June 29, 2017

His Excellency
Mr. Geraldo Alckmin
Governor of the State of São Paulo
Government of the state of São Paulo
Av. Morumbi, 4500 - Palácio dos Bandeirantes
São Paulo, SP, 05650-905
Brazil
Email: gabinetedogovernador@sp.gov.br

His Excellency
Mr. Henrique Meirelles
Minister of Finance
Ministério da Fazenda – MF
Procuradoria-Geral da Fazenda Nacional – PGFN
Esplanada dos Ministérios, Bloco P, 8º andar
70048-900, Brasília, DF
Brazil
Email: apoicof.df.pgfn@pgfn.gov.br

Re: São Paulo Metro Line 5 Project – Expansão da Linha 5 – Lilás do Metrô de São Paulo, Trecho Largo Treze – Chácara Klabin
Loan No. 7855-BR
First Amendment to the Loan Agreement

Excellencies:

We refer to the Loan Agreement entered into between the State of São Paulo (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”), dated September 27, 2010 (the “Loan Agreement”), for the above-captioned Project (the “Project”). Please note that capitalized terms used in this letter (the “Amendment Letter”) not defined herein have the meaning ascribed to them in the Loan Agreement.

We are pleased to inform you that pursuant to the request for amendment contained in (a) the Borrower’s letter No. 1162/2015/GS-GCR dated December 28, 2015; (b) COFIEX’s letter of Recommendation Nº 08/0280, dated February 23, 2017; and (c) PGFN’s legal opinion No. 687/2017, dated May 26, 2017, the Bank hereby agrees to: (i) modify the Project Development Objective; (ii) adjust some Project activities and add new ones; (iii) include non-consulting services; and (iv) extend the Closing Date until December 30, 2018. We are pleased to inform you that the Loan Agreement is amended as follows:

1. The Project Development Objective in the Project Description of Schedule 1 to the Loan Agreement is hereby amended to read in its entirety as follows:
The objective of the Project is: (a) to improve the mobility of public transport users in the Capão Redondo-Largo Treze-Chácara Klabin (Line 5) and Vila Sonia-Luz (Line 4) Corridors in a cost-efficient and environmentally-friendly manner; and (b) to facilitate the integration between metro and bus at the metro stations.

2. Parts A and B of Schedule 1 to the Loan Agreement are hereby amended to read in their entirety as follows:

"Part A: Infrastructure and Equipment Investment"

1. Provision of financing for the acquisition and/or installation of: (i) at least twenty-six (26) new train sets (EMUs) and related accessories, to operate on the Extended Line 5; (ii) Communication Based Train Control (CBTC) signaling systems for the Extended Line 5; (iii) platform screen doors for all stations of the Extended Line 5; and (iv) information and communication equipment to interconnect operational control centers of Metro lines into an unified network.

2. Provision of financing for the completion of infrastructure and equipment investments initiated during the Line 4 Phase 2 Project, including: (i) civil works of the four stations of Line 4 being constructed; (ii) civil works for one new station (Vila Sônia), its access tunnel of about 1.5 km extension, and a bus terminal at the Vila Sônia yard; and (iii) acquisition and installation of escalators, platform doors, and signaling and telecommunication systems necessary to operate the stations referred to in (i) and (ii) above.

3. Carrying out of works and provision of financing for: (i) the rehabilitation and modernization of 8 trains which already operate in the existing Line 5; and (ii) the installation of the energy supply, telecommunications and control and auxiliary systems required for the extension systems.

4. Carrying out of civil works for the construction of approximately 12 km of tunnel and for the construction of 11 new stations, the permanent way, and the Guido-Caloi train yard.

"Part B: Technical Assistance"

1. Provision of financing and technical assistance for: (i) management oversight and supervision of the carrying out of Part A of the Project; (ii) supervision of the manufacturing and delivery of the new trains acquired under Part A of the Project; (iii) supervision and project management of civil works; and (iv) supervision of the supply and installation of the systems included in Part A of the Project.
2. Carrying out of specific studies or assessments required during the execution of the Project, including, inter alia, (i) a study for estimating greenhouse gas emissions' reduction, (ii) studies to support the development of SP Metro's climate change strategy, (iii) a study assessing the impact of the Extended Line 5 on the low-income population in the Capão Redondo-Chácara Klabin Corridor, and (iv) data collection and users' perception surveys and studies to support strategic planning.

3. Sections III.A and III.B of Schedule 2 to the Loan Agreement are amended to read as follows:

"Section III. Procurement"

A. General

1. Goods, Works, and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works, and Non-consulting Services

International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, (b) Shopping; (c) Direct Contracting.
In addition, for off-the-shelf goods and readily available non-consultants services listed in the Procurement Plan, the method known as “pregão eletrônico”, as provided in the Guarantor’s Law No. 10.520, of July 17, 2002, under “COMPRASNET”, the Guarantor's procurement portal (or any other e-procurement system approved by the Bank), may be used in replacement for National Competitive Bidding and Shopping, subject to the following additional procedure, namely, that the bidding documents shall be acceptable to the Bank.”

4. The table in Section IV.A.2. of Schedule 2 to the Loan Agreement is hereby amended as set forth below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works; consulting and non-consulting services for Parts A.1, A.2 and B of the Project</td>
<td>648,774,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>1,626,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(3) Premia for Interest Rate Caps and Interest Rate Collars</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.07 (c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>650,400,000</td>
<td></td>
</tr>
</tbody>
</table>

5. Section IV.B.2. of Schedule 2 to the Loan Agreement is amended to read as follows:

“The Closing Date is December 30, 2018. The Bank will only grant an extension of the Closing Date after the Guarantor’s Ministry of Finance has informed the Bank that it agrees with such extension.”

6. The following definition in Section I of the Appendix to the Loan Agreement are amended as follows:

a. The definitions of “Consultant Guidelines” and “Procurement Guidelines” are modified as follows:


b. The definitions of "Line 4" and "Line 4 Phase 2 Project" are added and the definitions that come after them are consequently renumbered:

""Line 4" means the line of the SP Metro which will link the SP Metro’s Vila Sonia yard facility to the SP Metro’s Luz station and will include the following stations: Vila Sonia, São Paulo Morumbi, Butantã, Pinheiros, Faria Lima, Fradique Coutinho, Oscar Freire, Paulista, Mackenzie-Higienópolis, República and Luz."

""Line 4 Phase 2 Project" means the Project as described in the Loan Agreement between the State of São Paulo and the Bank, dated September 27, 2010, corresponding to the Loan Number 7869-BR."

Please confirm your agreement with the foregoing amendment by signing and dating the three originals of this Amendment in the spaces provided below. The provisions set forth in this Amendment Letter shall become effective as of the date of its countersignature, upon receipt by the World Bank of one fully executed original of this Amendment Letter. All other provisions of the Loan Agreement, except as amended through this Amendment Letter, shall remain in full force and effect.

Please also note that the approved Restructuring Paper related to this amendment will be disclosed on the Bank’s external website.
Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: [Signature]
Martin Raiser
Director
Brazil
Latin America and the Caribbean Region

AGREED:
STATE OF SÃO PAULO

By: [Signature]
Authorized Representative
Name: [Signature]
Title: [Signature]
Date: 25/06/2017

AGREED:
FEDERATIVE REPUBLIC OF BRAZIL

By: [Signature]
Authorized Representative
Name: [Signature]
Title: [Signature]
Date: 09/06/17

Attachment: Restructuring Paper
cc: Mr. Otaviano Canuto, Executive Director for Brazil, The World Bank
Ms. Diana Margarita Quintero Cuello, Alternate Executive Director for Brazil, The World Bank
Mr. Eduardo Guardia, Executive Secretary, Ministry of Finance, gabinete.se.df@fazenda.gov.br
Mr. Rogério Antonio Lucca, Chief of Staff, MF, gabinete.ministro@fazenda.gov.br
Mr. Marcelo Estevão, Secretary, SAIN/MF, gabinete.df.sain@fazenda.gov.br
Mr. Fabricio da Soller, Attorney General, PGFN/MF, apoiocof.df.pgfn@pgfn.gov.br
Ms. Ana Paula Vescovi, Secretary, National Treasury, STN/MF, gab.df.stn@fazenda.gov.br
Mr. Esteves Pedro Colnago Júnior, Executive Secretary, MP, se@planejamento.gov.br
Mr. Jorge Arbache, Secretary of International Affairs, SEAIN/MP, seain@planejamento.gov.br