Guarantee Agreement

(SWAp to Strengthen Public Investment Project
Programa de Apoio à Retomada do Desenvolvimento Econômico
e Social do Rio Grande do Sul)

between

FEDERATIVE REPUBLIC OF BRAZIL

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated September 11, 2012
GUARANTEE AGREEMENT

AGREEMENT, dated September 11, 2012, 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 RIO GRANDE DO SUL ("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 the Minister of Finance of the Guarantor.

Section 3.02. The Guarantor’s Address is:

Ministério da Fazenda
Procuradoria Geral da Fazenda Nacional
Esplanada dos Ministérios, Bloco “P”- 8º andar
70048-900 Brasília, DF
Brasil

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: INTBAFRA D
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: (202) 477-6391

AGREED at Brasilia, Federative Republic of Brazil as of the day and year first above written.

FEDERATIVE REPUBLIC OF BRAZIL

By [Signature]
Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By [Signature]
Authorized Representative