Guarantee Agreement

(Pernambuco Equity and Inclusive Growth Development Policy Loan
Programa de Desenvolvimento das Políticas Públicas do Estado
de Pernambuco II – DPL)

between

FEDERATIVE REPUBLIC OF BRAZIL

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 18, 2013
GUARANTEE AGREEMENT

AGREEMENT, dated July 18, 2013, entered into between FEDERATIVE REPUBLIC OF BRAZIL ("Guarantor") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") ("Guarantee Agreement") in connection with the Loan Agreement of same date between the Bank and STATE OF PERNAMBUCO ("Borrower") ("Loan Agreement"). The Guarantor and the Bank hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.

Section 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Loan Agreement.

ARTICLE II – GUARANTEE

Section 2.01. The Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of all Loan Payments payable by the Borrower pursuant to the Loan Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

Section 3.01. The Guarantor’s Representative is its Minister of Finance.

Section 3.02. The Guarantor’s Address is:

Ministerio da Fazenda
Procuradoria Geral da Fazenda Nacional
Esplanada dos Ministerios
Bloco "P", 8º. Andar
70004-900, Brasilia, DF
BRAZIL

Facsimile: (55-61) 3412-1740
Section 3.03. The Bank's Address is:

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: (202) 477-6391

AGREED at FEDERATIVE REPUBLIC OF BRAZIL as of the
day and year first above written.

FEDERATIVE REPUBLIC OF BRAZIL

By

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative