Indenture of Guarantee

BETWEEN

THE UNITED STATES OF BRAZIL

AND

NATIONAL TRUST COMPANY, LIMITED
Indenture of Guarantee, dated January 18, 1951, between THE UNITED STATES OF BRAZIL (hereinafter called the Guarantor), party of the first part, and NATIONAL TRUST COMPANY, LIMITED, a corporation duly organized and existing under the laws of the Province of Ontario, Canada, as trustee, (hereinafter called the Trustee) party of the second part;

WHEREAS Brazilian Traction, Light and Power Company, Limited, a corporation duly organized and existing under the laws of the Dominion of Canada (hereinafter called the Company) has executed with the Trustee its Collateral Trust Indenture dated as of January 1, 1949 (hereinafter called the Indenture), which Indenture provides, among other things, for the issuance, authentication and delivery of Collateral Trust Bonds of the Company; and

WHEREAS by a guarantee agreement dated January 27, 1949, between the Guarantor and International Bank for Reconstruction and Development (hereinafter called the Bank) and Supplement No. 1 to such Guarantee Agreement dated January 18, 1951, between the Guarantor and the Bank (such Guarantee Agreement and such Supplement being herein collectively called the Guarantee Agreement) a copy of which Guarantee Agreement has been lodged with the Trustee, the Guarantor has agreed, among other things, to guarantee the due and punctual payment of the principal of, the premium, if any, on redemption of, the interest on and the sinking fund payments in connection with all Collateral Trust Bonds issued and authenticated under the Indenture and delivered to the Bank pursuant to an agreement (hereinafter called the Loan Agreement) dated January 18, 1951, between the Bank and the Company, a copy of which Loan Agreement has been lodged with the Trustee; and
WHEREAS by said Guarantee Agreement between the Guarantor and the Bank, the Guarantor has further agreed, among other things, to execute an indenture of guarantee substantially in the form of this Indenture of Guarantee;

Now THEREFORE the parties hereto hereby agree as follows:

FIRST: Whenever used in this Indenture of Guarantee, unless the context shall otherwise require, the term Collateral Trust Bonds or Collateral Trust Bond means Collateral Trust Bonds, or a Collateral Trust Bond, issued and authenticated pursuant to the Indenture; and the term Guaranteed Bonds or Guaranteed Bond means Collateral Trust Bonds, or a Collateral Trust Bond, entitled to the benefit of this Indenture of Guarantee as in Article Ninth hereof provided.

SECOND: Without limitation or restriction upon any of the other covenants on its part in this Indenture of Guarantee contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of the Guaranteed Bonds, the sinking fund payments in connection therewith, the premium, if any, on the redemption thereof and the interest thereon, all as provided in the Guaranteed Bonds and in the Indenture.

THIRD: The Guarantor hereby covenants as follows:

SECTION 1. The principal of the Guaranteed Bonds, the interest accruing thereon, the sinking fund payments in connection therewith, and the premium, if any, on the redemption thereof, as specified in the Guaranteed Bonds and the Indenture, shall be paid without deduction for and free from any and all taxes, duties, imposts and fees of any nature now or at any time hereafter imposed by the Guarantor or by any taxing authority thereof or therein, including
income taxes, and shall be paid free from all restrictions
of the Guarantor, its political subdivisions or its agencies;
but this provision shall not be applicable to the payments
made under the provisions of any Guaranteed Bond to the
holder thereof when such Guaranteed Bond is beneficially
owned by an individual or corporate resident of the Guar-
ator.

**SECTION 2.** This Indenture of Guarantee, the Indenture,
and the Guaranteed Bonds shall be free of any issue, stamp
or other tax imposed by the Guarantor or any taxing au-
thority thereof or therein.

**FOURTH:** If the Guarantor shall default in the perform-
ance of any agreement on its part in the Guarantee Agree-
ment contained and if the Bank, at its option, shall by no-
tice to the Guarantor as provided in the Guarantee Agree-
ment require that the Guarantor pay the principal amount
of all the Guaranteed Bonds which shall then be outstand-
ing and unpaid, and the interest accrued and unpaid there-
on to the date of payment thereof, then forthwith upon the
giving of such notice such principal and interest shall be-
come immediately due and payable by the Guarantor and,
in respect of any such Guaranteed Bond, shall be paid, at
the place designated in the Indenture for the payment of
principal thereof and interest thereon, upon surrender of
such Guaranteed Bond at said place in negotiable form, to-
gether with all unpaid coupons (if any) appurtenant there-
to; all as, and with such effect as, more fully set forth in
the Guarantee Agreement.

**FIFTH:** The Guarantor agrees that its obligations under
any agreements on its part contained in this Indenture of
Guarantee are not subject to any prior notice to, demand
upon or action against the Company or to any prior notice
to or demand upon the Guarantor with regard to any de-
fault by the Company in respect of any obligations on its
part contained in the Indenture or the Guaranteed Bonds and shall not be affected by any enforcement of any mortgage, lien, priority or charge created by the Indenture or by any exercise or enforcement of any right or power thereby conferred. No extension of time or forbearance given to the Company in respect of the performance of any of its obligations under the Indenture or the Guaranteed Bonds, and no failure of any holder of the Bonds or of the Trustee under the Indenture to give any notice or to make any demand or protest whatsoever, or strictly to assert any right or pursue any remedy against the Company in respect of the Indenture or the Guaranteed Bonds or to enforce any mortgage, lien, priority or charge created by the Indenture or otherwise, and no modification of the provisions of the Indenture in accordance with the terms thereof, and no failure of the Company to comply with any requirement of any law, regulation or order of the Guarantor or any of its political subdivisions or agencies, shall in any way terminate, diminish or limit the unconditional guarantee of the Guarantor hereunder, or any other obligation of the Guarantor hereunder, it being the intent of the parties hereto that the obligations of the Guarantor shall not be discharged except by performance and then only to the extent of such performance.

Sixth: The Guarantor agrees to endorse its guarantee hereunder upon (a) each Collateral Trust Bond issued for delivery to the Bank pursuant to the Loan Agreement and (b) each Collateral Trust Bond issued in exchange for, on transfer of or (subject to the provisions of Article Seventh hereof) in substitution for Collateral Trust Bonds specified in clause (a) or clause (c) of this Article, and (c) each Collateral Trust Bond issued in exchange for, on transfer of or (subject to the provisions of Article Seventh hereof) in substitution for Collateral Trust Bonds specified in clause (b) of this Article. Such endorsement of guarantee shall be in substantially the following form:
The United States of Brazil, for value received, as primary obligor and not as surety merely, hereby absolutely and unconditionally guarantees to the holder of the within Bond, and pledges its full faith and credit for, the due and punctual payment of the principal and redemption price of said Bond, and the interest thereon and all sinking fund payments in connection with the Bonds of the series designated therein, all in accordance with the provisions of the Indenture in said Bond mentioned. In the event specified in an Indenture of Guarantee dated January 18, 1951, between the undersigned and National Trust Company, Limited, as Trustee, International Bank for Reconstruction and Development may require the undersigned forthwith to pay the principal of the within Bond, together with interest thereon accrued and unpaid to the date of payment, at the place specified in the said Indenture for the payment of principal thereof and interest thereon, upon surrender of said Bond at said place in negotiable form, together with all unpaid coupons (if any) appurtenant thereto; all in the manner and with the effect provided in said Indenture of Guarantee.

The United States of Brazil

By

Minister of Finance

Countersigned by

Authorized Representative

Such endorsement of guarantee shall be executed in the name and on behalf of the Guarantor with the facsimile signature of its Minister of Finance or any successor to any such Minister of Finance and shall be countersigned by its authorized representative. In case any Minister of
Finance of the Guarantor, or any such successor, whose facsimile signature shall be affixed to any such endorsement of guarantee shall cease to be such Minister of Finance of the Guarantor, or such successor, before such endorsement shall have been authenticated as provided in Article Eighth of this Indenture of Guarantee, such endorsement may nevertheless be authenticated as provided in said Article Eighth as though such Minister of Finance, or successor, whose facsimile signature was affixed to such endorsement had not ceased to be such Minister of Finance or successor. In case any such authorized representative of the Guarantor who shall have countersigned any such endorsement shall cease to be such authorized representative of the Guarantor before such endorsement shall have been authenticated as provided in said Article Eighth, such endorsement may nevertheless be authenticated as provided in said Article Eighth as though such authorized representative who countersigned such endorsement had not ceased to be such authorized representative of the Guarantor and any such endorsement may be so countersigned by any person who at the time of countersigning shall be the authorized representative of the Guarantor although at the date of the Collateral Trust Bond bearing such endorsement such person may not have been such authorized representative of the Guarantor. The Guarantor shall furnish to the Trustee from time to time the names and sufficient evidence of the authority of each person by whose signature or facsimile signature such endorsement of guarantee is to be executed or countersigned as aforesaid, together with the authenticated specimen signature of each such person.

Seventh: Whenever the Company shall execute a new Collateral Trust Bond in substitution for a mutilated, lost, destroyed or stolen Guaranteed Bond and its coupons, the Guarantor shall not be obligated to endorse its guarantee thereon unless and until the Guarantor shall be indemnified to its satisfaction.
Eighth: The Trustee shall authenticate the guarantee endorsed upon each Collateral Trust Bond pursuant to Article Sixth hereof by countersignature in substantially the following form:

Countersigned for authentication:

National Trust Company, Limited,
As Trustee,

By

Authorized Officer

provided, however, that the aggregate principal amount of such Collateral Trust Bonds so authenticated outstanding at any time shall not exceed $90,000,000 or the equivalent thereof in other currencies determined as provided in the Loan Agreement, plus the amount of any Guaranteed Bonds issued in substitution for lost, destroyed, stolen or mutilated Guaranteed Bonds. The Trustee shall be entitled to rely upon a certificate signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company that any Collateral Trust Bond for which such countersignature is requested will be delivered to the Bank pursuant to the provisions of the Loan Agreement and the Trustee shall not be required, as a condition of executing such countersignature, to satisfy itself otherwise than by such certificate that such Collateral Trust Bond will be or has been so delivered.

Ninth: All Collateral Trust Bonds which shall have endorsed thereon the guarantee of the Guarantor as provided in Article Sixth hereof authenticated as provided in Article Eighth hereof shall be entitled to the benefit of this Indenture of Guarantee; and no other Collateral Trust Bonds shall be entitled to the benefit of this Indenture of Guarantee.
TENTH: All covenants and agreements on the part of the Guarantor herein contained are made for the benefit of the Trustee, as trustee of an express trust for the several holders from time to time of the Guaranteed Bonds, and for the benefit of such holders. Such covenants and agreements shall inure to the benefit of any successor of the Trustee. All covenants and agreements on the part of the Trustee herein contained shall be binding upon any successor of the Trustee. Any successor trustee duly acting as such under the terms of the Indenture shall be deemed to be a successor of the Trustee under the provisions of this Indenture of Guarantee.

IN WITNESS WHEREOF, the Guarantor has caused this Indenture of Guarantee to be signed by its representative thereunto duly authorized, and the Trustee has caused this Indenture of Guarantee to be executed by its corporate officers thereunto duly authorized and its corporate seal to be thereunto affixed and attested, as of the day and year first above written.

THE UNITED STATES OF BRAZIL

By M. Nabuco
Authorized Representative

NATIONAL TRUST COMPANY, LIMITED

By H. A. Clarke,
Assistant General Manager

SEAL

Attest:
W. N. Simpson
Secretary