

**CENTRAL GOVERNMENT FISCAL RESULT**

In April 2009, the Central Government generated a primary surplus equivalent to R\$ 10.1 billion, compared to a surplus of R\$ 6.5 billion in March. The National Treasury contributed to the month's performance with a surplus of R\$ 13.3 billion, while the Social Security System (RGPS) showed a deficit of R\$ 3.1 billion. In its turn, the Central Bank recorded a deficit of R\$ 63.2 million.

*Central Government primary surplus reached R\$ 10.1 billion in April 2009.*

DESCRIPTION	MAR	APR	JAN-APR	
	2009	2009	2008	2009
<b>I. TOTAL REVENUE</b>	<b>55,907.0</b>	<b>62,883.5</b>	<b>233,908.1</b>	<b>229,978.7</b>
<b>I.1. National Treasury Revenues</b>	<b>41,539.8</b>	<b>48,618.1</b>	<b>185,466.9</b>	<b>175,851.8</b>
I.1.1 Gross Revenue (1)	41,930.8	48,833.3	186,605.9	176,994.6
I.1.2. (-) Restitutions	-391.0	-187.9	-1,139.0	-1,115.5
I.1.3. (-) Fiscal Incentives	0.0	-27.3	0.0	-27.3
<b>I.2. Social Security Revenues</b>	<b>14,209.6</b>	<b>14,089.7</b>	<b>47,910.0</b>	<b>53,500.4</b>
I.2.1 Social Security Revenues - Urban (2)	13,868.7	13,665.1	46,466.2	52,134.6
I.2.2 Social Security Revenues - Rural (2)	340.9	424.6	1,443.7	1,365.7
<b>I.3. Central Bank Revenues</b>	<b>157.6</b>	<b>175.6</b>	<b>531.3</b>	<b>626.5</b>
<b>II. TRANSFERS TO STATES AND MUNICIPALITIES</b>	<b>8,174.7</b>	<b>9,347.8</b>	<b>41,901.6</b>	<b>38,914.1</b>
<b>III. TOTAL NET REVENUE (I-II)</b>	<b>47,732.3</b>	<b>53,535.6</b>	<b>192,006.4</b>	<b>191,064.6</b>
<b>IV. TOTAL EXPENDITURE</b>	<b>41,218.5</b>	<b>43,414.4</b>	<b>144,099.2</b>	<b>171,569.8</b>
<b>IV.1 Treasury Expenditures</b>	<b>23,606.8</b>	<b>25,986.6</b>	<b>82,990.4</b>	<b>102,115.0</b>
IV.1.1. Payroll (1)	11,145.3	11,099.4	40,184.0	49,921.2
IV.1.2. Current and Capital Expenditures	12,369.5	14,787.1	42,558.8	51,839.8
IV.1.2.1. Worker Support Fund (FAT)	2,065.6	1,705.4	4,852.4	6,790.3
IV.1.2.2. Economic Subsidies and Grants (3)	-1,489.9	623.8	1,648.1	587.2
IV.1.2.3. Assistance Benefits (LOAS/RMV)	1,615.5	1,581.2	4,994.1	6,051.1
IV.1.2.4. Other Current and Capital Expenditures	10,178.3	10,876.7	31,064.2	38,411.2
IV.1.2.4.1. Other Current Expenditures	8,482.9	8,515.0	25,690.1	31,650.0
IV.1.2.4.2. Other Capital Expenditures	1,695.4	2,361.7	5,374.1	6,761.3
IV.1.3. Transfer from Treasury to Central Bank	92.0	100.1	247.6	354.0
<b>IV.2. Social Security Expenditures (Benefits)</b>	<b>17,340.3</b>	<b>17,189.1</b>	<b>60,449.3</b>	<b>68,655.3</b>
I.2.1 Social Security Benefits - Urban (2)	13,872.2	13,751.3	48,453.7	54,912.0
I.2.2 Social Security Benefits - Rural (2)	3,468.1	3,437.8	11,995.6	13,743.3
<b>IV.3. Central Bank Expenditures</b>	<b>271.4</b>	<b>238.8</b>	<b>659.5</b>	<b>799.5</b>
<b>V. SOVEREIGN FUND OF BRAZIL - SFB (4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>VI. CENTRAL GOVERNMENT PRIMARY RESULT (III - IV)</b>	<b>6,513.8</b>	<b>10,121.2</b>	<b>47,907.2</b>	<b>19,494.8</b>
VI.1. National Treasury	9,758.3	13,283.7	60,574.8	34,822.7
VI.2. Social Security (RGPS) (5)	-3,130.6	-3,099.4	-12,539.4	-15,154.9
I.2.1 Social Security (RGPS) - Urban (2)	-3.5	-86.2	-1,987.5	-2,777.4
I.2.2 Social Security (RGPS) - Rural (2)	-3,127.2	-3,013.2	-10,551.9	-12,377.6
VI.3. Central Bank (6)	-113.8	-63.2	-128.2	-172.9
<b>VII. PRIMARY RESULT/GDP</b>			<b>5.35%</b>	<b>2.08%</b>

(\*) Data revised, subject to changes. Does not include FGTS contribution revenues or monetary restatement complement expenses as provided in Complementary Law 110/2001.  
 (1) Excludes the employer share of federal civil service CPSS payments from revenues originating in contributions to the Social Security Plan (CPSS) and personnel outlays, with no impact on the consolidated primary result.  
 (2) Data from the Social Security Ministry. The RGPS result divided between urban and rural is done with specific methodology from the Social Security Ministry.  
 (3) Includes outlays on grants to regional funds and, as of 2005, spending on the restructuring of liabilities.  
 (4) Expenses related to paid-in capital for the Fiscal Investment and Stabilization Fund (FFIE) from the SFB, as established by Law 11,887/2008, MP 452/2008 and Decree 6,713/2008.  
 (5) Contribution Revenues less Social Security Benefits.  
 (6) Administrative expenditures net of own revenues (includes transfers from the National Treasury).

DISCRIMINATION	%
<b>Revenues</b>	<b>-1.68%</b>
Treasury	-5.18%
Social Security	11.67%
<b>Transfers</b>	<b>-7.13%</b>
<b>Net Revenue</b>	<b>-0.49%</b>
<b>Expenditures</b>	<b>19.06%</b>
Benefits	13.57%
Payroll	24.23%
Current and Capital	21.81%
FAT	39.94%
Subsidies	-64.37%
LOAS/RMV	21.16%
Other	23.65%
Current	23.20%
Capital	25.81%
<b>Estimated GDP</b>	<b>4.49%</b>

Gross incomes of the National Treasury increased R\$ 6.9 billion (16.5%), going from R\$ 41.9 billion in March to R\$ 48.8 billion in April. This behavior is determined mainly by the following elements: i) increase of R\$ 2.8 billion on IRPF due to payment of the first or only IRPF installment for base year 2008; ii) increased inflow of R\$ 1.6 billion on directly collected taxes,

*The behavior of revenues of Central Government in the month is mainly due to the ending period for the payment of IRPF relative to 2008, as well as seasonal factors.*

due to the annual collection of the TFF – a tax on fiscalization of telecommunications services which integrates the Telecommunications Fiscalization Fund (Fistel); and iii) increase of R\$ 993.1 million in Cofins. The increase of the revenues was also derived from the collection of the financial compensation quotas from companies working oil and natural gas reserves (increase of R\$ 1.5 billion) with reference to the 3 months ended in April.

Transfers to States and Municipalities showed a nominal increase of 14.4% (R\$ 1.2 billion). Transfers to Constitutional funds (FPE and FPM) reached R\$ 7.8 billion, with an increase of 18.4% compared to March 2009, reflecting the increase of the collection of shared tax revenues (income tax and IPI), mainly on the last ten days of March, which impact the transfers of April.

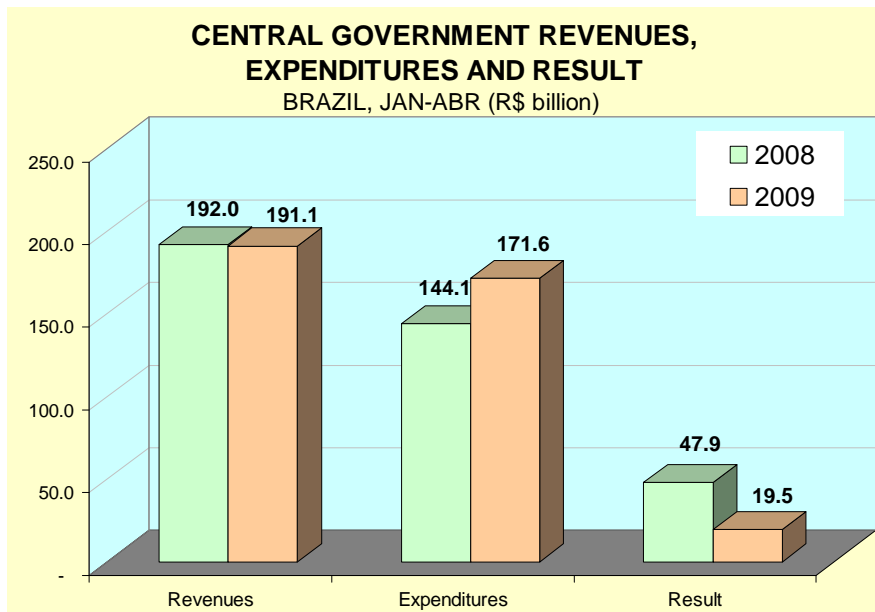
Concerning expenses, there was an increase of R\$ 2.4 billion in the expenditures of the Central Government compared to March, mainly due to an equivalent increase in current and capital expenditures. It is important to mention the increase of R\$ 2.1 billion on subsidies and of R\$ 666.3 million (39.3%) on other capital expenditures. Concerning subsidies, it reflects the behaviour of FND (National Development Fund) in March. That's because inflows to the fund overcame outflows, reaching a net result of R\$ 2.0 billion.

Social Security deficit decreased 1.0% (R\$ 31.3 million) compared to March, going from R\$ 3,130.6 million to R\$ 3,099.4 million. The division of social security expenditures by clientele shows that the urban part of RGPS recorded a deficit of R\$ 86.2 million in the month, compared to a deficit of R\$ 3.5 billion in March, while the rural part displayed a deficit of R\$ 3.0 billion, compared to a deficit of R\$ 3.1 billion in the previous month.

In the first four months of the year, Central Government surplus reached R\$ 19.5 billion, compared to R\$ 47.9 billion recorded in the same period of 2008. Such a behavior is partially due to non-typical factors found both in the current and previous year. Central Government revenues, net of transfers to States and Municipalities, showed a nominal decrease of 0.5% in the period, while Central Government expenditures showed a rise of 19.1%.

MAIN VARIATIONS ACCUMULATED JAN-APR: %		
DISCRIMINATION	2008/2007	2009/2008
<b>Revenues</b>	18.1%	-1.7%
Treasury	18.5%	-5.2%
Social Security	16.7%	11.7%
<b>Transfers</b>	26.0%	-7.1%
<b>Net Revenue</b>	16.5%	-0.5%
<b>Expenditures</b>	9.4%	19.1%
Benefits	9.7%	13.6%
Payroll	6.7%	24.2%
Current and Capital	11.5%	21.8%
FAT	18.2%	39.9%
Subsidies	2.6%	-64.4%
LOAS/RMV	18.7%	21.2%
Other	9.9%	23.7%
Current	9.0%	23.2%
Capital	14.5%	25.8%
<b>Estimated GDP</b>	10.0%	4.5%

*In the first four months of the year, Central Government primary surplus reached R\$ 19.5 billion, equivalent to 2.08% of GDP.*



Central Government gross revenue dropped 5.2% (R\$ 9.6 billion) compared to the first four months of the previous year, mainly due to the following reasons: i) drop of collection of IRPJ, reflecting less profits of companies; ii) decrease of 10.0% in manufacturing output in March 2009 compared to the same period of 2008, impacting IPI collection; iii) compensation of debts of R\$ 3.9 billion in Cofins, PIS/Pasep and Cide – Fuels in 2009, because of undue payment or overpayment in the previous year; and iv) change on the IPI – Automobiles’ chart on taxable events from January to June 2009, as well as the introduction of the same mechanism to the stock of vehicles that remained unsold up to December 12<sup>th</sup>, 2008 (Decree 6,687/2008).

*The behavior of revenues of the National Treasury in the first four months of the year is mainly due to the compensation of R\$ 3.9 billion in debts of Cofins, PIS/Pasep and Cide – Fuels.*

In nominal terms, National Treasury expenditures expanded 23.0% compared to the same period in 2008, mainly due to the following elements: i) increase of R\$ 2.5 billion on payments of judicially determined amounts plus court decisions regarding current outlays and personnel and payroll charges; ii) payments involving governmental career and wages restructuring in the public sector; and iii) dynamics of discretionary expenses, which expanded R\$ 8.0 billion, mainly because of Ministry of Health, with expenses R\$ 4.2 billion over the same category of expenditure in 2008. On the other hand, extraordinary credit expenses decreased R\$ 1.2 billion (62.1%). It is also important to mention the increase of R\$ 1.4 billion (25.8%) in investments in the first four months of the year compared to the same period of 2008.

*The increase of National Treasury expenditures in 2009 is mainly due to payments of judicially determined amounts plus court decisions regarding current outlays and personnel and payroll charges, as well as the dynamics of discretionary expenses and the increase of 25.8% in investments.*

Finally, the Social Security deficit expanded 20.9% (R\$ 2.6 billion) compared to the equivalent period in 2008, going from R\$ 12.5 billion to R\$ 15.2 billion. Net inflows increased R\$ 5.6 billion (11.7%). This growth was

<b>SOCIAL SECURITY BALANCE</b> BRAZIL, JAN-APR (R\$ billion)			
<b>DISCRIMINATION</b>	<b>2008</b>	<b>2009</b>	<b>%</b>
Contribution	47,910.0	53,500.4	11.7%
Urban	46,466.2	52,134.6	12.2%
Rural	1,443.7	1,365.7	-5.4%
Benefits	60,449.3	68,655.3	13.6%
Urban	48,453.7	54,912.0	13.3%
Rural	11,995.6	13,743.3	14.6%
<b>Primary Balance</b>	<b>-12,539.4</b>	<b>-15,154.9</b>	<b>20.9%</b>
Urban	<b>-1,987.5</b>	<b>-2,777.4</b>	<b>39.7%</b>
Rural	<b>-10,551.9</b>	<b>-12,377.6</b>	<b>17.3%</b>

explained primarily by growth in overall wages, which impacts contributions on payroll. In their turn, outlays on social benefits increased R\$ 8.2 billion (13.6%), due to an increase of 12.0% on the average value of paid benefits, as a consequence of the increase of minimum wage (as well as the increase of payments above minimum wage), and the increase of 3.4% on the average quantity of paid benefits. It is important to mention the increase of R\$ 723.1 million on judicially determined amounts regarding social benefits.

The distribution of social security expenditures by clientele shows that the urban part of RGPS displayed a deficit of R\$ 2.8 billion, equivalent to 18.3% of the RGPS overall deficit, and the rural part recorded a deficit of R\$ 12.4 billion (81.7% of the RGPS deficit).