Guarantee Agreement

(Additional Financing for the Espírito Santo Water and Coastal Pollution Management Project - Programa de Gerenciamento da Poluição Costeira e de Águas do Espírito Santo – Projeto Águas Limpas II)

between

FEDERATIVE REPUBLIC OF BRAZIL

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated September 17, 2009
GUARANTEE AGREEMENT

AGREEMENT, dated September 17, 2009, entered into between FEDERATIVE REPUBLIC OF BRAZIL ("Guarantor") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") ("Guarantee Agreement") in connection with the Loan Agreement of same date between the Bank and STATE OF ESPÍRITO SANTO ("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. 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 its Minister of Finance.

Section 3.02. The Guarantor’s Address is:

Ministério da Fazenda
Procuradoria-Geral da Fazenda Nacional
Esplanada dos Ministérios, Bloco "P" - 8º andar
70048-900 Brasília, DF
Brazil

Facsimile: 55-61-3412-1740
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 64145 (MCI)
      Facsimile: (202) 477-6391

AGREED at Vitória, Brazil as of the day and year first above written.

FEDERATIVE REPUBLIC OF BRAZIL

By /s/ Fabiani Fadel Borin
    Authorized Representative

INTERNATIONAL BANK FOR
  RECONSTRUCTION AND DEVELOPMENT

By /s/ Makhtar Diop
    Authorized Representative