

CONFORMED COPY

LOAN NUMBER 4646 - BR

Guarantee Agreement

(São Paulo Metro Line 4 Project)

between

FEDERATIVE REPUBLIC OF BRAZIL

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated August 7, 2002

LOAN NUMBER 4646 - BR

GUARANTEE AGREEMENT

AGREEMENT, dated August 7, 2002, between the FEDERATIVE REPUBLIC OF BRAZIL (the Guarantor) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Guarantor and the State of São Paulo (the Borrower), having been satisfied as to the feasibility and priority of the project described in Schedule 2 to the Loan Agreement referred to in (B) below, have requested the Bank to assist in the financing of such project;

(B) by the Loan Agreement, dated June 25, 2002, between the Bank and the Borrower, the Bank has agreed to extend to the Borrower a loan in the amount of two hundred and nine million Dollars (\$209,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the payment obligations of the Borrower in respect of such loan as provided in this Agreement; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans" of the Bank, dated May 30, 1995 (as amended through October 6, 1999) (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to and Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

ARTICLE II

Guarantee

Section 2.01. Without limitation or restriction upon any of its other obligations under this Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan, and the premium, if any, on the prepayment of the Loan, all as set forth in the Loan Agreement.

ARTICLE III

Representative of the Guarantor; Notices; Addresses

Section 3.01. The Minister of Finance of the Guarantor is designated as representative

of the Guarantor for the purposes of Section 11.03 of the General Conditions.

Section 3.02. The Bank shall notify the Guarantor of the matters set forth in Sections 2.03 and 2.06 (c) and (d) of the Loan Agreement, as and when required therein.

Section 3.03. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

Ministério da Fazenda
Procuradoria Geral da Fazenda Nacional
Esplanada dos Ministérios, Bloco "P" - 8º andar
70048 - 900 Brasília, D.F.
Brazil

Facsimile: (011-55-61) 412-1740

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

Facsimile:

(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the city of Brasília, Brazil, as of the day and year first above written.

FEDERATIVE REPUBLIC OF BRAZIL

By /s/ Candice Lavocat Galvão Jobim
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Antonio Rocha Magalhães
Authorized Representative

