Guarantee Agreement

(OSE Modernization & Systems Rehabilitation Project– APL 2)

between

REPUBLICA ORIENTAL DEL URUGUAY

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated October 4, 2007
GUARANTEE AGREEMENT

Agreement dated October 4, 2007, entered into between REPUBLICA ORIENTAL DEL URUGUAY (“Guarantor”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) (“Guarantee Agreement”) in connection with the Loan Agreement of same date between the Bank and ADMINISTRACIÓN DE LAS OBRAS SANITARIAS DEL ESTADO (“Borrower”) (“Loan Agreement”). The Guarantor and the Bank hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

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

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

ARTICLE II – GUARANTEE

Section 2.01. The Guarantor declares its commitment to the objective of the Project. To this end, without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of all Loan Payments payable by the Borrower pursuant to the Loan Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

Section 3.01. The Guarantor’s Representative is the Minister of Economy and Finance.

Section 3.02. The Guarantor’s Address is:

Ministerio de Economía y Finanzas
Colonia 1089
Montevideo, Uruguay

Cable: MINECON
Facsimile: (598-2) 9000186
Montevideo, Uruguay
Section 3.03. The Bank’s Address is:

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 248423 (MCI)
Facsimile: (202) 477-6391
Washington, D.C. 64145 (MCI)

AGREED at Montevideo, Uruguay, as of the day and year first above written.

REPUBLICA ORIENTAL DEL URUGUAY

By /s/ Enrique Rubio
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Pedro Alba
Authorized Representative