operations which are not stayed or put aside within sixty (60) days for the commencement of such proceedings;

- (c) the making by the BORROWER of a general assignment for the benefit of its creditors, or if the BORROWER petitions or applies to any tribunal for the appointment of a receiver or trustee for itself or for any substantial part of its property, or commences any proceeding relating to itself under any reorganization, arrangement, readjustment of debts (except for the debts of the BORROWER which have been or will be rescheduled in accordance with either the Official Creditors Multilateral Debt Rescheduling Agreements (Paris Club Minutes) or the Commercial Banks Multilateral Debt Rescheduling Agreements) dissolution or liquidation law or statute of any jurisdiction whether now or hereafter in effect, or by any act indicates its consent to, approval of or acquiescence in any bankruptcy, reorganization or insolvency proceeding or any proceeding for the appointment of a receiver or trustee for itself or for any substantial part of its property, or suffers any such receivership or trusteeship to remain undischarged for a period of sixty (60) days, or if the BORROWER becomes bankrupt or insolvent or is declared to be bankrupt or insolvent by any competent authority;
- (d) if the obligations of the BORROWER hereunder shall cease to constitute at all times direct, unconditional and general obligations of the BORROWER ranking at least pari passu with all other unsecured and unsubordinated EXTERNAL INDEBTEDNESS of the BORROWER;
- (e) if any obligations of the BORROWER to EDC hereunder cease to constitute and form part of the Public Debt as provided in the GENERAL LAW OF PUBLIC DEBT;
- (f) if the BORROWER fails to pay at maturity, or within any applicable period of grace, any obligation for EXTERNAL INDEBTEDNESS contained in an agreement with EDC, or if the BORROWER fails to observe or perform any term, covenant or agreement contained in any agreement with EDC, for such period of time as would cause or permit EDC (assuming the giving of appropriate notice if required) to cause acceleration of the maturity of any such EXTERNAL INDEBTEDNESS;
- (g) if any representation or warranty made by the BORROWER herein or in any document or certificate or other instrument furnished in connection with or pursuant to this Agreement shall have been materially incorrect when made or deemed to be made;
- (h) if any other event or circumstance occurs which has a material and adverse effect on the BORROWER's ability to perform any of the payment obligations under this Agreement;
- (i) if at any time a court of competent jurisdiction in MEXICO or Canada makes any judgment or order, or any law, ordinance, decree or regulation is enacted, the effect whereof is to render this Agreement or any material provision hereof or thereof, invalid or unenforceable, and if within thirty (30) days after the making or enactment of such judgment, order, law, ordinance, decree or regulation, the BORROWER fails to furnish or cause to be furnished to EDC replacement documents evidencing and, where applicable, securing its indebtedness hereunder which are adequate in the opinion of EDC;

- (j) if the BORROWER shall default in the due performance or observance of any covenant or provision of this Agreement, other than those heretofore dealt within ~~the Section 9.01~~ which is not remedied by the BORROWER within thirty (30) days after notice by EDC to do so;
- (k) if the BORROWER shall breach any of its covenants contained in ~~Section 7.01 of this~~ Agreement;
- (l) the failure by the BORROWER to obtain and maintain in force any ~~authorization~~ approval, registration, licence or consent of or from any official, agency or instrumentality of MEXICO or any political subdivision thereof which may be or may become necessary or required in order that the BORROWER may fulfill its obligations hereunder; or
- (m) if the credit of the BORROWER shall be rated less than the Sovereign credit of MEXICO by STANDARD & POORS.



Section 9.02 - Suspension of Advances

If at any time, an EVENT OF DEFAULT occurs and is continuing or an event or circumstance occurs and is continuing which, with notice or lapse of time or both, would constitute an EVENT OF DEFAULT, EDC may, by notice to the BORROWER, suspend EDC's obligation to make ADVANCES pursuant to Section 3.01, which suspension will continue until EDC notifies the BORROWER that the suspension is removed.

Section 9.03 - Termination of Advances; Acceleration

If an EVENT OF DEFAULT occurs and is continuing after any applicable grace period, EDC may by one or more notices to the BORROWER do either or both of the following:

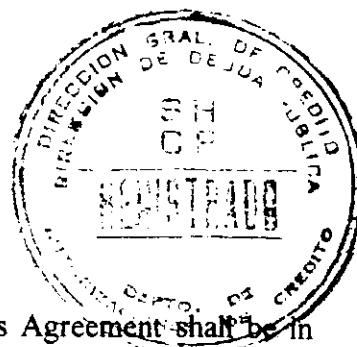
- (a) declare that EDC is under no further obligation to make ADVANCES pursuant to Section 3.01, whereupon such obligation shall cease; and/or
- (b) declare all indebtedness of the BORROWER under this Agreement immediately due and payable, whereupon the same shall become immediately due and payable, together with all accrued interest and any other amounts payable under this Agreement, without any further demand or notice of any kind.

Section 9.04 - Remedies Cumulative

The rights and remedies of EDC under this Agreement are cumulative, and are in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by EDC of any right under this Agreement, or any failure to exercise or delay in exercising any such rights, shall not be or be deemed to be a waiver of, or to prejudice any other rights or remedies to which EDC may be entitled for any EVENT OF DEFAULT. Any waiver by EDC of the strict

compliance with any term of this Agreement or any related document shall not be deemed to be a waiver of any subsequent default.

ARTICLE X NOTICE



Section 10.01 - Notice

Every notice, demand, request, consent, waiver or agreement under this Agreement shall be in writing, and in English, English being the governing language of this Agreement. All documents shall be hand-delivered or sent by prepaid Courier Service or by telex or telefax to the following addresses:

for the BORROWER,

COMISION FEDERAL DE ELECTRICIDAD
Rodano 14, 7° Piso
Reforma 164, 7 Piso
La Colonia Juarez
06600 Mexico D.F.

Attention: La Gerancia de Credito

Telefax: 011-525 286-1456

for EDC,

EXPORT DEVELOPMENT CORPORATION
151 O'Connor Street
Ottawa, Canada K1A 1K3

Attention: Loans Operations

Telex: 053-4136 EXCREDCORP

Telefax: (613) 598-2514

or such other address or numbers to which either party may from time to time notify in writing to the other. Documents sent by telex or telefax will be deemed to be received the second BUSINESS DAY after transmission. In this Agreement, "in writing" includes printing, typewriting, or any electronic transmission that can be reproduced as printed text, on paper, at the point of reception.

**ARTICLE XI
APPLICABLE LAW, JURISDICTION, WAIVER OF IMMUNITY
AND JUDGMENT CURRENCY**

Section 11.01 - Applicable Law, Jurisdiction, Waiver of Immunity and Judgment Currency

(a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein; and will not be governed by public international law or the laws of any other jurisdiction.

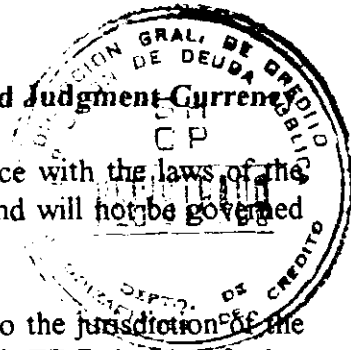
(b) Each of the BORROWER and EDC hereby irrevocably submits to the jurisdiction of the Courts of the Province of Ontario. The BORROWER and EDC hereby further irrevocably submit to the jurisdiction of the competent Courts of the Federal District of Mexico.

The BORROWER and EDC hereby irrevocably agree that all claims in respect of any action or proceeding arising out of this Agreement may be heard and determined in the Courts of the Province of Ontario or the competent Courts of the Federal District of Mexico.

The BORROWER and EDC irrevocably waive, to the extent they may effectively do so, the defense of inconvenient territorial forum in connection with any legal action or proceeding relating to this Agreement brought before any of the aforementioned Courts and waive any right of other jurisdiction they may now or hereinafter have by reason of their present or future domicile.

(c) The BORROWER further represents and agrees that, to the extent that the BORROWER or any of its properties may have or hereafter may acquire, any right of immunity from, inter alia, jurisdiction, suit, judgment or enforcement of a judgment in MEXICO or the Province of Ontario, the BORROWER hereby irrevocably waives, to the fullest extent permitted by applicable laws, such rights of immunity in connection with its duties and obligations under this Agreement, provided however that the BORROWER is immune from writs of execution and attachment in MEXICO as provided in Article 4 of the Federal Code of Civil Procedure of MEXICO.

(d) The obligation of the BORROWER pursuant to this Agreement to make payments in UNITED STATES DOLLARS shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any other currency except to the extent to which such tender or recovery shall result in the effective receipt by EDC of the full amount of UNITED STATES DOLLARS payable or expressed to be payable under this Agreement and accordingly the obligation of the BORROWER shall be, to the extent permitted by applicable law, enforceable as an alternative or additional cause of action for the purpose of recovery in the other currency of the amount (if any) by which such effective receipt shall fall short of the full amount of UNITED STATES DOLLARS payable or expressed to be payable under this Agreement and such obligation shall not be affected by judgment being obtained for any other sums due under this Agreement.



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ARTICLE XII SUCCESSORS AND ASSIGNS

Section 12.01 - Successors and Assigns

This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and assigns. EDC may assign or transfer all or any part of its rights hereunder without the consent of the BORROWER, but only to financial institutions duly registered with Secretaría de Hacienda y Credito Publico and established in a country with which MEXICO has entered into a Treaty for Avoidance of Double Taxation and in such event, EDC shall give prior notification of at least fifteen (15) days to the BORROWER. The BORROWER may not assign or transfer all or any part of its rights or obligations hereunder without the prior consent of EDC.

IN WITNESS WHEREOF the parties hereto have signed and delivered this Agreement.

COMISION FEDERAL DE ELECTRICIDAD

Signature:

(Print Name):

ANTONIO CERVENA

EXPORT DEVELOPMENT CORPORATION

Signature:

(Print Name):

Viviane Bouchar

Vivianne Bouchar

Signature:

(Print Name):

P. M. M. M. L.

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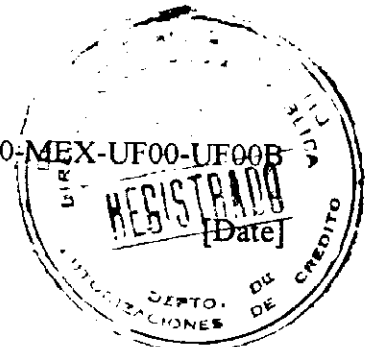
REGISTRO DE	2116
ACTIVO	10/11/98
DE LA	Y REGISTRO DE
LA EXPOSICION	FECHA: 4/11/98
CONVENCION	EXPOSICION

Schedule "A" to the Line of Credit Agreement No. 880-MEX-UF00-UF00B made between
COMISION FEDERAL DE ELECTRICIDAD and EXPORT DEVELOPMENT
CORPORATION

FORM OF APPLICATION FOR FINANCING

Export Development Corporation
151 O'Connor Street
Ottawa, Canada K1A 1K3

Ref.: 880-MEX-UF00-UF00B



Attention: International Markets (Mexico)

Re: Line of Credit Agreement dated October , 1998 between Comision Federal de
Electricidad and Export Development Corporation
(EDC Loan No. 880-MEX-UF00-UF00B) (the "Agreement")

Comision Federal de Electricidad hereby requests, pursuant to Section 3.06(a)(i) of the
Agreement, that the following transaction be approved by EDC for financing:

1. Exporter - [insert name and address]
2. Description of the goods and/or services - [insert description]
3. Total purchase price of goods and/or services - [indicate whether CAD or USD]
4. Payment terms of contract -
5. Indication as to when contract is expected to be signed -
6. Amount of financing requested:
 - (a) up to USDBLANK to finance up to BLANK of the purchase price [under the Bundling Tranche / Specific Transaction Tranche]
 - (b) Exposure Fees
 - (c) Local Costs (applicable to Specific Transaction Tranche only)

6

7. Repayment terms: (applicable to Specific Transaction Tranche only)

COMISION FEDERAL DE ELECTRICIDAD

Signature:
(Print Name):

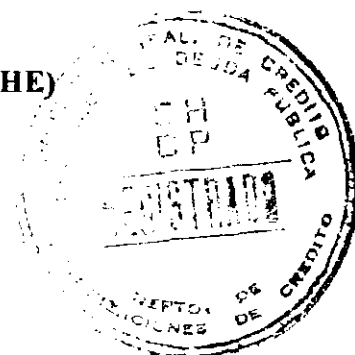
Signature:
(Print Name):



Schedule "B" to the Line of Credit Agreement No. 880-MEX-UF00-UF00B made between COMISION FEDERAL DE ELECTRICIDAD and EXPORT DEVELOPMENT CORPORATION

FORM OF OFFER OF FINANCING (BUNDLING TRANCHE)

Comision Federal de Electricidad
Rodano 14, 7° Piso
Reforma 164, 7 Piso
La Colonia Juarez, 06600 Mexico D.F.



Attention:

Re: Line of Credit Agreement dated October , 1998 between Comision Federal de Electricidad and Export Development Corporation
(EDC Loan No. 880-MEX-UF00-UF00B) (the "Agreement")

In response to your Application for Financing dated October , 1998 we have approved the following contract (the "Contract") for financing under the Agreement and hereby offer you financing for the Contract as follows:

1. Date and No. (if any) of Contract -
2. Exporter - [insert name and address]
3. Description of Goods and/or Services - [insert description]
4. Total purchase price of Goods and/or Services - [indicate whether CAD or USD]
5. Amount of financing:
 - (a) up to [USDBLANK/USD equivalent of CADBLANK not to exceed USDBLANK] for Goods and/or Services provided that the aggregate of the Advances made in respect thereof will not at any time exceed 85% of the purchase price of the Goods and/or Services;
 - (b) up to [USDBLANK/USD equivalent of CADBLANK not to exceed USDBLANK] required to finance Exposure Fees provided that the aggregate of the Advances made in respect thereof will not at any time exceed 100% of the Exposure Fees.
6. Disbursement Terms: Disbursement terms are set out in Annex "1" attached hereto.

Unless otherwise defined herein, terms will have the meaning ascribed to them in the Line of Credit Agreement.

This offer is open for acceptance by you to Export Development Corporation until **BLANK**. Upon receipt by EDC of your acceptance, this Offer of Financing shall constitute an Allocation under the Agreement.

EXPORT DEVELOPMENT CORPORATION

Signature:
(Print Name):

Comision Federal de Electricidad hereby accepts the Offer of Financing No. 880-MEX-**BLANK** set forth in the communication dated October , 1998 from Export Development Corporation to Comision Federal de Electricidad for the Contract described therein, which hereafter constitutes an Allocation. Comision Federal de Electricidad irrevocably authorizes and directs EDC to make Disbursements in accordance with the Disbursement Terms set out in the Allocation No. 880-MEX-**BLANK**.]

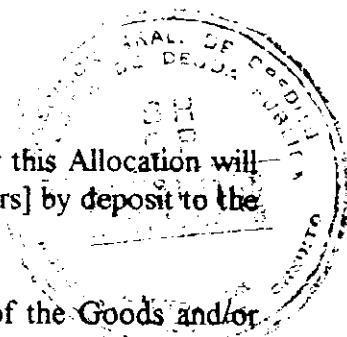
Dated as of **BLANK** day of **BLANK**.

COMISION FEDERAL DE ELECTRICIDAD

Signature:
(Print Name):

Annex "1"

DISBURSEMENT TERMS



- 1 Each amount charged to the account of the Borrower by EDC under this Allocation will be disbursed to the Exporter in [United States Dollars/Canadian Dollars] by deposit to the account and bank designated in writing to EDC by the Exporter.
2. If the Borrower has already paid part or all of the purchase price of the Goods and/or Services, at the request of the Borrower and on confirmation from the Exporter that it has received such payment, EDC will disburse an Advance in respect thereof directly to the Borrower, with any transfer costs to be payable by the Borrower.
3. EDC is hereby authorized to make Advances under this Allocation for the account of the Borrower up to the amount being financed by EDC, once the following additional terms and conditions have been satisfied:
 - (a) prior to the first Advance under this Allocation:
 - (i) any amendments to the Contract have been received by EDC from the Exporter if the Contract has been amended as well as a copy of the Contract if not;
 - (ii) where the Contract requires the Borrower to approve documents for payments to the Exporter, a statement from the Borrower naming the individuals authorized to give such approval on its behalf, with specimen signatures of such individuals, have been received by EDC through the Borrower;
 - (iii) a statement from the Exporter naming the individuals authorized to sign documents on its behalf, with specimen signatures of such individuals, have been received by EDC;
 - (iv) the Exporter's banking instructions;
 - (b) for each Advance under this Allocation:
 - (i) a numbered and dated invoice of the Exporter, setting out the total amount of the invoice, addressed to the Borrower and referring to the Contract [and approved by the Borrower], has been received by EDC;
 - (ii) for each payment due on shipment of Goods, a photocopy of a clean on-board bill of lading or air waybill or other evidence satisfactory to EDC that the Goods for which payment is being requested have been exported out of Canada, has been received by EDC;

- (c) [set out specific payment terms of down payment as set out in Contract];
 - [(d) insert other documentary requirements, if any, for payments in accordance with Contract;]
 - (e) all pre-disbursement conditions set out in the Line of Credit Agreement have been satisfied in full; and
 - (f) all other information or documentary evidence as EDC may reasonably request, has been received by EDC.
- 61

Schedule "C" to the Line of Credit Agreement No. 880-MEX-UF00-UF00B made between
COMISION FEDERAL DE ELECTRICIDAD and EXPORT DEVELOPMENT
CORPORATION

FORM OF OFFER OF FINANCING (SPECIFIC TRANSACTION TRANCHE)

Comision Federal de Electricidad
Rodano 14, 7° Piso
Reforma 164, 7 Piso
La Colonia Juarez
06600 Mexico D.F.

Attention:

Re: Line of Credit Agreement dated October , 1998 between Comision Federal de
Electricidad and Export Development Corporation
(EDC Loan No. 880-MEX-UF00-UF00B) (the "Agreement")

In response to your Application for Financing dated October , 1998 we have approved the
following contract (the "Contract") for financing under the Agreement and hereby offer you
financing for the Contract as follows:

1. Date and No. (if any) of Contract -
2. Exporter - [insert name and address]
3. Description of Goods and/or Services - [insert description]
4. Total purchase price of Goods and/or Services - [indicate whether CAD or USD]
5. Amount of financing:
 - (a) up to [USDBLANK/USD equivalent of CADBLANK not to exceed USDBLANK] for Goods and/or Services provided that the aggregate of the Advances made in respect thereof will not at any time exceed 85% of the purchase price of the Goods and/or Services;
 - (b) up to [USDBLANK/USD equivalent of CADBLANK not to exceed USDBLANK] required to finance Local Costs provided that the aggregate of the Advances made in respect thereof will not at any time exceed 15% of the purchase price of the Goods and/or Services.
6. Repayment Term: in **BLANK** semi-annual instalments on consecutive Interest Payment Dates commencing on the First Repayment Date.

7. First Repayment Date: is the earlier of

- (i) the second Repayment Date set forth in Section 1.01 following the actual date of [final delivery of the Goods and/or performance of the Services pursuant to the Contract/commissioning of the project,] as notified by EDC to the Borrower in EDC's sole discretion; and
- (ii) (outside date as determined by EDC, falling on the second Repayment Date set forth in Section 1.01 following the projected date of [final delivery of the Goods and/or performance of the Services pursuant to the Contract/commissioning of the project].)

8. Interest Payment Dates -

- (i) prior to First Repayment Date, [insert two of four Repayment Dates set forth in Section 1.01 of Line of Credit Agreement];
- (ii) the First Repayment Date; and
- (iii) the dates which fall six and twelve months after the First Repayment Date and each anniversary of those dates;

or if any such date is not a Business Day, the Business Day next following.

9. Rate of Interest:

10. Disbursement Terms: Disbursement terms are set out in Annex "1" attached hereto.

Unless otherwise defined herein, terms will have the meaning ascribed to them in the Line of Credit Agreement.

This offer is open for acceptance by you to Export Development Corporation until **BLANK**. Upon receipt by EDC of your acceptance, this Offer of Financing shall constitute an Allocation under the Agreement.

EXPORT DEVELOPMENT CORPORATION

Signature:
(Print Name):

Comision Federal de Electricidad hereby accepts the Offer of Financing No. 880-MEX-BLANK set forth in the communication dated October , 1998 from Export Development Corporation to Comision Federal de Electricidad for the Contract described therein, which hereafter

constitutes an Allocation. Comision Federal de Electricidad irrevocably authorizes and directs EDC to make Disbursements in accordance with the Disbursement Terms set out in the Allocation No. 880-MEX-BLANK.].

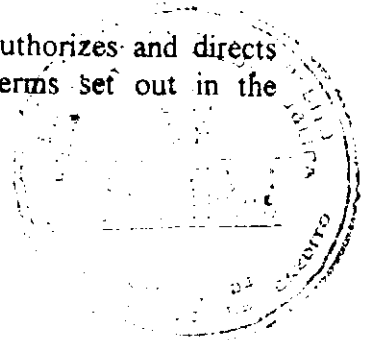
Dated as of **BLANK** day of **BLANK**.

COMISION FEDERAL DE ELECTRICIDAD

Signature:

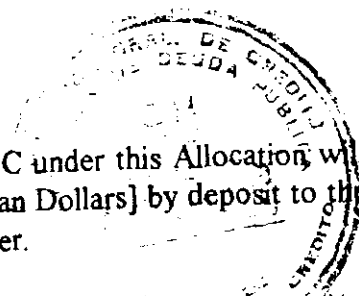
(Print Name):

[Signature]



Annex "1"

DISBURSEMENT TERMS



- 1 Each amount charged to the account of the Borrower by EDC under this Allocation, will be disbursed to the Exporter in [United States Dollars/Canadian Dollars] by deposit to the account and bank designated in writing to EDC by the Exporter.
2. If the Borrower has already paid part or all of the purchase price of the Goods and/or Services, at the request of the Borrower and on confirmation from the Exporter that it has received such payment, EDC will disburse an Advance in respect thereof directly to the Borrower, with any transfer costs to be payable by the Borrower.
3. EDC is hereby authorized to make Advances under this Allocation for the account of the Borrower up to the amount being financed by EDC, once the following additional terms and conditions have been satisfied:
 - (a) prior to the first Advance under this Allocation:
 - (i) any amendments to the Contract have been received by EDC from the Exporter if the Contract has been amended as well as a copy of the Contract if not;
 - (ii) where the Contract requires the Borrower to approve documents for payments to the Exporter, a statement from the Borrower naming the individuals authorized to give such approval on its behalf, with specimen signatures of such individuals, have been received by EDC through the Borrower;
 - (iii) a statement from the Exporter naming the individuals authorized to sign documents on its behalf, with specimen signatures of such individuals, have been received by EDC;
 - (iv) the Exporter's banking instructions;
 - (b) for each Advance under this Allocation:
 - (i) a numbered and dated invoice of the Exporter, setting out the total amount of the invoice, addressed to the Borrower and referring to the Contract [and approved by the Borrower], has been received by EDC;
 - (ii) for each payment due on shipment of Goods, a photocopy of a clean on-board bill of lading or air waybill or other evidence satisfactory to EDC that the Goods for which payment is being requested have been exported out of Canada, has been received by EDC;

(1)

- (c) [set out specific payment terms of down payment as set out in Contract];
 - [(d) insert other documentary requirements, if any, for payments in accordance with Contract,]
 - (e) all predisbursement conditions set out in the Line of Credit Agreement have been satisfied in full; and
 - (f) all other information or documentary evidence as EDC may reasonably request, has been received by EDC.
- 6

Schedule "D" to the Line of Credit Agreement No. 880-MEX-UF00-UF00B made between
COMISION FEDERAL DE ELECTRICIDAD and EXPORT DEVELOPMENT
CORPORATION

FORM OF BUNDLING NOTICE

Comision Federal de Electricidad
Rodano 14, 7° Piso
Reforma 164, 7 Piso
La Colonia Juarez
06600 Mexico D.F.

Attention:

Re: Line of Credit Agreement dated October , 1998 between Comision Federal de
Electricidad and Export Development Corporation
(EDC Loan No. 880-MEX-UF00-UF00B) (the "Agreement")

Pursuant to Section 4.01 of the Agreement, Export Development Corporation ("EDC") hereby
notifies you that the aggregate of USDBLANK was disbursed to Exporters and USDBLANK
was charged to the loan account of the Borrower with respect to Exposure Fees during the
Consolidation Period from BLANK to BLANK and that accordingly Bundle No. BLANK being
the sum of USDBLANK is repayable in ten (10) or sixteen (16) semi-annual instalments
commencing on BLANK. Details with respect to the disbursed amounts being bundled are set
out in the attached schedule.

Yours truly,

EXPORT DEVELOPMENT CORPORATION

Signature:
(Print Name):

6

Schedule "E" to the Line of Credit Agreement No. 880-MEX-UF00-UF00B made between COMISION FEDERAL DE ELECTRICIDAD and EXPORT DEVELOPMENT CORPORATION

FORM OF OPINION OF BORROWER'S COUNSEL

Export Development Corporation
151 O'Connor Street
Ottawa, Canada K1A 1K3

Ref.: 880-MEX-UF00-UF00B

[Date]

Dear Sirs:

Re: Line of Credit Agreement dated October , 1998 between Comision Federal de Electricidad and Export Development Corporation
(EDC Loan No. 880-MEX-UF00-UF00B) (the "Agreement")

I have acted as counsel to Comision Federal de Electricidad a decentralized public agency validly existing under the laws of the United Mexican States, governed by the Electrical Power Public Utility Law (ley del Servicio Publico de Energia Electrica) in connection with the Line of Credit Agreement (the "Agreement") No. 880-MEX-UF00-UF00B dated October between Comision Federal de Electricidad (the "Borrower") and Export Development Corporation, as lender ("EDC"). Capitalized terms used but not defined herein, shall have the respective meanings assigned to them pursuant to the Agreement.

In rendering this opinion, I have assumed, without any independent investigation or verification of any kind (i) the authenticity of all documents submitted to me as originals and the conformity to authentic original documents submitted to me as certified, conformed or photostatic copies of the translations; and (ii) the validity, binding effect and enforceability of the Agreement under the laws of the Province of Ontario and the laws of Canada applicable thereto.

I have not made any investigations of the laws of any jurisdiction outside Mexico and this opinion is confined solely to matters of the laws of Mexico.

For such purpose, I have reviewed, among other things, a copy of the Agreement as executed by the Borrower.

I have also examined such certificate and other documents, and considered such questions of Mexican law as I have deemed necessary or appropriate for the purpose of this opinion.

On the basis of the foregoing, I am of the opinion that:

1. the Borrower is a decentralized public agency duly established and validly existing under the laws of Mexico, with full power and authority to own its properties, to carry on its business as it now conducted, to execute and deliver the Agreement and each Allocation

and perform its obligations under the Agreement and each Allocation, in accordance with their respective terms;

2. the execution and delivery of the Agreement by behalf of the Borrower have been, and each Allocation when executed and delivered will be, duly authorized by it in accordance with the laws of Mexico, and assuming their legality under the laws of the Province of Ontario and the laws of Canada applicable therein, the Agreement constitutes and each Allocation when executed and delivered will constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms;
3. neither the execution or delivery of the Agreement and each Allocation by the Borrower nor the performance by it of its obligations thereunder in accordance with their terms, conflicts with, violates, results in a breach of, or constitutes a default under the laws of Mexico (including, but not limited to, the Ley del Servicio Publico de Energia Electrica) or any agreements to which the Borrower is a party or by which the Borrower or its assets is bound;
4. all authorizations, registrations, approvals or consents of governmental authorities required pursuant to the laws of Mexico in connection with the execution and delivery by the Borrower of the Agreement and each Allocation and for the performance by the Borrower of the terms thereof, have been effected or obtained and are in full force and effect and the Agreement has been duly registered with Secretaria de Hacienda y Credito Publico;
5. the choice of Ontario law as the governing law of the Agreement is a valid and binding choice of law; provided, however, that, according to Article 15 of the Civil Code of Mexico, in the event any legal proceedings were to be brought in the United Mexican States for the enforcement of the Agreement, a Mexican court would apply the substantive laws effective in the Province of Ontario only to the extent that such law or its application would not lead to a result which is contrary to Mexico's public policy ("Orden Público") and that it is not deemed by the Mexican court that the choice of law was stipulated with the intention to defraud basic principles of Mexican law;
6. to the best of my knowledge and belief, there is no litigation, arbitration or administrative proceedings pending against or affecting the Borrower which may materially and adversely affect the Borrower's ability to meets its obligations under the Agreement and each Allocation;
7. it is not necessary in order to ensure the legality, validity, binding nature, enforceability or admissibility in evidence of the Agreement or any Allocation in Mexico that any document be filed, recorded or enrolled with any court or authority in Mexico or that any stamp, registration or other like taxes be paid on or in relation to the Agreement or any Allocation, provided that in the event any legal proceedings are brought in the courts of Mexico, an official Spanish translation of the documents required in such proceedings duly

prepared by a court approved translator are delivered to the court and an opportunity is given to the defendant to be heard with respect to the accuracy of the translation;

8. the obligations set forth in the Agreement rank and will rank *pari passu* with all other unsecured External Indebtedness issued, created or assumed by the Borrower;
9. there is no income or other tax, levy, impost, deduction, charge or withholding imposed by Mexico or any political subdivision or taxing authority thereof payable with respect to the execution, delivery and performance of the Agreement and each Allocation or any payment to be made by the Borrower with respect thereto, except for the federal withholding tax on interest paid to non-residents provided for in Article 154 of the Federal Income Tax Law of Mexico; in the event that Taxes are imposed in connection with the Agreement or payments thereunder, the Borrower's obligation to pay such Taxes as provided in Section 4.07 of the Agreement, is legal, valid, binding and enforceable;
10. according to Article 154-A of the Federal Income Tax Law of Mexico, interest payable on loans with a term of three or more years, granted or guaranteed by a foreign credit institution responsible for promoting exports by granting credits and/or guarantees under preferential conditions, and duly registered in the Mexican Banking and Financing Institutions, Pensions, Retirement and Foreign Investment Funds Registry administered by the Mexican Ministry of Finance and Public Credit, are not subject to withholding tax;
11. if, at any time, EDC takes or is required to take legal or other measures to enforce the Agreement, it will not be necessary for EDC to take any steps to register itself for the purpose of doing business in Mexico, and EDC is entitled to full access to the courts of Mexico.

The opinion expressed above is subject to the following qualifications:

- (a) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, moratorium and other laws of general application in relation to or affecting the rights of creditors;
- (b) Mexican law does not permit the collection of interest-on-interest nor any agreement in advance to capitalize interest; Mexican law does, however, permit the capitalization of interest after it has become due;
- (c) under Article 4 of the Federal Code of Civil Procedure of Mexico, attachment prior to judgment or attachment in aid of execution will not be ordered by Mexican courts against the property of the Borrower;
- (d) in the event that any legal proceedings are brought in the courts of Mexico, a Spanish translation of the documents required in such proceedings prepared by a court-approved translator would have to be approved by the court, and proceedings would thereafter be based upon the translated documents;

- (e) any judgment obtained in the Province of Ontario, Canada arising out of or in relation to the obligations of the Borrower under the Agreement, may be enforceable against the Borrower in the courts of Mexico, provided that;
- (i) such judgment is rendered by a competent court and is obtained in compliance with all legal requirements of the jurisdiction of the court rendering such judgment;
 - (ii) such judgment is strictly for the payment of a certain sum of money, based on an in personam action;
 - (iii) service process was made personally on the Borrower or on the appropriate process agent;
 - (iv) such judgment does not contravene Mexican law, public policy of Mexico, international treaties or agreements binding upon Mexico or generally accepted principles of international law;
 - (v) the applicable procedure under the laws of Mexico with respect to the enforcement of foreign judgments (including the issuance of a letter rogatory by the competent authority of such jurisdiction requesting enforcement of such judgment and the certification of such judgment as authentic by the corresponding authorities of such jurisdiction in accordance with the laws thereof) is complied with;
 - (vi) such judgment is final in the jurisdiction where obtained;
 - (vii) the courts of such jurisdiction recognize the principles of reciprocity in connection with the enforcement of Mexican judgments in such jurisdiction.

This opinion is addressed to you solely for your benefit in connection with the Agreement. It is not to be transmitted to anyone else nor is it to be relied upon by anyone else or for any other purpose or quoted or referred to in any public document or filed with anyone without our prior express consent.

Yours faithfully,

(1)