June 30, 2011

His Excellency
Mr. Guido Mantega
Minister of Finance
Ministério da Fazenda
Procuradoria Geral da Fazenda Nacional
Esplanada dos Ministérios, Bloco "P" - 8º andar
70048-900 Brasília, DF
BRAZIL

Re: Second State Pension Reform Technical Assistance Project (Loan No.7428-BR)
Second Amendment to the Loan Agreement

Excellency:

Please refer to the Loan Agreement (the Agreement) between the Federative Republic of Brazil (the Borrower) and the International Bank for Reconstruction and Development (the Bank), dated July 17, 2008, as amended, with respect to the above-captioned Project.

We are pleased to inform you that pursuant to your letter of request received by facsimile No. 153, on September 21, 2009, and the recommendation letters from COFIEX (a) No. 494 dated December 10, 2008, (b) No. 536 dated August 12, 2009 and (c) No. 615 dated May 25, 2011, and further discussions, the Agreement is hereby amended to: (i) reduce Project scope and Activities; (ii) extend Project Closing Date, and (iii) reallocate Loan proceeds. Therefore the Agreement shall read as follows:

1. Schedule 1 to the Agreement is amended to read as per Attachment I to this Amendment Letter.

2. The table in Section IV B.2 of Schedule 2 to the Agreement is amended to read as per Attachment II to this Amendment Letter. And

3. Please be advised that the Bank has established December 31, 2011, as the later date for purposes of Section IV B.2 of the Agreement.

All other provisions of the Agreement, except as amended herein, shall remain in full force and effect.

Please also note that the restructuring paper which reflects the Bank's approved Project modifications dated May 5, 2011, will be disclosed on its external website.
Please confirm your agreement with the foregoing amendment by countersigning and dating the two original copies of this letter provided to you and returning one countersigned original to us. The amendment shall be effective as of the date of the countersignature.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Makhtar Diop
Director
Brazil Country Management Unit
Latin America and the Caribbean Region

AGREED:
FEDERATIVE REPUBLIC OF BRAZIL

By: Ana Rachel F. Silva Fiatkoski
Authorized Representative

Name: Ana Rachel F. Silva Fiatkoski

Title: Procuradora da Fazenda Nacional

Date: 07/07/2011
cc: Mr. Rogério Studart, Executive Director for Brazil, The World Bank
    Mr. Vishnu Dhanpaul, Alternate Executive Director for Brazil, The World Bank
    Mr. Carlos Vidotto, Secretary of International Affairs, SEAIN/MP – Fax: 2020-5047
    Mr. Benvindo Belluco, Deputy Secretary, SEAIN/MP – Fax: 2020-5006
    Mr. Nelson Henrique Barbosa Filho, Executive Secretary, MF – Fax: 3412-1824
    Mr. Marcelo Estrela Fischer, Chief of Staff, MF – Fax: 3412-2525
    Ms. Adriana Queiroz de Carvalho, Attorney General, PGFN/MF – Fax: 3412-1740
    Mr. Arno Augustin Filho, Secretary, National Treasury, STN/MF–Fax: 3412-1717
    Mr. Carlos Márcio Bicalho Cozendey, Secretary, SAIN/MF – Fax: 3412-1722
    Ms.Iraneth Rodrigues Monteiro, Executive Secretary, MP – Fax: 2020-7745
SCHEDULE I

Description of the Project

The objective of the Project is to enhance fiscal stability and sustainable economic growth in the Participating States through improved pension management.

The Project consists of the following parts:

1. Cadastre and Information Technology Upgrading

   (a) Upgrading of Participating States’ executive branch pension registers including verification of individuals’ registers and inputting into the respective states' unified pension system.
   (b) Upgrading of registers and systems of the legislative and judicial branches and other autonomous agencies of the Participating States so that, to the extent possible, they can be integrated with pension cadastres, thereby creating unified cadastres and systems.
   (c) Upgrading of Participating States’ information systems so that their respective state government branches' pension data bases are integrated in a unified system.
   (d) Provision of information technology equipment to Participating States.

2. Strengthening the Participating States’ Pension Management

   (a) Training of Participating States’ staff in subjects related to the Project.
   (b) Carrying out of workshops to disseminate in the Participating States the legislative requirements of the federal pension system, the results of cadastre work undertaken under the Project, and institutional strengthening support implemented under the Project.
   (c) Training of relevant staff of the legislative and judicial branches of Participating States and other autonomous agencies of the Participating States on the unified pension system.
   (d) Training of auditors that would in turn train officials of the Participating States in the unified pension system.

3. Strengthening the MPS

   (a) Strengthening and operation of the Borrower’s Council of State Pension Officials (CONAPREV) comprised by, inter alia, pension officials from the Borrower and its states (including the Participating States).
   (b) Provision of consultants services for the SPS’s PEU including printing and dissemination of newsletters and publications on pensions.
<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) Goods and non-consultants’ services</td>
<td>4,927,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ services</td>
<td>60,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end fee</td>
<td>12,500</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>(4) Premia for interest rate caps and interest rate collars</td>
<td>0</td>
<td>Amount due under Section 2.07 (c) of this Agreement</td>
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<tr>
<td>(5) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>5,000,000</td>
<td></td>
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