March 9, 2012

His Excellency
Hernán Lorenzino
Minister of Economy and Public Finance
Ministry of Economy and Public Finance
Hipólito Irigoyen 250
1310 Buenos Aires, Argentina

Re: ARGENTINA: Loan No. 7385-AR (Basic Municipal Services Project)
Second Amendment to the Loan Agreement

Excellency:

Please refer to the Loan Agreement (the Loan Agreement) dated May 8, 2007, as amended, entered into between the Argentine Republic (the Borrower) and the International Bank for Reconstruction and Development (the Bank).

In accordance with: (a) the findings of the Project’s mid-term review of November 2011; and (b) the Borrower’s (DNPOIC) letter No. 1375 dated October 19, 2011, requesting the Bank to: (i) extend the Project Closing Date; (ii) reallocate proceeds between categories of expenditures; and (iii) increase the disbursement percentage in categories of expenditures where works are included, I am pleased to inform you that the Bank concurs with your request referred to herein, and therefore proposes to amend the Loan Agreement as follows:

1. A new Section 3.19 is added to Article III of the Loan Agreement to read as follows:

“Section 3.19. With respect to Basic Infrastructure Subprojects, the Borrower shall refrain from presenting Loan withdrawal applications to the Bank (including any request for direct payments from the Loan Account) and/or withdrawing Loan proceeds from the Designated Account, to finance Eligible Expenditures deriving from contracts signed after September 30, 2012, or such later date as the Bank may determine.”

2. The table in paragraph 1 of Schedule 1 to the Loan Agreement is hereby amended to read in its entirety as set forth in Attachment I to this Amendment Letter.

All other provisions of the Loan Agreement, except as amended herein, shall remain in full force and effect.
Please confirm your agreement to the foregoing amendment by signing and dating this Amendment Letter in the spaces provided below. This Amendment Letter will be executed in two counterparts, each of which shall be deemed an original and one of which shall be returned to us. The provisions of this Amendment Letter will become effective as of the date of your countersignature, upon receipt by the Bank of one fully countersigned original of this Amendment Letter.

Please also note that the restructuring paper dated March 6, 2012 will be disclosed on the Bank’s external website.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Penelope J Brook
Director
Argentina, Paraguay and Uruguay
Latin America and the Caribbean Region

AGREED AND CONFIRMED:

ARGENTINE REPUBLIC

By:

Authorized Representative
Hernán Lorenzino
Ministro de Economía y Finanzas Públicas

Title: ____________________________

Date: - 2 AGO 2012
“SCHEDULE 1
Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be finance out of the proceeds of the Loan, the allocation of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (Expressed in Dollars)</th>
<th>% of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, goods and/or consultants’ services under Water Supply and Sanitation Subprojects</td>
<td>45,300,000</td>
<td>100% (except as provided in Section 5.08 of the General Conditions)</td>
</tr>
<tr>
<td>(2) Works, goods and/or consultants’ services under Urban Drainage Subprojects and Road Infrastructure Subprojects</td>
<td>58,525,000</td>
<td>100% (except as provided in Section 5.08 of the General Conditions)</td>
</tr>
<tr>
<td>(3) Goods, consultants’ services and/or Training under Institutional Development Subprojects</td>
<td>600,000</td>
<td>100% (except as provided in Section 5.08 of the General Conditions)</td>
</tr>
<tr>
<td>(4) Goods, consultants’ services, Training and Operating Costs under Part C of the Project</td>
<td>5,300,000</td>
<td>100% (except as provided in Section 5.08 of the General Conditions)</td>
</tr>
<tr>
<td>(5) Front-end fee</td>
<td>275,000</td>
<td>Amount due under Section 2.04 of this Agreement</td>
</tr>
<tr>
<td>(6) Premia for Interest Rate Caps and Interest Rate Collars</td>
<td>0</td>
<td>Amount due under Section 2.09 (c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL</td>
<td>110,000,000</td>
<td></td>
</tr>
</tbody>
</table>