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AMENDMENT N°1

TO THE BUYER CREDIT AGREEMENT DATED AUGUST 4TH, 2000

Between

THE FEDERATIVE REPUBLIC OF BRAZIL
represented by **MINISTRY OF FINANCE OF BRAZIL**
represented by

hereinafter designated as the «Borrower»

party of the first part

AND

BNP PARIBAS
whose registered office is located at
16, Boulevard des Italiens
75009 Paris (FRANCE)
represented by

acting as «Lead Manager»

SOCIETE GENERALE
whose registered office is located at
29, Boulevard Haussmann
75009 Paris (FRANCE)
represented by

acting as «co Lead Manager»

hereinafter jointly designated as the «Lender»

party of the second part



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WHEREAS :

On March 31st, 1998, the Department of Federal Policy of Ministry of Justice of Brazil (the «Buyer») concluded with SOFREMI S.A. (the «Supplier») a commercial contract n° 021/98 – CCA/DPF for the supply of various equipment in connection with the PRO-AMAZONIA/PROMOTEC projects (hereinafter the «SOFREMI Contract»). This SOFREMI Contract was the object of several amendments : n° 01/98 signed on February 10th, 1999, n° 02/98 signed on October 6th, 1999, n° 03/98 signed on April 13th, 2000, n° 4 signed on December 2nd, 2003 and n° 5 signed on June 6th, 2004.

The SOFREMI Contract price amounted to USD 395.290.000,00 (three hundred and ninety five million two hundred and ninety thousand US Dollars) and included a French Part, consisted of French Repatriable Portion and Local Portion, and a German Part, each for USD 197.645.000,00 (one hundred and ninety seven million six hundred and forty five thousand US Dollars).

By a Buyer Credit Agreement dated August 4th, 2000 (the «Credit Agreement») made among the FEDERATIVE REPUBLIC OF BRAZIL, represented by its Ministry of Finance (the «Borrower») and BNP PARIBAS and SOCIETE GENERALE (the «Lender»), the Lender agreed, upon and subject to the terms and conditions of the Credit Agreement, to grant a COFACE Buyer Credit to the Borrower for a maximum amount of USD 167.998.250,00 (one hundred and sixty seven million nine hundred and ninety eight thousand two hundred and fifty US Dollars) and in any case not more than 85 % of the French Repatriable Portion and 85 % of the Local Portion of the SOFREMI Contract.

On February 16th, 2006, the Buyer and the Supplier entered into a sixth Amendment in order to reduce the SOFREMI Contract price to USD 380.190.000,00 (three hundred and eighty million one hundred and ninety thousand US Dollars) and to extend the validity of the SOFREMI Contract until September 26th, 2010.

Furthermore, on August 29th, 2005, the Borrower has requested to obtain more favorable financing conditions.

The Lender requested and obtained the approval of the French Authorities on December 21st, 2005 to postpone the Final Date of Drawing of the Credit Agreement and to apply a new financing rate for all the «Pro Forma» invoices signed after the date of signature of the Amendment n° 6 to the SOFREMI Contract.

NOW THEREFORE, the Borrower and the Lender agree to amend the Buyer Credit Agreement and modify the following articles or points :

- the PREAMBLE
- the ARTICLE 1 - DEFINITIONS
- the ARTICLE 2 – AMOUNT AND PURPOSE OF THE CREDIT AGREEMENT
- the point 4.7. of the ARTICLE 4 – DRAWINGS ON THE CREDIT – PAYMENT INSTRUCTIONS BY THE BORROWER
- the point 5.2.2 of the ARTICLE 5 – REPAYMENT OF THE PRINCIPAL – INTEREST
- the point 6.1.1 of the ARTICLE 6 – COMMITMENT FEE – MANAGEMENT FEE
- the APPENDIX 1 – DOCUMENTS TO BE PRESENTED BY THE SUPPLIER TO THE LEAD MANAGER AND PAYMENT CONDITIONS

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ARTICLE 1

The PREAMBLE is modified as follows :

- «1. On March 31, 1998, the Department of Federal Policy of Ministry of Justice of Brazil (the «Buyer» as defined in greater detail in Article «Definitions» below) concluded with SOFREMI S.A. (the «Supplier» as defined in greater detail in Article «Definitions» below) a commercial contract n° 021/98 – CCA/DPF and its Amendments n° 1 to n° 6 for the supply of various equipment in connection with the PRO-AMAZONIA/PROMOTEC projects (hereinafter the «SOFREMI Contract»).

By Amendment n° 6 signed on February 16th, 2006, the SOFREMI Contract price is reduced to USD 380.190.000,00 (three hundred and eighty million one hundred and ninety thousand US Dollars) and includes :

- a French Part of USD 190.095.000,00 (one hundred and ninety million ninety five thousand US Dollars) which is decomposed of :
 - a French Repatriable Portion as defined in Article «Definitions» below
 - a Local Portion as defined in Article «Definitions» below
- a German Part of USD 190.095.000,00 (one hundred and ninety million ninety five thousand US Dollars).

2. The terms of payment of the SOFREMI Contract are as follows :

For the French Part :

- 85% of the amount of the French Part of the SOFREMI Contract, as stipulated in the Amendment n° 6 signed on February 16th, 2006, i.e. USD 161.580.750,00, shall be paid by drawing on the Buyer Credit made available to the Borrower by the Lender (hereinafter «Credit Agreement») and which is the purpose of the present Credit Agreement.

The Lead Manager gives official notice to the Borrower of these declarations and takes note of the indications included in them, but only insofar as these indications are useful for the payment instructions given below».

ARTICLE 2

The following definitions are modified as follows :

«Starting Date for Repayment»: the Starting Date for Repayment is fixed at the end of each Tranche. The last Starting Date for Repayment is fixed on September 14th, 2010 ;

«Tranche» ou «Tranches»: the credit will be divided on Tranches, each Tranche grouping together the Drawings in the course of half-year, the first half-year period of grouping beginning with the first Drawing and the last half-year period ending on September 14th, 2010. All the Drawings made between September 14th, 2010 and September 26th, 2010 will be grouped on the last half-year period.

ARTICLE 3

The first paragraph of the ARTICLE 2 is modified as follows :

«The Lender shall make available to the Borrower, pursuant to the terms and conditions set forth in the present Credit Agreement, a Credit for a maximum amount of USD 161.580.750,00 (one hundred and sixty one million five hundred and eighty thousand seven hundred and fifty US Dollars) to enable it » :

ARTICLE 4

The first paragraph of the point 4.7. of the ARTICLE 4 is canceled and replaced by :

«No Drawing may take place beyond September 26th, 2010, this date being hereinafter called the «Final Date for Drawing».»

ARTICLE 5

The point 5.2.2 of the ARTICLE 5 is modified as follows :

«For the Preliminary Period and the Repayment Period, the interest shall be calculated at the C.I.R.R. prevailing :

- For all the «Pro Forma» invoices related to purchase orders signed before the date of signature of the Amendment n° 6 to the SOFREMI Contract, the interest rate will remain unchanged, i.e. 7.33 % per annum (seven point thirty three per cent per annum),
- For all the «Pro Forma» invoices related to purchase orders signed after the date of signature of the Amendment n° 6 to the SOFREMI Contract, the interest rate will be the CIRR in effect at the signature date of the Amendment n° 6 to the SOFREMI Contracts, i.e. 5.37 % per annum (five point thirty seven per cent per annum), as released by the OECD Consensus.

ARTICLE 6

The point 6.1.1 of the ARTICLE 6 is modified as follows :

«The Borrower shall pay the Lead Manager, the latter on behalf of the Lender, a commitment fee at the rate of 0.325 % per annum (zero point three hundred twenty five percent per annum).

ARTICLE 7

The second paragraph of the APPENDIX 1 is modified as follows :

«The amount of the Credit Agreement (i.e. USD 161.580.750,00) as specified in ARTICLE 2 of the present Amendment N° 1 to the Credit Agreement, will be paid to the Supplier, after the payment of the Down Payment, according to the schedule specified on each Pro Forma Invoice and against presentation to the Lead Manager of a photocopy of the originals of the following documents».

ARTICLE 8

The Borrower shall only be entitled to request Drawings under the Credit when the Lead Manager has received the following documents in form and substance satisfactory to the Lender :

- 8.1 a complementary Legal Opinion of the Legal Advisor of the Borrower, certifying that :
 - the terms of the Legal Opinion dated September 27th, 2000 are still true and apply to the present Amendment,
 - all necessary approvals have been obtained by the Borrower for the execution, delivering and performing of the present Amendment,
 - the signatories of the present Amendment have all powers to execute, deliver and perform the present Amendment ;
- 8.2 the number of the registration operation of the present 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 the present Amendment ;
- 8.3 the power and specimen of the signature(s) (of each) of the Borrower's representative(s) duly empowered to sign the present Amendment.

ARTICLE 9


The present Amendment N° 1 shall be governed by and construed in accordance with French law and all Articles, terms and conditions of the Credit Agreement signed on August 4th, 2000 not modified by the present Amendment N° 1 remain in full force and effect.

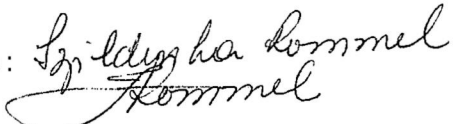
The present Amendment will enter into force on the day of its signature.

Signed in Branilia, on June 2, 2006
in 3 (three) originals

For : **THE FEDERATIVE REPUBLIC OF BRAZIL**
represented by
MINISTRY OF FINANCE OF BRAZIL

Name : 
Designation : **ANA LUCIA GATTO DE OLIVEIRA**
Attorney of the National Treasury

For : **BNP PARIBAS**
Name : 
ESTHER A. IGIELKA
Designation : **HEAD EXPORT FINANCE BRAZIL**

For : **SOCIETE GENERALE**
Name : 
Designation : **Head of Export Finance Brazil**