

CONFORMED COPY

LOAN NUMBER 2883-1 BR  
(Amendment)

(Itaparica Resettlement and Irrigation Project)

between

FEDERATIVE REPUBLIC OF BRAZIL

and

CENTRAIS ELETRICAS BRASILEIRAS S.A. - ELETROBRÊS

and

COMPANHIA HIDRO ELETRICA DO SAO FRANCISCO

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated November 1, 1991

LOAN NUMBER 2883-1 BR  
(Amendment)

AMENDING AGREEMENT

AGREEMENT, dated November 1, 1991 between FEDERATIVE REPUBLIC OF BRAZIL (the Guarantor), CENTRAIS ELETRICAS BRASILEIRAS S.A. - ELETROBRES (the Borrower), COMPANHIA HIDRO ELETRICA DO SAO FRANCISCO (CHESF) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower and the Bank have entered into a Loan Agreement (Itaparica Resettlement and Irrigation Project) dated December 7, 1987 (the Loan Agreement) for the purpose of assisting in the financing of the project described in Schedule 2 to the Loan Agreement (the Project);

(B) the Guarantor and the Bank have entered into a Guarantee Agreement (Itaparica Resettlement and Irrigation Project) dated December 7, 1987 (the Guarantee Agreement);

(C) the Bank and CHESF have entered into a Project Agreement (Itaparica Resettlement and Irrigation Project) dated December 7, 1987 (the Project Agreement);

(D) the Borrower has requested the Bank to provide additional assistance towards the financing of the Project by increasing the amount made available under the Loan Agreement by an amount in various currencies equivalent to one hundred million dollars (\$100,000,000);

(E) the Guarantor has requested the Bank to provide the assistance referred to in (D) above and has agreed that all the obligations undertaken by the Guarantor under the Guarantee Agreement are extended to, and undertaken in respect of, all the obligations of the Borrower set forth in the Loan Agreement as amended by the Amending Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to provide such additional assistance to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### Amendments to the Loan Agreement

Section 1.01. Section 1.02 of the Loan Agreement is amended by deleting the "and" at the end of Subsection (q), substituting ";" for "." at the end of Subsection (r) and adding new Subsections (s) and (t), as follows:

"(s) 'Amending Agreement' means the Agreement Amending the Loan, Guarantee and Project Agreements (Itaparica Resettlement and Irrigation Project) between the Bank and the Borrower, the Guarantor and CHESF, respectively, dated November 1, 1991; and;

(t) 'FSRMM' means Adicional ao Frete Para a Renovacao da Marinha Mercante - AFRMM, the Borrower's Freight Surcharge for the Renewal of the Merchant Marine established by Decree Law 1.142 of December 30, 1970, as amended to December 31, 1987, or any other tax, levy or charge that, in the reasonable opinion of the Bank, may substitute it, in whole or in part, after January 1, 1988.

Section 1.02. Section 2.01 of the Loan Agreement is amended to read as follows:

"Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount in various currencies equivalent to two hundred and thirty-two million dollars (\$232,000,000) in two tranches, the first tranche being an amount in various currencies equivalent to one hundred and thirty-two million dollars (\$132,000,000) (the First Tranche) and the second tranche being an amount in various currencies equivalent to one hundred million dollars (\$100,000,000) (the Second Tranche)."

Section 1.03. Section 2.02 paragraphs (b), (c) and (d) of the Loan Agreement are renumbered as paragraphs (c), (d) and (e) of Section 2.02 and the following new paragraph (b) is inserted in Section 2.02:

"(b) Except as the Borrower and the Bank shall otherwise agree, all amounts withdrawn from the Loan Account or made subject to a special commitment pursuant to Section 5.02 of the General Conditions, shall initially be charged against the First Tranche until that tranche has been exhausted, and shall thereafter be charged against the Second Tranche."

Section 1.04. A proviso is added at the end of Section 2.04 of the Loan Agreement reading as follows:

"; provided, however, that commitment charges on the Second Tranche shall accrue from a date sixty days after the date of the Amending Agreement."

Section 1.05. In Section 2.03 the Closing Date shall be amended by substituting for the words "June 30, 1994" the words "December 31, 1994".

Section 1.06. In Section 2.05 paragraph (c) (i) the words ", and including the Interest Period in which the Amending Agreement is signed." are inserted after the words "the Interest Period in which this Agreement is signed."

Section 1.07. The table in paragraph 1 of Schedule 1 to the Loan Agreement is amended to read as set forth in Schedule 1 to this Amending Agreement. The percentages of expenditures to be financed as set forth in Schedule 1 to this Amending Agreement shall be applicable in respect of payments made for expenditures incurred on or after the date of this Amending Agreement.

Section 1.08. In Schedule 2 to the Loan Agreement the last sentence "The Project is expected to be completed by December 31, 1993" is amended to substitute the words "June 30, 1994" for the words "December 31, 1993".

Section 1.09. Schedule 3 to the Loan Agreement is amended as set forth in Schedule 2 to this Amending Agreement.

## ARTICLE II

### Amendments to the Guarantee Agreement

Section 2.01. The WHEREAS clause (B) of the Guarantee Agreement is amended to read as follows:

"(B) by the Loan Agreement and the Amending Agreement, the Bank has agreed to extend to the Borrower a loan in various currencies equivalent to two hundred thirty-two million dollars (\$232,000,000), on the terms and conditions set forth in the Loan Agreement and in the Amending Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as provided in this Agreement; and".

Section 2.02. In Section 4.01 of the Guarantee Agreement the words "Ministro da Fazenda" are deleted and replaced by the words "Ministro da Economia, Fazenda e Planejamento".

Section 2.03. In Section 4.02 of the Guarantee Agreement the address for the Guarantor is deleted and replaced by the following address:

"For the Guarantor:

Ministerio da Economia, Fazenda  
e Planejamento  
Esplanada dos Ministerios, Bloco "P"  
70048 Brasilia, D.F.  
Brasil

Cable address:

MEFP  
Brasilia, Brasil

Telex:

61-1506 MFAZ BR"

## ARTICLE III

### Amendments to the Project Agreement

Section 3.01. Schedule 1 of the Project Agreement is amended by the addition, after Section II thereof, of the following Section III:

"Section III: Other Provisions

For purposes of this Schedule and the Guidelines, the term "custom duties and other import taxes" includes FSRMM."

Section 3.02. Schedule 2 of the Project Agreement is amended to read as follows:

"Schedule 2

Implementation Program

Activities	Date
1. Completion of road improvement and electric power system installations:	
(a) Road construction:	January 31, 1988
(b) Electric Systems installation:	
(i) Provisional lines	December 31, 1987
(ii) Permanent lines	December 31, 1989
2. Irrigation Schemes under Part A.1 of the Project:	
(a) Detailed engineering	December 31, 1989
(b) Completion of all irrigation schemes	December 31, 1990
3. Agricultural Development:	
(a) Commencement of Consultants' services under Part A.2 of the Project	January 2, 1990
(b) Completion of such services	June 30, 1994
4. (a) Commencement of services under Part C of the Project	April 1, 1988
(b) Completion of such services	July 31, 1993"

ARTICLE IV

Effective Date; Termination

Section 4.01. This Amending Agreement shall not become effective until evidence satisfactory to the Bank shall have been furnished to the Bank that:

(a) the certificate of registration of the Loan at the Central Bank has been duly amended by the Central Bank;

(b) the execution and delivery of this Amending Agreement on behalf of the Guarantor, the Borrower and CHESF have been duly authorized or ratified by all necessary action;

(c) the Subsidiary Loan Agreement has been amended in a manner satisfactory to the Bank;

(d) the Borrower shall have provided evidence, satisfactory to the Bank, that it has allocated funds in an amount not less than fifty million dollars equivalent in its fiscal year (January-December) 1991 budget for the purposes of implementation of the Project; and

(e) all necessary acts, consents and approvals to be performed or given by the Guarantor, the Borrower and CHESF, its agencies or political subdivisions, or otherwise to be performed or given in order to authorize this Amending Agreement and to enable the Guarantor, the Borrower and CHESF to perform their obligations pursuant to this Amending Agreement, together with all necessary powers and rights in

connection therewith, have been performed or given.

Section 4.02. As part of the evidence to be furnished pursuant to Section 4.01 of this Amending Agreement, there shall be furnished to the Bank an opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank showing that:

(a) the certificate of registration of the Loan at the Central Bank has been duly amended by the Central Bank;

(b) this Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower, the Guarantor and CHESF and is legally binding upon the Borrower, the Guarantor and CHESF in accordance with its terms;

(c) the amended Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and CHESF and is legally binding upon the Borrower and CHESF in accordance with its terms; and

(d) all necessary acts, consents and approvals to be performed or given by the Borrower or the Guarantor or CHESF, its agencies or political subdivisions, or otherwise to be performed or given in order to authorize this Amending Agreement and to enable the Guarantor, the Borrower and CHESF to perform their obligations pursuant to this Amending Agreement, together with all necessary powers and rights in connection therewith, have been performed or given.

Section 4.03. This Amending Agreement shall come into force and effect on the date upon which the Bank dispatches to the Borrower notice of its acceptance of the evidence required by Section 4.01 of this Amending Agreement.

Section 4.04. If this Amending Agreement shall not have come into full force and effect by a date ninety (90) days after the date of this Amending Agreement, this Amending Agreement and all obligations of the parties hereunder shall terminate, unless the Bank establishes a later date for the purposes of this Section. If this Amending Agreement shall terminate under the provisions of this Section, the Loan Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amending Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

FEDERATIVE REPUBLIC OF BRAZIL

By /s/ Helio Gil Gracindo

Authorized Representative

CENTRAIS ELETRICAS BRASILEIRAS S.A. -  
ELETROBRÊS

By /s/ Jose Maria Siqueira de Barros

Authorized Representative

COMPANHIA HIDRO ELETRICA DO SAO FRANCISCO

By /s/ Marcos Jose Lopes

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Shahid Husain

Regional Vice President  
Latin America and the Caribbean

SCHEDULE 1

Withdrawals of the Proceeds of the Loan

The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Civil works	101,000,000	28%
(2) Goods	110,000,000	100%
(3) Consultants' services	11,000,000	75%
(4) Unallocated	10,000,000	
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TOTAL	232,000,000	

SCHEDULE 2

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
First Tranche	
On each January 15 and July 15 beginning July 15, 1991 through January 15, 2003	5,500,000
Second Tranche	
On each January 15 and July 15 beginning July 15, 1993 through January 15, 2003	5,000,000

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\* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawals; see General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.04 (b) of the General Conditions:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on the Loan on the day of repayment multiplied by:
FIRST TRANCHE	
Not more than three years before maturity	0.20
More than three years but not more than six years before maturity	0.40
More than six years but not more than eleven years before maturity	0.73
More than eleven years but not more than thirteen years before maturity	0.87
More than thirteen years before maturity	1.00
SECOND TRANCHE	
Not more than three years before maturity	0.23
More than three years but not more than five years before maturity	0.38
More than five years but not more than nine years before maturity	0.69

More than nine years but not more than eleven years before maturity	0.85
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More than eleven years before maturity	1.00
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