International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Loan No. 8442-BR (Additional Financing for the Acre Social and Economic
Inclusion and Sustainable Development Project - Programa de Saneamento
Ambiental e Inclusão Socioeconômica do Acre - PROSER)
Article VI of the General Conditions
Financial and Economic Data

Dear Sirs and Mesdames:

In connection with the Loan Agreement of this date between International Bank for
Reconstruction and Development (Bank) and State of Acre (Borrower) providing a loan
(Loan) for the above-captioned Project, the related Guarantee Agreement of same date
between the Federative Republic of Brazil (Member Country) and the Bank, and the General
Conditions (General Conditions) made applicable to the Loan Agreement and Guarantee
Agreement, I am writing on behalf of the Member Country to set forth the following:

1. We understand and agree that, for purposes of Section 6.01 of the General
Conditions, the Member Country is required by the Bank to report "long-term external debt"
(as defined in the World Bank's Debtor Reporting System Manual, dated January 2000
(DRSM)), in accordance with the DRSM, and in particular, to notify the Bank of new "loan
commitments" (as defined in the DRSM) not later than 30 days after the end of the quarter
during which the debt is incurred, and to notify the Bank of "transactions under loans" (as
defined in the DRSM) once a year, not later than March 31 of the year following the year
covered by the report.

2. We represent that, except as otherwise notified to the Bank, no Liens (as defined in
the General Conditions), other than those excluded pursuant to paragraph (c) of Section 6.02
of the General Conditions, exist on any Public Assets (as defined in the General Conditions),
as security for any External Debt (as defined in the General Conditions). Except as otherwise
notified to the Bank, no defaults exist in respect of any external public debt (as defined in
the DSRM). It is our understanding that, in making the Loan, the Bank may rely on the
representations set forth or referred to in this letter.
3. Please confirm your agreement to the foregoing by having a duly authorized representative of the Bank sign in the space provided below.

Very truly yours,

FEDERATIVE REPUBLIC OF BRAZIL

[Signature]

Authorized Representative

AGREEED:

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]

Authorized Representative