Guarantee Agreement

(Bahia Socio Economic Development for Inclusive Growth Development Policy Loan
Programa de Inclusão e Desenvolvimento Socioeconômico do Estado da Bahia – PROINCLUSÃO)

between

FEDERATIVE REPUBLIC OF BRAZIL

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated December 18, 2012
GUARANTEE AGREEMENT

AGREEMENT, dated December 18, 2012, entered into between FEDERATIVE REPUBLIC OF BRAZIL ("Guarantor") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") ("Guarantee Agreement") in connection with the Loan Agreement of same date between the Bank and STATE OF BAHIA ("Borrower") ("Loan Agreement"). The Guarantor and the Bank hereby agree as follows:

ARTICLE I - GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.

Section 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Loan Agreement.

ARTICLE II - GUARANTEE

Section 2.01. The Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of all Loan Payments payable by the Borrower pursuant to the Loan Agreement.

ARTICLE III - REPRESENTATIVE; ADDRESSES

Section 3.01. The Guarantor’s Representative is its Minister of Finance.

Section 3.02. The Guarantor’s Address is:

Ministério da Fazenda
Procuradoria Geral da Fazenda Nacional
Esplanada dos Ministérios
Bloco “P”, 8º Andar
700048-900, Brasília, DF
BRAZIL

Facsimile: (55-61) 3412-1740
Section 3.03. The Bank's Address is:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20533
United States of America

Cable: INTBAFRA D
Telex: 2-8423 (MCI) or 64145 (MCI)
Facsimile: (202) 477-6391

AGREED at Brazil, Federation Republic of Brazil, as of the
day and year first above written.

FEDERATIVE REPUBLIC OF BRAZIL

By

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative