OFFICIAL DOCUMENTS

January 11, 2017

His Excellency
Mr. Henrique Meirelles
Minister of Finance
Procuradoria Geral da Fazenda Nacional - PGFN
Esplanada dos Ministérios, Bloco “P” – 8° Andar
70048-900, Brasília, DF
Brazil
Email: apoiocof.df.pgfn@pgfn.gov.br

His Excellency
David Siffert Torres
Secretário
Secretaria de Estado do Planejamento e Orçamento
Praça dos Girassóis, s/n
Palmas – TO, 77001-002
BRAZIL
Email: seplangb@seplan.to.gov.br

BRAZIL - Loan 8185-BR.(Tocantins Integrated Sustainable Regional Development Project – Projeto de Desenvolvimento Regional Integrador e Sustentável no Estado do Tocantins – PDRIS)
Amendment to the Loan Agreement

Excellencies:

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 Tocantins (the “Borrower”), dated December 6, 2012, 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 February 26, 2016 and (b) the Guarantor, through the Commission for External Financing (COFIEX) letter of Recommendation No. 01/0269 dated February 17, 2016, and Parecer PGFN/COF/Nº 1975/2016, dated December 30, 2016, wherein a request is made to amend the above-captioned Loan Agreement as to: (i) eliminate the counterpart funds from the Project and consequently increase the percentage of financed expenditures and reallocate funds within Expenditure Category 2; (ii) adjust the Project description to include new activities, and (iii) modify some of the institutional arrangements as a result of the Borrower’s institutional reform.

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

1. Article 3.01. of the Loan Agreement is hereby amended to read in its entirety as follows:
“3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower, through SEPLAN, shall carry out the Project with the assistance of: (a) DERTINS for Part 1 of the Project; (b) SEAGRO, SEMARH, Ruralins and SEDETUR for Part 2.2 of the Project; (c) SEMARH and Naturatins for Part 2.3. of the Project; and (d) SEDUC for Part 2.4 of the Project, all in accordance with the provisions of Article V of the General Conditions.”

2. To reflect the changes referred to in paragraph 1 above, the following replacements have been made:

“SEMADES” by “SEMARH in Parts 2.2.(ii) and 2.3. of Schedule 1 to the Loan Agreement;

“SEPLAN” by “SEDETUR” in Part 2.2.(iii) of Schedule 1 to the Loan Agreement; and

“SEINFRA” by “DERTINS” in Part 1.4. of Schedule 1; Section I F.2., 3, 4, 5, and 7 of Schedule 2 to the Loan Agreement; Section V.1. of Schedule 2 to the Loan Agreement; and in the definition of “CREMA Contract” in the Appendix to the Loan Agreement.

3. Article 6.01. of the Loan Agreement is hereby amended to read in its entirety as follows:

“6.01. The Borrower’s Representative is its Secretary of Planning and Budget.”

4. Article 6.02. of the Loan Agreement is hereby amended to read in its entirety as follows:

“6.02. The Borrower’s Address is:

Secretaria do Planejamento e Orçamento
Praça dos Girassóis, s/n
77001-002 Palmas, Tocantins
Brazil

Facsimile: (55-63) 3212 4403

With copies to:

SEAIN - Secretaria de Assuntos Internacionais do Ministério do Planejamento, Orçamento e Gestão
Esplanada dos Ministérios - Bloco K - 5º andar
70040-906 Brasília, DF
Brazil

Facsimile: (55-61) 2020-5006”

5. Sections 1.1 and 1.2. of Part 1 of Schedule 1 to the Loan Agreement are hereby amended to read in their entirety as follows:

“1.1. Improving transport conditions on the municipal roads

Improvement of accessibility of rural populations to employment opportunities, services and resources and markets by the elimination of critical spots on selected municipal feeder roads with a total extension of 5,500 km through, inter alia: the design,
construction and supervision of concrete hydraulic structures (bridges and culverts) of municipal feeder roads, all to ensure year round traffic (the Municipal Road Subprojects).

1.2. **Rehabilitating the Borrower’s paved network through performance based contracts**

Improvement of transport conditions on the Borrower’s paved roads through the carrying out of: (a) a set of performance based CREMA Contracts on about 1,500 kilometres of identified Borrower-managed paved roads (the State Road Rehabilitation Subprojects I); (b) if applicable performance-based CREMA Contracts in selected Borrower-managed paved roads in accordance with criteria acceptable to the Bank (the State Road Rehabilitation Subprojects II); and (c) complementary road works to reduce road accidents on the Borrower’s paved roads (the State Road Rehabilitation Subprojects III).

6. The table in Section IV.A.2. of Schedule 2 to the Loan Agreement is amended to read in its entirety 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, consultants’ services and non-consulting services for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Parts 1.1, 1.2 and 1.3 of the Project; and</td>
<td>233,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Part 1.4 of the Project</td>
<td>7,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) (a) Goods, consultants’ services and non-consulting services and Training for Parts 2.1 (i) through (iii), 2.2, 2.3 and 2.4 of the Project</td>
<td>40,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Works, consultants’ services and non-consulting services under Part 2.1 (iv) of the Project</td>
<td>11,250,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
### Table: Percentage of Amount of the Loan Expenditures to be Financed (inclusive of Taxes)

<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>(3) Goods, consultants’ services, and non-consulting services, Training and Operating Costs for Part 3 of the Project</td>
<td>8,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Front-end Fee</td>
<td>750,000</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>(5) Premium 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><strong>TOTAL AMOUNT</strong></td>
<td><strong>300,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

7. Section I (Definitions) of the Appendix to the Loan Agreement is hereby modified to:

a) add the definitions of SEDETUR, DERTINS and SEMARH; and include them in the definition of “Participating Entity” as follows:

“DERTINS” means Departamento de Estradas de Rodagem, the Borrower’s road and highways department or any successor thereto satisfactory to the Bank.

“Participating Entities” means DERTINS, SEMARH, SEAGRO, SEDUC, SEDETUR, Naturatins, and Ruraltins.

“SEDETUR” means Secretaria do Desenvolvimento Econômico e Turismo, the Borrower’s economic development and tourism secretariat or any successor thereto satisfactory to the Bank.

“SEMARH” means Secretaria do Meio Ambiente e Recursos Hídricos, the Borrower’s environment and water management secretariat or any successor thereto satisfactory to the Bank.

b) modify the definition of SEPLAN and SUBPROJECT, to read in its entirety as follows:

“SEPLAN” means Secretaria do Planejamento e Orçamento, the Borrower’s planning and budget secretariat or any successor thereto satisfactory to the Bank.; and
“SUBPROJECT” means any Municipal Road Subproject, State Road Improvement Subproject, State Road Rehabilitation Subproject I, State Road Rehabilitation Subproject II or State Road Rehabilitation Subproject III.

c) delete the definitions of SEINFRA and SEMADES.

As a result, existing definitions are renumbered to maintain alphabetic order.

Please confirm your agreement with the foregoing amendment by signing and dating the three 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 receipt by the Bank of one fully executed original of this Amendment Letter

Please note that the attached Restructuring Paper dated January 11, 2017, as approved by the Bank, will be disclosed on the Bank's external website.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: [Signature]

Martín Raiser
Director
Brazil
Latin America and the Caribbean Region

AGREED
STATE OF TOCANTINS

By: [Signature]

Authorized Representative
David Siffert Torres
Secretário do Planejamento e Orçamento
Ato nº 36 - NM. 02/01/2015
Title: [Title]
Date: 01/01/2017

AGREED
FEDERATIVE REPUBLIC OF BRAZIL

By: [Signature]

Authorized Representative
[Name]
Title: [Title]
Date: 01/01/2017
cc: Mr. Otaviano Canuto, Executive Director for Brazil, The World Bank
Ms. Rosália V. de León, Alternate Executive Director for Brazil, The World Bank
Mr. Jorge Arbache, Secretary of International Affairs, SEAIN/MP, seain@planejamento.gov.br
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, PFGN/MF, apoiocof.df.pgfn@pgfn.gov.br
Ms. Ana Paula Vescovi, Secretary, National Treasury, STN/MF, gab.df.stn@fazenda.gov.br
Mr. Mauricio Fregonesi, Coordinator UGP, SEPLAN, ugppdريس@gmail.com
Mr. Marcelo Miranda, Governor, Tocantins, gabgov@gabgov.to.gov.br
Mr. Silvio Leão, Superintendent, Departments of Roads, Tocantins, leao@ageto.to.gov.br

§.
Cleared with and bcc: C. Portelo (LEGLE); LCC5C

bcc: P. Procee, C. Barreto, K. Marcelino (LCC5C); I. Micalli-Drossos (LEGLE); T. Abreu, M. Tambucho, P. Melo (WFALN); A. Menendez (GT1DR); S. Ogita, G. Gauthier, B. Lancharro, H. Taguchi (GT104), WBdocs

Drafted by: W. Pedrosa (LCC5C/LEGLE)