

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 7230-ME

Guarantee Agreement

(Decentralized Infrastructure Project)

between

UNITED MEXICAN STATES

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated March 9, 2005

Public Disclosure Authorized

LOAN NUMBER 7230-ME

GUARANTEE AGREEMENT

AGREEMENT, dated March 9, 2005, between UNITED MEXICAN STATES (the Guarantor), represented by its signatory on page 4, and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Guarantor and *Banco Nacional de Obras y Servicios Públicos, S.N.C.* (the Borrower), having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to the Loan Agreement, have requested the Bank to assist in the financing of the Project;

(B) by the Loan Agreement of even date herewith between the Bank and the Borrower, the Bank has agreed to extend to the Borrower a loan in the amount of one hundred eight million Dollars (\$108,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as provided in this Agreement; and

(C) the Bank has relied on the representations and opinion (*Oficio No 305.VII-092/2004*), dated April 23, 2004, provided by the *Unidad de Crédito Público* of the Guarantor's Secretariat of Finance and Public Credit to the Bank confirming that the Program has been designed and will be carried out in a manner consistent with the provisions of Article 117 (viii) of the Guarantor's Federal Constitution (*Constitución Política de los Estados Unidos Mexicanos*), as amended to the date of this Agreement; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee such obligations of the Borrower and to undertake such other obligations as set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Fixed-Spread Loans" of the Bank, dated September 1, 1999 (the General Conditions, as amended pursuant to section 1.01 of the Loan Agreement) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions, in the Preamble to this Agreement and in the Preamble to, and Section 1.02 of, the Loan Agreement have the respective meanings therein set forth.

ARTICLE II

Guarantee

Section 2.01. 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 the principal of, and interest and other charges on, the Loan, and the premium, if any, on the prepayment of the Loan, and the punctual performance of all other obligations of the Borrower, all as set forth in the Loan Agreement.

ARTICLE III

Representative of the Guarantor; Addresses

Section 3.01. The *Titular de la Unidad de Crédito Público* of the Guarantor is designated as representative of the Guarantor for the purposes of Section 11.03 of the General Conditions.

Section 3.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Bank:

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

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

For the Guarantor:

Secretaría de Hacienda y Crédito Público
Unidad de Crédito Público
Palacio Nacional (piso 3), oficina 3010
Colonia Centro
06000 México, D.F.
México

Telex:	Facsimile:
1777313-SHOCME	011-52-559-158-1156

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Mexico City, United Mexican States, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Isabel Guerrero

Authorized Representative

UNITED MEXICAN STATES

By /s/ Francisco Gil Díaz

Authorized Representative