

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED APRIL 17, 1996

U.S. \$1,750,000,000

**UNITED MEXICAN STATES**  
**11.50% Global Bonds due May 15, 2026**



Interest on the 11.50% Global Bonds due May 15, 2026 (the "Global Bonds") is payable on May 15 and November 15 of each year, commencing on November 15, 1996. The Global Bonds will constitute direct, general and unconditional external indebtedness of the United Mexican States ("Mexico"). The Global Bonds will not be redeemable prior to maturity and will not be entitled to the benefit of any sinking fund. The Global Bonds are expected to be issued in an aggregate principal amount of U.S. \$1,750,000,000, subject to Mexico's right to reject offers that do not comply with the terms and conditions of the Invitation (as defined below). The Global Bonds will be issued in book-entry form and will be represented by one or more global securities (collectively, the "Book-Entry Securities") in fully registered form, without coupons, which will be registered in the name of a nominee of The Depository Trust Company ("DTC"), as Depository for the accounts of its participants (including Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear"), and Cedel Bank, *société anonyme* ("Cedel")). Beneficial interests in the Book-Entry Securities will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct or indirect participants. Except in limited circumstances, definitive Global Bonds will not be issued in exchange for beneficial interests in the Book-Entry Securities. See "Description of Global Bonds" in this Prospectus Supplement and "Description of Securities — Debt Securities" in the Prospectus attached hereto (the "Prospectus").

The Global Bonds are being issued pursuant to the invitation (the "Invitation") by Mexico to holders of its U.S. dollar-denominated Collateralized Fixed Rate Bonds Due 2019 (Series A and B) (the "Par Bonds") and U.S. dollar-denominated Collateralized Floating Rate Bonds Due 2019 (Series A, B, C and D) (the "Discount Bonds"), in each case, together with all Value Recovery Rights originally appertaining thereto (including all Value Recovery Rights that became detachable on or after the original issuance of such bonds) (such bonds and Value Recovery Rights, collectively, the "Brady Bonds") to submit offers to exchange pursuant to a "Modified Dutch Auction" all or any of the Brady Bonds held by such holders for Global Bonds. Further details regarding the Invitation are described in Mexico's Prospectus Supplement dated April 17, 1996 to Prospectus dated April 17, 1996 and Supplement dated April 25, 1996 and Supplement No. 2 dated April 29, 1996, each to Prospectus Supplement dated April 17, 1996 (collectively, the "Invitation Supplements"). See "Plan of Distribution" for a summary of the results of the Invitation.

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The issue price of Global Bonds offered by Mexico in exchange for Brady Bonds pursuant to, and in accordance with the terms of, the Invitation is 92.930%. Global Bonds acquired by the Dealer Managers and Mexico pursuant to the Invitation may be sold by them at prices that may vary from time to time. It is expected that the Global Bonds will be ready for delivery in book-entry form only through the facilities of DTC in New York, New York on or about May 7, 1996 (the "Settlement Date").

The Dealer Managers for the Invitation are:

**Goldman, Sachs & Co.**

**Chase Securities Inc. Deutsche Morgan Grenfell Salomon Brothers Inc**

The date of this Prospectus Supplement is May 1, 1996.

The Global Bonds are offered for sale in those jurisdictions in the United States, Europe and Asia where it is legal to make such offers. Application has been made to list the Global Bonds on the Luxembourg Stock Exchange.

To the best knowledge and belief of Mexico (which has taken all reasonable care to confirm that such is the case), the information contained herein is true and accurate in all material respects as of the date hereof and does not omit anything likely to affect the import of such information. This Prospectus Supplement and the Prospectus are being furnished solely for use by prospective investors in connection with their consideration of a purchase of the Global Bonds.

**THE DEALER MANAGERS MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE GLOBAL BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE LUXEMBOURG STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

## INTRODUCTORY STATEMENT

The Global Bonds described herein constitute a separate single issue of debt securities of Mexico being offered by Mexico from time to time under Registration Statements filed with the U.S. Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended. This Prospectus Supplement should be read together with the Prospectus and the documents incorporated by reference herein and therein, each of which contain information regarding Mexico and other matters. Additional information concerning Mexico and the Global Bonds is to be found in said Registration Statements and any post-effective amendments thereto, including the various exhibits thereto, and the documents incorporated therein by reference, which may be inspected at the office of the Commission. Additional information concerning the Invitation may be found in the Invitation Supplements filed with the Commission, which may be inspected at the office of the Commission. Certain terms used but not defined in this Prospectus Supplement are defined in the Prospectus.

## PURPOSE OF THE INVITATION

The issuance of the Global Bonds pursuant to the Invitation is intended to provide a liquid, long-term Mexican sovereign risk benchmark. In addition, the Invitation is part of a broader program of the Mexican government to manage its external liabilities.

## DESCRIPTION OF GLOBAL BONDS

*The following description of the particular terms of the Global Bonds offered hereby supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the Debt Securities (as such term is used in the Prospectus) set forth in the Prospectus, to which description reference is hereby made.*

The Global Bonds are to be issued pursuant to a Fiscal Agency Agreement, dated as of September 1, 1992, as amended by Amendment No. 1 thereto, dated as of November 28, 1995 (the "Fiscal Agency Agreement"), between Mexico and Citibank, N.A., as Fiscal Agent (the "Fiscal Agent"). The following statements and the statements under "Description of the Securities — Debt Securities" in the Prospectus briefly summarize some of the terms of the Global Bonds and the Fiscal Agency Agreement relating thereto. Such statements do not purport to be complete and are qualified in their entirety by reference to the Fiscal Agency Agreement and to the form of Global Bond filed or to be filed by Mexico with the Commission.

### General

The Global Bonds will constitute direct, general and unconditional external indebtedness (as defined under "Description of Securities — Debt Securities — General" in the Prospectus) of Mexico. Payment of the principal of and interest on the Global Bonds will be unsecured, and the Global Bonds will rank *pari passu* with all other unsecured and unsubordinated obligations of Mexico, present and future, relating to external indebtedness. Unlike the Brady Bonds exchanged for Global Bonds, the Global Bonds will not have any accompanying Value Recovery Rights.

The Global Bonds are expected to be issued in an aggregate principal amount of U.S. \$1,750,000,000, subject to Mexico's right to reject offers that do not comply with the terms and conditions of the Invitation. Each Global Bond will bear interest from May 7, 1996 at a rate per annum equal to 11.50%. Interest on the Global Bonds will be payable semi-annually in arrears on May 15 and November 15, commencing on November 15, 1996 (each, a "Payment Date") to the persons in whose name the Global Bonds are registered at the close of business on the fifteenth calendar day preceding each Payment Date. Interest on the Global Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

The Global Bonds will mature on May 15, 2026 and will not be redeemable prior to maturity or entitled to the benefit of any sinking fund. Mexico may at any time purchase Global Bonds at any

price in the open market or otherwise. Global Bonds so purchased by Mexico may, at Mexico's discretion, be held, resold or surrendered to the Fiscal Agent for cancellation.

The Global Bonds are expected to be rated Ba2 by Moody's Investor Service, Inc.

### **Payments and Paying Agents**

The principal of and interest on each Global Bond will be payable by Mexico in U.S. dollars. Such payments of principal and interest will be made to DTC or its nominee as the registered owner of such Global Bonds. Beneficial owners of Global Bonds are expected to be paid in accordance with the procedures of DTC and its participants in effect from time to time as described below and under "Description of Securities — Debt Securities — Global Securities" in the Prospectus. Neither Mexico nor any Paying Agent (as defined below) shall have any responsibility or liability for such payments by DTC or its nominee.

Principal and interest payable at maturity shall be payable in immediately available funds against surrender of the Global Bonds at the corporate trust office of the Fiscal Agent, and at the offices of such other Paying Agents as Mexico shall have appointed pursuant to the Fiscal Agency Agreement. Payments of interest on Global Bonds due other than at maturity shall be made, subject to applicable laws and regulations, by check mailed on or before the due date for such payment to the persons entitled thereto at such persons' addresses appearing on the register maintained by the Fiscal Agent; *provided, however*, that any payments shall be made, in case of a holder of at least U.S. \$1,000,000 aggregate principal amount of Global Bonds, by transfer of immediately available funds to an account maintained by the payee with a bank if such holder so elects, by giving notice to the Fiscal Agent not less than 15 days prior to the date of the payments to be obtained of such election and of the account to which payments are to be made.

In any case where the due date for the payment of the principal of or interest on any Global Bond shall be, at any place of payment, a day on which banking institutions are authorized or obligated by law to close, then payment of principal thereof or interest thereon need not be made on such date at such place but may be made on the next succeeding day at such place which is not a day on which banking institutions are authorized or obligated by law to close, with the same force and effect as if made on the date for such payment, and no interest shall accrue for the period after such date.

Any monies paid by Mexico to the Fiscal Agent for the payment of the principal of or interest on any Global Bonds and remaining unclaimed at the end of two years after such principal or interest shall have become due and payable (whether at maturity or otherwise) shall then be repaid to Mexico upon its written request, and upon such repayment all liability of the Fiscal Agent with respect thereto shall cease, without, however, limiting in any way any obligation Mexico may have to pay the principal of and interest on the Global Bonds as the same shall become due. The Global Bonds will become void unless presented for payment within five years after the maturity date thereof (or such shorter period as may be prescribed by applicable law).

Until the Global Bonds are paid or payment thereof is duly provided for, Mexico will, at all times, maintain a paying agent in The City of New York (the "Paying Agent"). Mexico has initially appointed Citibank, N.A. to serve as Paying Agent. An office of the Paying Agent in The City of New York for all purposes relating to the Global Bonds is located at the date hereof at 111 Wall Street, 5th Floor, New York, New York 10043. In addition, for so long as any Global Bonds are listed on the Luxembourg Stock Exchange and the rules of such exchange shall so require, Mexico shall maintain a paying agent in Luxembourg (the "Luxembourg Paying Agent", and together with the Paying Agent, the "Paying Agents") and a transfer agent in Luxembourg (the "Luxembourg Transfer Agent"). Mexico has initially appointed Kredietbank S.A. Luxembourg, 43, Boulevard Royal-L-2955, Luxembourg, to serve as Luxembourg Paying Agent and Luxembourg Transfer Agent.

## **Payment of Additional Amounts**

All payments of principal and interest by Mexico in respect of the Global Bonds will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by Mexico, any political subdivision thereof or any taxing authority in Mexico. If Mexico is required by law to make any such withholding or deduction, it will pay such additional amounts as may be necessary in order to ensure that the net amounts receivable by the holders of the Global Bonds after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Global Bonds in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of any Global Bond to or on behalf of a holder who is liable for taxes or duties in respect of such Global Bond (a) by reason of such holder having some connection with Mexico other than the mere holding of such Global Bond or the receipt of principal or interest in respect thereof; (b) by reason of the failure to comply with any reasonable certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with Mexico, or any political subdivision or taxing authority thereof or therein, of the holder of a Global Bond or any interest therein or rights in respect thereof, if compliance is required by Mexico, or any political subdivision or taxing authority thereof or therein, pursuant to applicable law or to any international treaty in effect, as a precondition to exemption from, or reduction in the rate of, such deduction or withholding; or (c) by reason of the failure of such holder to present such holder's Global Bond for payment of principal and interest on such Global Bond at maturity within thirty days after the relevant payment is first made available for payment to the holder.

References under the heading "Description of Global Bonds" to the payment of principal of and interest on the Global Bonds shall be deemed to include the payment of additional amounts to the extent that additional amounts are, were or would be payable in respect thereof pursuant to the above paragraph.

## **Form, Denomination, Registration and Title; Book-Entry System**

The Global Bonds will be issued in fully registered form, without coupons. Each Global Bond will be a Book-Entry Security registered in the name of Cede & Co. ("Cede"), as nominee of DTC. The Book-Entry Security will be held by the Fiscal Agent as custodian for DTC.

Except as set forth below, the Book-Entry Security may be transferred, in whole and not in part, only to DTC, another nominee of DTC or a successor of DTC or its nominee. So long as Cede, as the nominee of DTC, is the registered owner of the Book-Entry Security, Cede for all purposes will be considered the sole holder of the Global Bonds under the Fiscal Agency Agreement and the Global Bonds.

Upon the issuance by Mexico of the Global Bonds, DTC will credit, on its book-entry system, the respective principal amounts of the Global Bonds represented by such Book-Entry Security to the accounts of DTC's participants (the "Participants") designated by each participant in the Invitation. Receipt of Global Bonds upon the issuance thereof and purchases of Global Bonds under the DTC system must be made by or through Direct Participants (as defined below). Owners of beneficial interests in the Book-Entry Security may hold Global Bonds directly through DTC in the United States or through Euroclear or Cedel in Europe, if they are participants in such systems, or indirectly through organizations which are participants in such systems. Such beneficial interests will be in denominations of U.S. \$1,000 and integral multiples thereof.

Euroclear and Cedel will initially hold Global Bonds on behalf of their participants through their respective depositaries, which are participants in DTC. Transfers within DTC, Euroclear and Cedel will be in accordance with the usual rules and operating procedures of the relevant system. Cross-market transfers between investors who hold or who will hold Global Bonds through DTC and

investors who hold or who will hold Global Bonds through Euroclear and Cede will be effected in DTC through the respective depositories of Euroclear and Cede, subject to certain restrictions. Citibank, N.A. ("Citibank") will initially act as depository for Cede and Chemical Bank ("Chemical") will initially act as depository for Euroclear. See "Global Clearance and Settlement".

Owners of beneficial interests in the Book-Entry Security will not receive written confirmation from DTC of their purchase, but each beneficial owner is expected to receive written confirmation providing details of the transaction, as well as periodic statements of its holdings, from DTC (if such beneficial owner is a Direct Participant or an Indirect Participant (as defined below)) or the Direct or Indirect Participant through which such beneficial owner entered into the transaction (if such beneficial owner is not a Direct or Indirect Participant). Transfers of ownership interests in Global Bonds are expected to be effected by entries made on the books of Participants acting on behalf of beneficial owners. The deposit of Global Bonds with DTC and the registration of such Global Bonds in the name of Cede or another nominee of DTC will not effect any change in beneficial ownership. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability to transfer beneficial interests in the Global Bonds.

"Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Commission.

Mexico expects that conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. In addition, neither DTC nor Cede will consent or vote with respect to Global Bonds. Mexico has been advised that DTC's usual procedure is to mail an omnibus proxy to Mexico as soon as possible after the record date with respect to such consent or vote. The omnibus proxy would assign Cede's consenting or voting rights to those Direct Participants to whose accounts the Global Bonds are credited on such record date (identified in a listing attached to the omnibus proxy).

Euroclear or Cede, as the case may be, will take any action permitted to be taken by a holder under the Fiscal Agency Agreement or the Global Bonds on behalf of a Euroclear or Cede participant only in accordance with its relevant rules and procedures and subject to its depository's ability to effect such actions on its behalf through DTC.

Mexico has been advised that DTC will credit the accounts of Direct Participants with payment in amounts proportionate to their respective holdings in principal amount of interests in the Book-Entry Security as shown on the records of DTC. Mexico has been advised that DTC's practice is to credit Direct Participants' accounts on the applicable payment date unless DTC has reason to believe that it will not receive payments on such date. Mexico expects that payments by Direct Participants and Indirect Participants to beneficial owners of the Global Bonds will be governed by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers. Such payments will be the responsibility of such Direct Participants and Indirect Participants.

#### **Definitive Global Bonds**

Except as described in this paragraph, definitive Global Bonds will not be issued in exchange for beneficial interests in the Book-Entry Security. If DTC notifies Mexico that it is unwilling or unable to continue as depository for the Book-Entry Security or ceases to be a clearing agency registered under the United States Securities Exchange Act of 1934 (the "Exchange Act") at a time when it is required to be and a successor depository is not appointed by Mexico within 90 days after receiving

such notice or becoming aware that DTC is no longer so registered, Mexico will issue or cause to be issued Global Bonds in definitive form in exchange for the Book-Entry Security representing such Global Bonds. Mexico may also at any time and in its sole discretion determine not to have any of the Global Bonds represented by the Book-Entry Security, and, in such event, will issue or cause to be issued Global Bonds in definitive form in exchange for the Book-Entry Security. Global Bonds issued in definitive form will be issued only in fully registered form, without coupons, in denominations of U.S. \$1,000 and integral multiples thereof. Any Global Bonds so issued will be registered in such names, and in such denominations, as DTC shall request.

### **Transfer, Exchange and Replacement**

In the event that definitive certificated Global Bonds are issued under the limited circumstances described above under "Definitive Global Bonds", the Global Bonds may be presented for transfer or exchange at the corporate trust office of the Fiscal Agent in The City of New York, or at the office of the Luxembourg Transfer Agent, subject to the limitations set forth in the Fiscal Agency Agreement. Upon surrender for transfer or exchange of any Global Bond, the Fiscal Agent shall authenticate and deliver, in exchange for such Global Bond, a Global Bond or Global Bonds of the appropriate form and denomination and of an equal principal amount. No service charge will be imposed upon the holder of a Global Bond in connection with exchanges for Global Bonds of a different denomination or for registration of transfers thereof, but Mexico may charge the party requesting any transfer, exchange or registration of Global Bonds a sum sufficient to reimburse it for any stamp or other tax or other governmental charge required to be paid in connection with such transfer, exchange or registration. Mexico, the Fiscal Agent and any other agent of Mexico may treat the person in whose name any Global Bond is registered as the owner of such Global Bond for all purposes.

If any Global Bond becomes mutilated, destroyed, stolen or lost, the Global Bond or evidence of the loss, theft or destruction thereof (together with such indemnity to save Mexico, the Fiscal Agent and any other agent harmless, and such other documents or proof as may be required by Mexico or the Fiscal Agent) is delivered to the Fiscal Agent, then, in the absence of notice to Mexico or the Fiscal Agent that such Global Bond has been acquired by a *bona fide* purchaser, Mexico shall execute and, upon its request the Fiscal Agent shall authenticate and deliver, a new Global Bond of like tenor and principal amount in exchange for, or in lieu of, the mutilated, destroyed, stolen or lost Global Bond. All expenses and reasonable charges associated with procuring such indemnity and with the preparation, authentication and delivery of a new Global Bond shall be borne by the holder thereof.

### **Notices**

Notices to holders will be given by mail to the addresses of such holders appearing in the Global Bond register maintained by the Fiscal Agent and shall be deemed to have been given when mailed. In addition, if and so long as the Global Bonds are listed on the Luxembourg Stock Exchange and the rules of such Exchange shall so require, notices to holders of the Global Bonds will be published in a leading newspaper with general circulation in Luxembourg. It is expected that such publication will be made in the *Luxemburger Wort*. If publication as aforesaid is not practicable, notices will be given in another manner consistent with the rules of the Luxembourg Stock Exchange.

### **GLOBAL CLEARANCE AND SETTLEMENT**

Although DTC, Euroclear and Cedel presently perform the procedures provided below in order to facilitate transfers of Global Bonds among participants of DTC, Euroclear and Cedel, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither Mexico nor the Fiscal Agent will have any responsibility for the performance by DTC, Euroclear or Cedel or their respective participants or

indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC, Euroclear and Cedel have advised Mexico as follows:

### **The Clearing Systems**

*DTC.* DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and to facilitate the clearance and settlement of securities transactions between Participants through electronic book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates.

Because DTC can act only on behalf of Direct Participants, who in turn act on behalf of Indirect Participants and certain banks, the ability of an owner of a beneficial interest in the Book-Entry Security to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for such interest.

*Euroclear and Cedel.* Euroclear and Cedel hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Cedel provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Cedel interface with domestic securities markets. Euroclear and Cedel participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations and include certain of the Dealer Managers. Indirect access to Euroclear or Cedel is also available to others such as banks, brokers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Cedel participant, either directly or indirectly.

### **Initial Settlement**

On the Settlement Date, each person tendering Brady Bonds accepted for exchange for Global Bonds pursuant to the terms of the Invitation will receive by same-day credit to an account at DTC, Euroclear or Cedel specified by such person (i) Global Bonds in an aggregate principal amount equal to the Exchange Value of such Brady Bonds and (ii) accrued and unpaid interest to be paid on such Brady Bonds to (but not including) the Settlement Date and any cash payment to be made as a result of rounding the principal amount of Global Bonds to be issued to such person downward to the nearest U.S. \$1,000.

### **Secondary Market Trading**

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any Global Bonds where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

*Trading between DTC purchasers and sellers.* Secondary market trading between Participants (other than Chemical and Citibank as depositaries for Euroclear and Cedel, respectively) will be settled using the procedures applicable to global bond issues in same-day funds.

*Trading between Euroclear and/or Cedel participants.* Secondary market trading between Euroclear participants and/or Cedel participants will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

*Trading between DTC seller and Euroclear or Cedel purchaser.* When Global Bonds are to be transferred from the account of a Participant (other than Chemical or Citibank as depositary for Euroclear or Cedel, respectively) to the account of a Euroclear or Cedel participant, the purchaser must send instructions to Euroclear or Cedel through a participant thereof at least one business day prior to settlement. Euroclear or Cedel, as the case may be, will instruct its respective depositary to receive the Global Bonds against payment. Payment will then be made by the depositary to the



Participant's account against delivery of the Global Bonds. After settlement has been completed, the Global Bonds will be credited to the respective Clearing System and by the Clearing System, in accordance with its usual procedures, to the Euroclear or Cedel participant's account. Credit for the Global Bonds will appear on the next day (European time) and the cash debit will be back-valued to, and the interest on the Global Bonds will accrue from, the value date (which would be the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (*i.e.*, the trade fails), the Euroclear or Cedel cash debit will be valued instead as of the actual settlement date.

Euroclear and Cedel participants will need to make available to the respective Clearing Systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to preposition funds for settlement, either from cash on hand or existing lines of credit. Under this approach, participants may, however, take on credit exposure to Euroclear or Cedel until the Global Bonds are credited to their accounts one day later.

As an alternative, if Euroclear or Cedel has extended a line of credit to it, a participant may elect not to preposition funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, the Euroclear or Cedel participant purchasing Global Bonds would incur overdraft charges for one day, assuming it cleared the overdraft when the Global Bonds were credited to its account. However, interest on the Global Bonds would accrue from the value date. Therefore, in many cases, the investment income on Global Bonds earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Because the settlement will occur during New York business hours, a Participant can employ its usual procedures for transferring global bonds to the respective depositories of Euroclear or Cedel for the benefit of a Euroclear or Cedel participant. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC seller, a cross-market transaction will settle no differently than a trade between two Participants.

*Trading between Euroclear or Cedel seller and DTC purchaser.* Due to time zone differences in their favor, Euroclear and Cedel participants may employ their customary procedures for transactions in which Global Bonds are to be transferred by the respective Clearing System, through its respective depository, to a Participant. The seller must send instructions to Euroclear or Cedel through a participant at least one business day prior to settlement. In these cases, Euroclear or Cedel will instruct its respective depository to credit the Global Bonds to the Participant's account against payment. The payment will then be reflected in the account of the Euroclear or Cedel participant on the following day, and receipt of the cash proceeds in the Euroclear or Cedel participant's account will be back-valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear or Cedel participant has a line of credit with its respective Clearing System and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (*i.e.*, the trade fails), receipt of the cash proceeds in the Euroclear or Cedel participant's account would instead be valued as of the actual settlement date.

Finally, a day trader that uses Euroclear or Cedel and that purchases Global Bonds from a Participant for credit to a Euroclear or Cedel participant should note that these trades would automatically fail on the sale side unless affirmative action were taken. At least three techniques should be readily available to eliminate this potential problem:

- (1) borrowing through Euroclear or Cedel for one day (until the purchase side of the day trade is reflected in its Euroclear or Cedel account) in accordance with the clearing system's customary procedures;
- (2) borrowing the Global Bonds in the United States from a Participant no later than one day prior to settlement, which would give the Global Bonds sufficient time to be reflected in the borrower's Euroclear or Cedel account in order to settle the sale side of the trade; or

(3) staggering the value dates for the buy and sell sides of the trade so that the value date for the purchase from the Participant is at least one day prior to the value date for the sale to the Euroclear or Cedel participant.

## TAXATION

### Mexican Taxation

The following is a summary of certain Mexican federal income tax consequences that may be relevant to non-Mexican holders of Global Bonds in connection with the holding and disposition of such Global Bonds. The summary is based on Mexican laws, rules and regulations now in effect, all of which are subject to change.

This summary is not intended to constitute a complete analysis of the income tax consequences under Mexican federal law of the receipt, ownership or disposition of the Global Bonds by non-residents of Mexico, nor to describe any of the tax consequences that may be applicable to residents of Mexico.

The receipt of Global Bonds by a non-resident of Mexico will not result in any withholding or other Mexican taxes being applicable.

Under Mexico's Income Tax Law, payments of principal and interest on the Global Bonds by Mexico are not subject to any Mexican income tax, whether in the form of a withholding or otherwise, provided the Global Bonds are held by an individual who is not a resident of Mexico for tax purposes or by a non-Mexican entity directly and not through a permanent establishment or a fixed base thereof in Mexico.

Mexico has negotiated treaties to avoid double taxation with several countries. Certain of these treaties are currently in effect and others have been signed but have yet to enter into force. Such treaties are not expected to have an effect on the tax treatment of payments by Mexico under the Global Bonds to non-residents of Mexico.

Capital gains resulting from any trades of Global Bonds effected between or in respect of accounts maintained by or on behalf of non-residents of Mexico will not be subject to Mexican income or other Mexican taxes where such non-residents have no connection with Mexico other than as holders of an interest in the Global Bonds.

*Prospective purchasers of the Global Bonds should consult their own tax advisors in determining the Mexican tax consequences to them of the purchase, ownership and disposition of the Global Bonds.*

### United States Federal Income Taxation

**THE FOLLOWING IS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS THAT MAY BE RELEVANT TO THE PURCHASE, OWNERSHIP AND SALE OF GLOBAL BONDS. THIS SUMMARY IS BASED ON LAWS, REGULATIONS, RULINGS AND DECISIONS AS OF THE DATE OF THIS PROSPECTUS SUPPLEMENT. THIS SUMMARY DEALS ONLY WITH HOLDERS THAT HOLD GLOBAL BONDS AS CAPITAL ASSETS, AND DOES NOT ADDRESS TAX CONSIDERATIONS APPLICABLE TO HOLDERS THAT MAY BE SUBJECT TO SPECIAL TAX RULES. THIS SUMMARY DOES NOT DESCRIBE ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCALITY OR TAXING JURISDICTION OTHER THAN THE UNITED STATES. EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISORS IN THE RELEVANT JURISDICTIONS TO ASCERTAIN THE TAX TREATMENT OF ITS PURCHASE, OWNERSHIP AND SALE OF GLOBAL BONDS.**

Interest on the Global Bonds will not be exempt from United States taxation generally. The Global Bonds will be treated as not having any original issue discount for United States federal income tax purposes because the issue price of the Global Bonds (equal to 92.93% of their principal amount) is not less than that permitted under a rule for de minimis original issue discount (i.e., 0.25% multiplied by the number of complete years to maturity from the issue date).

Under United States federal income tax law as currently in effect, holders of Global Bonds that are not United States Persons (as defined below) will not be subject to United States federal

income taxes, including withholding taxes, on payments of interest on the Global Bonds, so long as the requirements described in the second succeeding paragraph are satisfied, unless:

(i) the holder is an insurance company carrying on a United States insurance business, within the meaning of the United States Internal Revenue Code of 1986, to which the interest is attributable, or

(ii) the holder has an office or other fixed place of business in the United States to which the interest is attributable and the interest either (a) is derived in the active conduct of a banking, financing or similar business within the United States or (b) is received by a corporation the principal business of which is trading in stock or securities for its own account, and certain other conditions exist.

The gain realized on any sale or exchange of the Global Bonds by a holder that is not a United States Person will not be subject to United States federal income tax, including withholding tax, unless (i) such gain is effectively connected with the conduct by the holder of a trade or business in the United States or (ii) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and either (A) such gain or income is attributable to an office or other fixed place of business maintained in the United States by such holder or (B) such holder has a tax home in the United States.

The Fiscal Agent will be required to file information returns with the United States Internal Revenue Service with respect to payments made to certain United States Persons on the Global Bonds. In addition, certain United States Persons may be subject to a 31% United States backup withholding tax in respect of such payments if they do not provide their taxpayer identification numbers to the Fiscal Agent, and may also be subject to information reporting and backup withholding requirements with respect to proceeds from a sale of the Global Bonds. Persons holding the Global Bonds who are not United States Persons may be required to comply with applicable certification procedures to establish that they are not United States persons in order to avoid the application of such information reporting requirements and backup withholding tax.

A Global Bond held by an individual holder who at the time of death is a nonresident alien will not be subject to United States federal estate tax.

As used herein, the term "United States Person" means a holder of a Brady Bond or Global Bond who is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source, and the term "United States" means the United States of America (including the States and the District of Columbia), its possessions, territories and other areas subject to its jurisdiction.

#### PLAN OF DISTRIBUTION

Mexico has retained Goldman, Sachs & Co., Chase Securities Inc., Deutsche Morgan Grenfell/C.J. Lawrence Inc. and Salomon Brothers Inc to act, directly or through affiliates, on behalf of Mexico as the Dealer Managers in connection with the Invitation, and Mexico has agreed to pay the Dealer Managers fees based on the principal amount of Global Bonds issued pursuant to the Invitation (other than in exchange for Brady Bonds offered by the Dealer Managers and Mexico), and to reimburse the Dealer Managers for a portion of their out-of-pocket costs and expenses in connection with the Invitation. Goldman, Sachs & Co. will also be paid a structuring and arranging fee based on the principal amount of Global Bonds issued (other than in exchange for Brady Bonds offered by the Dealer Managers and Mexico) pursuant to the Invitation. Mexico has also agreed to indemnify the Dealer Managers against certain liabilities and expenses in connection with the Invitation.

Mexico has retained The Bank of New York to act as the depository (the "Depository") in connection with the Invitation and Georgeson & Company Inc. to serve as information agent (the "Information Agent") for the Invitation. Goldman, Sachs & Co. have agreed to pay the Depository and Information Agent customary fees for their services. Mexico has agreed to indemnify the Depository and the Information Agent against certain liabilities and expenses in connection with the Invitation.

Pursuant to the Invitation, an aggregate principal amount of U.S. \$1,750,000,000 of Global Bonds is expected to be exchanged for an aggregate principal amount of U.S. \$2,059,000,000 of Par Bonds and an aggregate principal amount of U.S. \$306,000,000 of Discount Bonds, subject to Mexico's right to reject offers that do not comply with the terms and conditions of the Invitation. U.S. \$721.02 principal amount of Global Bonds will be issued in exchange for each U.S. \$1,000 principal amount of Par Bonds (the "Par Bond Exchange Value"). U.S. \$867.58 of Global Bonds will be issued in exchange for each U.S. \$1,000 principal amount of Discount Bonds (the "Discount Bond Exchange Value"). In determining the Discount Bond Exchange Value, Mexico set the price of the Discount Bonds at U.S. \$806.25 and divided it by the Global Bond Issue Price (as defined below). In establishing the Par Bond Exchange Value, Mexico set the price of the Par Bonds at U.S. \$670.05, based on a yield to maturity on the Par Bonds (the "Par Bond Exchange Yield") of 9.88% (reflecting the sum of (i) 6.88%, the yield to maturity corresponding to the bid-side price for the U.S. Treasury 6 $\frac{7}{8}$ % Bond due August 2025 as reported in the Federal Reserve Bank of New York "Composite 3:30 P.M. Quotations for U.S. Government Securities" on April 26, 1996, plus (ii) 3.0%), and divided it by the Global Bond Issue Price.

Mexico announced a clearing spread of 2.52% on May 1, 1996 at the conclusion of the "Modified Dutch Auction" to be added to the Par Bond Exchange Yield to determine the yield to maturity on the Global Bonds (the "Global Bond Exchange Yield"). The Global Bond Exchange Yield was then used as the basis for calculating the Global Bond issue price of 0.92930, expressed as the decimal equivalent of a percentage of U.S. \$1.00 principal amount of the Global Bonds (the "Global Bond Issue Price").

Pursuant to the Invitation, Mexico and the Dealer Managers were permitted to submit offers (on a noncompetitive basis) to exchange Brady Bonds for Global Bonds, the aggregate principal amount of which offers could not exceed 25% and 15%, respectively, of the aggregate principal amount of Brady Bonds offered by persons other than Mexico and the Dealer Managers and accepted by Mexico. Mexico may not, without the consent of the Dealer Managers, resell the Global Bonds that Mexico acquires pursuant to the Invitation prior to the 60th day after the Settlement Date.

In accordance with the terms of the Invitation, each of the Dealer Managers expects to receive approximately the principal amount of Global Bonds set forth opposite its name below:

<u>Dealer Manager</u>	<u>Principal Amount of Global Bonds</u>
Goldman, Sachs & Co. ....	U.S. \$108,150,000
Chase Securities Inc. ....	27,460,000
Deutsche Morgan Grenfell/C.J. Lawrence Inc. ....	27,460,000
Salomon Brothers Inc. ....	27,460,000
Total .....	<u>U.S. \$190,530,000</u>

Under the terms of the Invitation, the Dealer Managers are committed to take the Global Bonds and deliver Brady Bonds in exchange therefor on the Settlement Date.

After the exchange of Brady Bonds for Global Bonds, a principal amount of U.S. \$13,427,000,000 of Par Bonds and a principal amount of U.S. \$7,263,000,000 of Discount Bonds are expected to remain outstanding, subject to change as a result of Mexico's right to reject offers that do not comply with the terms and conditions of the Invitation. A more detailed discussion of the Invitation and the "Modified Dutch Auction" may be found in the Invitation Supplements filed with the Commission.

The Global Bonds are a new issue of securities with no established trading market. Mexico has been advised by the Dealer Managers that they intend to make a market in the Global Bonds but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Global Bonds. After the consummation of the Invitation, the offering price and the other selling terms of the Global Bonds may vary from time to time. The price at which the Global Bonds will trade in the secondary market is uncertain.

This Prospectus Supplement and the Prospectus are to be used in connection with (i) exchanges of Brady Bonds for Global Bonds pursuant to, and in accordance with the terms of,

the Invitation, (ii) offers and sales by the Dealer Managers and Mexico of Global Bonds received by them pursuant to the Invitation at prices that may vary from time to time and (iii) transactions in the Global Bonds effected by dealers in the United States, to the extent required by applicable law.

The distribution of this Prospectus Supplement and the Prospectus or any part hereof or thereof and the offer, sale and delivery of any Global Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus Supplement and the Prospectus comes are required by Mexico to inform themselves of and to observe any such restrictions. This Prospectus Supplement and the Prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

*Mexico.* A notice will be filed by Mexico with the Special Section of the National Registry of Securities and Intermediaries of Mexico (the "Registry") maintained by the National Banking and Securities Commission to register the Global Bonds therewith. Registration of the Global Bonds with the Registry does not imply any certification as to the investment quality of the Global Bonds, the economic condition of Mexico or the accuracy or completeness of the information contained in this Prospectus Supplement or the Prospectus. The Global Bonds may not be publicly offered or sold in Mexico.

*France.* The Global Bonds may not be offered or sold to the public in France. Accordingly, this Prospectus Supplement and the Prospectus have not been submitted to the *Commission des Opérations de Bourse* for approval. Any documents relating to this Prospectus Supplement and the Prospectus as well as the information contained herein and therein may not be supplied to the public in France or be used in connection with any offer for subscription or sale of Global Bonds to the public in France.

*The Netherlands.* The Global Bonds may not be offered, sold, transferred or delivered in or from The Netherlands as part of their initial distribution or at any time thereafter, directly or indirectly, other than to banks, pension funds, insurance companies, securities firms, investment institutions, central governments, large international and supranational institutions and other comparable entities, including, among others, treasuries and finance companies of large enterprises, which trade or invest in securities in the conduct of a business or profession.

*The United Kingdom.* The applicable provisions of the Financial Services Act 1986 must be complied with in respect of anything done in relation to the Global Bonds in, from or otherwise involving the United Kingdom.

*Italy.* No filings have been made with the Italian securities or bank regulatory authorities in connection with any offering or sale of the Global Bonds. Accordingly, this Prospectus Supplement and the Prospectus may not be distributed, and any offer or sale may not occur, in Italy unless the person making such offer, sale or distribution complies with local laws and regulations.

#### VALIDITY OF THE GLOBAL BONDS

The validity of the Global Bonds will be passed upon for Mexico by the Fiscal Attorney of the Federation of the United Mexican States (the "Fiscal Attorney") and by Cleary, Gottlieb, Steen & Hamilton, One Liberty Plaza, New York, New York 10006, United States counsel to Mexico, and for the Dealer Managers by Sullivan & Cromwell, 125 Broad Street, New York, New York 10004, United States counsel to the Dealer Managers, and Ritch, Heather y Mueller, S.C., Amberes No. 5, 06600 Mexico, D.F., Mexican counsel to the Dealer Managers. As to all matters of Mexican law, Cleary, Gottlieb, Steen & Hamilton may rely on the opinion of the Fiscal Attorney and Sullivan & Cromwell may rely upon the opinions of the Fiscal Attorney and Ritch, Heather y Mueller, S.C. As to all matters of United States law, the Fiscal Attorney may rely on the opinion of Cleary, Gottlieb, Steen & Hamilton and Ritch, Heather y Mueller, S.C. may rely on the opinion of Sullivan & Cromwell. All statements with respect to matters of Mexican law in the Invitation have been passed upon by the Fiscal Attorney and Ritch, Heather y Mueller, S.C., and are made upon their authority.

## GENERAL INFORMATION

### Due Authorization

The creation and issue of the Global Bonds have been authorized pursuant to a decree of the President of Mexico. All other necessary consents and authorizations under Mexican law for the issue of the Global Bonds and the performance of the obligations of Mexico under the Fiscal Agency Agreement and the Global Bonds have been obtained or will be obtained prior to the Settlement Date.

### Listing

Application has been made to list the Global Bonds on the Luxembourg Stock Exchange.

### Litigation

Neither Mexico nor any governmental agency of Mexico is involved in any litigation or arbitration or administrative proceedings relating to claims or amounts which are material in the context of the Invitation or issue of the Global Bonds and which would materially and adversely affect Mexico's ability to meet its obligations under the Global Bonds and the Fiscal Agency Agreement with respect to the Global Bonds and, so far as Mexico is aware, no such litigation or arbitration or administrative proceedings are pending or threatened.

### Documents Relating to the Global Bonds

Copies of the Fiscal Agency Agreement and the form of Global Bond may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the specified offices of the Fiscal Agent and Paying Agents.

### Clearing

The Global Bonds have been accepted for clearance through Euroclear and Cedel (Common Code: 6573584; ISIN: US593048AX90; CUSIP NO.: 593048AX9).

### Incorporation by Reference

Incorporated by reference herein is Mexico's annual report for 1994 on Form 18-K, as amended (including all exhibits thereto), filed with the Commission. Each amendment, if any, to Form 18-K (including all exhibits thereto), or any subsequent annual report on Form 18-K, filed with the Commission by Mexico subsequent to the date of this Prospectus Supplement and prior to the termination of the offering of the Global Bonds shall be deemed to be incorporated by reference herein. All documents incorporated by reference may be obtained, free of charge, at the office of the listing agent in Luxembourg.

# United Mexican States

## Debt Securities and/or Warrants to Purchase Debt Securities



The United Mexican States ("Mexico") may from time to time offer debt securities consisting of bonds, debentures and/or notes ("Debt Securities") and/or warrants to purchase Debt Securities (such Debt Securities and/or warrants being hereinafter collectively called "Securities") with an aggregate principal amount of up to \$7,500,000,000 or the equivalent thereof in one or more other currencies or currency units. Of such \$7,500,000,000, Notes with an aggregate principal amount (or aggregate initial offering price, as the case may be) not to exceed \$4,200,000,000 (or the equivalent thereof in one or more other currencies or currency units) may be issued and sold in the United States. The Securities will be offered in one or more series in amounts and at prices and on terms to be determined at the time of sale and to be set forth in supplements to this Prospectus (each a "Prospectus Supplement"). The Debt Securities will constitute direct, general and unconditional external indebtedness of Mexico. The Debt Securities will rank *pari passu*, without any preference among themselves, with all other unsecured and unsubordinated external indebtedness of Mexico, present and future. See "Description of Securities—Debt Securities—General".

The terms of the Securities, including, where applicable, the specific designation, aggregate principal amount, denominations, maturity, premium, interest rate (which may be fixed, floating or zero) and time of payment of any interest, currency or currencies (including any currency unit) in which the Securities are denominated or in which payments in respect of the Securities may be made, terms for redemption or exchange at the option of Mexico or the holder, terms for sinking fund payments, terms relating to warrants (if issued), the initial public offering price and the other terms in connection with the offering and sale of each series of the Securities in respect of which this Prospectus is being delivered, will be set forth in one or more Prospectus Supplements relating to such series of Securities. The net proceeds to Mexico from each such sale will also be set forth in such Prospectus Supplements.

The Securities may be sold through agents designated from time to time, through underwriters or dealers, or directly by Mexico. If any agents of Mexico or any underwriters are involved in the sale of Securities, the names of such agents or underwriters and any commissions or discounts will be set forth in the applicable Prospectus Supplement.

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES DESCRIBED HEREIN AND IN A PROSPECTUS SUPPLEMENT RELATING THERETO. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS QUALIFIED IN ITS ENTIRETY BY THE SUPPLEMENTARY INFORMATION CONTAINED IN SUCH PROSPECTUS SUPPLEMENT.**

A notice will be filed by Mexico with the Special Section of the National Registry of Securities and Intermediaries of Mexico (the "Registry") maintained by the National Banking and Securities Commission in order to register the Securities therewith. Registration of the Securities with the Registry does not imply any certification as to the investment quality of the Securities, the economic condition of Mexico or the accuracy or completeness of the information contained in this Prospectus. The Securities may not be publicly offered or sold in Mexico.

This Prospectus is dated April 17, 1996 and replaces the Prospectus dated November 28, 1995.

References herein to "U.S. dollars" or "\$" are to the lawful currency of the United States.

Unless otherwise specified in the applicable Pricing Supplement, Securities offered and sold outside the United States have not been and will not be registered under the United States Securities Act of 1933, as amended. Accordingly, subject to certain exceptions, such Securities may not be offered, sold or delivered within the United States or to U.S. persons.

Mexico is a foreign sovereign government. Consequently, it may be difficult for investors to obtain or realize upon judgments of courts in the United States against Mexico. Mexico will irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan, The City of New York, and will irrevocably waive any immunity from the jurisdiction of such courts, in connection with any action based upon the Securities brought by any holder of Securities. Mexico reserves the right to plead sovereign immunity under the United States Foreign Sovereign Immunities Act of 1976 (the "Immunities Act") with respect to actions brought against it under United States federal securities laws or any state securities laws. In the absence of a waiver of immunity by Mexico with respect to such actions, it would not be possible to obtain a judgment in an action brought in a U.S. court against Mexico unless such court were to determine that Mexico is not entitled under the Immunities Act to sovereign immunity with respect to such action. See "Description of Securities—Debt Securities—Jurisdiction, Consent to Service and Enforceability".

Under Article 4 of the Federal Code of Civil Procedure of Mexico, attachment prior to judgment or attachment in aid of execution may not be ordered by Mexican courts against the property of Mexico.

Under the Mexican Monetary Law, payments which should be made in Mexico in foreign currency, whether by agreement or upon a judgment of a Mexican court, may be discharged in new pesos at a rate of exchange for new pesos prevailing at the time of payment.



## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

Mexico's Annual Report on Form 18-K (including all exhibits thereto) for the year ended December 31, 1994 (the "1994 Annual Report") filed with the United States Securities and Exchange Commission (the "Commission") and the amendments thereto filed with the Commission on July 14, 1995 and November 28, 1995 on Form 18-K/A (including all exhibits thereto) shall be incorporated by reference herein and into any accompanying Prospectus Supplement. In addition, any additional amendment on Form 18-K/A (including all exhibits thereto) to the 1994 Annual Report, each subsequent Annual Report on Form 18-K (including all exhibits thereto) and any amendments to such Form 18-K on Form 18-K/A (including all exhibits thereto) (collectively, a "Form 18-K"), filed with the Commission by Mexico subsequent to the date of this Prospectus and prior to the termination of the offering of the Securities, shall be deemed to be incorporated by reference herein and into any accompanying Prospectus Supplement and to be a part hereof and thereof from the date of the filing of such documents and shall supersede and replace any prior Form 18-K. As used herein, the term "Annual Report" shall refer to any Form 18-K incorporated herein not superseded or replaced by operation of the preceding sentence. Any statement herein or contained in a document that is incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus or any accompanying Prospectus Supplement to the extent that a statement contained in any accompanying Prospectus Supplement or in any other subsequently filed document that is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus or of any accompanying Prospectus Supplement.

Any person receiving a copy of this Prospectus may obtain, without charge, upon request, a copy of any of the documents incorporated by reference herein, except for the exhibits to such documents (other than exhibits expressly incorporated by reference therein). Requests for such documents should be directed to the Director General of Public Credit, Ministry of Finance and Public Credit, Insurgentes Sur 826, 9° Piso, Col. del Valle 03100, Mexico, D.F., Mexico (telephone: 52-5-682-2799 and 682-2209; facsimile: 52-5-228-1690).

Mexico shall undertake in connection with the listing of any Securities on the Luxembourg Stock Exchange that, so long as any Securities remain outstanding and listed thereon, in the event that there is a material change to the terms and conditions of such Securities or any material adverse change occurs in the economic affairs of Mexico which is not reflected in the Prospectus Supplement, together with the accompanying Prospectus, as then amended or supplemented, including any document incorporated by reference therein, Mexico will either prepare an amendment or supplement to the Prospectus Supplement and the accompanying Prospectus or prepare a new Prospectus Supplement to the accompanying Prospectus, for use in connection with any subsequent offering of Securities listed by Mexico on the Luxembourg Stock Exchange.

So long as any Securities remain outstanding and listed on the Luxembourg Stock Exchange, copies of Mexico's Annual Report on Form 18-K, this Prospectus and any Prospectus Supplement or Pricing Supplement relating to such Securities will be available, without charge, at the office of the paying agent for such Securities in Luxembourg (initially, Citibank (Luxembourg) S.A.).

## APPLICATION OF PROCEEDS

Unless otherwise specified in the applicable Prospectus Supplement, the net proceeds from the sale of Securities will be used for the general purposes of the Government, including the refinancing of domestic and external indebtedness of the Government.

## DESCRIPTION OF SECURITIES

### Debt Securities

The Debt Securities will be issued pursuant to a fiscal agency agreement dated September 1, 1992, as amended (the "Fiscal Agency Agreement") between Mexico and a bank or trust company, as fiscal agent (the "Fiscal Agent"). The Fiscal Agency Agreement has been, and the forms of Debt Securities with respect to the offering of a series of Debt Securities will be, filed as an exhibit to the Registration Statement of which this Prospectus forms a part. The following summary of certain provisions of the Fiscal Agency Agreement and the Debt Securities does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Fiscal Agency Agreement and the forms of Debt Securities, including the definitions therein of certain terms.

#### General

The Debt Securities will constitute direct, general and unconditional external indebtedness of Mexico. The Debt Securities will rank *pari passu*, without any preference among themselves, with all other unsecured and unsubordinated obligations of Mexico, present and future, relating to external indebtedness. For purposes of this paragraph, "external indebtedness" means any indebtedness for money borrowed which is payable by its terms or at the option of its holder in any currency other than the currency of Mexico (other than any such indebtedness that is originally issued or incurred within Mexico) and "indebtedness" means all unsecured and unsubordinated obligations of Mexico in respect of moneys borrowed by Mexico and guaranties of Mexico in respect of moneys borrowed by others. Mexico has pledged its full faith and credit for the due and punctual payment of principal of, interest on, and premium, if any, on the Debt Securities.

Reference is made to the Prospectus Supplement relating to the particular series of the Debt Securities offered thereby for the following terms of such Debt Securities: (a) the specific designation of such Debt Securities; (b) any limit on the aggregate principal amount of such Debt Securities; (c) the price or prices (expressed as a percentage of the aggregate principal amount thereof) at which such Debt Securities will be issued; (d) the date or dates on which such Debt Securities will mature; (e) the rate or rates (which may be fixed or floating) per annum at which interest, if any, on such Debt Securities will accrue, the dates on which such interest, if any, will be payable, the date or dates from which such interest, if any, will accrue and the record dates for the interest payable on any interest payment date; (f) the dates, if any, on which, and the price or prices at which, such Debt Securities will, pursuant to any mandatory sinking fund provisions, or may, pursuant to any optional sinking fund provisions or to any purchase fund provisions, be redeemed by Mexico, and the other detailed terms and provisions of such sinking and/or purchase funds; (g) the date, if any, after which, and the price or prices at which, such Debt Securities may, pursuant to any optional redemption or repayment provisions, be redeemed at the option of Mexico or repaid at the option of the holder thereof and the other detailed terms and provisions of such optional redemption or repayment; (h) the currency or currencies in which such Debt Securities are denominated, which may be U.S. dollars, another foreign currency or units of two or more currencies; (i) the currency or currencies for which such Debt Securities may be purchased and in which principal, premium, if any, and interest may be payable; (j) the manner in which the amount of payments of principal (and premium, if any) or interest on such Debt Securities is to be determined if such determination is to be made with reference to any index; and (k) any other terms of such Debt Securities not inconsistent with the provisions of the Fiscal Agency Agreement.

One or more series of Debt Securities may be sold at a substantial discount below their stated principal amount, bearing no interest or interest at a rate which at the time of issuance is below

market rates. One or more series of Debt Securities may be floating rate debt securities, exchangeable for fixed rate debt securities. United States Federal income tax consequences and special considerations applicable to any such series will be described in the Prospectus Supplement relating thereto.

Unless otherwise specified in the applicable Prospectus Supplement, principal of and interest on the Debt Securities will be payable in lawful money of the United States of America at the New York office of the Fiscal Agent to the registered holders of the Debt Securities as of the due date for payment; *provided, however*, that unless otherwise specified in the Prospectus Supplement, interest will be paid by check mailed to the registered holders of the Debt Securities at their registered addresses.

Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities denominated in U.S. dollars will be issued in fully registered form only without coupons in denominations of \$1,000 and integral multiples thereof. The authorized denominations of Debt Securities denominated in a currency or currency unit other than U.S. dollars will be set forth in the applicable Prospectus Supplement.

The register of holders of Debt Securities will be kept at the New York office of the Fiscal Agent. Transfers and exchanges of Debt Securities will be made without charge to the holders, but Mexico may require payment of a sum sufficient to cover any stamp or other tax or other governmental charge required to be paid in connection therewith, other than an exchange in connection with a partial redemption of Debt Securities not involving any registration of a transfer.

Any moneys held by the Fiscal Agent in respect of Debt Securities and remaining unclaimed for two years after such amount shall have become due and payable shall be returned to Mexico, and the holder of a Debt Security shall thereafter look only to Mexico for any payment to which such holder may be entitled.

#### **Redemption and Repurchase**

Unless otherwise set forth in the applicable Prospectus Supplement, the Debt Securities will not be redeemable prior to maturity at the option of Mexico or the registered holders thereof. Mexico may at any time purchase Debt Securities at any price in the open market or otherwise. Debt Securities so purchased by Mexico may, at Mexico's discretion, be held, resold or surrendered to the Fiscal Agent for cancellation.

#### **Global Securities**

The Debt Securities of a series may be issued in whole or in part in the form of one or more global securities ("Global Securities") that will be deposited with, or on behalf of, a depository (the "Depository") identified in the Prospectus Supplement relating to such series. Global Securities may be issued only in fully registered form, unless otherwise set forth in the applicable Prospectus Supplement, and in either temporary or definitive form. Unless and until it is exchanged in whole or in part for Debt Securities in definitive form, a Global Security may not be transferred except as a whole by the Depository for such Global Security to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any nominee of such Depository to a successor Depository or any nominee of such successor.

The specific terms of the depository arrangement with respect to a series of Debt Securities will be described in the Prospectus Supplement relating to such series. Unless otherwise specified

in the Prospectus Supplement, Mexico anticipates that the following provisions will apply to depositary arrangements.

Upon the issuance of a Global Security, the Depositary for such Global Security will credit on its book-entry registration and transfer system the respective principal amounts of the Debt Securities represented by such Global Security to the accounts of persons that have accounts with such Depositary ("Participants"). Such accounts shall be designated by the agents or underwriters with respect to such Debt Securities or by Mexico if such Debt Securities are offered and sold directly by Mexico. Ownership of beneficial interests in a Global Security will be limited to Participants or persons that may hold interests through Participants. Ownership of beneficial interests in such Global Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the applicable Depositary (with respect to interests of Participants) and records of Participants (with respect to interests of persons who hold through Participants). Owners of beneficial interests in a Global Security (other than Participants) will not receive written confirmation from the applicable Depositary of their purchase. Each beneficial owner is expected to receive written confirmation providing details of the transaction, as well as periodic statements of its holdings, from the Depositary (if such beneficial owner is a Participant) or from the Participant through which such beneficial owner entered into the transaction (if such beneficial owner is not a Participant). The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to own, pledge or transfer beneficial interests in a Global Security.

So long as the Depositary for a Global Security, or its nominee, is the registered owner of such Global Security, such Depositary or such nominee, as the case may be, will be considered the sole owner or holder of the Debt Securities represented by such Global Security for all purposes under the Fiscal Agency Agreement. Except as specified below or in the applicable Prospectus Supplement, owners of beneficial interests in a Global Security will not be entitled to have any of the individual Debt Securities of the series represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of any such Debt Securities in definitive form and will not be considered the owners or holders thereof under the Debt Securities or the Fiscal Agency Agreement. Accordingly, each person owning a beneficial interest in a Global Security must rely on the procedures of the Depositary for such Global Security and, if such person is not a Participant, on the procedures of the Participant through which such person owns its interest, to exercise any rights of a holder under the Debt Securities or the Fiscal Agency Agreement. Mexico understands that under existing industry practices, if Mexico requests any action of holders, or an owner of a beneficial interest in such Global Security desires to take any action which a holder is entitled to take under the Fiscal Agency Agreement, the Depositary for such Global Security would authorize the Participants holding the relevant beneficial interests to take such action, and such Participants would authorize beneficial owners owning through such Participants to take such action or would otherwise act upon the instructions of beneficial owners holding through them.

Payments of principal of and any premium and any interest on Debt Securities registered in the name of a Depositary or its nominee will be made to the Depositary or its nominee, as the case may be, as the registered owner of the Global Security representing such Debt Securities. None of Mexico, any Paying Agent or the Fiscal Agent, in its capacity as registrar for such Debt Securities, will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Mexico expects that the Depository for a series of Debt Securities or its nominee, upon receipt of any payment of principal, premium or interest will credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Security as shown on the records of such Depository. Mexico also expects that payments by Participants to owners of beneficial interests in such Global Security held through such Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name". Such payments will be the responsibility of such Participants.

If a Depository for a series of Debt Securities is at any time unwilling or unable to continue as Depository and a successor Depository is not appointed by Mexico within ninety days, Mexico will issue Debt Securities for such series in definitive form in exchange for the Global Security or Securities representing such series of Debt Securities. In addition, Mexico may at any time and in its sole discretion determine not to have the Debt Securities of a series represented by a Global Security or Securities and, in such event, will issue Debt Securities of such series in definitive form in exchange for the Global Security or Securities representing such series of Debt Securities. In either instance, an owner of a beneficial interest in a Global Security will be entitled to have Debt Securities of the series represented by such Global Security equal in principal amount to such beneficial interest registered in its name and will be entitled to physical delivery of such Debt Securities in definitive form. Debt Securities of such series so issued in definitive form will be issued in denominations of \$1,000 and integral multiples thereof and will be issued in registered form only, without coupons.

#### **Negative Pledge**

Mexico undertakes that so long as any of the Debt Securities remain outstanding, it will not create or permit to subsist any Security Interest in the whole or any part of its present or future revenues or assets to secure Public External Indebtedness of Mexico, unless the Debt Securities are secured equally and ratably with such Public External Indebtedness; *provided, however*, that Mexico may create or permit to subsist:

- (a) Security Interests created prior to December 3, 1993;
- (b) Security Interests in bonds owned by Mexico which have been issued under the Discount and Par Bond Exchange Agreement, dated as of February 4, 1990, between Mexico and its creditors;
- (c) Security Interests securing Public External Indebtedness incurred in connection with a Project Financing, provided that the Security Interest is solely in assets or revenues of the project for which the Project Financing was incurred;
- (d) Security Interests securing Public External Indebtedness which (i) is issued by Mexico in exchange for debt of Mexican public sector bodies (other than Mexico), and (ii) is in an aggregate principal amount outstanding (with debt denominated in currencies other than U.S. dollars expressed in U.S. dollars based on rates of exchange prevailing at the date such debt was incurred) that does not exceed \$29 billion; and
- (e) Security Interests securing Public External Indebtedness incurred or assumed by Mexico to finance or refinance the acquisition of the assets in which such Security Interest has been created or permitted to subsist.

For the purposes of this covenant,

(i) "Public External Indebtedness" means any Public Indebtedness which is payable by its terms or at the option of its holder in any currency other than the currency of Mexico (other than any such Public Indebtedness that is originally issued or incurred within Mexico). For this purpose, settlement of original issuance by delivery of Public Indebtedness (or the instruments evidencing such Public Indebtedness) within Mexico shall be deemed to be original issuance within Mexico;

(ii) "Public Indebtedness" means any payment obligation, including any contingent liability, of any person arising from bonds, debentures, notes or other securities which (A) are, or were intended at the time of issuance to be, quoted, listed or traded on any securities exchange or other securities market (including, without limiting the generality of the foregoing, securities eligible for resale pursuant to Rule 144A under the U.S. Securities Act of 1933 (or any successor law or regulation of similar effect)) and (B) have an original maturity of more than one year or are combined with a commitment so that the original maturity of one year or less may be extended at the option of Mexico to a period in excess of one year;

(iii) "Project Financing" means any financing of all or part of the costs of the acquisition, construction or development of any project if the person or persons providing such financing (A) expressly agree to limit their recourse to the project financed and the revenues derived from such project as the principal source of repayment for the moneys advanced and (B) have been provided with a feasibility study prepared by competent independent experts on the basis of which it was reasonable to conclude that such project would generate sufficient foreign currency income to service substantially all Public External Indebtedness incurred in connection with such project; and

(iv) "Security Interest" means any lien, pledge, mortgage, security interest or other encumbrance.

#### **Default; Acceleration of Maturity**

In case of (a) default in any payment of principal of, premium, if any, or interest on any Debt Securities of any series and the continuance of such default for a period of 30 days; or (b) default in the performance of any other obligation under the Debt Securities of such series and the continuance of such default for a period of 30 days after written notice requiring the same to be remedied shall have been given to the Fiscal Agent by the holder of any Debt Security of such series; or (c) acceleration of in excess of \$10,000,000 (or its equivalent in any other currency) in aggregate principal amount of Public External Indebtedness of Mexico by reason of an event of default (however described) resulting from the failure of Mexico to make any payment of principal or interest thereunder when due; or (d) failure to make any payment in respect of Public External Indebtedness of Mexico in an aggregate principal amount in excess of \$10,000,000 (or its equivalent in any other currency) when due and the continuance of such failure for a period of 30 days after written notice requiring the same to be remedied shall have been given to the Fiscal Agent by the holder of any Debt Security of such series; or (e) declaration by Mexico of a moratorium with respect to the payment of principal of or interest on Public External Indebtedness of Mexico, then in any such case each holder of Debt Securities may by written demand given to Mexico and the Fiscal Agent declare the principal of, premium, if any, and any accrued interest on the Debt Securities held by it to be, and such principal, premium, if any, and any interest shall thereupon become, immediately due and payable, unless prior to receipt of such demand by Mexico all such defaults shall have been cured; *provided, however*, that in the case of any event

described in clauses (b), (c) or (d) above, any notice declaring the Debt Securities of any series due and payable shall, unless at the time such notice is received any event described in clause (a) or (e) entitling holders of Debt Securities of such series to declare their Debt Securities due has occurred and is continuing, become effective only when the Fiscal Agent has received such notices from the holders of at least ten percent in principal amount of all Debt Securities of such series then outstanding. Debt Securities held by Mexico shall not be considered "outstanding" for purposes of the preceding sentence. "Public External Indebtedness" shall have the same meaning set forth under "Negative Pledge" above.

### **Meetings and Amendments**

A meeting of holders of Debt Securities of any series may be called, as set forth below, at any time and from time to time to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Fiscal Agency Agreement or the Debt Securities of such series to be made, given or taken by holders of Debt Securities of such series or to modify, amend or supplement the terms of the Debt Securities of such series or the Fiscal Agency Agreement as hereinafter provided. Mexico may at any time call a meeting of holders of Debt Securities of any series for any such purpose to be held at such time and at such place as Mexico shall determine. Notice of each such meeting, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given as provided in the terms of the Debt Securities of a series, not less than 30 or more than 60 days prior to the date fixed for the meeting. In case at any time the holders of at least ten percent in aggregate principal amount of the Outstanding (as defined in the Fiscal Agency Agreement) Debt Securities of any series shall, after the occurrence and during the continuance of an Event of Default with respect to the Debt Securities of such series, have requested the Fiscal Agent to call a meeting of the holders of Debt Securities of such series for any such purpose, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, the Fiscal Agent shall call such meeting for such purposes by giving notice thereof.

To be entitled to vote at any meeting of holders of Debt Securities of any series, a person shall be a holder of Outstanding Debt Securities of such series or a person duly appointed by an instrument in writing as a proxy for such holder. The persons entitled to vote a majority in principal amount of the Outstanding Debt Securities of any series shall constitute a quorum. At the reconvening of any meeting adjourned for a lack of a quorum, the persons entitled to vote 25% in principal amount of the Outstanding Debt Securities of such series shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. The Fiscal Agent may make such reasonable and customary regulations as it shall deem advisable for any meeting of holders of Debt Securities of any series with respect to the proof of the holding of Debt Securities of such series and the appointment of proxies in respect of such holders, the adjournment and chairmanship of such meeting, the appointment and duties of inspectors of votes, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate.

With the approval of holders of Debt Securities of any series (a) at a meeting duly called and held as specified above, upon the affirmative vote, in person or by proxy thereunto duly authorized in writing, of the holders of not less than 66 $\frac{2}{3}$ % in aggregate principal amount of the Debt Securities of such series then Outstanding represented at such meeting, or (b) with the written consent of the owners of 66 $\frac{2}{3}$ % in aggregate principal amount of the Debt Securities of such series then Outstanding, Mexico and the Fiscal Agent may modify, amend or supplement the terms of the Debt Securities of such series or, insofar as respects the Debt Securities of such series, the Fiscal Agency Agreement, in any way, and such holders may make, take or give any request, demand,

authorization, direction, notice, consent, waiver or other action provided by the Fiscal Agency Agreement or the Debt Securities of such series to be made, given or taken by holders of Debt Securities of such series; *provided, however*, that no such action may, without the consent of the holder of each Debt Security of a series, (i) change the due date for the payment of the principal of, premium, if any, or any installment of interest on any Debt Security, (ii) reduce the principal amount of any Debt Security, the portion of such principal amount which is payable upon acceleration of the maturity of such Debt Security, the interest rate thereon, or any premium payable upon redemption thereof, (iii) change the coin or currency in which or the required places at which payment with respect to interest, any premium or principal in respect of the Debt Security is payable, (iv) shorten the period during which Mexico is not permitted to redeem Debt Securities of such series, or permit Mexico to redeem Debt Securities of such series if, prior to such action, Mexico is not permitted to do so, (v) reduce the proportion of the principal amount of the Debt Securities of such series the vote or consent of the holders of which is necessary to modify, amend or supplement the Fiscal Agency Agreement or the terms and conditions of the Debt Securities of such series or to make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided hereby or thereby to be made, taken or given, or (vi) change the obligation of Mexico to pay any additional amounts.

Mexico and the Fiscal Agent may, without the vote or consent of any holder of Debt Securities of any series, amend the Fiscal Agency Agreement or the Debt Securities of such series for the purpose of (a) adding to the covenants of Mexico for the benefit of the holders of Debt Securities of such series, (b) surrendering any right or power conferred upon Mexico, (c) securing the Debt Securities pursuant to the requirements of the Debt Securities or otherwise, (d) curing any ambiguity or curing, correcting or supplementing any defective provision contained in the Fiscal Agency Agreement or in the Debt Securities of such series or (e) amending the Fiscal Agency Agreement or the Debt Securities of such series in any manner which Mexico and the Fiscal Agent may determine and which shall not be inconsistent with the Debt Securities of such series and shall not adversely affect the interest of any holder of Debt Securities of such series in any material respect.

#### **Jurisdiction, Consent to Service and Enforceability**

Mexico has appointed its Consul General in New York, and his successors from time to time, as its authorized agent upon whom process may be served in any action based on the Securities which may be instituted in any state or federal court in the Borough of Manhattan, The City of New York by the holder of any Securities. Pursuant to the Fiscal Agency Agreement, Mexico and the Fiscal Agent have irrevocably submitted to the jurisdiction of any such court in respect of any such action and Mexico has irrevocably waived any objection which it may have to the venue of any such court in respect of any such action. Mexico's appointment of its authorized agent is irrevocable until all amounts in respect of the principal (and premium, if any) and interest due and to become due on or in respect of all the Securities have been paid to the Fiscal Agent, except that if, for any reason, the Consul General ceases to be able to act as such authorized agent or to have an address in The City of New York, Mexico will appoint another person in the Borough of Manhattan, The City of New York as its authorized agent. Mexico has irrevocably waived and agreed not to plead any immunity from the jurisdiction of any such court to which it might otherwise be entitled (including sovereign immunity and immunity from pre-judgment attachment, post-judgment attachment and execution) in any action based upon the Securities. In addition, Mexico has waived any rights to which it may be entitled on account of place of residence or domicile. 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 Mexico.



Mexico reserves the right to plead sovereign immunity under the United States Foreign Sovereign Immunities Act of 1976 (the "Immunities Act") with respect to actions brought against it under United States federal securities laws or any state securities laws, and Mexico's appointment of the Consul General as its agent for service of process will not extend to such actions. In the absence of a waiver of immunity by Mexico with respect to such actions, it would not be possible to obtain a judgment in an action brought in a U.S. court against Mexico unless such court were to determine that Mexico is not entitled under the Immunities Act to sovereign immunity with respect to such action. However, even if a United States judgment could be obtained in any such action under the Immunities Act, it may not be possible to obtain in Mexico a judgment based on such a United States judgment. Moreover, execution upon property of Mexico located in the United States to enforce a judgment obtained under the Immunities Act may not be possible except under the limited circumstances specified in the Immunities Act.

### **Governing Law**

The Fiscal Agency Agreement is, and the Securities will be, governed by and interpreted in accordance with the laws of the State of New York, except that all matters governing authorization and execution by Mexico will be governed by the laws of Mexico.

### **Warrants**

Mexico may issue separately, or together with any Debt Securities, warrants to purchase Debt Securities (the "Warrants"). Any such Warrants will be issued under a warrant agreement to be entered into between Mexico and a bank or trust company, as warrant agent, all as set forth in a Prospectus Supplement relating to the particular series of Warrants. The Prospectus Supplement relating to the particular series of Warrants offered thereby will set forth: (a) the terms referred to above under "Debt Securities—General" of the Debt Securities purchasable upon exercise of such Warrants; (b) the principal amount of Debt Securities purchasable upon exercise of one Warrant, the exercise price, and the procedures of, and conditions to, exercise of such Warrants; (c) the dates on which the right to exercise such Warrants shall commence and expire, and whether and under what conditions such Warrants may be terminated or canceled by Mexico; (d) the date, if any, on and after which such Warrants and any Debt Securities with which such Warrants were issued will be separately transferable; (e) whether such Warrants will be issued in uncertificated, registered or bearer form, whether they will be exchangeable as between such forms, and if registered, where they may be transferred and registered; (f) special United States federal income tax considerations, if any, applicable to the issuance of any such Warrants; and (g) any other terms of such Warrants.

The above is a brief description of the Warrants and of the warrant agreement relating thereto, copies of the forms of which will be filed as exhibits to the Registration Statement of which this Prospectus forms a part by amendment to the Annual Report described below under "Further Information", if any Warrants are issued. This summary does not purport to be complete and is qualified in its entirety by reference to such exhibits.

## PLAN OF DISTRIBUTION

Mexico may sell the Securities in any of three ways: (a) through underwriters or dealers; (b) directly to one or more purchasers; or (c) through agents. The Prospectus Supplement relating to a particular series of Securities offered thereby will set forth the terms of the offering, including the name or names of any underwriters, the purchase price of such Securities and the proceeds to Mexico from such sale, any underwriting discounts and other items constituting underwriters' compensation, any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers and any securities exchanges on which such Securities may be listed.

If underwriters are used in the sale of Securities, such Securities will be acquired by the underwriters for their own account and may be resold by them from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices to be determined at the time of sale. The Securities may be offered to the public either through underwriting syndicates represented by managing underwriters or directly by underwriters. Unless otherwise set forth in the applicable Prospectus Supplement, the obligations of the underwriters to purchase the Securities offered thereby will be subject to certain conditions precedent and the underwriters will be obligated to purchase all such Securities if any are purchased. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

The Securities may be sold directly by Mexico or through agents designated by Mexico from time to time. Any agent involved in the offer or sale of Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by Mexico to such agent will be set forth, in the applicable Prospectus Supplement. Unless otherwise specified in the applicable Prospectus Supplement, any such agent will be acting on a reasonable best efforts basis for the period of its appointment.

If so indicated in the applicable Prospectus Supplement, Mexico will authorize agents, underwriters or dealers to solicit offers by certain specified entities to purchase the Securities offered thereby from Mexico at the public offering price set forth in such Prospectus Supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject only to those conditions set forth in such Prospectus Supplement and such Prospectus Supplement will set forth the commission payable for solicitation of such contracts.

If so indicated in the applicable Prospectus Supplement, Mexico may offer the Securities to present holders of other securities of Mexico as full, partial or alternative consideration for the purchase or exchange by Mexico of such other securities either in connection with a publicly announced tender, exchange or other offer for such securities or in privately negotiated transactions. Such offering may be in addition to or in lieu of sales of Securities directly or through underwriters or agents as set forth in the Prospectus Supplement.

Agents and underwriters may be entitled under agreements entered into with Mexico to indemnification by Mexico against certain liabilities, including liabilities under the United States Securities Act of 1933, as amended (the "Securities Act"), or to contribution with respect to payments which the agents or underwriters may be required to make in respect thereof. Agents and underwriters may engage in transactions with or perform services for Mexico in the ordinary course of business.

Unless otherwise specified in the applicable Pricing Supplement, in the case of Notes to be offered and sold outside the United States ("Non-U.S. Offerings"), each underwriter or dealer in connection with such offering shall acknowledge that the Notes which are the subject of such Non-U.S. Offering have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each underwriter or dealer

participating in such offering shall agree that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment of such Non-U.S. Offering within the United States except in accordance with Rule 903 of Regulation S under the Securities Act ("Regulation S"). Accordingly, each such underwriter or dealer shall agree that neither such underwriter or dealer nor its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to such Notes. Terms used in this paragraph have the meanings given to them by Regulation S.

#### **OFFICIAL STATEMENTS**

Information included herein which is identified as being derived from a publication of Mexico or one of its agencies or instrumentalities is included herein on the authority of such publication as a public official document of Mexico. All other information herein and in the Registration Statement of which this Prospectus is a part is included as a public official statement made on the authority of Martin Werner, Director General of Public Credit of the Ministry of Finance and Public Credit of Mexico.

#### **VALIDITY OF SECURITIES**

The validity of the Securities will be passed upon for Mexico by the Fiscal Attorney of the Federation of Mexico or by the Director of Legal Procedures of Credit of the Ministry of Finance and Public Credit of Mexico, and by Cleary, Gottlieb, Steen & Hamilton, One Liberty Plaza, New York, New York 10006, United States counsel to Mexico, and for the underwriters, if any, by Sullivan & Cromwell, 125 Broad Street, New York, New York 10004 or other United States counsel to the underwriters named in the applicable Prospectus Supplement, and Ritch, Heather y Mueller, S.C., Amberes No. 5, 06600 México, D.F., Mexican counsel to the underwriters. As to all matters of Mexican law, Cleary, Gottlieb, Steen & Hamilton will rely on the opinion of the Fiscal Attorney of the Federation of Mexico or of the Director of Legal Procedures of Credit of the Ministry of Finance and Public Credit of Mexico, and Sullivan & Cromwell or such other United States counsel to the underwriters named in the applicable Prospectus Supplement will rely upon the opinions of the Fiscal Attorney of the Federation of Mexico or of the Director of Legal Procedures of Credit of the Ministry of Finance and Public Credit of Mexico and Ritch, Heather y Mueller, S.C. As to all matters of United States law, Ritch, Heather y Mueller, S.C., will rely upon the opinion of Sullivan & Cromwell or any other United States counsel to the underwriters. All statements with respect to matters of Mexican law in this Prospectus have been passed upon by the Fiscal Attorney of the Federation of Mexico and are made upon such official's authority and by Ritch, Heather y Mueller, S.C.

#### **AUTHORIZED REPRESENTATIVE**

The Authorized Representative of the United Mexican States in the United States of America is Sergio Hidalgo Monroy, Financial Representative—New York office of Banco Nacional de Comercial Exterior, S.N.C., whose address is 375 Park Avenue, Suite 1905, New York, New York 10152.

#### **FURTHER INFORMATION**

A Registration Statement with respect to Mexico and the Debt Securities has been filed with the Commission, Washington, D.C. under the Securities Act of 1933. Additional information concerning Mexico and the Securities is to be found in said Registration Statement, including the various exhibits thereto, which may be inspected at the office of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the regional offices of the Commission located at Seven World Trade Center, New York, New York 10048 and 500 West Madison Street, Suite 1400,

Chicago, Illinois 60661-2511. Copies of all or any portion of the Registration Statement may be obtained from the Public Reference Section of the Commission, upon payment of prescribed fees.

Mexico is not subject to the informational requirements of the Securities Exchange Act of 1934. Mexico commenced filing annual reports on Form 18-K ("Annual Reports") with the Commission on a voluntary basis beginning with its fiscal year ended December 31, 1993. These reports include certain financial, statistical and other information concerning Mexico. Mexico may also file amendments on Form 18-K/A to its Annual Reports on Form 18-K for the purpose of filing with the Commission exhibits which have not been included in the registration statement or registration statements to which this Prospectus and any Prospectus Supplement hereto relate, which exhibits would thereby be incorporated by reference into such registration statement or registration statements. Such reports can be inspected and copied at the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, as well as at the regional offices of the Commission located at Seven World Trade Center, New York, NY 10048 and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such reports may also be obtained at prescribed rates from the Public Reference Section of the Commission at its Washington, D.C. address.

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No person has been authorized to give any information or to make any representations other than those contained in this Prospectus Supplement or in the Prospectus or incorporated by reference herein, and, if given or made, such information or representations must not be relied upon as having been authorized by or on behalf of Mexico or by any of the Dealer Managers. This Prospectus Supplement and the Prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this Prospectus Supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus Supplement or the Prospectus nor any made hereunder or thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Mexico since the date hereof or that the information contained or incorporated by reference herein or therein is correct as of any time subsequent to the date of such information.

**TABLE OF CONTENTS**  
**Prospectus Supplement**

	<u>Page</u>
Introductory Statement .....	S-3
Purpose of the Invitation .....	S-3
Description of Global Bonds .....	S-3
Global Clearance and Settlement .....	S-7
Taxation .....	S-10
Plan of Distribution .....	S-11
Validity of the Global Bonds .....	S-13
General Information .....	S-14

**Prospectus**

Incorporation of Certain Documents by Reference .....	3
Application of Proceeds .....	3
Description of Securities .....	4
Plan of Distribution .....	12
Official Statements .....	13
Validity of Securities .....	13
Authorized Representative .....	13
Further Information .....	13

Through and including May 27, 1996, all dealers effecting transactions in the registered securities in the United States, whether or not participating in this distribution, may be required to deliver a prospectus. This is in addition to the obligation of such dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

**U.S. \$1,750,000,000**

**UNITED MEXICAN STATES**

**11.50% Global Bonds  
 due May 15, 2026**



**The Dealer Managers for the Invitation are:**

**Goldman, Sachs & Co.  
 Chase Securities Inc.  
 Deutsche Morgan Grenfell  
 Salomon Brothers Inc**