

Processo nº 10951.000424/99-47

p-4012

BUYER CREDIT AGREEMENT of August 4th 2000 BETWEEN

THE FEDERATIVE REPUBLIC OF BRAZIL,

represented by **MINISTRY OF FINANCE OF BRAZIL**

represented by *Alexandre Souza PORTIELLA*

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 *Mr. Philippe BLAVIER*.

acting as "Lead Manager"

SOCIETE GENERALE

whose registered office is located at

29 Bld Haussmann

75009 Paris (France)

represented by *Frederic Genet*

acting as "co Lead Manager"

hereinafter jointly designated as the "Lender"

party of the second part



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PREAMBLE

WHEREAS :

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 Société Française d'Exportation de Matériels, Systèmes et Services du Ministère de l'Intérieur, 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° 01/98, n° 02/98 and n° 03/98 for the supply of various equipment in connection with the PRO-AMAZONIA/PROMOTEC projects (hereinafter the « SOFREMI Contract »).

The SOFREMI Contract price amounts to USD 395.290.000,00 (three hundred and ninety five million two hundred and ninety thousand US Dollars) and includes:

- a French Part of USD 197.645.000,00 (one hundred and ninety seven million six hundred and forty 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 197.645.000,00 (one hundred and ninety seven million six hundred and forty five thousand US Dollars).

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

For the French Part :


- 15 % of the French Part of the SOFREMI Contract, i.e. USD 29.646.750,00, and called hereinafter « French Down Payments », will be paid by drawing on the Loan Agreement made available to the Borrower by the Lender, (hereinafter "Loan Agreement"), in accordance with the procedures and within the periods laid down in the SOFREMI Contract,
- the balance of the French Part of the SOFREMI Contract, i.e. USD 167.998.250,00, 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.

For the German Part :

- 15 % of the German Part of the SOFREMI Contract, i.e. USD 29.646.750,00, and called hereinafter "German Down Payments", will be paid by drawing on a Loan Agreement made available to the Borrower by KfW (hereinafter « KfW Loan Agreement »), in accordance with the procedures and within the periods laid down in the SOFREMI Contract.
- the balance of the German Part of the SOFREMI Contract, i.e. USD 167.998.250,00, shall be paid by drawing on a Buyer Credit made available to the Borrower by KfW (hereinafter « KfW 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.

NOW THEREFORE THE PARTIES HEREBY ENTER INTO THE FOLLOWING AGREEMENT :

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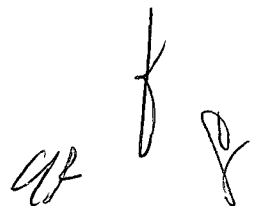
ARTICLE 1 - DEFINITIONS

For the needs of the present Credit Agreement, the following terms, when they are written with an initial capital letter, are to be understood in the meaning given to them below :

"Banks"	the Banks signing the Loan agreement with the Borrower ;
"Banking Day" :	a full day on which dealings in USD are carried on in the London Interbank deposit Market and on which banks are open for business in LONDON, PARIS, NEW YORK and BRASILIA ;
"Buyer" :	Uniao Federal through the Departamento de Polícia Federal ("DPF") / Ministério da Justiça do Brasil , operating under the law of BRAZIL, registered in the CGC/MF under the number 00.394.494/0014-50, having its registered office in Brasilia, Edificio Sede, no Setor de Autarquias Sul, Quadra 06, Lotes 09 e 10;
"C.I.R.R"(Commercial Interest Reference Rate).	rate in force for medium and long term export credits according to the OECD rules, which is determined by the competent French Authorities ;
"COFACE" :	Compagnie Française d'Assurance pour le Commerce Extérieur (French Foreign Trade Insurance Company) ;
"Credit Agreement" :	the present Buyer Credit Agreement, including its Appendices as well as later amendments thereto, if any ;
"Credit" :	the maximum amount in terms of principal that may be used by the Borrower under the present Credit Agreement as indicated in Article « Amount and Purpose of the Credit Agreement » ;
"Drawing" :	a payment under the conditions laid down in Article « Drawings on the Credit - Payment Instructions by the Borrower » ;
"Due Date" :	For each Tranche, - during the Preliminary Period, the same date as the Starting Date for Repayment of the said Tranche ; - during the Repayment Period, one of the dates calculated every six (6) months starting from the Starting Date for Repayment of the said Tranche ;
"External Liability"	means any indebtedness for or in respect of amounts borrowed or raised under any loan or credit facility or guarantee issued by the Borrower which is denominated in a currency other than the lawful currency of Brazil ;
"Final Date of Drawing"	the date after which no drawing may be made under the Credit, as defined in Article « Drawings on the Credit - Payment Instructions by the Borrower » ;

"French Repatriable Portion":	consists of : <ul style="list-style-type: none"> - goods and services of French origin supplied to implement the SOFREMI Contract ; - goods and services (including freight and insurance of all kinds) which have been subcontracted by the Supplier and therefore are performed under his responsibility originating from countries other than the country of the Borrower and France and incorporated in the deliveries and services of the Supplier, within the limits and on the conditions laid down by the French Authorities ;
"Interest Period":	a period of time going from a Due Date (inclusive) to the following Due Date (exclusive). However, for each Drawing, the first Interest Period shall go from the date of the said Drawing (inclusive) to the following Due Date (exclusive) ;
"KfW Credit Agreement":	the Buyer Credit Agreement made available to the Borrower by KfW ;
"KfW Loan Agreement":	the Loan Agreement made available to the Borrower by KfW ;
"Loan Agreement":	the Loan Agreement, including its Appendices as well as later amendments thereto, if any, made available to the Borrower by the Banks ;
"Local Portion":	consists of goods and services of origin of the Borrower's country supplied, under the responsibility of the Supplier, to implement the SOFREMI Contract ;
"Outstanding Amount	at any time whatsoever, the amount in terms of principal of the Credit that has been used but not repaid by the Borrower ;
"Preliminary Period":	For each Tranche, the period going from the date of first Drawing (inclusive) to the Starting Date for Repayment (exclusive) of the said Tranche;
"Pro Forma Invoice"	the "pro forma" invoice as specified in the Article 7, paragraph 4 of the SOFREMI Contract ;
"Repayment Period":	For each Tranche, the period going from the Starting Date for Repayment (inclusive) to the last Due Date of the said Tranche ;
"SOFREMI Contract":	the Commercial Contract n°021/98 CCA/DPF signed March 31,1998 and its Amendments n°01/98, n°02/98 and n°03/98 as defined in the Preamble ;
"Starting Date for Repayment":	the Starting Date for Repayment is fixed at the end of each Tranche

- "Supplier":** Société Française d'Exportation de Matériels, Systèmes et Services du Ministère de l'Intérieur, SOFREMI S.A., operating under French law, with a capital of 11.867.000 French francs, whose registered office is located in France, at 5, avenue de Messine, 75008 Paris, registered in the Trade and Companies Register of Paris under number B 335 275 715 ;
- "Tranche" or "Tranches"** The credit will be divided into 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.
- "US Dollar(s)" or " USD ":** the lawful currency of the United States of America ;

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ARTICLE 2 - AMOUNT AND PURPOSE OF THE CREDIT AGREEMENT

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 167.998.250,00 (one hundred and sixty seven million nine hundred and ninety eight thousand two hundred and fifty US Dollars) to enable it:

- 2.1. for the French Repatriable Portion, to pay the Supplier, after payment of the French Down Payments and in accordance with the Article « Drawings on the Credit - Payment Instructions by the Borrower », on behalf of the Borrower,
 - and in any case not more than 85 % of the French Repatriable Portion of the SOFREMI Contract ;

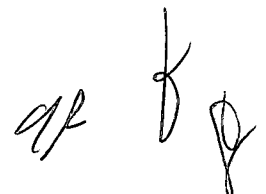
- 2.2. for the Local Portion, to pay the Supplier, after payment of the French Down Payments and in accordance with the Article « Drawings on the Credit - Payment Instructions by the Borrower », on behalf of the Borrower,
 - and in any case not more than 85% of the Local Portion
 - and in any case up to a maximum amount equal to the French Down Payments of the French Repatriable Portion.

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ARTICLE 3 - CONDITIONS PRECEDENT

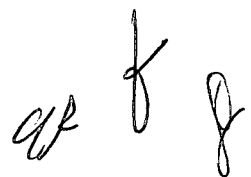
The Borrower will not be entitled to request Drawings on the present Credit, according to the provisions set out below in Article « Drawings on the Credit - Payment Instructions by the Borrower », until the following conditions have been fulfilled to the satisfaction of the Lender.

- 3.1 Following signature of the present Credit Agreement and within a reasonable period of time , the Borrower shall have to supply the Lead Manager with the following documents :
 - 3.1.1 a legal opinion emanating from the Borrower's legal advisor, drawn up on the basis of the model in Appendix 2 ;
 - 3.1.2 the number of the registration operation of the Credit Agreement in the Register of Financial Operation - ROF - system, of the Central Bank of Brazil authorising the Borrower to acquire and transfer the US Dollars required for performance of all its payment obligations under the present Credit Agreement ;
 - 3.1.3 the attestation sent by the Buyer to the Supplier certifying the date of coming into force of the SOFREMI Contract ;
 - 3.1.4 proof that the SOFREMI Contract has been approved by the competent authorities of the Borrower's country (Diario Oficial da União) ;
 - 3.1.5 remittance of the power and certified specimen of the signature(s) (of each) of the Borrower's representative(s) duly empowered to sign the present Credit Agreement ;
 - 3.1.6 remittance of the power and specimen of signature of the Borrower's and the Buyer's representatives for the documents provided for in Appendix 1 ;
 - 3.1.7 fulfilment of all the conditions precedent listed in the Loan Agreement.
- 3.2 Furthermore, the Lender shall not be required to draw on the Credit until the Lead Manager has received :
 - 3.2.1 from the Supplier or from BNP PARIBAS, the proof of the payment, into the account indicated by the Supplier, in France, of the French Down Payments as provided for in section 2 of the Preamble ;
 - 3.2.2 from the Supplier or from KfW the proof of the payment, into the account indicated by the Supplier, of the German Down Payments as provided for in section 2 of the Preamble;
 - 3.2.3 from the Borrower, payment of all amounts payable in connection with the present Credit Agreement, according to Articles « Commitment Fee - Management Fee » and « Taxes - Duties - Expenses » ;
 - 3.2.4 from COFACE, a credit-insurance policy in the Lender's favour, in terms satisfactory to the Lender and in full force and effect ;



ARTICLE 4 - DRAWINGS ON THE CREDIT - PAYMENT INSTRUCTIONS BY THE BORROWER

- 4.1 Subject to the specifications and the provisions of Articles « Amount and Purpose of the Credit Agreement » and « Conditions Precedent », the Lender shall fulfil its commitment to make the Credit available only by paying the Supplier on behalf of the Borrower and in its name. To this purpose, the Borrower hereby gives the following mandate to the Lender to pay, in its name and on its behalf, to the Supplier, the sums mentioned in Article « Amount and Purpose of the Credit Agreement » above, under the conditions and against presentation to the Lead Manager of the documents provided for in the Appendix 1 ;
- 4.2 The mandate granted in Article 4.1 is irrevocable.
- 4.3 The payments will be made by the Lender into the Supplier's account, or into the account of any Company indicated by the Supplier, opened in the Lead Manager's books, within ten (10) Banking Days following the delivery to the Lead Manager of the documents listed in Appendix 1, provided that the Lead Manager has checked that they are in compliance as per paragraph 4.6 below.
- 4.4 The Lender shall not be obligated to effect more than one Drawing per calendar month for amounts of less than USD 5.000.000, except for the last Drawing.
- 4.5 At the time of each Drawing, the Lead Manager shall inform the Borrower of the amount and of the date of Drawing.
- 4.6 The Lead Manager's examination of the documents, on behalf of the Lender, provided for in Appendix 1 shall be limited to checking on their appearance of compliance in the meaning given to that expression by the uniform rules and practices relative to documentary credits published by the International Chamber of Commerce.
- 4.7 No Drawing may take place beyond 78 months from the date of signature of the present Credit Agreement , this date being hereinafter called the "Final Date for Drawing".
- This date may be extended subject to:
- a written agreement of the French Authorities and the Lender, and
 - a signature of an amendment to the SOFREMI Contract, and
 - a signature of an amendment to the present Credit Agreement.
- 4.8 Each payment carried out by the Lender shall result in an irrevocable undertaking of repayment in his favour by the Borrower of the amount of the said payment.



ARTICLE 5 - REPAYMENT OF THE PRINCIPAL – INTEREST

5.1 Repayment of the principal

- 5.1.1 The right to repayment arises in favour of the Lender from each Drawing made on behalf of the Borrower in performance of the present Credit Agreement.
- 5.1.2 The Borrower shall repay each Tranche in 20 equal and consecutive semi-annual instalments, the first one falling due six (6) months after the Starting Date for Repayment of each Tranche as defined in Article « Definitions ».

5.2 Interest

For each Tranche,

- 5.2.1 The Lender's claim in connection with each Drawing shall bear interest starting on the date of this Drawing and ending on the last Due Date.
- 5.2.2 For the Preliminary Period and the Repayment Period, the interest shall be calculated at the C.I.R.R. prevailing at the date of signature of the present Credit Agreement, which is 7,33 % per annum (seven point thirty three per cent per annum).
- 5.2.3 the interest shall be calculated on the Outstanding Amount and on the exact number of days of each Interest Period on the basis of a 360-day year. They shall be payable at the end of the period on each Due Date, free of any tax or withholding.

5.2.4 *during the Preliminary Period*

- For each Drawing, interest shall be calculated from the date of the said Drawing until the Due Date.
- A statement of the interest due shall be sent by the Lead Manager to the Borrower at the latest two (2) weeks before the Due Date.
- If Drawings are made between the date of the said statement and the corresponding Due Date, the Lead Manager shall send the Borrower an additional statement.
- The Borrower shall pay the interest on the Due Date indicated on each statement.

5.2.5 *during the Repayment Period*

- Interest due during the Repayment Period shall be calculated on the amounts owed by the Borrower at the beginning of each Interest Period and paid semi-annually in arrears together with the repayments of principal of the Credit.

- 5.3 The Borrower undertakes irrevocably to repay the amounts due in term of Principal and Interest notified as defined hereabove, and in accordance with the terms of the present Credit Agreement.

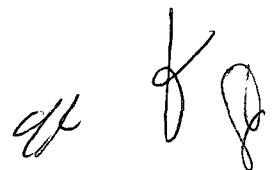
5.4 Special provisions regarding the Due Dates

- 5.4.1 Any Due Date not falling on a Banking Day will be delayed to the following Banking Day and shall not entail any modification of the following Due Dates unless such postponement takes that day to the following calendar month, in which case the maturity date of such period will be the last Banking Day of the current month.
- 5.4.2 In such a case, calculation of the interest will be carried out on the basis of the exact number of days of the Interest Period as modified accordingly.

- 5.4.3 In the interest of simplification, neither the concerned Due Date nor the amounts will be modified, but the payment will nevertheless be honoured on the modified Due Date as delayed pursuant to the provisions indicated above.
- 5.4.4 One month before the Due Date as changed in this way, the Lead Manager shall send the Borrower a statement indicating the additional amount of interest due from the Borrower on the Due Date.

5.5 Allocation of amounts

- 5.5.1 Any amount received by the Lender from the Borrower under this Credit Agreement for any reason whatsoever shall be allocated first to the payment of expenses, fees and interests on late payments, then to the payment of arrears, interest then principal, in the chronological order of their maturity dates.
- 5.5.2 After allocation of amounts as stated above, and without notification of voluntary prepayment as stated in Article « Voluntary Prepayment » if there is an excess amount received by the Lender from the Borrower in respect with this Credit Agreement, the Lead Manager will notify the Borrower of such event, and the two parties will discuss with a view to agree on the action to take.

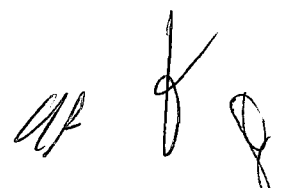


ARTICLE 6 - COMMITMENT FEE – MANAGEMENT FEE**6.1 Commitment fee**

- 6.1.1 The Borrower shall pay the Lead Manager, the latter on behalf of the Lender, a commitment fee at the rate of 0,375 % per annum (zero point three hundred seventy five percent per annum).
- 6.1.2 It will be calculated on the unused amount of the Credit at the beginning of each three-month period, on the exact number of days elapsed on the basis of a 360-day year, the first three-month period beginning on the day of signature of the present Credit Agreement.
- 6.1.3 Any three-month period begun is due.
- 6.1.4 The fee shall be payable quarterly in arrears within 30 days following despatch by the Lead Manager to the Borrower of the corresponding statement.

6.2 Management fee

- 6.2.1 The Borrower shall pay the Lead Manager, on behalf of the Lender, a flat management fee at a rate of 0,50 % (zero point fifty percent).
- 6.2.2 It will be calculated on the basis of the total Credit amount.
- 6.2.3 It will be payable in totality within 30 days after the date of approval of the present Credit Agreement registration by the Central Bank of Brazil, upon presentation by the Lead Manager to the Borrower of the corresponding statement.

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ARTICLE 7 - TAXES - DUTIES – EXPENSES

7.1 Taxes and duties

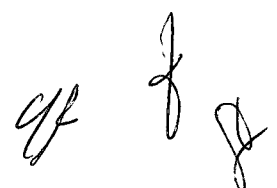
- 7.1.1 All existing or future taxes and duties of any kind, as a consequence of the present Credit Agreement legally due in France shall be paid by the Lender.
- 7.1.2 All existing or future taxes and duties of any kind, as a consequence of payments by the Borrower in the account number mentioned in Article « Payment Currency - Domiciliation » of the present Credit Agreement legally due in Brazil, United States of America or in any third country through which payments and/or transfer of payments would be made, shall be paid by the Borrower until the payment is received by the Lead Manager in the account number mentioned in Article “Payment Currency – Domiciliation”.
- 7.1.3 Consequently, all payments of principal and interest as well as of fees, interest on late payments and expenses which are due under the present Credit Agreement shall be paid without any deductions or withholdings as provided in Article 7.1.2. Therefore, the Borrower hereby expressly undertakes, should an event as provided in Article 7.1.2. prevent it from making full payment of the amounts mentioned above, to immediately pay the Lead Manager, on behalf of the Lender, the amounts necessary to compensate the effect of the deductions or withholdings so that the Lender should receive an amount equal to the sum it would have received, had no such deductions or withholdings been made.

7.2 Expenses

The Borrower undertakes to pay directly or to reimburse the Lead Manager, on behalf of the Lender, at the Lead Manager first request, for legal charges and ancillary costs properly incurred and duly justified and documented in connection with:

- 7.2.1 preparation, negotiation, signature and set up of the present Credit Agreement, of its Appendices and of any other document relating thereto ;
- 7.2.2 follow-up on the Credit Agreement and any other document relating thereto ;
- 7.2.3 any modification of the present Credit Agreement and any other document relating thereto;

The Lender agrees that charges incurred in connection with Article 7.2. will not exceed in any case 0,1 % (zero point one percent) of the total Credit and will be payable after the date of approval of the Credit Agreement registration by the Central Bank of Brazil.

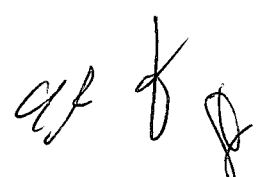


ARTICLE 8 - BORROWER'S DECLARATIONS

8.1 The Borrower declares that :

- 8.1.1 its commitments under the present Credit Agreement are autonomous with respect to the SOFREMI Contract and that their performance may not in any case be affected by any difficulty whatsoever that might arise in relationships between the Buyer and the Supplier in relation to the SOFREMI Contract or in any other connection.
- 8.1.2 the present Credit Agreement is in regular form, and each of the obligations contained therein constitutes a valid undertaking on the Borrower's part ;
- 8.1.3 signature and performance of the present Credit Agreement do not violate public order or any law, regulation, decree or judgement applicable to the Borrower ;
- 8.1.4 it is unnecessary to stamp or record the present Credit Agreement or to pay any fee or to obtain any authorisation whatsoever with the exception related to the registration of the Credit Agreement in the Register of Financial Operation - ROF - System of Central Bank of Brazil and publication of this Credit Agreement in the Official Gazette of the Federal Union and sworn translation (for which the cost will be borne by the Borrower) (a) to ensure validity of the undertakings they contain or (b) to produce these documents before a court in Federative Republic of Brazil and obtain performance thereof ;
- 8.1.5 this Credit Agreement does not constitute, under the chosen law a contractual consent by the jurisdiction of any court outside Brazil except to the extent necessary to obtain judicial recognition of any arbitral Award including any proceeding required for the purpose of converting an arbitral Award into a judgement. The Borrower has validly waived immunity of (i) jurisdiction in the limits of the provisions stipulated in the above sentence and (ii) execution in the limits of the provisions stipulated in Articles 17.4 and 17.6 ;
- 8.1.6 it has validly chosen French law to govern its obligations under the present Credit Agreement ;
- 8.1.7 it has full power to execute and perform its obligations under the present Credit Agreement ;
- 8.1.8 the execution, delivery and performance of its obligations under the Credit Agreement and the other documents relating thereto whatsoever nature, do not contravene or conflict with any provision of the Constitution of the Republic of Brazil.
- 8.1.9 any dispute under the present Credit Agreement shall be referred to arbitration.


8.2 The above declarations are considered as being renewed by the Borrower at the time of each Drawing.

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ARTICLE 9 - BORROWER'S UNDERTAKINGS

As long as the Borrower is a debtor or could be a debtor to the Lender by virtue of the present Credit Agreement, it undertakes:

- 9.1 to obtain and renew all authorisations required to carry out its obligations in connection with the present Credit Agreement;
- 9.2 to make sure that the Buyer:
 - 9.2.1 obtains and renews all required authorisations to carry out its obligations in connection with the SOFREMI Contract;
 - 9.2.2 does not modify any provisions of the SOFREMI Contract concerning, in particular, the parties to the SOFREMI Contract, the object, the price, the allocation of the said price, the periods for performance and more generally any provision of the SOFREMI Contract that could have an influence on the conditions of draw down on the Credit without the Lender's prior approval ;
- 9.3 to inform the Lead Manager without delay:
 - 9.3.1 of the occurrence of any event that constitutes or could constitute a case of event of default ;
 - 9.3.2 of the occurrence of any event that could affect the accuracy or modify the declarations made by the Borrower ;
 - 9.3.3 of the occurrence of negotiations initiated with creditors of one of the Borrower's External Liability with a view to delaying payments or restructuring its External Liability which could affect materially the performance of the Borrower's obligations under the present Credit Agreement.
- 9.4 not to revoke or modify the mandate given in the first paragraph of Article "Drawing on the Credit – Payment Instructions by the Borrower" without the formal approval of the Borrower and the Lead Manager, on behalf of the Lender (notwithstanding the fact that the Lender will inform the Supplier).



ARTICLE 10 - VOLUNTARY PREPAYMENT

- 10.1 No prepayment may take place before the Final Date for Drawing.
- 10.2 After the Final Date for Drawing, if the Borrower wishes to repay all or part of the Outstanding Amount, it shall inform the Lead Manager of this fact in writing at least three (3) months before the scheduled prepayment date. Such a repayment may take place only after approval by the Lender and only on a Due Date, and in an amount equal to at least two semi-annual payments of principal (or to the amount of the Outstanding Amount itself if it is less).
- 10.3 Any written notice of prepayment received by the Lead Manager from the Borrower, shall bind irrevocably the Borrower to make such prepayment on the corresponding Due Date.
- 10.4 The Borrower shall indemnify the Lead Manager, on behalf of the Lender, in particular for any loss duly justified that may result for it from the difference between (i) the interest which the Lender would have earned if the amount had not been prepaid and (ii) the interest which the Lender can obtain by investing the amounts prepaid for the remaining life term of the Credit Agreement according to the Article « Repayment of the Principal - Interest », as calculated by the Lead Manager and notified to the Borrower. Such notice of the Lead Manager shall be conclusive and binding save manifest error proved by the Borrower.
- 10.5 Eight (8) Banking Days before the prepayment date, the Lead Manager shall notify the Borrower in writing as to the amounts due from the Borrower pursuant to the provisions of Article 10.4 which will have to be paid by the Borrower upon receipt of the said notification.
- 10.6 The practical aspects of the prepayment shall, prior to the said prepayment, be defined of a common agreement between the Borrower and the Lender.



ARTICLE 11 - INTEREST ON LATE PAYMENTS

- 11.1 Without prejudice to the provisions of Article "Interruption of the Credit - Event of default" below and without the present clause constituting a waiver of terms of payment, any sum due by the Borrower under the present Credit Agreement shall automatically bear interest from the date on which they become payable and until actual payment, at the rate sets in Article 5.2 increased by 1 (one) percent per annum.
- 11.2 Interest on late payments will be calculated on the basis of the exact number of days elapsed on the basis of a 360-day year.
- 11.3 Interest on late payments will be payable within 15 days after the Lead Manager's first written request.

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ARTICLE 12 - INTERRUPTION OF THE CREDIT – EVENT OF DEFAULT12.1 Should one of the following event occur:

12.1.1 The Borrower does not pay, at a Due Date, an amount payable under the present Credit Agreement ;

12.1.2 The Borrower fails to comply with its obligations and/or does not respect any one whatsoever of the undertakings accepted by it under the terms of the present Credit Agreement. ;

12.1.3 The Borrower is in default under the Loan Agreement and/or KfW Credit Agreement and/or KfW Loan Agreement or the Loan Agreement and/or KfW Credit Agreement and/or KfW Loan Agreement is (are) cancelled, terminated or Drawings are suspended;

12.1.4 A declaration made by the Borrower in the present Credit Agreement or a document supplied by the Borrower in application thereof is or becomes inaccurate or incomplete;

12.1.5 If the Borrower is the object of one or several judicial proceedings concerning its External Liability which result could affect, in a significant manner, its financial situation or interferes with the proper execution of the Borrower's obligations under the present Credit Agreement;

12.1.6 Any decision is made or any event occurs, in the country of the Borrower, or in the third party country where the payments are made, that constitutes or could constitute an obstacle to payment by the Borrower of the amounts due under the present Credit Agreement;

12.1.7 The SOFREMI Contract is modified in significant terms unsatisfactory to the Lender, or is suspended, cancelled or terminated for any reason whatsoever.

12.2 Then, as a consequence, no further Drawing may take place under the present Credit Agreement, by means of a simple written notice from the Lead Manager addressed to the Borrower, without any other formalities.

12.3 In the occurrence of an event specified in Article 12.1.1, and should such event not have been remedied within a period of 5 (five) Banking Days, the Lender may require immediate repayment of all amounts due by the Borrower under this Credit Agreement by dispatch of a mere notification, by letter to the Borrower at its domicile elected below, without the need to obtain a judgement or for any other formality.

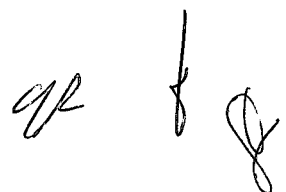
12.4 In the occurrence of any other event mentioned above, the Borrower and the Lender will have 45 days after the above-mentioned written notice to consult each other with a view to finding a common position on the issue. Should an agreement not be reached in this time-frame,

(i) the Lender may cancel all undisbursed amount, should the French Authorities maintain its insurance cover for all the disbursed amount, or

(ii) the Lender may, in the absence of a decision of the French Authorities suspending the Lender's option, require immediate repayment of all amounts due by the Borrower under this Credit Agreement

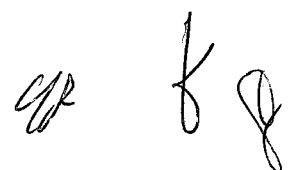
by dispatch of a mere notification, by letter to the Borrower at its domicile elected below, without the need to obtain a judgement or for any other formality.

- 12.5 In no event may any delay in exercising the Lender's right to require advance repayment be interpreted as a waiver of this right.
- 12.6 Furthermore, it is stipulated that the Borrower shall be liable for any duly justified financial loss incurred by the Lender and shall, therefore, be bound to reimburse all the expenses and costs incurred by the latter, as a result either of the cancellation of all undisbursed amount or of the immediate repayment of all outstanding debt. The notice of the Lead Manager stating the said costs and expenses shall be conclusive and binding save manifest error proved by the Borrower.

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ARTICLE 13 - NEW CIRCUMSTANCES

- 13.1 The Credit Agreement is based on the economical, financial, national and international conditions, and on the legal tax, monetary and professional provisions prevailing at the date of its coming into force in the countries of the Lender and the Borrower.
- 13.2 In the event of any change of these conditions or provisions or in the interpretation thereof, by any competent authority, whether the said provision or authority be French, European or foreign, and being of compulsory compliance to the Lender, the effect of which would mainly be :
- 13.2.1 to make unlawful any of the provisions of this Credit or,
- 13.2.2 generally to impose any new charge on the Lender in connection with the Credit,
- 13.2.3 any new requirement relating to reserves in respect of credits or,
- 13.2.4 modification of applicable exchange control or tax regulations.
- 13.3 Then, the drawings shall be suspended and the following provisions will apply :
- the Lead Manager shall promptly notify the Borrower. Such notification shall, if applicable, state the estimated amount of the additional costs and of the corresponding indemnification.
 - the Lender will consult with the Borrower with a view to agreeing the basis to continue with this Credit Agreement by, as the case may be but without limitation, endeavouring to transfer the participation of the Lender to other banking institution which are not affected by the above mentioned circumstances,
 - if no such agreement is reached within 60 (sixty) days following receipt by the Borrower of the above mentioned notification, then, the Borrower will have the option :
 - to bear in full the additional duly justified costs in order to maintain the Credit, or
 - in case of 13.2.1, to prepay all amounts due by the Borrower under this Credit Agreement, or
 - in case of 13.2.2, 13.2.3 or 13.2.4, to prepay all amounts due by the Borrower under this Credit Agreement, including all duly justified expenses and costs incurred by the Lender as a result of the immediate repayment of all outstanding debt.

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ARTICLE 14 - PAYMENT CURRENCY – DOMICILIATION

- 14.1 All amounts due by the Borrower under the present Credit Agreement shall be paid in US Dollars, on their Due Date without set off or counterclaim, by crediting the account opened at the :
- BNP PARIBAS NEW YORK Branch
 Word Financial Centre 200 Liberty Street
 NEW YORK, NEW YORK 10.281 (United States of America)
 Telex 824211 BNPWFC - UF D/D
 Account Number : 0200.194.093-001-36.
 quoting the reference : COE - GCA - BUYER CREDIT SOFREMI / REPUBLIC OF BRAZIL.
- 14.2 Such payments shall be made in order that the funds are available before (eleven) 11 a.m. (place of payment time) on the day they become payable.
- 14.3 For each payment the Borrower shall instruct the bank in charge of the transfer to send by fax a notice to the BNP PARIBAS NEW YORK Branch, three (3) Banking Days before the effective date of payment.
- 14.4 At the same time, the Borrower shall inform the Lead Manager, by fax, of the instructions given to the said bank, quoting the reference of the bank and the transferred amount.
- 14.5 Failure to receive the Borrower's fax within the delay stipulated in Article 14.3 could bring about late payment interest charges for a minimum of two (2) Banking Days even if the amount due was paid on the maturity date. This notice shall be sent to :
- BNP PARIBAS
 C.O.E. - Gestion des Crédits Acheteurs
 Telex n° 280178 Fax n° 33.1.40.14.27.40
 quoting the reference : BUYER CREDIT SOFREMI / REPUBLIC OF BRAZIL.
- 14.6 In case the Lead Manager wishes to modify the above instructions of payment, it will fax the new instructions to the Borrower with a ten (10) Banking Days notice.
- 14.7 The Borrower hereby agrees to implement any new instructions, which may be given, upon receipt of the fax if it does not impose additional costs.
- 14.8 Only payment made in transferable US Dollars into the Lead Manager's (on behalf of the Lender) funds in place of payment shall constitute a discharge.
- 14.9 Without prejudice to the foregoing, if (a) a payment connected with the present Credit Agreement is made to the Lead Manager, on behalf of the Lender, or if amounts are collected by it in a currency other than the US Dollar and (b) if after conversion into US Dollars from the said other currency and transfer of those US Dollars, the amount is less than the debt in question, the Borrower undertakes to pay the exact difference to the Lead Manager, on behalf of the Lender, at its first request.

ARTICLE 15 - MISCELLANEOUS

15.1 Non-waiver

The Lender shall not be considered as having waived the rights it holds under the present Credit Agreement because of not having exercised the said rights, having exercised them in part or late, or having exercised only one of them.

15.2 Partial nullity or partial impossibility of performance

The fact that one of the stipulations of the present Credit Agreement is declared to be void or impossible to perform by any court whatsoever shall not in any way affect the validity or the possibility of performance of the other stipulations of the present Credit Agreement.

Any stipulation of the present Credit Agreement which could be impossible to be performed, shall, insofar as possible, be carried out by the Borrower and the Lender in accordance with the spirit of the present Credit Agreement.

15.3 Non-dispute

All statements or other certificates drawn up by the Lead Manager on behalf of the Lender within the framework of the present Credit Agreement with respect to the amounts due from the Borrower to the Lender for any reason whatsoever shall bind the Borrower definitively without any possibility of dispute, except in case of material error.

15.4 Modifications

Any modification of the present Credit Agreement shall have to be covered by a written agreement between the Borrower and the Lender.

15.5 Appendices

The Appendices to the present Credit Agreement constitute an integral part thereof.

15.6 Language

The language of the present Credit Agreement and of its Appendices as well as any correspondence to follow is English. If translations into other languages are necessary, only the English text shall be authoritative.


All documents, authorisations or other items to be delivered to the Lender within the framework of the present Credit Agreement and the originals of which are not in the English language shall have to be accompanied by a translation emanating from the sworn translator if the Lender requests this.

15.7 Communication

The Lead Manager shall be entitled to give information to the competent French or European Authorities or to KfW in connection with the conclusion and implementation of the present Credit Agreement. The Lead Manager shall be authorised to give information about the present Credit Agreement to international organisations entrusted with the collection of statistical data in connection with debt servicing, provided that such information has been published.

15.8 Transfer of rights and obligations

15.8.1 The Borrower shall not assign or pledge any rights or transfer any obligations arising from the present Credit Agreement without prior written consent of the Lead Manager, acting on behalf of the Lender.



15.8.2 The Lender may, at any time, on the sole condition of having informed the Lead Manager and the Borrower thereof, transfer all or part of its rights and obligations resulting from the Credit Agreement to any bank, whether or not it is a party to the Credit Agreement.

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ARTICLE 16 - COMMUNICATIONS

16.1 All communications in connection with the present Credit Agreement between the Borrower and the Lead Manager, on behalf of the Lender, shall be carried out by swift, fax confirmed by simple letter, international rapid mail, by registered letter with receipt, or shall be delivered personally in exchange for a receipt to the following addresses :

– with respect to the Borrower :

MINISTRY OF FINANCE OF BRAZIL

Ministerio da Fazenda
Procuradoria-Geral da Fazenda Nacional
Esplanada dos Ministérios Bloco P, 8 andar, sala 819
70048-900 - BRASILIA - DF - BRASIL

Fax : 55.61.412.17.40.

– with copy to the Buyer :

DEPARTAMENTO DE POLICIA FEDERAL - DPF

Setor de Autarquias Sul
Quadra 06 – Lotes 09/10
70.070-000 – BRASILIA – DF - BRASIL

Attention : Coordenação de Planejamento e Modernização

Fax number : 5561 311.8058

– with respect to the Lead Manager :

BNP PARIBAS

B.F.I. - COMMERCE INTERNATIONAL
37 Place du Marché Saint Honoré
75031 PARIS Cedex 01 - FRANCE

Middle Office Financements Export
Telex 281.650 Fax n° +33.1.43.16.81.83

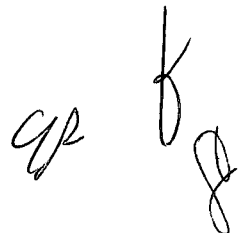
Any change of address shall have to be communicated according to the forms laid down in the present Article.

16.2 Any communication made pursuant to the forms provided for in Article 16.1 shall become effective as of the time of receipt thereof by the addressee.

16.3 The communications shall be in English.

ARTICLE 17 - GOVERNING LAW – ARBITRATION

- 17.1 The present Credit Agreement is governed by French law.
- 17.2 All disputes relative to the validity, construction or performance of the present Credit Agreement to which no friendly solution can be found shall be definitively settled in accordance with the Conciliation and Arbitration Rules of the International Chamber of Commerce by three arbitrators appointed pursuant to the said Rules. The arbitration shall take place in Paris and shall be in French.
- 17.3 This Credit Agreement does not constitute, under the chosen law a contractual consent by 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.
- 17.4 The Borrower has no right of immunity from suit, execution, or any other legal process with respect to its obligations under this Credit Agreement in any competent court in the Borrower's Country, except for the limitation on the alienation of public property provided for in Article 67 of the Civil Code of the Borrower's Country, provided that the execution of a judgement against, and the satisfaction of a judgement by, the Borrower in the Borrower's Country may be only in accordance with Article 100 of the Constitution of the Borrower's country and the procedures set forth in Article 730 et. seq. of the Civil Procedure Code of the Borrower's Country (which Articles set forth the procedures pursuant to which such judgement must be satisfied by the Borrower, including the requirements that such judgement be registered for inclusion in the budget for payment in a subsequent fiscal year of the Borrower and that payment in respect of such judgement be made through the court that rendered such judgement).
- 17.5 Arbitration proceedings undertaken pursuant to this Article, including any judicial proceedings for the conversion of any arbitral award into a judgement, the Borrower hereby irrevocably agrees that any such process or summons may be served upon it, pursuant to Article 35, Section 1 of Supplementary Law n° 73 of February 16, 1993, by delivery to the Attorney General of Brazil (Advogado Geral da Uniao), Palácio do Planalto, Esplanada dos Ministérios, Anexo 1, Brasília-DF, Brasil, as its authorised agent (the « Authorised Agent ») upon whom any such process or summons may be served, of rogatory letters or by any other means permissible under French law.
- 17.6 The Borrower hereby agrees that in any arbitration proceedings or judicial proceedings related to any such arbitration proceedings including any proceedings for the conversion of any arbitral award into a judgement under this Article, it will not raise any defence that it could not raise but for the fact that it is a sovereign state in the limit of the provisions of Article 17.4.
- 17.7 The Borrower undertakes to pay directly or to reimburse the Lender, at the Lead Manager first request, for legal charges and ancilliary costs properly incurred and duly justified and documented in connection with arbitration, legal proceedings or judicial inquiries made necessary and recognised by the concerned arbitral or judicial courts as a default by the Borrower of its obligations under the present Credit Agreement.



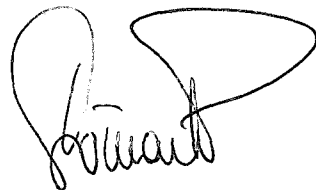
ARTICLE 18 - COMING INTO FORCE

The present Credit Agreement comes into force on the day of signature.

Signed in Paris
on August 4, 2000
In two originals

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

Name : Sonia de Almeida Freitas Patella Nunes
Designation : Procuradora da fazenda Nacional



For : **BNP PARIBAS**

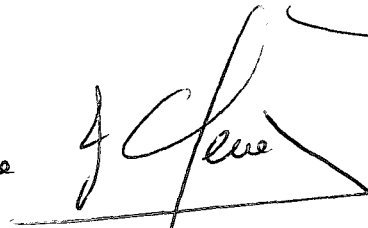
Name : Philippe BLAVIER
Designation : Head of Investment Banking



M^e Claudine SAVARY
Notaire à PARIS, certifie
véritable la signature
apposée ci-contre
de M. Philippe BLAVIER

For : **SOCIETE GENERALE**

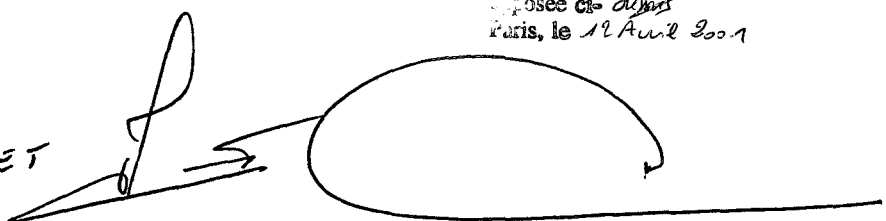
Name : Frédéric GENET
Designation : Head of Global Export Finance



Vu par certification
notariale de la signature
de M. Frédéric GENET
apposée ci-dessus
Paris, le 12 Août 2000

WITNESS:

Martine LORET



WITNESS:

GONSALO MELW MOURÃO
G. M. M.

APPENDIX 1**DOCUMENTS TO BE PRESENTED BY THE SUPPLIER TO THE LEAD MANAGER
AND PAYMENT CONDITIONS**

The Lender shall not be required to draw on the Credit until the Lead Manager has received from the Supplier the power and specimen of signature of the Supplier's representative(s) for the documents to be presented.

The amount of the Credit Agreement, (i.e. USD 167.998.250,00), as specified in Article « Amount and Purpose of the Credit Agreement » of the present 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.

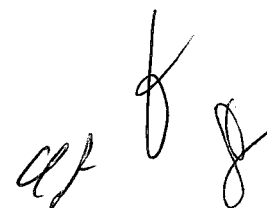
FOR THE ITEMS OF SUPPLY OF CATEGORY A :

70% (seventy percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category A" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Certificate of Conformity duly signed by the Supplier in accordance with the specimen in Annex C of the Amendment n° 01/98 to SOFREMI Contract.
- d) Forwarder's Certificate of Receipt (Fiata FCR), or Airway Bill or Bill of Lading, or any other equivalent transportation document ;
- e) insurance certificate of the relevant supply ;

15% (fifteen percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category A" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Preliminary Delivery Acceptance Certificate duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex A of the Amendment n° 01/98 to SOFREMI Contract.



FOR THE ITEMS OF SUPPLY OF CATEGORY B :

70% (seventy percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category B" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Factory Acceptance Certificate, duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex D of the Amendment n° 01/98 to SOFREMI Contract.
- d) Forwarder's Certificate of Receipt (Fiata FCR), or Airway Bill or Bill of Lading, or any other equivalent transportation document ;
- e) insurance certificate of the relevant supply ;

15% (fifteen percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category B" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Preliminary Delivery Acceptance Certificate duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex A of the Amendment n° 01/98 to SOFREMI Contract.

or,

FOR THE ITEMS OF SUPPLY OF CATEGORY B HAVING A LEAD TIME OF MORE THAN 9 MONTHS AND THE CASES AGREED UPON BY THE BUYER AND THE SUPPLIER:

25% (twenty five percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category B" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Certificate confirming that the significant event has occurred duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex K of the Amendment n° 01/98 to SOFREMI Contract.

45% (forty five percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category B" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Factory Acceptance Certificate, duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex D of the Amendment n° 01/98 to SOFREMI Contract.
- d) Forwarder's Certificate of Receipt (Fiata FCR), or Airway Bill or Bill of Lading, or any other equivalent transportation document ;
- e) insurance certificate of the relevant supply ;

15% (fifteen percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category B" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Preliminary Delivery Acceptance Certificate duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex A of the Amendment n° 01/98 to SOFREMI Contract.

FOR THE ITEMS OF SUPPLY OF CATEGORY C :

60% (sixty percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category C" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Factory Acceptance Certificate, duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex D of the Amendment n° 01/98 to SOFREMI Contract.
- d) Forwarder's Certificate of Receipt (Fiata FCR), or Airway Bill or Bill of Lading, or any other equivalent transportation document ;
- e) insurance certificate of the relevant supply ;

10% (ten percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category C" ;

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- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Preliminary Delivery Acceptance Certificate duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex A of the Amendment n° 01/98 to SOFREMI Contract.

15% (fifteen percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category C" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Preliminary On-Site Acceptance Certificate duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex E of the Amendment n° 01/98 to SOFREMI Contract.

or,

FOR THE ITEMS OF SUPPLY OF CATEGORY C HAVING A LEAD TIME OF MORE THAN 9 MONTHS AND THE CASES AGREED UPON BY THE BUYER AND THE SUPPLIER:

25% (twenty five percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category C" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Certificate confirming that the significant event has occurred, duly signed by the Supplier and the Buyer's representative, in accordance with the specimen in Annex K of the Amendment n° 01/98 to SOFREMI Contract.

45% (forty five percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category C" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Factory Acceptance Certificate, duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex D of the Amendment n° 01/98 to SOFREMI Contract.
- d) Forwarder's Certificate of Receipt (Fiata FCR), or Airway Bill or Bill of Lading, or any other equivalent transportation document ;

e) insurance certificate of the relevant supply ;

10% (ten percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category C" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Preliminary Delivery Acceptance Certificate duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex A of the Amendment n° 01/98 to SOFREMI Contract.

5% (five percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Supply of Category C" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Preliminary On-Site Acceptance Certificate duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex E of the Amendment n° 01/98 to SOFREMI Contract.

FOR SEPARATELY ORDERED SPARE PARTS AND DOCUMENTATION :

70% (seventy percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Spare parts and/or Documentation" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Certificate of Conformity duly signed by the Supplier in accordance with the specimen in Annex C of the Amendment n° 01/98 to SOFREMI Contract.
- d) Forwarder's Certificate of Receipt (Fiata FCR), or Airway Bill or Bill of Lading, or any other equivalent transportation document ;
- e) insurance certificate of the relevant supply ;

15% (fifteen percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Spare parts and Documentation" ;

- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Preliminary Delivery Acceptance Certificate duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex A of the Amendment n° 01/98 to SOFREMI Contract.

FOR THE SERVICE ITEMS :

35% (thirty five percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and " Item Service" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Service Start Certificate duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex F of the Amendment n° 01/98 to SOFREMI Contract.

50% (fifty percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Item Service" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Service Acceptance Certificate duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex G of the Amendment n° 01/98 to SOFREMI Contract.

FOR THE ITEM "TRAINING" :

55% (fifty five percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Item Training" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Service Start Certificate duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex F of the Amendment n° 01/98 to SOFREMI Contract.

Handwritten signatures in black ink, consisting of three distinct marks: a stylized 'S' or 'G' on the left, a vertical line with a hook in the middle, and a looped signature on the right.

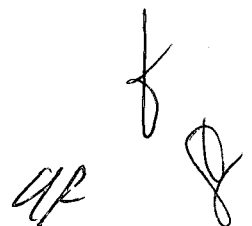
30% (fifty percent) of the SOFREMI Contract value for each item against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and " Item Training" ;
- b) commercial invoice(s), bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Service Acceptance Certificate duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex G of the Amendment n° 01/98 to SOFREMI Contract.

FOR THE ITEM "CONTRACT MANAGEMENT" :

85% (eighty five percent) of the item "Contract Managment" value pro-rata temporis of its execution, against presentation to the Lead Manager of:

- a) the corresponding Pro Forma Invoice duly signed by the Supplier and the Buyer's representative, bearing the SOFREMI Contract reference and "Item Contract Management" ;
- b) commercial invoice(s), issued every three months with retroactive effect, bearing the references of the Pro Forma Invoice and of the relevant financial contract(s) to be disbursed ;
- c) Acceptance Certificate of the Progress Report duly signed by the Supplier and the Buyer's representative in accordance with the specimen in Annex L of the Amendment n° 01/98 to SOFREMI Contract.

Handwritten initials 'AP' and a signature.

APPENDIX 2

**MODEL OF LEGAL OPINION TO BE ISSUED BY THE BORROWER'S LEGAL ADVISOR
CONCERNING THE CREDIT AGREEMENT**

BNP PARIBAS

16, Boulevard des Italiens
75009 PARIS - FRANCE

.....
Attention :
B.F.I. - COMMERCE INTERNATIONAL
Montage des Crédits
(date)

Gentlemen,

As, our opinion has been requested concerning the buyer credit agreement (hereinafter the "Credit Agreement") signed on between THE REPUBLIC FEDERATIVE OF BRAZIL represented by MINISTRY OF FINANCE OF BRAZIL (hereinafter designated as the "Borrower") and BNP PARIBAS (hereinafter designated as "Lead Manager") and SOCIETE GENERALE (hereinafter designated as "co-Lead Manager") (hereinafter jointly designated as "Lender"), by which the Lender granted a credit to the Borrower of a maximum amount of USD (..... US Dollars) subject to the provisions of Article « Amount and Purpose of the Credit Agreement » of the Credit Agreement to finance :

- up to a maximum amount of USD..... (..... US Dollars) corresponding to 85 % of the French Repatriable Portion, and the Local Portion up to an amount equal to the French Down Payments, of the Commercial Contract n° 021/98 CCA/DPF signed on March 31,1998 and its Amendments n°01/98 n°02/98 and n°03/98 between the (hereinafter designated as the "Buyer") and SOFREMI S.A (hereinafter designated as the "Supplier") for (hereinafter the "SOFREMI Contract")

This opinion is issued to you in accordance with Article « Conditions Precedent » of the Credit Agreement.

The terms appearing with a capital letter have the meaning given to them in the Credit Agreement.

I have examined originals or copies identified to my satisfaction of such documents and legal instruments of the Borrower as I have deemed appropriate. Based upon the forgoing, I am of the opinion that :

- (1) Pursuant to the Borrower's law, Mr. was validly authorised to sign the Credit Agreement.
- (2) All necessary Approvals needed for the Borrower's performance of its obligations under the terms of the Credit Agreement and necessary to make all required payments in US Dollars under this Credit Agreement have been obtained and are binding and enforceable and in full force and effect.

- (3) Based on a legal opinion of the Ministry of Justice's and/or the Buyer's legal adviser, the Buyer has obtained all permits, licenses, or authorisations necessary for signing and performing the SOFREMI Contract.
- (4) The Credit Agreement is in regular form, and each of the obligations contained therein constitutes a valid undertaking of the Borrower legally enforceable against the Borrower in accordance with its terms.
- (5) The signature and performance of the Credit Agreement as well as the decision to borrow itself are not contrary to any law or regulation, decree, or order adopted in the Borrower's country.
- (6) It is unnecessary to file, register or otherwise record the Credit Agreement in any court, public office or elsewhere in the Borrower's country or to pay any stamp, registration or similar tax on or in relation to this Credit Agreement to ensure validity, legality, effectiveness, enforceability or admissibility in evidence thereof, except for the approvals, registrations and other actions referred to in Article « Borrower's Declarations » of the Credit Agreement.
- (7) It does not contravene any law of the Borrower's country, that the Borrower commits itself to make all payments under this Credit Agreement without any deduction or withholding.
- (8) The Lender shall not in any case be considered as resident of, domiciled in or carrying on a business or subject to taxes in the Borrower's country because of the signature or performance of the Credit Agreement.
- (9) The Borrower has no right of immunity from suit, execution, or any other legal process with respect to its obligations under this Credit Agreement in any competent court in the Borrower's Country, except for the limitation on the alienation of public property provided for in Article 67 of the Civil Code of the Borrower's Country, provided that the execution of a judgement against, and the satisfaction of a judgement by, the Borrower in the Borrower's Country may be only in accordance with Article 100 of the Constitution of the Borrower's country and the procedures set forth in Article 730 et. seq. of the Civil Procedure Code of the Borrower's Country (which Articles set forth the procedures pursuant to which such judgement must be satisfied by the Borrower, including the requirements that such judgement be registered for inclusion in the budget for payment in a subsequent fiscal year of the Borrower and that payment in respect of such judgement be made through the court that rendered such judgement).
- (10) The obligations and liabilities of the Borrower under the present Credit Agreement shall rank at least pari passu in right of payment with all of its other unsecured liabilities denominated in a currency other than the lawful currency of Brazil.
- (11) The Borrower has validly chosen French Law to govern its obligations under the Credit Agreement and assigned jurisdiction in the Credit Agreement to an arbitration court.

Any award of an arbitral tribunal will be recognised and enforceable against the Borrower in the Federal Courts of Brazil without re-examination of the merits if such award is ratified by the Brazilian Supreme Court. Such ratification can be obtained if such award :

- fulfils all formalities required for the enforceability thereof under the laws of the country where the same was granted;
- was issued by a competent arbitral tribunal after service of such process upon the parties to the action as is required by the rules of such arbitral tribunal;
- is not subject to appeal;

Handwritten signature in black ink, appearing to be 'CF' followed by a stylized flourish.

- was authenticated by a Brazilian consulate in the country where the same was issued; and
- is not against the principles of Brazilian public policy as set forth in Article 17 of Decree Law 4, 657.

(12) Election of domicile provided for in Article « Governing Law – Arbitration » of the Credit Agreement meets the legal requirements for serving procedural documents under the law of Brazil.

I am qualified to practice law in Brazil and I do not express any opinion herein concerning any law other than the law of Brazil.

Very truly yours,

Attorney General of the National Treasury of the
Federative Republic of Brazil

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