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

Re: Loan Nº 8135-BR  
(Pernambuco Rural Economic Inclusion Project - Projeto Pernambuco Rural  
Sustentável)  
Article VI of the General Conditions  
Financial and Economic Data

Dear Sirs and Mesdames:

In connection with the Loan Agreement dated as of the Signature Date (as such term is  
defined in the Appendix to the Loan Agreement) between International Bank for  
Reconstruction and Development (Bank) and the State of Pernambuco providing a loan  
(Loan) for the above-captioned Project, the related Guarantee Agreement of same date  
between the Federative Republic of Brazil (Member Country) and the Bank, and the  
General Conditions (General Conditions) made applicable to the Loan Agreement and  
Guarantee Agreement, I am writing on behalf of the Member Country to set forth the  
following:

1. We understand and agree that, for purposes of Section 6.01 of the General  
Conditions, the Member Country is required by the Bank to report “long-term external  
debt” (as defined in the World Bank’s Debtor Reporting System Manual, dated January  
2000 (DRSM)), in accordance with the DRSM, and in particular, to notify the Bank of new  
“loan commitments” (as defined in the DRSM) not later than 30 days after the end of the  
quarter during which the debt is incurred, and to notify the Bank of “transactions under  
loans” (as defined in the DRSM) once a year, not later than March 31 of the year following  
the year covered by the report.

2. We represent that, except as otherwise notified to the Bank, no Liens (as defined in  
the General Conditions), other than those excluded pursuant to paragraph (c) of Section  
6.02 of the General Conditions, exist on any Public Assets (as defined in the General  
Conditions), as security for any External Debt (as defined in the General Conditions).  
Except as otherwise notified to the Bank, no defaults exist in respect of any external public  
debt (as defined in the DSRM). It is our understanding that, in making the Loan, the Bank  
may rely on the representations set forth or referred to in this letter.
3. Please confirm your agreement to the foregoing by having a duly authorized representative of the Bank sign in the space provided below.

Very truly yours,

FEDERATIVE REPUBLIC OF BRAZIL

By [Signature]
Authorized Representative

AGREED:

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By [Signature]
Authorized Representative