March 3, 2015

His Excellency
Geraldo José Rodrigues Alckmin Filho
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Brazil
Facsimile: (55-11) 2193-8738

BRAZIL - Loan 8272-BR (São Paulo State Sustainable Transport Project)
Amendment of the Loan Agreement

Excellency:

We refer to the Loan Agreement (the “Loan Agreement”) entered into between the International Bank for Reconstruction and Development (the “Bank”) and the State of São Paulo (the “Borrower”), and the Guarantee Agreement entered into between the Federative Republic of Brazil (the “Guarantor”) and the Bank, both dated September 24, 2013, 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 also refer to the letters of request and endorsement from: (a) the Borrower, dated April 28, 2014; and (b) the Guarantor, through the Commission for External Financing (COFIEX) letter of Recommendation No. 01/0255 dated December 10, 2014, and Parecer PGFN/COF/N 011/2015, dated January 8, 2015, wherein a request is made to amend the above-captioned Loan Agreement as to: (i) increase the number of kilometers of road intersections to be improved under Part 1 of the Project given the co-financing from a private bank covered by a guarantee from the Multilateral Investment Guarantee Agency (“MIGA”); and (ii) incorporate new definitions to the Appendix of the Loan Agreement as a result of the co-financing contribution mentioned in (i) herein.

We are pleased to inform you that the Bank acknowledges your requests and agrees to amend the Loan Agreement as follows:

1. Section 1.1 of Part 1 of Schedule 1 to the Loan Agreement is hereby amended to read in its entirety as follows:

"Part 1. Improving transport and logistics efficiency and safety

1.1 Rehabilitation and upgrading the Borrower’s transport networks:

 Provision of support to DER-SP to restore and upgrade the Borrower’s transport networks to improve connectivity, reduce logistics costs and improve road transport safety, through the rehabilitation and improvement of the existing transport infrastructures, including, inter alia: (a) road rehabilitation, construction of third lanes, duplications, slope protection and improvement of intersections of
approximately 650 km of existing paved roads of the Borrower which have been selected based on their potential contribution to intermodality; (b) reconstruction of two bridges with wider clearance on the Tiete and Piracicaba rivers to enhance waterway navigation on the Tiete river; (c) carrying out a pilot of CREMA Contracts on approximately 100 km; and (d) improving road safety through selected pilot works under (a) and (c) above, based on the recommendations of the iRAP Pilot Road Survey.”

2. Section I (Definitions) of the Appendix to the Loan Agreement is hereby modified to incorporate the following definitions: Co-financier, Co-financing, Co-financing Agreement, MIGA and NHSFO. As a result existing definitions are renumbered to maintain alphabetic order.

(a) “Co-financier” means the Banco Santander S.A.

(b) “Co-financing” means, for purposes of paragraph 16 of the Appendix to the General Conditions, an amount of three hundred million Dollars ($300,000,000) to be provided by the Co-financier and to be guaranteed by Multilateral Investment Guarantee Agency (MIGA) through a Non-Honoring of Sovereign Financial Obligations (NHSFO) guarantee, for the purpose of co-financing Part I of the Project.

(c) “Co-financing Agreement” means the agreement to be entered into between the Borrower and the Co-financier providing for the Co-financing.

Please confirm your agreement with the foregoing amendment by signing and dating the two originals of this Amendment Letter in the spaces provided below. Henceforward, all the provisions of the Loan Agreement except as amended through this Amendment Letter shall remain in full force and effect.

The provisions set forth in this Amendment Letter shall become effective as of the date of the countersignature upon received by the Bank of:

(a) one fully executed original of this Amendment Letter;

(b) evidence satisfactory to the Bank that the Operational Manual, as set forth in Section I.D.1 of Schedule 2 of the Loan Agreement, has been updated and found satisfactory to the Bank;

(c) evidence satisfactory to the Bank that the Subsidiary Agreement, as set forth in Section I.B of Schedule 2 to the Loan Agreement, has been amended; and

(d) the Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Amendment Letter) have been fulfilled.
Upon compliance with the above mentioned conditions, the Bank will send a notice of effectiveness to the Borrower.

Please also note that the attached Restructuring Paper as approved by the Bank on February 24, 2015, will be disclosed on the Bank’s external website.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: Deborah L. Wetzel
Director
Brazil
Latin America and the Caribbean Region

AGREED:
STATE OF SÃO PAULO

By: [Signature]
Authorized Representative
Name: Renato Vilella
Title: Secretário da Fazenda
Date: 13/03/2015

Cc: Mr. Antonio Henrique Pinheiro Silveira, Executive Director for Brazil, The World Bank
Ms. Rosalia V. De Leon, Alternate Executive Director for Brazil, The World Bank
Mr. Jose Gilberto Scandiucci, Advisor to Executive Director, The World Bank
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Mr. Tarcísio José Massote de Godoy, Executive Secretary, MF
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Mr. Luis Antonio Balduino Carneiro, Secretary, SAIN/MF, gabinete.df.sain@fazenda.gov.br
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Mr. Renato Augusto Sagallo Villela dos Santos, Secretary of Finance/SP, renatovillela@sp.gov.br
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Mr. Durarte Nogueira, Secretary of Logistics and Transports, dnogueira@sp.gov.br
Mr. Armando Costa Ferreira, Superintendent of DER, arferreira@sp.gov.br
Bcc: LC5 Clearance; P. Kriss; K. Marcelino (LCC5C); T. de Abreu (WFALN); C. Portelo, W. Pedrosa (LEGLE); S. Amaral, E. Bereslawski (GGODR); M. Oliveira (GGODR); A. Menendez; E. Lancelot, G. Gauthier, S. Ogita, H. Taguchi (GTIDR), C. Barreto (LCC5C), LAC Trans Pas; Project files; WBDocs. LAC Trans Pas; Project files; WBDocs