

# **First Amendment**

to the

## **Credit Agreement**

(dated August 04, 2000)

Credit No.: 8990 - 01

between

**KfW, Frankfurt am Main**  
(„Proponent“)

and

**The Federative Republic of Brazil,**  
(„Borrower“)

represented by the Ministry of Finance

- together referred to as the „Parties“ -



**WHEREAS:**

- 1) On March 31<sup>st</sup>, 1998, the Department of Federal Policy of Ministry of Justice of Brazil concluded with SOFREMI a commercial contract n° 021/98 – CCA/DPF and three Amendments n° 01/98, n° 02/98 and n° 03/98 for the supply of various equipment in connection with the PROAMAZONIA / PROMOTEC projects.
- 2) On August 4<sup>th</sup>, 2000, an Euler Hermes-covered Credit Agreement (Credit No.: 8990 – 01) was signed between the Borrower, represented by the Ministry of Finance of Brazil, and KfW (“**Credit Agreement**”) for a total amount of USD 167,998,250 (“**Loan**”).
- 3) The Parties agreed that by way of this first amendment to the Credit Agreement (“**First Amendment**”), the Loan shall be reduced by an amount of USD 6,417,500 to USD 161,580,750. Furthermore, the disbursement period for the Loan shall be extended from October 30, 2006 to September 26, 2010 and the repayment schedule shall be extended accordingly to February 26, 2021. Furthermore the margin shall be reduced to 0.60 % p.a. for all Requests for Disbursements signed before the date of signature of this First Amendment and the Borrower shall pay a CIR-rate for all Requests for Disbursements signed after the date of signature of this First Amendment

**NOW THEREFORE**, the Parties hereby agree to amend the Credit Agreement as follows:

**Article 1.1 shall be replaced by:**

“KfW shall, subject to the terms and conditions herein set forth and in consideration of the guarantee of the Federal Republic of Germany specified in Article 6 below, make available to the Borrower a Credit not exceeding

US\$ 161,580,750

(in words: onehundredsixtyonemillionfivehundredeightythousandsevenhundredfifty US-Dollar) (“**Credit**”).”

**Article 2.3 sentence 1 shall be replaced by:**

“KfW shall be entitled to refuse to make disbursements from the Credit for which requests are submitted to it after September 26, 2010.”



**Article 4.3 shall be replaced by:**

- a) „The Borrower shall pay interest to KfW on each amount disbursed (“**Credit Portion**”) at the rate p.a. equal to the aggregate of (i) the London Interbank Offered Rate (“**LIBOR**”) relating to each interest period (“**Interest Period**”) as specified in relation to each Credit Portion in accordance with Articles 4.3.1 and 4.3.2 below plus (ii) a margin of 0.60% (zeropointsixty per cent per annum) for all Requests for Disbursements signed before the date of signature of this First Amendment and
- b) The Borrower shall pay interest to KfW on the Loan at the rate (i.e. the officially supported CIR-rate according to the OECD-Consensus) of 5.71% p.a. (fivepointseventyone per cent per annum) for all Requests for Disbursements signed after the date of signature of this First Amendment.”

**Article 7.4 Phrase 1 shall be replaced by:**

All costs and expenses, including legal expenses, arising out of or in connection with the modification, preservation, or enforcement of this Loan Agreement, the rights hereunder, or any security or document pertaining hereto as well as the costs for notification and legalization of this Amendment No. 1 shall be borne by the Borrower.

**Article 11.5 shall be added to Article 11:**

“Following signature of this First Amendment, and within a reasonable period of time, the Borrower has to provide KfW with the following documents:

- (a) a complementary legal opinion of the legal advisor of the Borrower, certifying that :
  - the terms of the legal opinion issued pursuant to Article 11.1 (a) of the Credit Agreement are still true and apply to this First Amendment,
  - all necessary approvals have been obtained by the Borrower for the execution, delivering and performing of this First Amendment,
  - the signatories of this First Amendment have all powers to execute, deliver and perform this First Amendment;
- (b) the number of the registration operation of this First Amendment in the Register of Financial Operation – R.O.F. – system of the Central Bank of Brazil authorizing the Borrower to acquire and transfer the US Dollars required for performance of all its payment obligations under this First Amendment;
- (c) the remittance of the power and specimen of the signature(s) (of each) of the Borrower’s representative(s) duly empowered to sign this First Amendment.“



**Article 12.1 shall be replaced by:**

This Loan Agreement shall be governed by and construed in accordance with the laws of the Federal Republic of Germany. In connection herewith the parties acknowledge that KfW is the proponent of this Amendment No. 1.

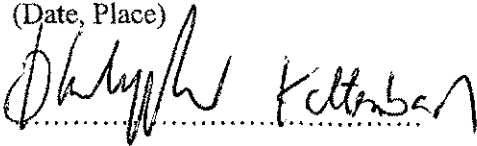
This First Amendment shall be an integral part of the Credit Agreement. All terms and provisions of the Credit Agreement not expressly modified by this First Amendment remain in full force and effect.

This First Amendment comes into force on the date of its signature.

Frankfurt am Main, April 28, 2006

.....

(Date, Place)



KfW

*Branilia, May 18, 2006*

(Date, Place)

*Ana Lucia Gatto de Oliveira*

The Federative Republic of Brazil

represented by the Ministry of Finance

**ANA LUCIA GATTO DE OLIVEIRA**  
Attorney of the National Treasury





No. 245 of the roll of documents for 2006

I hereby certify and attest the above signatures recognized as their own by the gentlemen personally known to me:

1. Rudolf Philippbaar,
2. Tobias Kaltenbach

and I recognize the above signatures to be theirs.

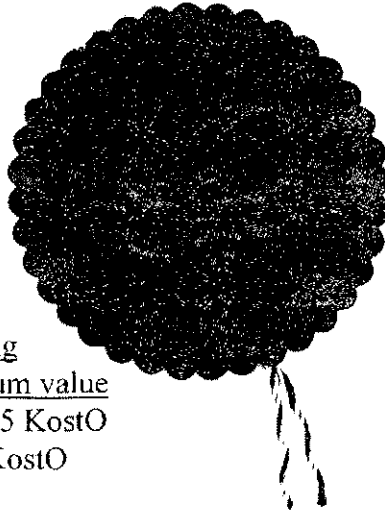
I also confirm that according to the certificate of the Minister of Finance of the Federal Republic of Germany of February 17, 2006, the following gentlemen

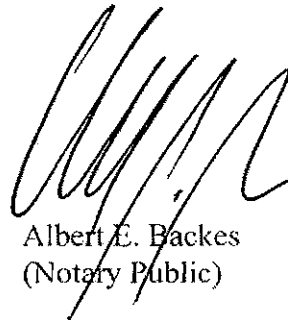
Rudolf Philippbaar and Tobias Kaltenbach

are entitled in conjunction with the representative authority pursuant to §§ 49, 54 HGB ( Commercial Code ) to legally represent the KfW in Frankfurt on Main. Their entitlement for representation results from § 12 sect. 2 of the act concerning the KfW in the wording of June 23, 1969 ( BGBl S. 573 – Civil Code folio I, page 573 ) last amended by law on the reorganisation and winding-up of insurance undertakings and credit institutions dated 10 December 2003 ( Civil Code folio I, p. 2478 )

Prior to the notarial recording, the notary asked the persons concerned whether they have already been or are active in the matter which is object of the recording, beyond their official activity, as far as it was not carried out by order of all persons concerned. The persons concerned declared this not to be the case.

Signed at Frankfurt am Main, this 28<sup>th</sup> day of April 2006



  
Albert E. Backes  
(Notary Public)

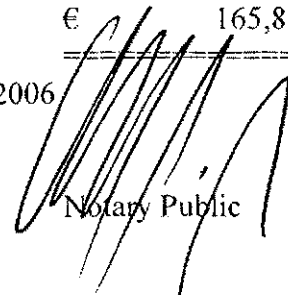
Cost accounting  
value: Maximum value  
charge §§ 32,45 KostO  
charge § 150 KostO

VAT 16 %

€	130,--
€	13,--
€	143,--
€	22,88
€	165,88

Frankfurt am Main, this 28<sup>th</sup> day of April 2006



  
Notary Public





Nº 1882

Reconheço verdadeira, por semelhança, a assinatura, neste documento, do Sr. Albert E. Backes, Tabelião Público em Frankfurt am Main, Alemanha. E, para constar onde convier, mandei passar o presente, que assinei e fiz selar, com o selo deste Consulado Geral.

*Dispensada a legalização da assinatura consular, de acordo com o Artigo 2º, do Decreto 84.451, de 31/01/80.*

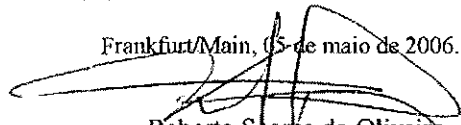
**R\$ 20,00**

**€ 23,00**

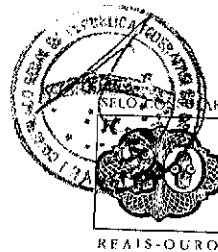
**Tab. 416**

A presente legalização não implica aceitação do teor do documento.

Frankfurt/Main, 05 de maio de 2006.



Roberto Soares-de-Oliveira  
Embaixador, Cônsul-Geral





# LOAN AGREEMENT

dated August 04, 2000

between

**Kreditanstalt für Wiederaufbau,  
Frankfurt am Main ("KfW")**

and

**The Federative Republic of Brazil,  
("Borrower")**

represented by the Ministry of Finance

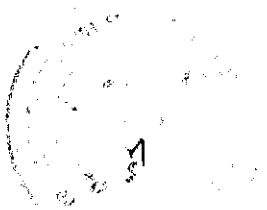
for US\$ 44,646,750

Loan No.: 8990 – 02 / 03

Exporter:

Société Française d'Exportation de  
Matériels, Systèmes et Services du  
Ministère de l'Intérieur, SOFREMI S.A.,  
Paris, France, ("SOFREMI")  
ProAmazonia / Promotec - Brazil

Project:



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de 1954, em 1954, em 1954.

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Preamble

On March 31, 1998, the Department of Federal Policy of Ministry of Justice of Brazil concluded with SOFREMI ("**Exporter**") a contract No. 021/98 CCA/DPF as well as three Amendments No. 01/98, No. 02/98 and No. 03/98 ("**Export Contract**") for the supply of various equipment ("**Equipment**") and related services for the purpose of the implementation of the ProAmazonia and the Promotec Projects ("**Project**").

The total price of the goods and services to be effected by the Exporter under the Export Contract and payable in US-Dollar ("**Overall Total Price**") is US \$ 395,290,000 and includes a French Portion of US\$ 197,645,000 ("**French Portion**") and a German Portion of US\$ 197,645,000 ("**German Portion**").

In connection with the Project, there are in addition various local goods and services to be contracted by the Borrower ("**Local Supplies**"). The Local Supplies will not be carried out under the responsibility of the Exporter and, thus, do not form part of the Export Contract. The price for the Local Supplies is estimated to be US\$ 30,000,000 ("**Overall Local Price**") and will be paid according to the conditions specified by the Borrower in the respective Local Supplies contracts. The Overall Local Price will be split up into two portions, each of which is proportionately attributable to the French Portion and to the German Portion respectively (the "**French Attributable Portion**" and the "**German Attributable Portion**"). The French Attributable Portion shall be financed by Banque National de Paris ("BNP") and the German Attributable Portion by KfW. The maximum German Attributable Portion of the Overall Local Price is US\$ 15,000,000.

The payment conditions for the German Portion and the German Attributable Portion are as follows:

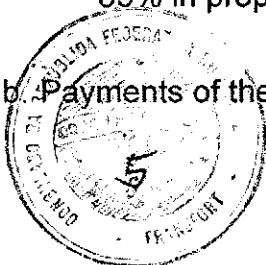
a. Payments of the German Portion under the Export Contract:

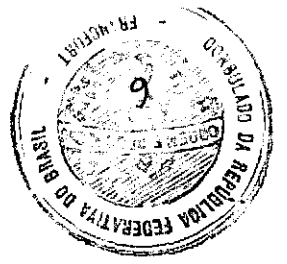
The Export Contract provides for the German Portion of the Overall Total Price to be paid as follows:

15% down and interim payments ("**Credit Element I**").

85% in proportion to the goods and services supplied

b. Payments of the German Attributable Portion under Local Supplies contracts





1. O Sr. [nome] residente em [endereço] no Brasil, vem por meio desta solicitar a emissão de uma carta de recomendação para que possa viajar ao exterior.

2. O Sr. [nome] possui uma situação financeira satisfatória e não possui nenhuma dívida com o Fisco Brasileiro.

3. O Sr. [nome] possui uma situação familiar estável e não possui nenhuma dependência econômica.

4. O Sr. [nome] possui uma situação profissional satisfatória e não possui nenhuma dívida com o Fisco Brasileiro.

5. O Sr. [nome] possui uma situação de saúde satisfatória e não possui nenhuma doença contagiosa.

6. O Sr. [nome] possui uma situação de segurança satisfatória e não possui nenhuma dívida com o Fisco Brasileiro.

7. O Sr. [nome] possui uma situação de moralidade satisfatória e não possui nenhuma dívida com o Fisco Brasileiro.

8. O Sr. [nome] possui uma situação de honra satisfatória e não possui nenhuma dívida com o Fisco Brasileiro.

still to be determined by the Borrower (**“Credit Element II”**)

The loan to be granted by KfW under this Loan Agreement shall enable the Borrower to pay the amounts representing (i) the Credit Element I according to the Export Contract and (ii) the Credit Element II according to the progress of the project, both of them subject to the conditions specified in this Loan Agreement.

Concurrently with the execution of this Loan Agreement, KfW will execute a separate credit agreement with respect to payment of the amounts representing 85% of the German Portion to the Exporter pro rata deliveries effected and services rendered (**“KfW-Credit”**).

BNP has agreed to provide financing for (i) the French Portion of the Overall Total Price and (ii) the French Attributable Portion on the basis of 2 separate loan agreements (**“BNP Loans”**, each a **“BNP Loan”**)



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**Article 1**  
**Amount and Purpose**

- 1.1 KfW shall, subject to the terms and conditions herein set forth make available to the Borrower a loan not exceeding

US\$ 44,646,750

(in words: fortyfourmillionsixhundredandfortysixthousandsevenhundredfifty US-Dollar) ("**Loan**").

This Loan amount is divided into two tranches:

Tranche a: Credit Element I up to an maximum amount of US\$ 29,646,750 ("**Tranche A**") and

Tranche b: Credit Element II up to an maximum amount of US\$ 15,000,000 ("**Tranche B**").

- 1.2 The Loan shall only be applied to finance Credit Element I and II. In the event that the German Portion shall be reduced prior to full disbursement of the Loan, KfW shall reduce the Loan by reducing Tranche A and Tranche B proportionally, provided, that the amounts already disbursed under Tranche A and Tranche B do not exceed 15% of the reduced German Portion with respect to Tranche A and 7.59 % of the reduced German Portion with respect to Tranche B. In the event that the amounts already disbursed exceed the percentages mentioned in the foregoing sentence with respect to any Tranche or the German Portion shall be reduced after full disbursement of Tranche A and Tranche B respectively, the Borrower shall immediately repay without any Prepayment Compensation to KfW (i) 15% of the amount by which the German Portion has been reduced with respect to Tranche A and (ii) 7.59 % of the amount by which the German Portion has been reduced with respect to Tranche B, provided, that the Loan amount already drawn under Tranche B exceeds 7.59 % of the reduced German Portion.



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**Article 2**  
**Disbursement**

- 2.1 After all conditions precedent to disbursement according to Article 10 have been met, KfW shall disburse the Loan as follows:
- (i) Tranche A to the Exporter in accordance with the Export Contract and against duly completed and signed requests for disbursement ("**Requests for Disbursement**") in accordance with Annex 1a to be presented to KfW and
  - (ii) Tranche B to the Borrower in accordance with the progress of the Project and against duly completed and signed Requests for Disbursements in accordance with Annex 1b to be presented to KfW, provided, that the amount to be disbursed does during the disbursement period of Tranche B not exceed 17.50 % of the amount already drawn under the KfW-Credit.
- 2.2 KfW shall not be obligated to effect more than one disbursement per calendar month each Tranche for amounts of less than US\$ 1.000.000, except for the last disbursement.
- 2.3 KfW shall be entitled to refuse to make disbursements from the Loan for which requests are submitted to it after October 30, 2004. However, in the event of delays in the implementation of the Export Contract, KfW shall examine whether and on what conditions this deadline may be extended, provided always, that such extension has been approved for the KfW Loan.
- 2.4 The Borrower may not waive the disbursement of the Loan without the prior written consent of KfW.

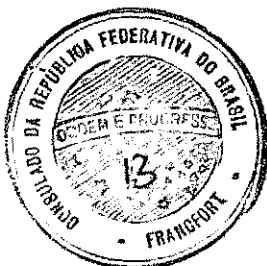






**Article 3****Fees**

- 3.1 The Borrower shall pay to KfW promptly upon signing of the Loan Agreement and due registration of the Loan Agreement by the Central Bank of Brazil but in any case not later than 45 (fortyfive) days after the signing of the Loan Agreement a non-refundable management fee of 0.85% (zeropointeightyfive per cent) flat on the Loan amount mentioned in Article 1.1.
- 3.2 The Borrower shall pay to KfW at the end of each calendar quarter in arrears a non-refundable commitment fee of 0.300% p.a. (zeropointthirty per cent) per annum on the Loan amount not disbursed, such fee to be charged from the date of signing of this Loan Agreement by KfW until disbursement in full.

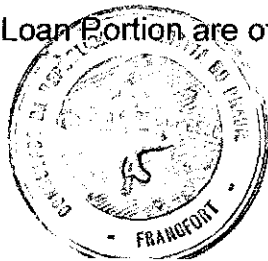


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**Article 4**  
**Interest**

- 4.1 The Borrower shall pay to KfW interest on Tranche A and Tranche B in arrears according to Articles 4.3 or Article 4.4, below, if applicable, in the following manner and on the following dates (each a "**Payment Date**"):
- (a) Prior to the due date of the first repayment instalment of each Tranche, on March 30 and September 30 of each year;
  - (b) On the due date of the first repayment instalment of each Tranche, together with such instalment; and
  - (c) Thereafter, on the further due dates of the repayment instalments of each Tranche (as specified in accordance with Article 5.1).
- 4.2 Interest shall accrue from the dates on which disbursements are debited to the dates on which the respective repayment instalments are credited to the account of KfW mentioned in Article 6.3.
- 4.3 The Borrower shall pay interest to KfW on each amount disbursed under Tranche A and Tranche B ("**Loan Portion**") at the rate p.a. equal to the aggregate of (i) the London Interbank Offered Rate ("**LIBOR**") relating to each interest period ("**Interest Period**") as specified in relation to each Loan Portion in accordance with Articles 4.3.1 and 4.3.2 plus (ii) with respect to Tranche A a margin of 3.60% p.a. (threepointsixty per cent per annum) and (iii) with respect to Tranche B a margin of 4.20% p.a. (fourpointtwenty per cent per annum) respectively.
- 4.3.1 The applicable LIBOR shall be the rate determined by KfW as being the arithmetic mean (rounded upward to the nearest 1/16 of 1%, if necessary) of the rates per annum, quoted by Telerate page 3750, or in the event that such offered rates do not so appear, the rates quoted by Reuters's Page ISDA, at or about 11:00 a.m. London time on the second New York, London and Frankfurt am Main banking day before the first day of the relevant Interest Period, as the rate at which loans in US\$ with maturities equal to (or if there is no equal, most comparable to) such Interest Period of an amount comparable to the respective **Loan Portion** are offered by banks in the London interbank market.



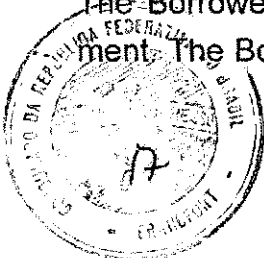
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If no quotations are then available on Telerate page 3750 and Reuters's Page ISDA does not so appear, the applicable LIBOR shall be the rate of interest (rounded upward to the nearest 1/16 of 1%, if necessary) that KfW determines to be the arithmetic mean of the per annum interest rates, at which loans in US\$ of an amount comparable to the respective Loan Portion with maturities equal to (or if there is no equal, most comparable to) such Interest Period are offered to prime banks in the London interbank market by Barclays Bank PLC and Morgan Guaranty Trust Company of New York (London Branch) or, if either or both of them fail to supply a rate of interest when supposed to do so, such other London office of banks or financial institutions as KfW (in consultation with the Borrower) appoints on the date that is two New York, London and Frankfurt am Main banking days prior to the first day of that Interest Period.

- 4.3.2 With the exception of the first Interest Period relating to a Loan Portion, each Interest Period shall commence on a Payment Date of the respective Tranche (including that date) and shall end on the day immediately before the next Payment Date of the respective Tranche. The first Interest Period relating to a Loan Portion shall begin on the value date of the disbursement of such Loan Portion and shall end on the day immediately before the next Payment Date of the respective Tranche.
- 4.4 For Loan amounts disbursed or parts thereof but subject to Article 4.7 below, the Borrower has the option to request for the remaining term of the Loan a change-over from the variable interest rate according to Article 4.3 to a fixed interest rate (such change-over being a "**Conversion**") equal to the aggregate of (i) KfW's effective funding costs in the US capital market for maturities matching as closely as possible the scheduled maturity of such Loan amount on a date selected by KfW occurring not more than ten and not less than four banking days in New York, London and Frankfurt am Main prior to the envisaged Conversion date plus (ii) with respect of converted amounts under Tranche A a margin of 3.60% p.a. (threepointsixty per cent per annum) and (iii) with respect of converted amounts under Tranche B a margin of 4.20 (fourpointtwenty per cent per annum) respectively.
- 4.5 Should the Borrower wish to convert according to Article 4.4 a Loan amount or part thereof from a variable to a fixed interest rate the following shall apply:

The Borrower shall notify KfW in conformity with Annex 3 of this Loan Agreement. The Borrower's notice shall state the amount and the date of the intended





Conversion and shall be made at least 15 (fifteen) banking days in Frankfurt am Main prior to such date.

In due time but not later than 4 (four) banking days in Frankfurt am Main prior to such date KfW shall inform the Borrower of the fixed interest rate determined according to Article 4.4.

The Borrower shall then confirm to KfW the Conversion, the amount and the date thereof and the fixed interest rate (as notified by KfW) not later than 3 (three) banking days in New York, London and Frankfurt am Main prior to the agreed Conversion date. The fixed interest rate shall be binding as soon as such confirmation has been made. Amounts converted according to the aforementioned procedure shall be "**Converted Amounts**".

If the Borrower has rejected the fixed interest rate as offered by KfW or KfW has not received the Borrower's confirmation 3 (three) banking days in New York, London and Frankfurt am Main prior to the respective Conversion date, then KfW shall not effect that Conversion from the variable to the fixed interest rate.

- 4.6 In the event that more than one Conversion has been effected KfW may at its own discretion consolidate the fixed interest rates agreed upon and pertaining to the same Tranche into a single interest rate corresponding to the weighted average of interest rates applied to the individual Converted Amounts, rounded down to 1/10,000 if the 5th decimal to be omitted is below 5 or rounded up to 1/10,000 if the 5th decimal to be omitted is 5 or above. The weighted average interest rate shall, for the respective aggregate Converted Amounts, form the basis for the further computation and payment of interest from the first Payment Date following the determination of such weighted average interest rate up to the date on which the Loan has been repaid in full.
- 4.7 Any Conversion may be effected only on a Payment Date. Any Conversion shall be in a minimum amount of US\$ 5 million, or, in case of the last Conversion after full disbursement of the Loan, the amount representing the remaining unconverted Loan portion. A reconversion from a fixed rate financing under Article 4.4 to a variable rate financing under Article 4.3 shall be excluded.



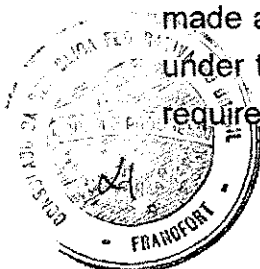
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**Article 5**  
**Repayment and Prepayment**

- 5.1 The Borrower shall repay the Loan to KfW by repaying (i) Tranche A in 8 (eight) equal consecutive semi-annual instalments the first falling due 18 month after the date of signing of this Loan Agreement and (ii) Tranche B in 6 (six) equal consecutive semi-annual instalments the first falling due 54 months after the date of signing of this Loan Agreement. Prior to payment of the first instalment, KfW shall send the Borrower a repayment schedule for each Tranche, which shall become integral part of this Loan Agreement.
- 5.2 Undisbursed Loan amounts with respect to each Tranche shall be deducted from such repayment instalment(s) as shall fall due last under the repayment schedule for each Tranche, if not otherwise agreed upon.
- 5.3 In case Article 5.2 shall be applicable, KfW shall send to the Borrower by registered airmail letter or courier a revised repayment schedule for each Tranche, which shall thus constitute an integral part of this Loan Agreement and replace any repayment schedule previously delivered.
- 5.4 Should the Borrower wish to repay the outstanding principal of Tranche A and Tranche B respectively in whole or in part in advance of maturity ("**prepay**"; each such repayment a "**Prepayment**"), the following terms and conditions shall apply:
- 5.4.1(a) The Borrower may prepay only on a Payment Date Loan amounts bearing a variable interest rate ("**Floating Interest Rate**") according to Article 4.3 in whole or in part subject to 30 (thirty) days' prior notice to KfW. Any such notice given by the Borrower shall be irrevocable, shall specify the date on which the Prepayment is to be made and the amount thereof and shall oblige the Borrower to pay to KfW the amount therein stated.
- 5.4.1(b) Should the Borrower wish to prepay Loan amounts bearing a fixed interest rate according to Article 4.4 in whole or in part, the Borrower shall notify KfW thereof. The Borrower's notice shall be irrevocable, state the amount and the date of the intended Prepayment and shall be made at least 30 (thirty) days prior to such date. For each Prepayment under this Article 5.4.1(b) the Borrower shall pay to KfW the amount it requires as compensation for any loss, expense or cost it may suffer or





incur as a result of such Prepayment ("**Prepayment Compensation**"); such Prepayment Compensation shall be equal to the present value of the difference between

- the interest which KfW would have earned if the amount had not been prepaid

and

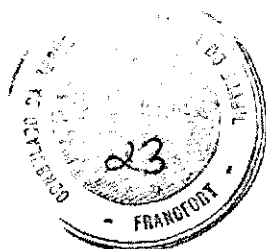
- the interest which KfW can obtain by investing the amounts prepaid for the remaining term of the Loan according to Articles 5.1 to 5.4

as calculated by KfW and notified to the Borrower.

5.4.2 Any Prepayment shall be set off against the outstanding repayment instalments of the respective Tranche of the Loan in the inverse chronological order of instalments and shall be in a minimum amount of US\$ 5 million or such lower amount as may be outstanding under the Loan.

5.4.3 Prepayment Compensation shall be paid together with the respective Prepayment.

5.4.4 Should the Borrower, for whatever reason, prepay disbursed Loan amounts on a date being not a Payment Date, then the Borrower shall further indemnify KfW against any additional broken funding costs.



A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.



## Article 6

### Computation and Payments in General

6.1 Interest, commitment fee and surcharges due to default (Art. 6.6 and 6.7), if any, as well as Prepayment Compensation shall be calculated on the basis of:

- a 360-day year for the actual number of days elapsed for Loan amounts bearing a variable interest rate (Floating Interest Rate) according to Article 4.3;
- a 360-day year and a 30-day month for Loan amounts bearing a fixed interest rate according to Article 4.4.

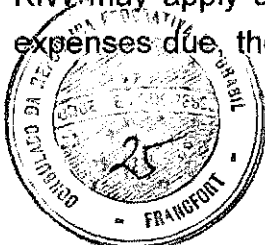
6.2 If any payment under this Loan Agreement is due on a day which is not a banking day in New York, London and Frankfurt am Main payment of the respective amount due has to be effected on the next succeeding banking day in New York, London and Frankfurt am Main in the same calendar month (if there is one) or the preceding New York, London and Frankfurt am Main banking day (if there is not).

In the case of any adjustment of the due date for payments under this Loan Agreement:

- (i) the applicable interest period shall be adjusted accordingly;
- (ii) interest is payable at the rate payable on the original due date; and
- (iii) the next interest period shall commence on the expiry of that adjusted interest period.

6.3 The Borrower shall only be discharged from its payment obligations in connection with this Loan Agreement when and to the extent that the respective amounts have been transferred to KfW without any deductions and in freely convertible US-Dollar and have been credited at KfW's free disposal not later than 10.00 a.m. New York time to KfW's account No. 10926093 with Citibank, New York, N.Y.

6.4 KfW may apply any sums received first to any fees due, then to charges and expenses due, then to prepayment compensation due, then to interest due and,





thereafter, to repayments due under this Loan Agreement, in the chronological order of their maturity.

- 6.5 The Borrower shall not be entitled to exercise rights of retention, set-off or counterclaim against payment obligations under the Loan Agreement, unless such Borrower's right has been established with legally binding force or has not been contested by KfW.
- 6.6 KfW may without further notice increase the rate of interest on overdue repayment instalments (including notified and overdue Prepayments) by 1 % p.a. for the period they are overdue, but at least up to an interest rate of 1 % p.a. above US\$-LIBOR effective on the date such payment became due and for such period as KfW may from time to time select. Interest on overdue repayment instalments or Prepayments shall be paid without delay upon first demand of KfW.
- 6.7 KfW may without further notice demand on amounts overdue other than repayment instalments as a lump sum indemnification for damages an amount calculated at a rate of 1 % p.a. above the US\$ LIBOR prevailing during the period of such delay for successive 3-months periods or such shorter period as KfW may from time to time select. This lump sum indemnification shall be paid without delay upon first demand of KfW.
- 6.8 Absent manifest error KfW's calculation of amounts under this Loan Agreement shall constitute prima-facie evidence.



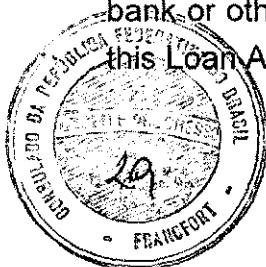
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**Article 7**  
**Taxes and Expenses, Indemnity**

- 7.1 Prior to the first disbursement the Borrower shall prove in form and substance satisfactory to KfW that KfW is exempt from all taxes, fees, charges and similar cost in Brazil on all payments to be made by the Borrower under this Loan Agreement.
- 7.2 All payments to be made by the Borrower under this Loan Agreement shall be made without any deduction or withholding. If the Borrower is required by law or otherwise to make any deduction or withholding from any sum payable to KfW, then the Borrower shall pay such additional amounts as to ensure that KfW receives a net sum equal to the sum it would have received had no such deduction or withholding been made.
- 7.3 All taxes, fees, charges, stamp duties and similar cost accruing in connection with the conclusion and implementation of this Loan Agreement outside the Federal Republic of Germany shall be borne by the Borrower. Any such cost accruing in the Federal Republic of Germany shall be borne by the Borrower if caused by it or if incurred by KfW for the notarization and legalization of this Loan Agreement. If any such cost to be borne by the Borrower are paid by KfW, the Borrower shall promptly on demand reimburse KfW after due registration by the Central Bank of Brazil.
- 7.4 All costs and expenses, including legal expenses, arising out of or in connection with the modification, preservation or enforcement of this Loan Agreement, the rights hereunder, or any security or document pertaining hereto shall be borne by the Borrower. All cost and expenses, including legal expenses, arising out of or in connection with the preparation, negotiation, execution, registration and implementation of this Loan Agreement shall be borne by the Borrower up to a limit of 0.1% (zero point one percent) of the Loan amount. If any such cost or expense is paid by KfW, the Borrower shall promptly on demand reimburse KfW after KfW has supplied the Borrower with corresponding invoices.
- 7.5 If by reason of
- a) compulsory compliance with requests or requirements of any central bank or other fiscal, monetary or other authority made after the date of this Loan Agreement,





or

b) any change in law or its interpretation binding on KfW,

or

c) an introduction, termination or renegotiation of any applicable bi- or multilateral treaty or agreement, in particular on double taxation,

KfW incurs additional costs or losses or is unable to obtain the agreed margin over its refinancing costs as a result of its having entered into and funded this Loan Agreement ("**Increased Costs**"), then KfW shall notify the Borrower thereupon and the Borrower shall promptly on demand indemnify KfW against any and all such Increased Costs. Any such demand by KfW shall be accompanied by a notice from KfW stating the basis for its demand and setting forth in reasonable detail the calculation of the amount thereof.



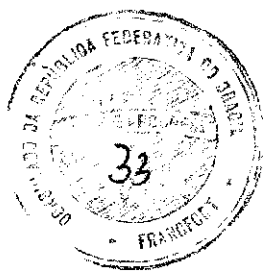
*[Handwritten signature]*



**Article 8**  
**Undertakings**

The Borrower hereby undertakes with KfW that it will:

- (a) promptly inform KfW of any event that may impede or endanger the implementation of the Export Contract, the implementation or operation of the Project or the performance of the Borrower's obligations under this Loan Agreement. The Borrower shall on demand of KfW supply any information concerning the Project;
- (b) only with the prior written consent of KfW agree upon any modification of, and/or amendment to the Export Contract that may affect the completion or envisaged operation of the Project, the volume of the goods and services, the Overall Total Price and the German Portion, the terms of payment, the warranties, or any other material provision of the Export Contract;
- (c) enable the representatives of KfW its agents and nominees at any reasonable time to inspect the Project. Secret information received during such inspection will be kept confidential by KfW;
- (d) promptly notify KfW in writing of the occurrence or potential occurrence of any Event of Default (as defined in Article 9.1).



Handwritten signature or initials, possibly 'L. A. S.', written in black ink.



**Article 9**  
**Events of Default**

- 9.1 KfW shall be entitled without having resort to any legal procedure whatsoever to suspend disbursement or to terminate this Loan and to demand immediate payment of all amounts payable under this Loan Agreement, if any event constituting an important reason under German law ("**Event of Default**") shall occur, such as:
- (a) the Borrower fails to meet any payment obligation vis-à-vis KfW;
  - (b) the Borrower fails to perform any other obligation or undertaking vis-à-vis KfW;
  - (c) the Borrower is in default under any BNP Loan or BNP cancels or terminates any BNP Loan or suspends disbursements under any BNP Loan.
  - (d) any declaration, confirmation, information or representation or warranty which is in the opinion of KfW essential for the granting and maintaining of the Loan proves to be incorrect, misleading or incomplete;
  - (e) the Export Contract shall be cancelled, rescinded or terminated for any reason other than the performance of its terms or ceases to be fully effective, provided that such events have been caused by the Borrower. The agreed reduction of the Overall Total Price of the Export Contract and/or the Overall Local Price of the pertaining contracts for Local Supplies before or after full disbursement of the Loan will not be regarded as cancellation, rescission or termination;
  - (f) any law, regulation, decision, directive or any act of any authority or any order of any court precludes the due performance and fulfilment or may affect or impair the validity of this Loan Agreement;
  - (g) the occurrence of circumstances of a national or international financial, political or economic nature, which materially and adversely affect the ability of the Borrower to perform its obligation hereunder or the enforceability of such obligations.



A handwritten signature in black ink, consisting of a stylized 'A' followed by a cursive flourish.





- 9.2 Should any of the events specified in Article 9.1 (a) or (b) occur, KfW may terminate this Loan Agreement and demand immediate repayment only if such event shall not have been remedied within a period of 10 (ten) days (in the case of Article 9.1 (a)) or 30 (thirty) days (in the case of Article 9.2 (b)).

In case this Loan Agreement is terminated by KfW according to Article 9.1, Articles 6.6 and 6.7 hereof shall apply to accelerated amounts mutatis mutandis in the case Repayments are not made at the determined due date.

- 9.3 Should Loan amounts be repaid prematurely pursuant to Article 9.1 or 9.2 the Borrower shall indemnify KfW against any loss or reasonable expenses which KfW incurs as a consequence. Such Prepayment Compensation or broken funding cost respectively shall be calculated in accordance with Article 5.4.
- 9.4 Any statements made by KfW according to the preceding paragraphs shall be made and shall be deemed to have been received in accordance with Article 12.2 below.



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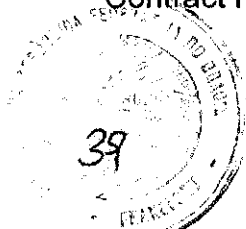


**Article 10**  
**Conditions Precedent**

The obligation of KfW to make disbursements of any amount under this Loan Agreement shall be subject to satisfaction of the following conditions precedent:

10.1 The following documents have been submitted to KfW within 3 (three) months after the date of signing of this Loan Agreement but at least 20 (twenty) business days prior to the initial disbursement date without any cost for KfW and have been accepted by it as satisfactory in form and substance:

- (a) a legal opinion of a legal adviser to the Borrower acceptable to KfW substantially in the form set forth in Annex 4 hereto, accompanied by such documents as KfW may reasonably require;
- (b) certified copies of the resolution(s) of the appropriate body (or bodies) of the Borrower and as the case may be of all other documents required to authorise the borrowing under this Loan Agreement and conferring powers on the signatories hereof to execute this Loan Agreement on behalf of the Borrower;
- (c) certified specimen signature(s) of the person(s) referred to in paragraph (b) above.;
- (d) certified copies of all documents from the competent authorities required for the entry into, validity, performance and enforceability of the Loan Agreement issued to the effect that the Borrower is irrevocably authorised to borrow under and perform the Loan Agreement and that it is permitted to pay and to transfer to KfW in the currency stipulated all amounts due under this Loan Agreement;
- (e) a certificate from the Borrower setting forth the names and containing the specimen signatures of the persons authorised to sign for and on behalf of the Borrower and all documents and statements which may be made under this Loan Agreement. This certificate shall be updated by the Borrower if there shall be any change of such persons or in their powers;
- (f) written confirmation from the Borrower and the Exporter that the Export Contract has come into force;



Handwritten signature or initials in black ink, appearing to be 'R/S'.

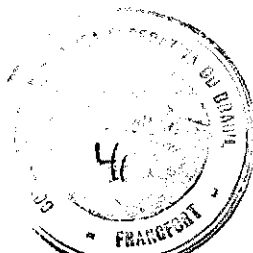


- (g) written confirmation from BNP that each of the BNP Loans is in full force and effect and ready for disbursement;
- (h) each of the conditions precedent specified in the KfW-Export-Credit has been fulfilled to satisfaction of KfW;

10.2 No Event of Default under Article 9 hereof has occurred and the Export Contract as well as the respective Local Supplies contracts have not been cancelled, rescinded or terminated or cease to be fully effective.

10.3 KfW has received full payment of the amounts due and payable in accordance with Article 3 hereunder.

10.4 KfW has obtained the Guarantee of the Federal Republic of Germany referred to under Article 8 of the KfW-Export Loan in terms satisfactory to KfW and such Guarantee is in full force and effect.



15/08



**Article 11**  
**General Legal Provisions**

- 11.1 This Loan Agreement shall be governed by and construed in accordance with the laws of the Federal Republic of Germany.
- 11.2 Place of performance for payment obligations in US\$ shall be New York. Place of performance for all other obligations shall be Frankfurt am Main.
- 11.3 All disputes arising out of or in connection with this Loan Agreement, including disputes concerning its validity, shall be settled exclusively and finally in accordance with the provisions set forth in the Arbitration Agreement attached hereto as Annex 5 and to be signed separately. This Loan Agreement does not constitute under the chosen law a contractual consent to the jurisdiction of any court outside Brazil except to the extent necessary to obtain judicial recognition of an arbitral Award including any proceeding required for the purposes of converting an arbitral Award into a judgement.
- 11.4 This Loan Agreement, the Export Contract and the Local Supplies contracts are legally separate agreements. Therefore the Borrower in connection with this Loan Agreement shall not be entitled to raise any objections or exceptions deriving from the Export Contract and /or the Local Supplies contracts.
- 11.5 Should any of the provisions of this Loan Agreement be legally invalid, such invalidity shall not affect the validity of the remaining provisions. Any gap resulting in consequence shall be filled by a provision consistent with the spirit and the purpose of this Loan Agreement.
- 11.6 No payment to KfW hereunder, be it pursuant to any award or judgement or order of any court or otherwise shall operate to discharge the obligation of the Borrower in respect of which it was made unless and until payment in full shall have been received in the currency of account of such obligation. To the extent that the amount of any such payment shall on any necessary conversion into the currency of account in which the payment fell due, fall short of the amount of the relevant obligation expressed in such currency of account, the Borrower shall remain indebted to KfW in such sum as shall upon conversion into the currency of the account in which the payment fell due equal the amount of the shortfall.



A handwritten signature in black ink, appearing to be "L. Q. J." or similar.





- 11.7 No failure to exercise and no delay in exercising on the part of KfW any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right preclude any other or further exercise thereof in future.
- 11.8 To the extent that the Borrower may now or in future in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity, the Borrower hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction.
- 11.9 The Borrower shall not assign or pledge any rights or transfer any obligations arising from this Loan Agreement without the prior written consent of KfW.
- 11.10 Without limitation, the obligations of the Borrower under Articles 5.4, 6.6, 6.7, 7.2 through 7.5, 9.2, 9.3, 11 and 12 shall survive the repayment of the Loan and/ or the termination of this Loan Agreement until any and all amounts due to KfW under/or in connection with this Loan Agreement have been fully paid or repaid.





**Article 12**  
**Statements and Notices**

- 12.1 Modifications of, or amendments to, this Loan Agreement shall be in writing only.
- 12.2 Any statements or notices and communications in respect of this Loan Agreement shall be dispatched by airmail letter or by teletransmission to the following addresses:

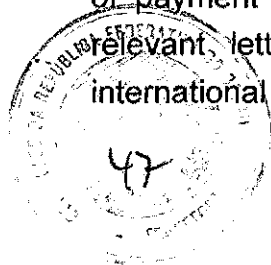
For KfW:                   Kreditanstalt für Wiederaufbau  
Attn: Department K III b  
Palmengartenstraße 5 - 9

60325 Frankfurt am Main  
Federal Republic of Germany  
Phone: (0049-69) 74 31-0  
Telefax: (0049-69) 74 31-2944  
Telex: 4152560 kwd

For the Borrower: Ministério da Fazenda  
Procuradoria – Geral da Fazenda Nacional  
Esplanada dos Ministérios - Bloco P, 8º andar  
Brasilia - DF  
Brasil  
CEP: 70048-900  
Phone: (0055-61) 4122842/3/4/5  
Facsimile: (0055-61) 412.1740

Any such statement, notice or communication shall be deemed to have been received:

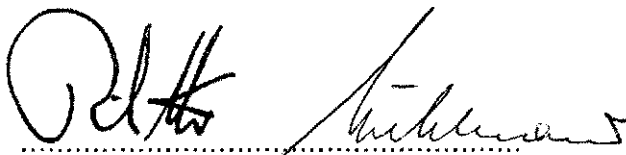
- (a) if made by registered airmail letter or by international recognized courier services, 7(seven) days after the relevant letter has been dispatched, postage prepaid; or
- (b) if made by facsimile (promptly confirmed by registered airmail letter or internationally recognized courier services), when transmission has been completed and a successful transmission receipt has been received or in case of requests for Conversion, Prepayment, amendment of payment terms under this Loan Agreement 4 (four) days after the relevant letter has been dispatched by registered airmail letter or international recognized courier services, postage prepaid.



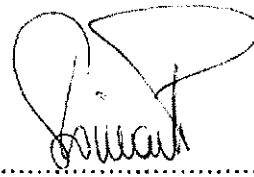


- 12.3 Alterations to the names, addresses or to the powers of representation and to specimen signatures shall be binding as between the parties only as of receipt by the other contracting party of statements or documents advising such alteration.
- 12.4 All correspondence between KfW and the Borrower in connection with this Loan Agreement shall be conducted in the English language. Any document or information to be given by the Borrower hereunder shall be in the English language or if the original is not made up in the English language the original shall be accompanied by a certified translation into the English language.
- 12.5 KfW shall be entitled to exchange information with BNP in connection with the conclusion and implementation of the Export Contract and the respective Loan and Credit Agreements of KfW and BNP.
- 12.6 This Loan Agreement shall be executed in the English language in two counterparts, each of which shall constitute an original instrument.

Paris, August 04, 2000



Kreditanstalt für Wiederaufbau



The Federative Republic of Brazil  
represented by the Ministry of Finance





No. 740 of the roll of documents for 2000

I hereby certify and attest the above signatures recognized as their own by the gentlemen personally known to me:

1. Ludolf Rischmüller
2. Rolf Kuhlmann

and I recognize the above signatures to be theirs.

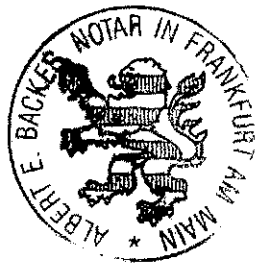
I also confirm that according to the certificate of the Minister of Finance of the Federal Republic of Germany of January 1, 2000, the following gentlemen

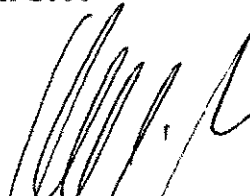
Ludolf Rischmüller and Rolf Kuhlmann

are entitled in conjunction with the representative authority pursuant to §§ 49, 54 HGB ( Commercial Code ) to legally represent the Kreditanstalt für Wiederaufbau in Frankfurt on Main. Their entitlement for representation results from § 12 sect. 2 of the act concerning the Kreditanstalt für Wiederaufbau in the wording of June 23, 1969 ( BGBI S. 573 – Civil Code folio I, page 573 ) last amended by Article 23 of the Third Financial Market Promotion Act of 24<sup>th</sup> March 1998 ( Federal Gazette. I p. 529 )

Prior to the notarial recording, the notary asked the persons concerned whether he has already been or is active in the matter which is object of the recording, beyond his official activity, as far as it was not carried out by order of all persons concerned. The persons concerned declared this not to be the case.

Signed at Frankfurt am Main, this 19<sup>th</sup> day of December 2000



  
Albert E. Backes  
(Notary Public)

cost accounting

value: Maximum value

charge §§ 32,45 KostO

charge § 150 KostO

VAT 16 %

DM 250,--

DM 25,--

DM 275,--

DM 44,--

DM 319,--

Frankfurt am Main, this 19<sup>th</sup> day of December 2000



  
Notary Public





Jobão Gilberto F. de Souza  
Vice-Consul

Recebi:

R \$ 20 ouro  
ou DM 50,00  
Tab. 416

Frankfurt/Main, em 21 de dezembro de 2000  
31.01.1980.

Para constatar onde convier, mandei passar o presente, E, para constatar e fiz selar com o Selo deste Consulado-Geral. Dispensado o reconhecimento, no Brasil, da firma da autenticidade consular, de acordo com o Decreto N° 84.451, de 31.01.1980.

Em Frankfurt (M), Alemanha.  
senhor Albert E. Becker, Tellerstr. 10, 60311 Frankfurt  
este documento vem a ser pago no  
reconhecimento verdadeira a assinatura de Wolfgang

Este redenhamento refere-se  
somente à assinatura e não ao  
texto do documento.



Kreditanstalt für Wiederaufbau  
Palmengartenstrasse 5 - 9

D-60325 Frankfurt am Main  
Federal Republic of Germany

**Request for Disbursement No. ...**

**K IIIb3 / Loan No. 8990 – 02**  
Loan Agreement dated August 04, 2000  
for US\$ 44,646,750  
**Tranche A (Credit Element I)**

**A. Amounts Due**

15% of the German Portion in accordance with the terms of the Export Contract and pursuant to Article 2 of the above mentioned Loan Agreement falls due on \_\_\_\_\_ for down and interims payment and are requested to be disbursed from the Loan in the following amount:

**US\$.....**

.....  
(Place) (Date)

.....  
(Place) (Date)

.....  
(Borrower's representative)

.....  
(SOFREMI S.A.)



A handwritten signature in black ink, appearing to be 'K. R.' or similar, located in the bottom right corner of the page.



B. Confirmation of the Exporter

We hereby confirm that

- (1) the Borrower / the Department of Federal Police of Justice of Brazil have so far performed all payment obligations to be performed by it pursuant to the Export Contract;
- (2) the payments covered by the present Request of Disbursement are in conformity with the Export Contract.
- (3) an<sup>\*)</sup>/the<sup>\*)</sup> export licence for the Export Contract issued by the Bundesamt für Wirtschaft is not required<sup>\*)</sup>/still valid<sup>\*)</sup>.
- (3) the Export Contract has become effective on \_\_\_\_\_ and is still in full force and effect.

Please remit the Loan amount to be disbursed to our account

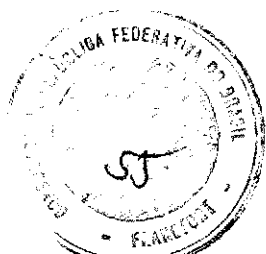
No. .... with .....

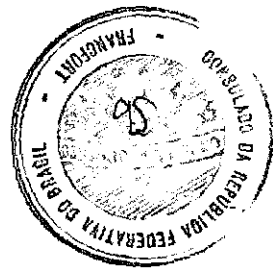
.....  
(Place) (Date)

**SOFREMI S.A.**

.....  
(authorised signatures)

<sup>\*)</sup> as the case may be





Kreditanstalt für Wiederaufbau  
Palmengartenstrasse 5 - 9

D-60325 Frankfurt am Main  
Federal Republic of Germany

**Request for Disbursement No. ...**

**K IIIb3 / Loan No. 8990 - 03**  
Loan Agreement dated August 04, 2000  
for US\$ 44,646,750  
**Tranche B (Local Supplies)**

**A. Local Supplies**

Receivables for supplies and services  
totalling to  
according to the attached Schedule of this Annex 1  
which form part of Local Supplies, have  
accumulated since the last Request for  
Disbursement No. ....dated .....  
and are herewith irrevocably and unconditionally  
requested to be disbursed out of the Loan (Tranche B)  
to our account

**US\$.....**

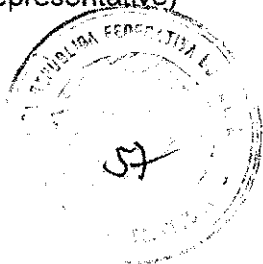
Please remit the Loan amount to be disbursed to our account  
No. ....with .....

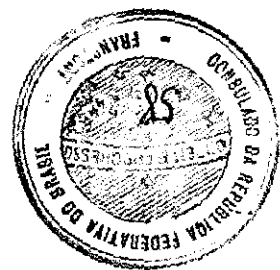
.....  
(Place) (Date)

.....  
(Place) (Date)

.....  
(Borrower's representative)

.....  
(Project Management Office, Brasilia)





**B. Confirmation of Project Management Office in Brasilia, Brazil**

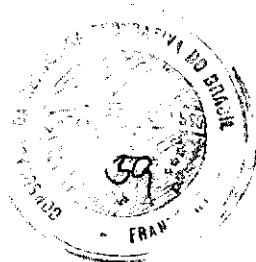
We hereby confirm, that the local goods supplied and services rendered are connected with the purpose of the Export Contract.

....., this .....

(place)

(date)

Project Management Office  
(authorised signatures)







**List of Invoices**

(to be made out by the Project Management Office in Brasilia)  
for goods supplied \*) / services rendered \*)  
on which the Request for Disbursement is based

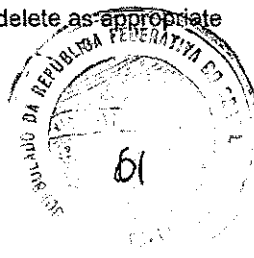
**Local Supplies**

(Please, use for each different local supplier a separate Schedule)

	<u>Invoice amount</u> - US\$ -
(1) <b><u>Local Supplier:</u></b> .....(name/company.....(place) ..... Local Supplier contract dated ..... Invoice dated ..... Invoice No. .... supplied / rendered from .....(date)..... to ...(date).....	.....
(2) <b><u>Local Supplier:</u></b> .....(name/company.....(place) ..... Local Supplier contract dated ..... Invoice dated ..... Invoice No. .... Supplied / rendered from .....(date)..... to ...(date).....Invoice	.....
(3) <b><u>Local Supplier:</u></b> .....(name/company.....(place) ..... Local Supplier contract dated ..... Invoice dated ..... Invoice No. .... supplied / rendered from .....(date)..... to ...(date).....	.....
(4) <b><u>Local Supplier:</u></b> .....(name/company.....(place) ..... Local Supplier contract dated ..... Invoice dated ..... Invoice No. .... supplied / rendered from .....(date)..... to ...(date).....	.....

**Total amount** .....

\*) please, delete as appropriate





Kreditanstalt für Wiederaufbau  
Palmengartenstrasse 5 - 9

D-60325 Frankfurt am Main

Federal Republic of Germany

Notification of Interest Rates

**K III b 3 / Loan No. 8990 - 02**

Loan Agreement dated August 04, 2000  
for US\$ 44,646,750

Tranche A (Credit Element I)

We herewith inform you that the interest rate for **Tranche A** in accordance with Article 4.3 of the Loan Agreement [for the Loan Portion of US\$ \_\_\_\_\_ disbursed on \_\_\_\_\_.\_\_\_\_ is \_\_\_\_ % p.a. (including the margin of 3.60 % p.a.) for the period from \_\_\_\_\_.\_\_\_\_ to \_\_\_\_\_.\_\_\_\_.][for the Loan amount of US\$ \_\_\_\_\_ disbursed on \_\_\_\_\_.\_\_\_\_ is \_\_\_\_ % p.a.]

Frankfurt am Main, .....  
(date)

**KREDITANSTALT FÜR WIEDERAUBAU**



Handwritten signature or initials in the bottom right corner of the page.



Kreditanstalt für Wiederaufbau  
Palmengartenstrasse 5 - 9

D-60325 Frankfurt am Main

Federal Republic of Germany

Notification of Interest Rates

**K III b 3 / Loan No. 8990 - 03**

Loan Agreement dated August 04, 2000

for US\$ 44,646,750

Tranche B (Credit Element II - Local Supplies)

We herewith inform you that the interest rate for **Tranche B** in accordance with Article 4.4 of the Loan Agreement [for the Loan Portion of US\$ \_\_\_\_\_ disbursed on \_\_\_\_\_.\_\_\_\_ is \_\_\_\_ % p.a. (including the margin of 4.20 % p.a.) for the period from \_\_\_\_\_.\_\_\_\_ to \_\_\_\_\_.\_\_\_\_.][for the Loan amount of US\$ \_\_\_\_\_ disbursed on \_\_\_\_\_.\_\_\_\_ is \_\_\_\_ % p.a.]

Frankfurt am Main, .....  
(date)

**KREDITANSTALT FÜR WIEDERAUBAU**



A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.



Kreditanstalt für Wiederaufbau  
Palmengartenstrasse 5 - 9

D-60325 Frankfurt am Main

Federal Republic of Germany

Request for Conversion

**K IIIb3 / Loan No. 8990 – 02 / 03**  
Loan Agreement dated August 04, 2000  
for US\$ 44,646,750

In accordance with Article 4.5 of the Loan Agreement, we hereby request you to indicate a fixed interest rate for a Conversion of an amount of US\$ ..... (US\$ 5 million at least) related to Tranche [A/B] bearing a variable interest rate in accordance with Article 4.3 / 4.4 of the Loan Agreement, to be effected on ..... [*date which must be a Payment date*].

.....  
(place) (date)

.....  
Borrower  
(authorised signatures)

\_\_\_\_\_

A request for conversion must be submitted to KfW at least 10 days prior to a conversion date



A handwritten signature in black ink, appearing to be 'A. O. S.' or similar.





Form of Opinion of the Legal Adviser to the Borrower

.....  
(Date)

To: KfW

Re: Loan Agreement dated August 04, 2000

Dear Sirs,

We have acted as legal advisers to the Federative Republic of Brazil ("Borrower") in connection with a loan agreement dated ..... ("Agreement") and made between the Borrower and yourself whereby you agreed to grant to the Borrower a loan not exceeding US-\$ 44,646,750 upon the terms and subject to the conditions contained in the Agreement.

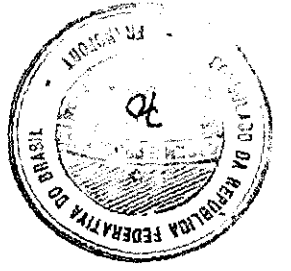
We have examined the Agreement and such other documents as we have considered to be necessary or desirable to examine in order that we may give this opinion.

Terms used herein and defined in the Agreement bear the meanings therein ascribed to them, unless the context otherwise requires.

Accordingly, we are of the opinion that under the laws of Brasil as at the date hereof:

- a) the Borrower has the power and authority to enter into the Agreement and to borrow under the Agreement and has taken all necessary action to authorise such borrowing upon the terms and conditions of the Agreement and to authorise the execution delivery and performance of the Agreement;
- b) the Agreement as signed by ..... has been duly executed and constitutes legally binding obligations of the Borrower enforceably against it at law in accordance with their respective terms;
- c) the execution delivery and performance of the Agreement by the Borrower and the borrowing under the Agreement do not and shall not violate any provisions of any law or regulation of the Borrower or the borrowing powers of the Borrower;





- d) every consent licence approval or authorisation of any governmental authority or agency required in connection with the execution delivery performance legality validity or enforceability of the Agreement and the borrowing under the Agreement (including the obtaining and transference of all amounts due under the Agreement) have been duly obtained and are in full force and effect;
- e) it is not necessary or advisable in order to ensure the legality validity or enforceability of the Agreement that it be filed recorded or enrolled with any court or authority in Brazil or that any stamp registration or transaction tax be paid on or in relation to the Agreement;
- f) the obligations of the Borrower under the Agreement constitute legal valid enforceable direct and unconditional obligations of the Borrower and rank and shall rank at least pari passu with all present and future indebtedness and contingent liabilities of the Borrower;
- g) the borrowing by the Borrower under the Agreement and the execution delivery and performance by the Borrower of the Agreement constitute commercial acts and not governmental or public acts;
- h) neither the Borrower nor any of its property has any right of immunity from suit, execution, attachment or other legal process in Brazil; provided, however, that the alienation of public property is subject to the limitations referred to in Article 67 of the Brazilian Civil Code and that the execution of judgments may be made only in accordance with Article 100 of the constitution of the Federative Republic of Brazil;
- i) the Borrower shall not be required by law to make any deduction or withholding from any payment it has to make under the Agreement, and should any such deduction or withholding subsequently be imposed the provisions of Article 7.2 of the Agreement shall operate so as to require the Borrower to indemnify KfW accordingly;
- j) the courts of Brazil are at liberty to give judgment denominated in a currency other than the currency of Brazil;
- k) the choice of the law of the Federal Republic of Germany to govern the Agreement is under the laws of Brazil a valid choice of law;
- l) the submission by the Borrower to arbitration according to the Rules of Conciliation and Arbitration of the International Chamber of Commerce under the Agreement is valid under the laws of Brazil and any award rendered in any consequent arbitration proceedings shall be recognized and enforced by the courts of Brazil.

This opinion is limited to matters of the laws of Brazil. We express no opinion with respect to the law of any other jurisdiction.

Yours faithfully,



A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the bottom.



Kreditanstalt für Wiederaufbau  
Palmengartenstrasse 5 - 9

60325 Frankfurt am Main  
Federal Republic of Germany

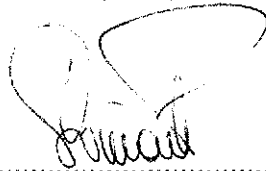
Re: Loan Agreement 8990 – 02 / 03 dated August 04, 2000 for an amount of US\$ 44,646,750

Arbitration Agreement

All disputes arising out of or in connection with the a.m. Loan Agreement, including disputes concerning its validity, shall be settled exclusively and finally by an arbitration tribunal consisting of three arbitrators, appointed and proceeding according to the Rules of Conciliation and Arbitration of the International Chamber of Commerce, Paris. The arbitration tribunal shall proceed so as to ensure the enforceability of any award rendered.. Arbitration shall be held in the English language.

For and on behalf of .....(Borrower).....

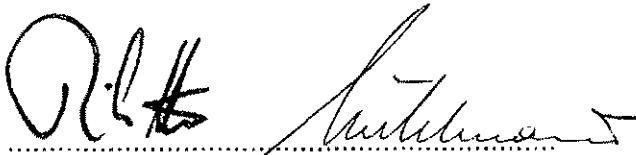
Paris ..... August 4, 2000  
(Place) (Date)



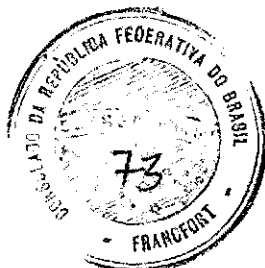
.....  
(BORROWER)

Read and agreed:

Paris ..... August 4, 2000  
(Place) (Date)



KREDITANSTALT FÜR WIEDERAUFBAU





No. 741 of the roll of documents for 2000

I hereby certify and attest the above signatures recognized as their own by the gentlemen personally known to me:

1. Ludolf Rischmüller
2. Rolf Kuhlmann

and I recognize the above signatures to be theirs.

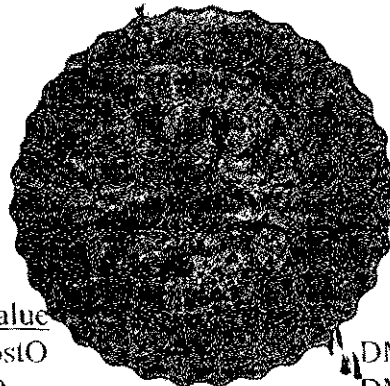
I also confirm that according to the certificate of the Minister of Finance of the Federal Republic of Germany of January 1, 2000, the following gentlemen

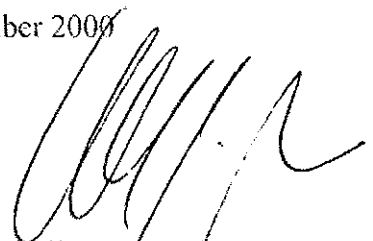
Ludolf Rischmüller and Rolf Kuhlmann

are entitled in conjunction with the representative authority pursuant to §§ 49, 54 HGB ( Commercial Code ) to legally represent the Kreditanstalt für Wiederaufbau in Frankfurt on Main. Their entitlement for representation results from § 12 sect. 2 of the act concerning the Kreditanstalt für Wiederaufbau in the wording of June 23, 1969 ( BGBl S. 573 – Civil Code folio I, page 573 ) last amended by Article 23 of the Third Financial Market Promotion Act of 24<sup>th</sup> March 1998 ( Federal Gazette. I p. 529 )

Prior to the notarial recording, the notary asked the persons concerned whether he has already been or is active in the matter which is object of the recording, beyond his official activity, as far as it was not carried out by order of all persons concerned. The persons concerned declared this not to be the case.

Signed at Frankfurt am Main, this 19<sup>th</sup> day of December 2000



  
Albert E. Backes  
(Notary Public)

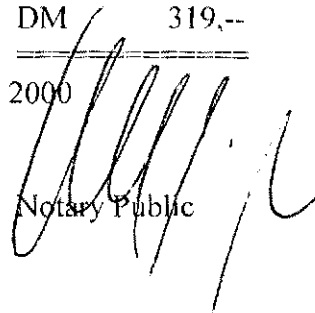
cost accounting  
value: Maximum value  
charge §§ 32,45 KostO  
charge § 150 KostO

VAT 16 %

DM	250,--
DM	25,--
DM	275,--
DM	44,--
DM	319,--

Frankfurt am Main, this 19<sup>th</sup> day of December 2000



  
Notary Public







R\$ 70  
OU DM 50,00  
Tab. 4/16

Nº 3879

Reconheço verdadeira a assinatura por semelhança  
neste documento com 76 páginas do senhor  
Albert E. Zackes, Tabelião Público em  
Frankfurt (M), Alemanha

E, por não poder convier, mandei passar o presente,  
com o selo consular, com o Selo deste Consulado-Geral.  
Dispensando o reconhecimento, no Brasil, da firma da auto-  
ridade consular, de acordo com o Decreto Nº 84.451, de  
31.01.1980.

Recebi

Frankfurt/Main, em 21 de dezembro de 2000

Este reconhecimento refere-se  
somente à assinatura e não ao  
texto do documento.



*[Handwritten Signature]*  
João Gilberto F. de Souza  
Vice-Cônsul

