Press Release

Mexico, D. F., April 1st, 2009

Announcement by the Exchange Commission

MEXICO STRENGTHENS ITS FINANCIAL POSITION IN FAVOR OF EMPLOYMENT, GROWTH AND STABILITY

With the objective of supporting employment, the access of firms and households to credit, economic stability and growth, the Exchange Commission has decided to request the International Monetary Fund (IMF) for a contingent credit line for one year by approximately 47 billion dollars to.

This measure is part of the actions that Mexican financial authorities have taken to mitigate the adverse effects of the external economic and financial crisis.

In the context of Mexico's active participation in the Group of 20 meetings, the nations that form part of this Group established the compromise to support the creation of a financial instrument that can be accessed by countries that have a solid macroeconomic framework. This objective materialized on the 24^{th} of March, when the Executive Board of the IMF approved the creation of the Flexible Credit Line.

The Line has the following characteristics:

- It is available for countries with solid economic fundamentals and strong economic policy framework, and which have a historical record of consistent policies oriented to promoting growth and economic stability.
- Once the line has been approved, access to the resources is not subject to any conditionality.
- The Flexible Credit Line can be used in a contingent fashion, which means that the resources are available but the country is not required to use them.
- The resources have very favorable conditions in terms of costs.

Considering the uncertainty generated by the current global financial crisis, which has affected emerging markets both through real and financial channels, and with the objective of reinforcing the Mexican economy in the face of unfavorable future conditions in international capital markets, the Exchange Commission has decided to request the Flexible Credit Line of the IMF by an amount of 31,528 millions Special Drawing Rights (approximately 47 billion dollars) for a period of one year, which can be renewed.

Given the preventive nature of this instrument, the financial authorities do not have the intention of using the resources. Nevertheless, the financing under this line of credit can be used under the discretion of Mexican authorities, either in its total amount in a single withdrawal or through several withdrawals by partial amounts, in case it is needed. When approved, the line will constitute a sign of confidence with respect to the actual framework of economic policies in our country. The cost for Mexico of having this credit is very low in comparison with other alternatives for increasing the resources available in the international reserves.

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The access to the contingent line reinforces the certainty and confidence about the Mexican economy, making sure that our country will not be facing difficulties in the financing of its external accounts, even in the case of a larger deterioration in international financial markets. This is expected to lead to a larger availability of financing for our country from other sources, and to a larger supply of both national and international credit under better conditions than the ones observed currently. All this will contribute to a more expedite recovery of the confidence of Mexican consumers, investment by firms and creation of jobs.

The financial reinforcement resulting from the establishment of the credit line complements the rest of the countercyclical policies that have been adopted to avoid the most negative effects from the current international crisis. Worth highlighting within these are the fiscal and financial measures included in the Program to Promote Growth and Employment and the National Accord in Favor of Households and Employment, the reduction in interest rates instrumented by Banco de México and the structural reforms that are currently under discussion in Congress.

Worth noting is the fact that, in contrast to past occasions in our country or in the actual case of other countries, the financing that would be obtained from the International Monetary Fund through the Flexible Credit Line is preventive in nature and does not imply any conditionality in terms of the economic policy to be followed. It is an acknowledgment that Mexico has a solid framework of fiscal and monetary policies and a healthy financial system.

The request for the Flexible Credit Line is carried out based on articles 7 section IX and 22 section I of the Law of Banco de Mexico. As this financing has as its purpose the fulfillment of the objectives of Banco de Mexico, in accordance with the applicable legal framework, it does not compute in the amounts of indebtedness authorized by Congress in the Revenue Law for 2009.

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ANNEX I

Characteristics of the Flexible Credit Line

On 24th March 2009, the Executive Board of the IMF approved the creation of the Flexible Credit Line (FCL). The main characteristics of the new instrument are the following:

Access: There is no preestablished limit, though it is anticipated that, in general, the level of the Line will not exceed 1,000% of the quota that the country has in the IMF. In the case of Mexico, 1,000% of quota is equivalent to close to 47 billion dollars.

Qualification and Conditionality to Access the Resources: The access to the Line is based on a rigorous process of prequalification with respect to the strength of the fiscal, financial and monetary policies of each country. Once a country has qualified to the Line, there is no additional conditionality associated to its use. The criteria that are considered in the qualification process include: i) a sustainable external position, ii) a capital account dominated by private capital flows, iii) an adequate history of access to international capital markets by the country, iv) an adequate level of international reserves, v) healthy public finances, vi) low inflation, vii) the absence of solvency problems in the banking system, and y viii) an effective supervision of the financial system.

Contingent Use: The country can decide not to use the approved resources, making the FCL an effective contingent credit line.

No activation is required: The FCL is automatic in the sense that once the Line has been approved, no activation is required and the member can use the resources when they are required.

Length of one year or six months for the Line: Countries choose if they want to request the Line for a period of six months or one year. In either case, the Line is renewable.

Use of resources: The country has the right to use the resources in any amount and period it requires during the validity of the Line.

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Repayment Period: In case of using the resources of the Line, the repayment period is the same as for a Stand by Arrangement (SBA) with the IMF, with a repurchase period of 3 ¼ to 5 years.

Cost Structure: The FCL has a Commitment Fee that is paid when the Line is contracted, due to the opportunity cost for the IMF of committing the available resources for the country. This fee is based on the amount of contingent resources relative to the quota the country has with the IMF. The cost if of 15 basis points (bp) on the resources of the Line up to 200% of quota, 30 bp on the resources of the Line between 200 and 1,000% of quota; and 60 bp on the resources above 1,000% of quota. Worth mentioning is that the fee is refundable to the extent that drawing of the line are made.

In the case of the resources that are withdrawn, the cost structure of the FCL will be the same as that applicable to a SBA. For example, the annual cost of using the facility by the total amount for a period of less than 36 months would be approximately 2.84%. Summarizing, the costs of the FCL would be:

Costs of the Facility Considering
An Access of 1,000% of Quota:

Annual Average Cost Commitment Fee* 0.27%

Cost for the Use of the Line for a Period of Less than 36 Months**

SDR Rate + Average Spread of 2.42%

*   The commitment fee is reimbursed to the extent that withdrawals are made

** The SDR rate is the basis to calculate the interest that members will be charged on IMF loans. The SDR rate is calculated with a weekly frequency and is based on an average of short term representative rates in the money markets of the currency basket of the SDR. The SDR rate is currently 0.42%