

APRIL 2007
NEW YORK-USA



BRAZILIAN OVERVIEW



Agenda

Macroeconomic Overview

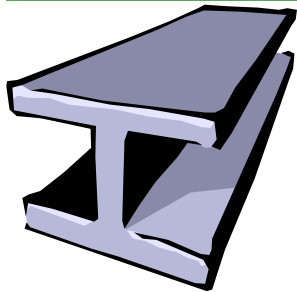
Fiscal Outlook

Public Debt Management

On the path to sustainable growth

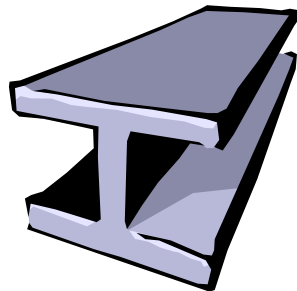
The Economic Policy Mix Provides a Buffer Against External Shocks

Prudent Fiscal Policy



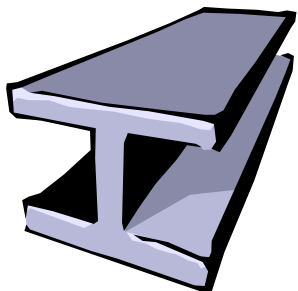
the main pillar of the economic policy

Cautious Monetary Policy



macro stability at the core of economic policies

External Adjustment



robust export growth and strong external accounts

Lead to...

- ✓ Stable inflationary expectations
- ✓ Lower long-term interest rates
- ✓ Improved debt dynamics
- ✓ Greater fiscal flexibility
- ✓ More credit → more jobs

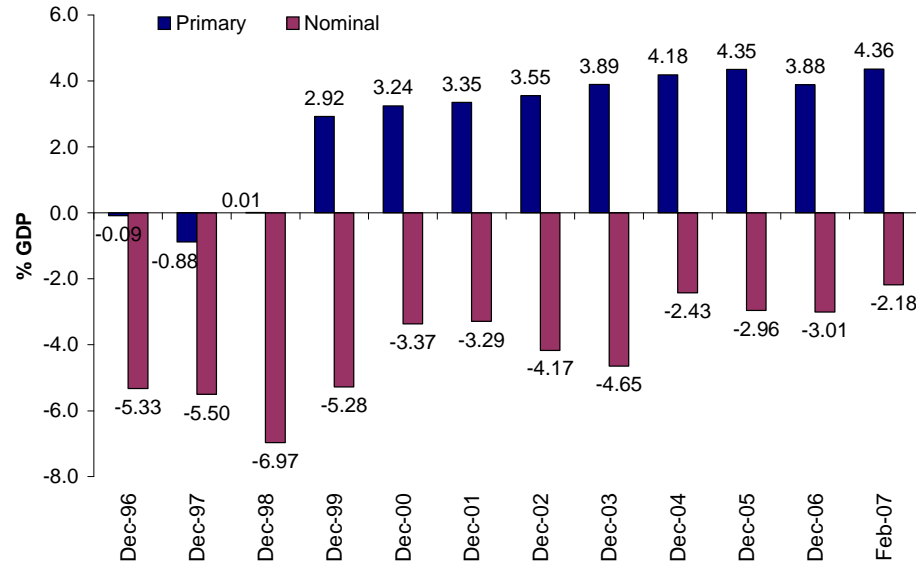
Priorities: Boosting Growth and Improving Income Distribution

Sustainable Economic Growth & Improving Social Conditions



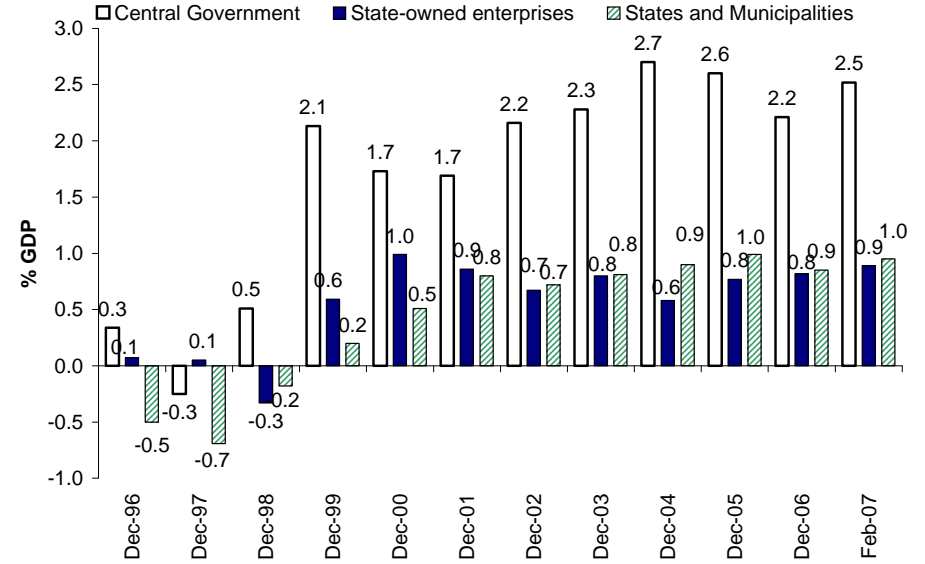
Macroeconomic Overview - Fiscal Commitment

Public Sector Balance (in 12 months)



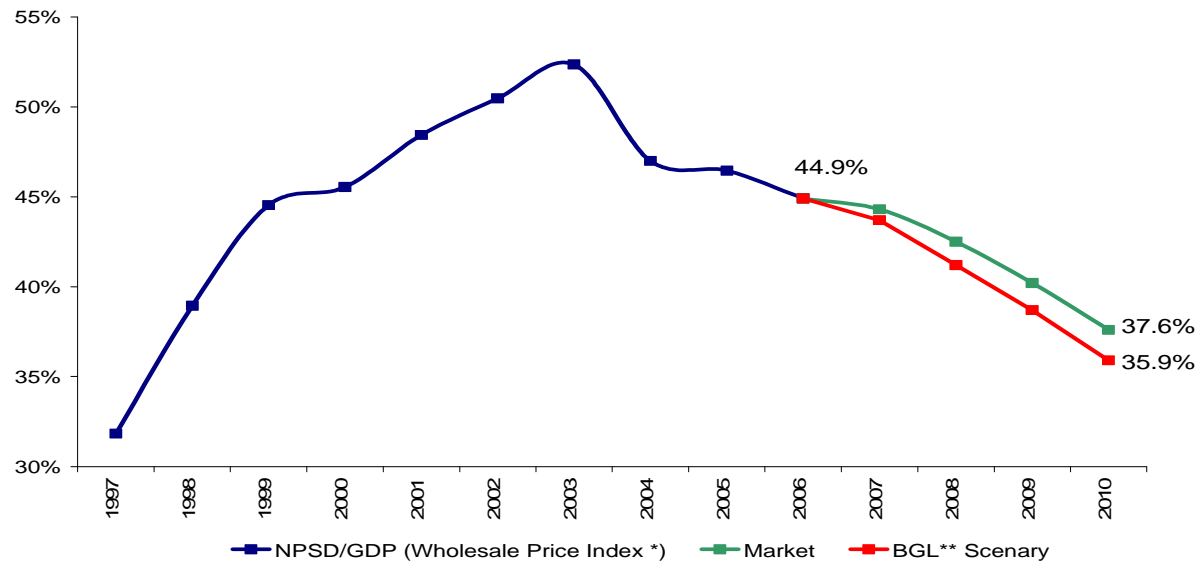
Source: Central Bank

Primary Balance by Government Level (in 12 months)



Source: Central Bank

Net Public Sector Debt / GDP



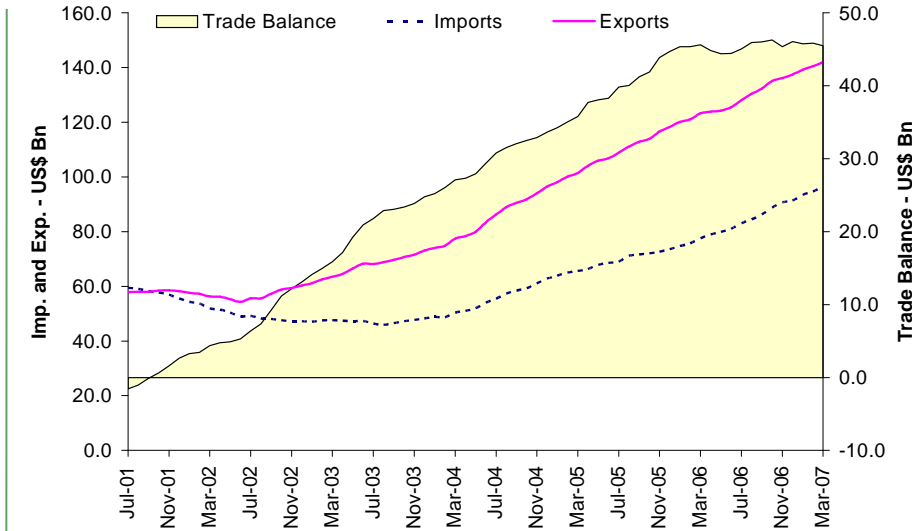
* Data of Central Bank - IGP-DI (wholesale price index) 'modified'

** BGL - Budgetary Guidelines Law 2008



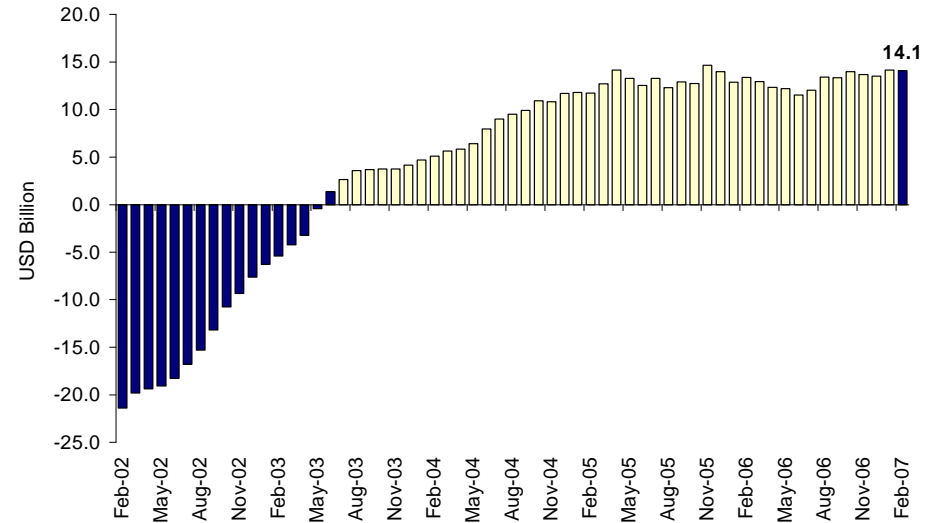
Macroeconomic Overview - Reduction in the External Vulnerability

Trade Balance



Source: Reuters

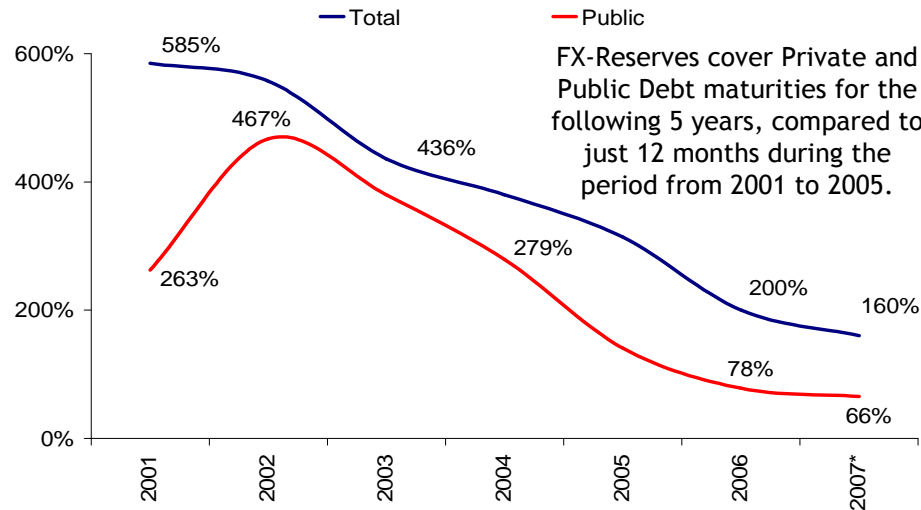
Current account (12 months accumulated - US\$ bn)



Source: Reuters

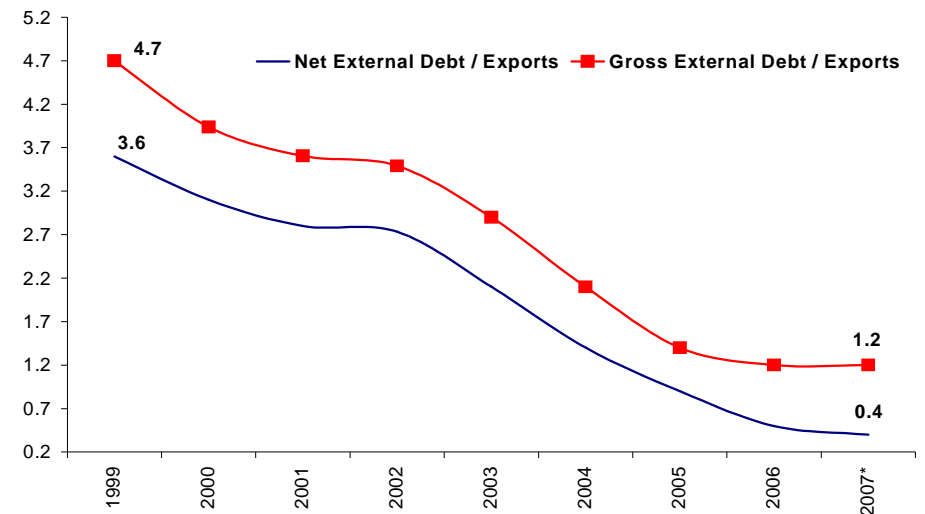
External Debt/FX-Reserves (%)

MACROECONOMIC OVERVIEW



* Until March, 2007
Source: Central Bank

Net External Debt/Exports accumulated in 12 months**

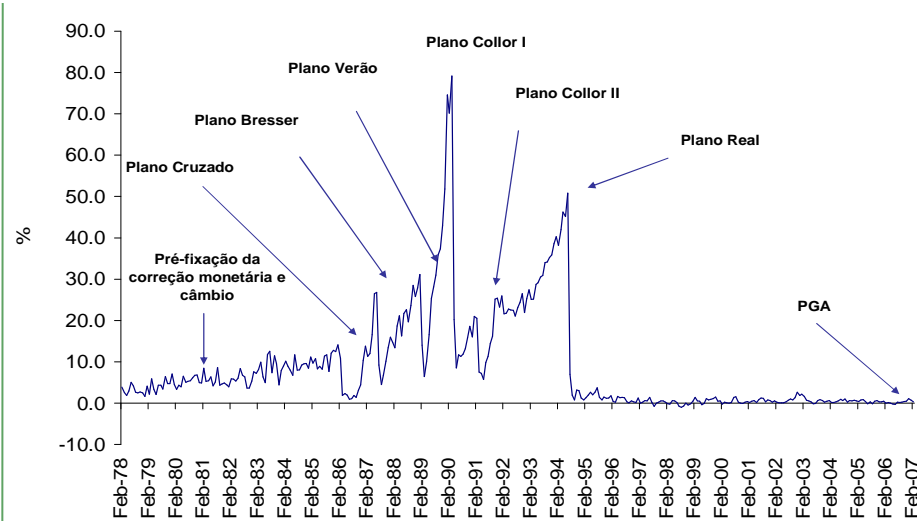


Source: Central Bank. * February, 2007 **Public and Private Debt as a share of export accumulated in 12 months



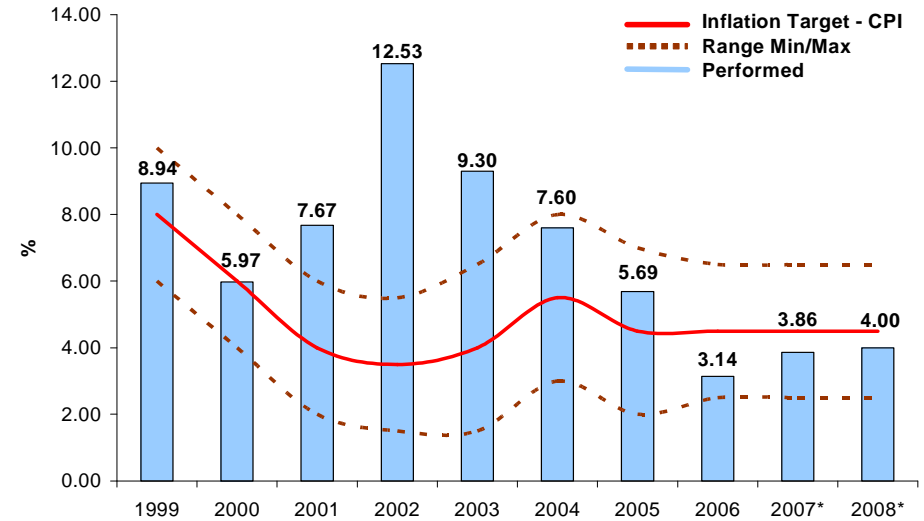
Macroeconomic Overview - Inflation under control and the economy stability

Inflation 1976/2006 - CPI* - Monthly (%)



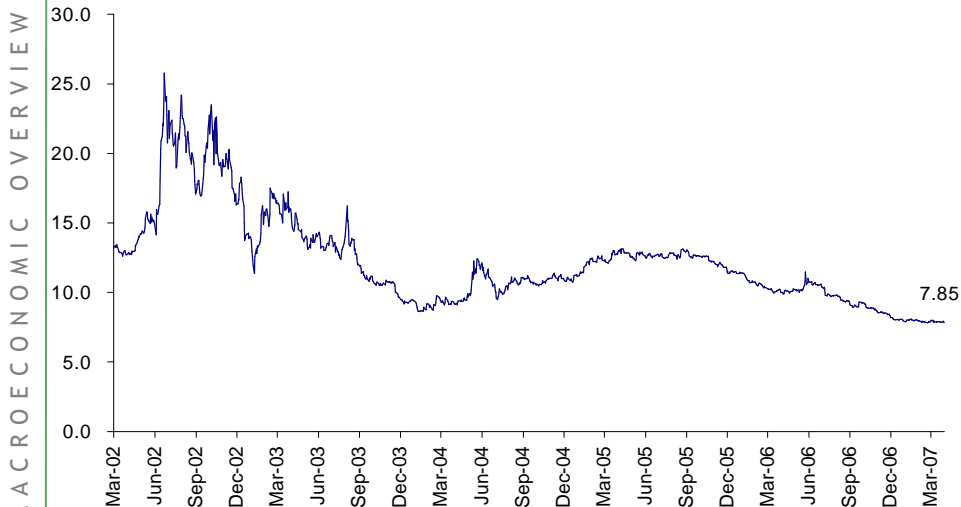
Source: IPEADATA. * Consumer Price Index - IPC (FIPE)

Annual Inflation - Target and Performed



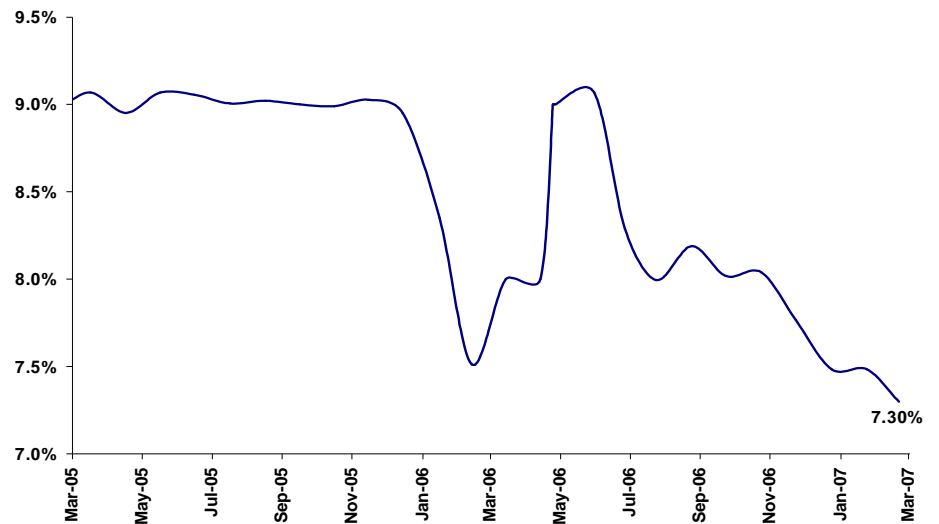
Source: Central Bank * Market Expectation - Central Bank/FOCUS - 04/05/07

Real Interest Rate (Swap 360 vs 12-month CPI forecast)



Source: Central Bank and Bloomberg

Medium and Long Term Real Interest Rate on inflation linked bonds* - Average rate of auctions



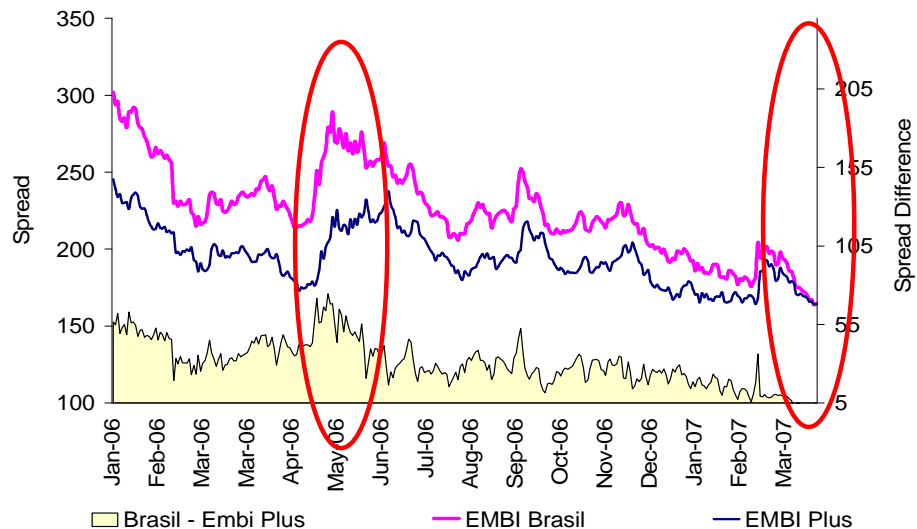
Source: National Treasury

* NTN-B: CPI indexed bonds, maturing in 2024, 2035 and 2045.



Market has already evaluated recent Brazilian developments

Spread Performance - Brazil and Emerging Markets



Source: JP Morgan

- Recent market turbulence has mildly affected Brazil and has helped to differentiate the country with other countries;
- On Apr-09, EMBI+ Brazil hit 154 bps, lower than the general EMBI+ for all emerging markets.

■ Last week's external issuance (GBL 2017) was tapped only 122 bps over the 10-y US Treasury and only 40 bps over the Mexican similar benchmark.

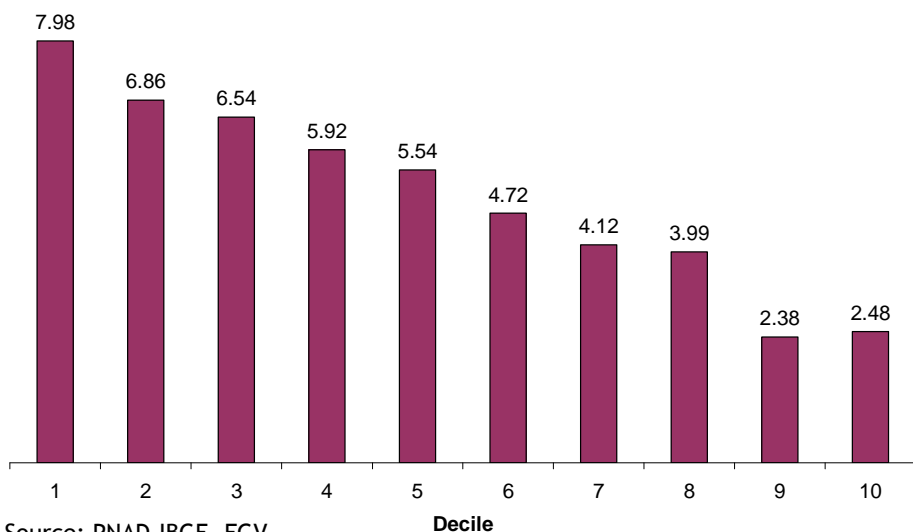
■ Investment Grade is expected to boost the Bovespa in 19%, as per Merrill Lynch estimates. These are based on the expectations of strong growth in corporate profits (24% in 2007 and 14% in 2008- USD) and the drop in the SELIC (overnight) rate in this period.

Rating's improvements help to consolidate the current prudent fiscal policy across the society and reiterates Government's commitment and willing to advance in structural reforms



Priority - Improving Social Equality

Increase in Household Income (%) 2001-2005



Source: PNAD-IBGE, FGV

- From 2001 to 2005 the distance between the richest (highest) income deciles and the poorest (lowest) deciles has reduced **1.2% p.y.**. This places Brazil among the top countries in reducing inequality.

- The main reasons were the “Bolsa Família” program, the minimum wage recovery and, mainly, **the economic activity spillover effect.***

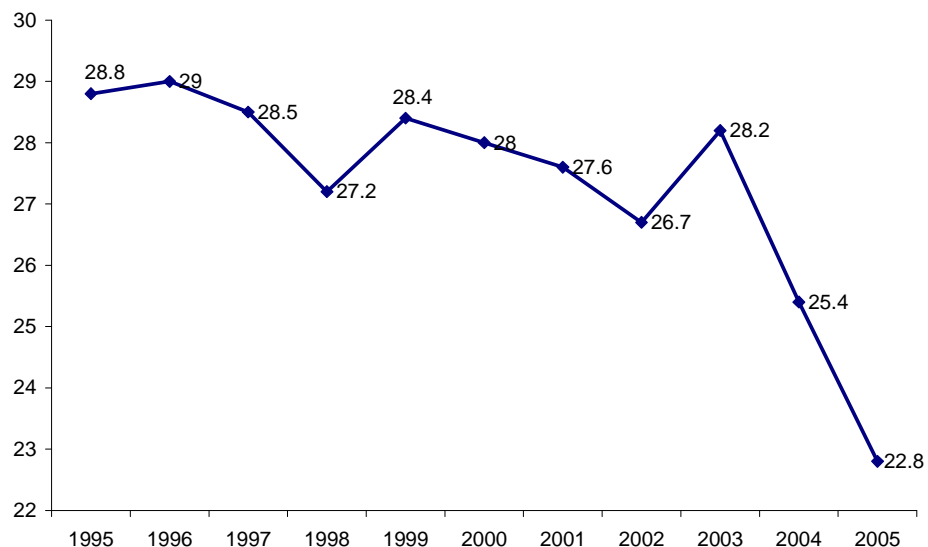
- If this performance could be reproduced every 4 years, extreme poverty may be eradicated in 12 years*.

*Barros, R.Paes de - IPEA's economist

- Considering the huge social needs, Gov't has promoted efforts aiming at reducing poverty level under a **fiscal sustainable framework.**

- Inequality has dropped since 2001 and has reached its **lowest historical level.**

Population under the Poverty line (%)



Source: PNAD-IBGE, FGV



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Macroeconomic Overview

Fiscal Outlook

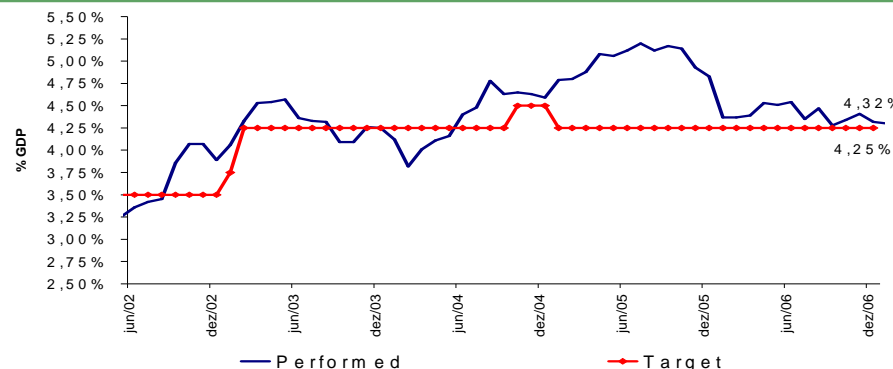
Public Debt Management



Key reasons why we've always achieved fiscal target

- 1997 - 25 states (out of 27) had its outstanding obligations assumed by the federal gov't renegotiated with a 30-y horizon . They were compelled to establish a downward trend in the Financial Debt/Net Real Revenue ratio, which forced them to make adjustments in order to generate primary surpluses;
 - By that contract, the federal gov't can access high-quality guarantees, represented by the constitutional transfers and by tax revenue (ICMS). The states had to present a fiscal plan, on an annual basis, that would track the main sub-national account indicators
 - This framework, allied to state's reduction in financial bank activities¹, has assured the good fiscal performance in local gov'ts, which came from a 0.29% of GDP deficit in 1998 to results higher than 1.10% of GDP in the past few years;
- 2000 - The Fiscal Responsibility Law (LRF) set the conditions to a responsible fiscal management:
 - It limits indebtedness and specific expenditures;
 - Set rules for reaching the primary balance defined in the Budget Guideline Law (BGL);
 - Considered the cornerstone of the Brazilian fiscal adjustment, this law is completing 7 years of existence without any modification, which is particularly important in a democratic environment as found in Brazil.
- 2001 - 180 municipalities (the most indebted ones) also renegotiated its liabilities, under conditions similar to those previously set for states;
- In line with this framework, there is a close follow-up in all levels financing programming, aiming at assuring the primary balance set in the BGL. In case a gov't level doesn't meet its fiscal target, another gov't level must compensate it such that the whole Public Sector is not compromised.

Public Sector Primary Surplus target of 4.25% of GDP will be achieved in 2006



FISCAL OUTLOOK

Source: Ministry of Finance ¹ Eliminated an important source of indebtedness used by local state banks at that time.



Measures adopted to improve the sustainability of the social security system

Past Important Modifications

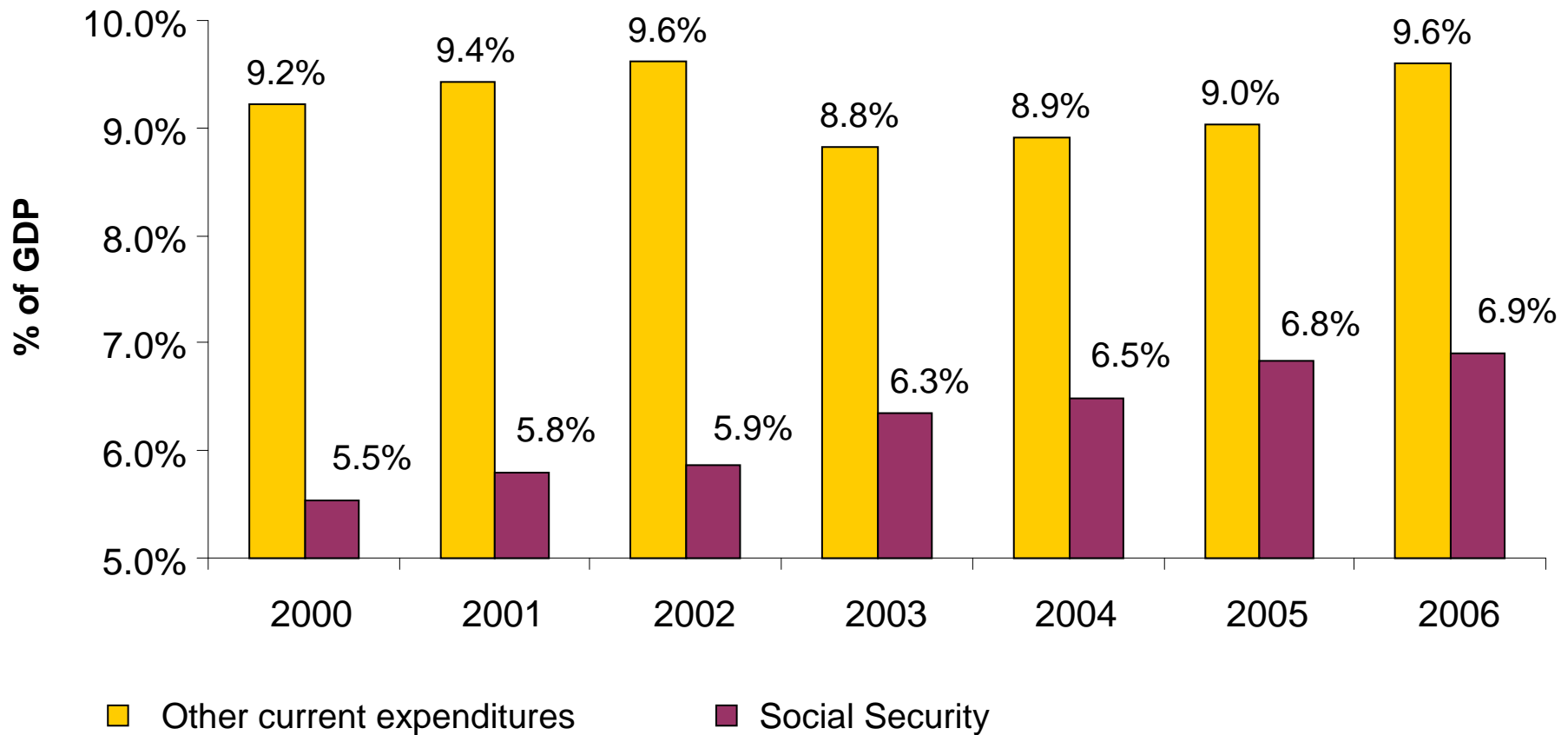
- Constitutional Amendment # 20/1998
 - Constrains retirement by labor tenure, eliminating proportional retirement; imposes, to integral retirement, age limits and contribution tenure instead of labor tenure;
 - To public servants, the retirement cannot exceed the value received by the servant by the time of retirement;
 - Federal and local gov'ts are allowed to set, for pension and benefits provided, the same maximum limit established for the Social Security (once their servants are included in complementary pension scheme);
 - Set upper limits for benefits and contributions for the General Regime Social Security (RGPS) in R\$ 1,200.00.

- Constitutional Amendment # 41/2003
 - Defines social security contributions for retired public servants;
 - Set upper limit for public servants benefits as high as Supreme Court's remuneration;
 - Vanishes the existing parity between active and inactive incoming public servants;
 - Increases the RGPS upper limit to R\$2,400.00. This limit is corrected by the inflation (INPC).



Capping Expenditures - A major concern

Current Expenditures (% of GDP*)



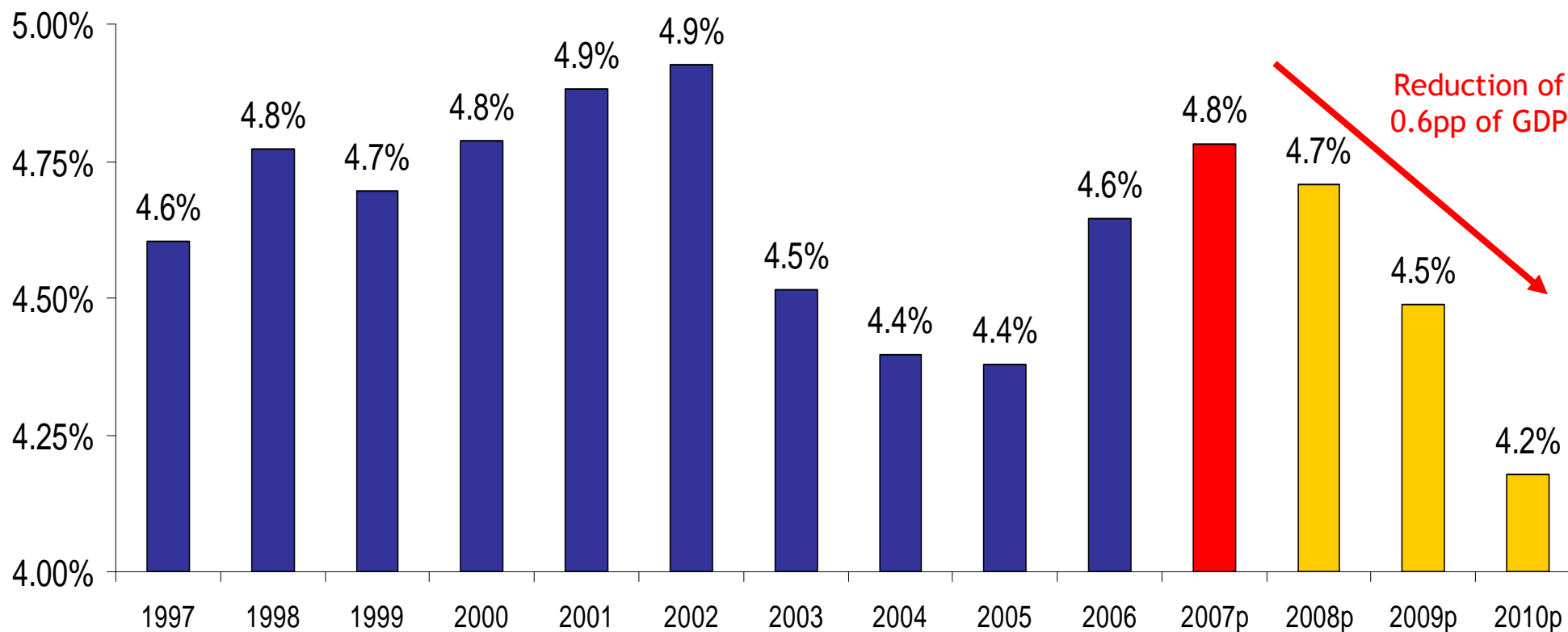
* According to the GDP new methodology



Capping Expenditures - Personnel is under control

Federal Government's Personnel Expenditures (% of GDP*)

✓ Limit the growth of **personnel expenditures** of the Federal Government (ceiling = inflation + 1,5% per year).



* According to the GDP new methodology

Source: Performed MF/STN
Projection MF/SPE

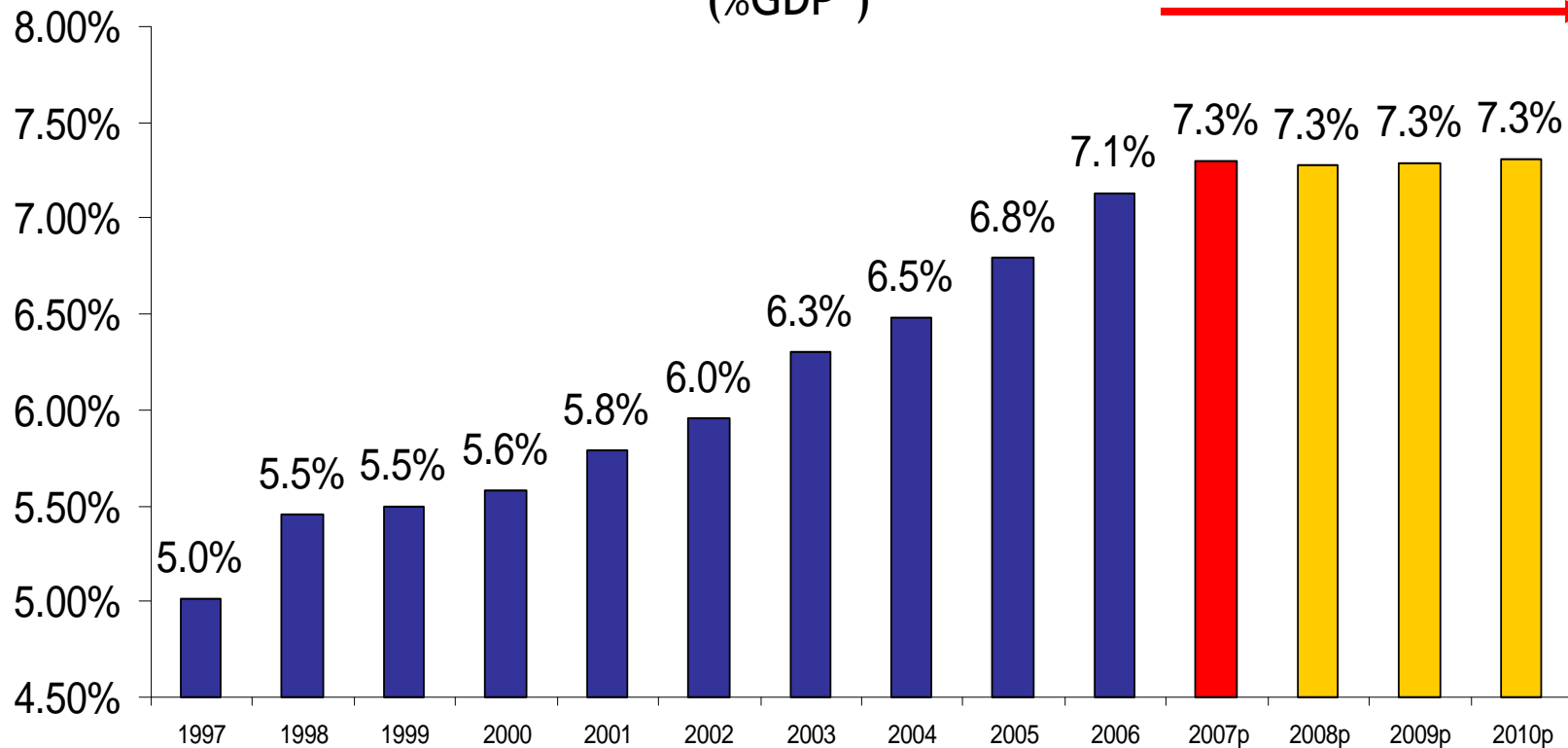


Capping Expenditures - Social Security should be stabilized

Social Security - Challenges for the fiscal relief

- ✓ Create a **long-run policy for the minimum wage** (four-year policy - for 2008-2011: real growth rate = GDP growth of two years before).
- ✓ Create a **national forum of social security**, to propose both incremental changes and structural reforms.

Social Security Expenditures (%GDP*)



Stabilization →

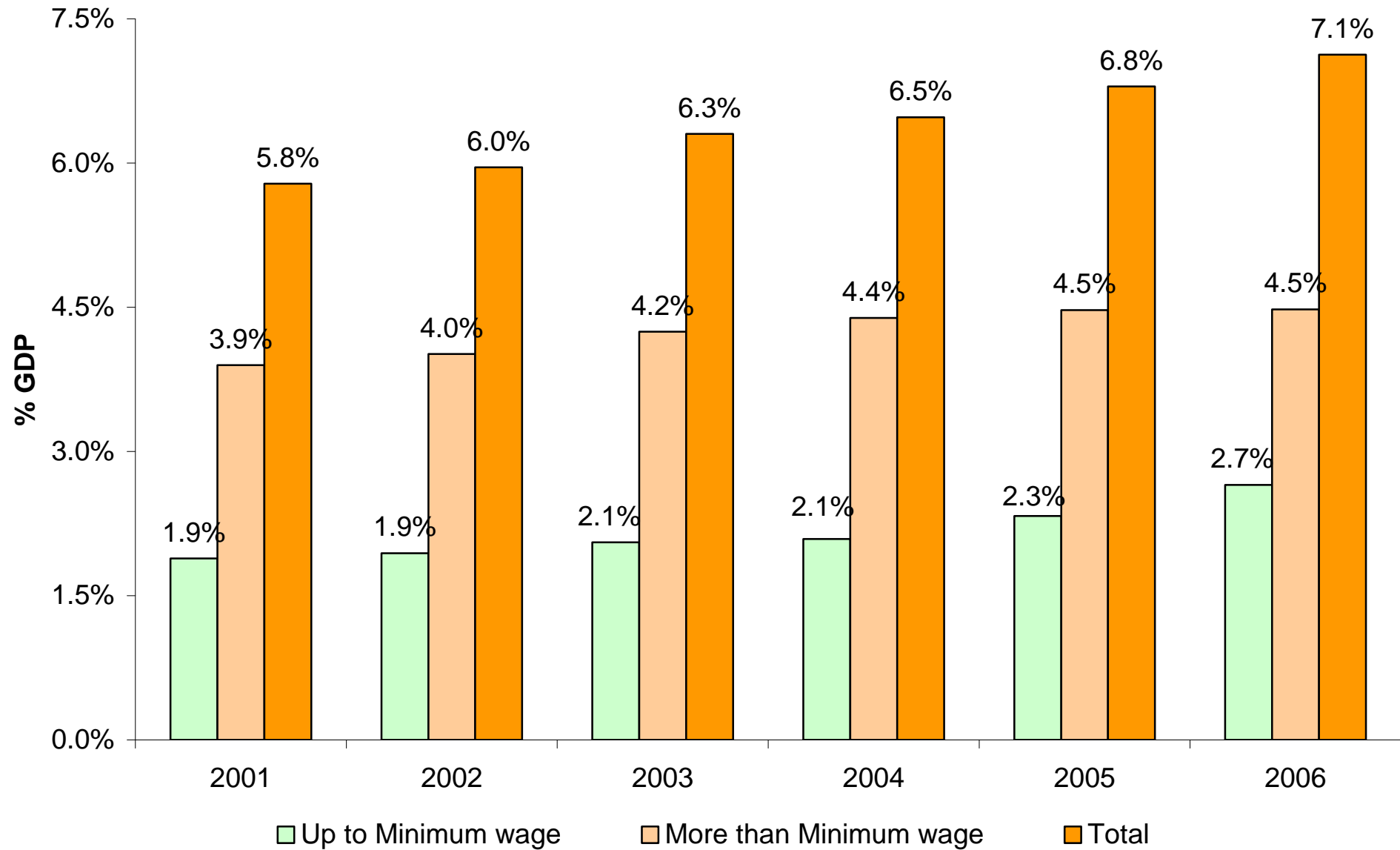
FISCAL OUTLOOK

* According to the GDP new methodology



Capping Expenditures - Minimum wage under watch

Impact of minimum wage on fiscal accounts: Social Security Benefits



FISCAL OUTLOOK

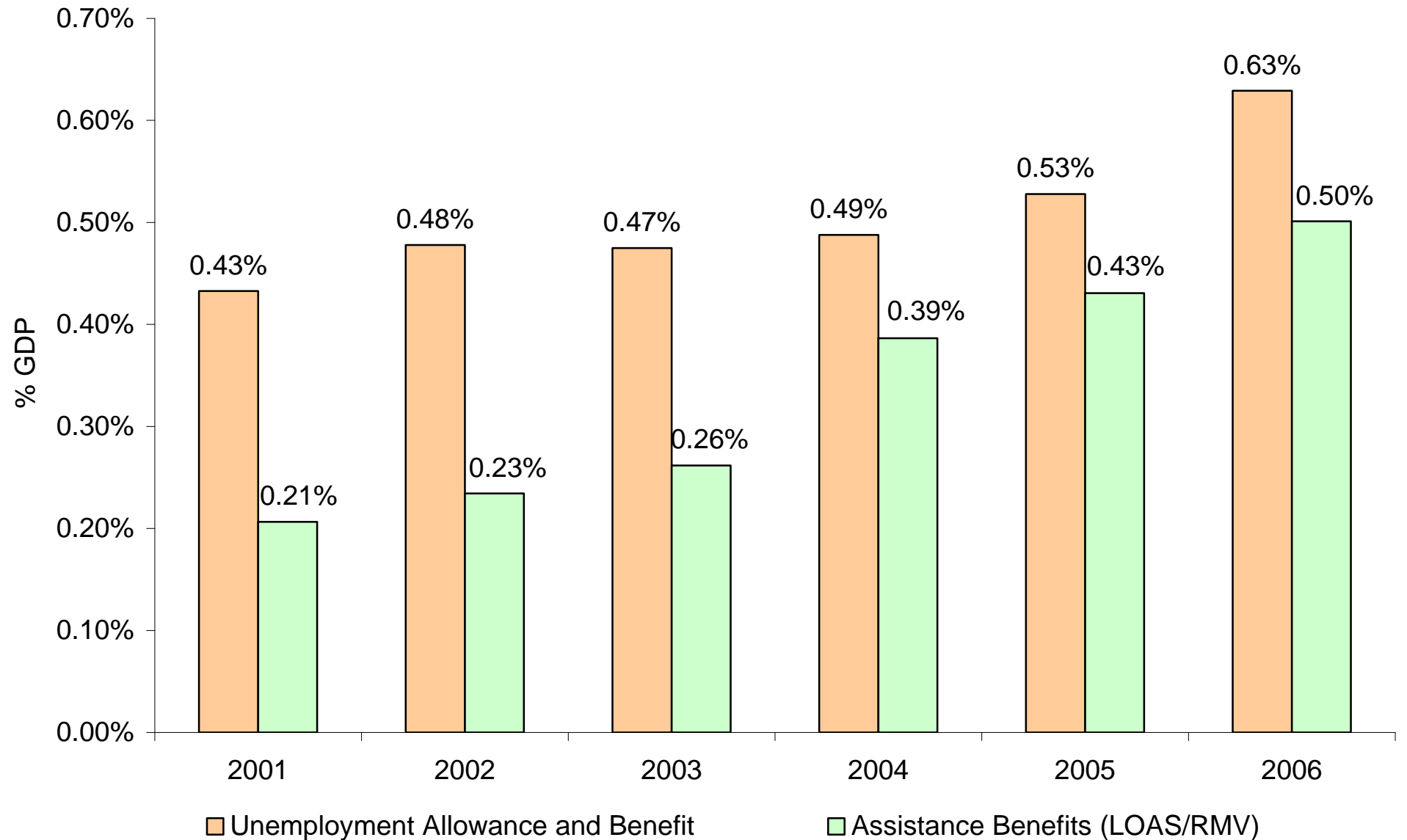
* According to the GDP new methodology

Source: Ministry of Finance



Capping Expenditures - Minimum wage under watch

Impact of minimum wage on fiscal accounts: Unemployment Allowance and Benefit and Assistance Benefits



FISCAL OUTLOOK

* According to the GDP new methodology

Source: Ministry of Finance



Improving the business environment

Tax Cuts

- ✓ Tax cuts to stimulate private investment, specially in **civil construction and infra-structure** projects.
- ✓ Tax cuts to stimulate the growth and formalization of **micro and small enterprises**.
- ✓ Tax incentives to the development of the production of **Digital TVs** and **semiconductors** in Brazil.
- ✓ Tax cut of the **personal income tax**.

	(R\$ billion)			
	2007		2008	
	US\$ billion	as % of GDP	US\$ billion	as % of GDP
Personal Income Tax	0.6	0.06%	1.2	0.10%
Extension of Fast Depreciation	0.4	0.04%	0.4	0.04%
Extension of Tax Breaks for Civil Construction	0.3	0.03%	0.3	0.02%
Micro and Small Enterprises	1.1	0.11%	2.3	0.20%
Fast Recovery of Tax Credits due to Investment in Civil Construction	0.5	0.05%	1.1	0.09%
Tax Exemption to New Investments in Infra-Structure	n.e.	-	n.e.	-
Tax Reduction of the Investments in Infra-Structure Funds	-	0.00%	-	0.00%
Increase in the Tax Break to Purchase Computers	0.1	0.01%	0.1	0.01%
Tax Incentives to the Digital TV Sector	-	0.00%	-	0.00%
Tax Incentives to Semiconductor Sector	-	0.00%	-	0.00%
Tax Reduction for the Purchase of Steel and Iron Tubes	0.0	0.00%	0.0	0.00%
TOTAL TAX CUT	3.1	0.30%	5.4	0.47%

n.e = not estimated
Source: MF.



Tax Measures: Improving Equilibrium and Balance

Complementary Law for Micro and Small Enterprises : Main Framework

Complementary Law 123, December 2006

- **Unification of the legislation:** SIMPLES Law (Law 9.137/1996) and Statute of Micro and Small Enterprises (Law 9.841/1999)
- **Creation of Micro and Small Enterprises Committee** (almost 80% of all Brazilian companies);
- **Simplify procedures of inscription and closure:** unification and standardization of legal proceedings among Federal, States and Municipalities - *This will provide flexibility and agility in opening and shutting business.*
- **Tax System - creation of NEW SIMPLES :**
 - **All taxes are condensed in a single form.** It facilitates monitoring in all government levels, deeply avoiding tax evasion.
 - **Simplify procedures and facilitate tax compliance:** unification of federal (IRPJ, IPI, CSLL, Pis/Pasep), states (ICMS) and municipalities tributes (ISS);
 - **Tax cuts to stimulate the growth and formalization of micro and small enterprises.**
 - **Fiscal impact:** R\$ 2.5 billion in 2007 and R\$ 4.9 billion in 2008;
 - **Foster governmental purchase;** simplifies labor duties; civil rules and access to Justice;
 - **Incentive to the technological innovation.**
- **Extension of the CPMF and DRU (diminishing the earmarked revenues) until 2011.**



Tax Measures: Improving Equilibrium and Balance

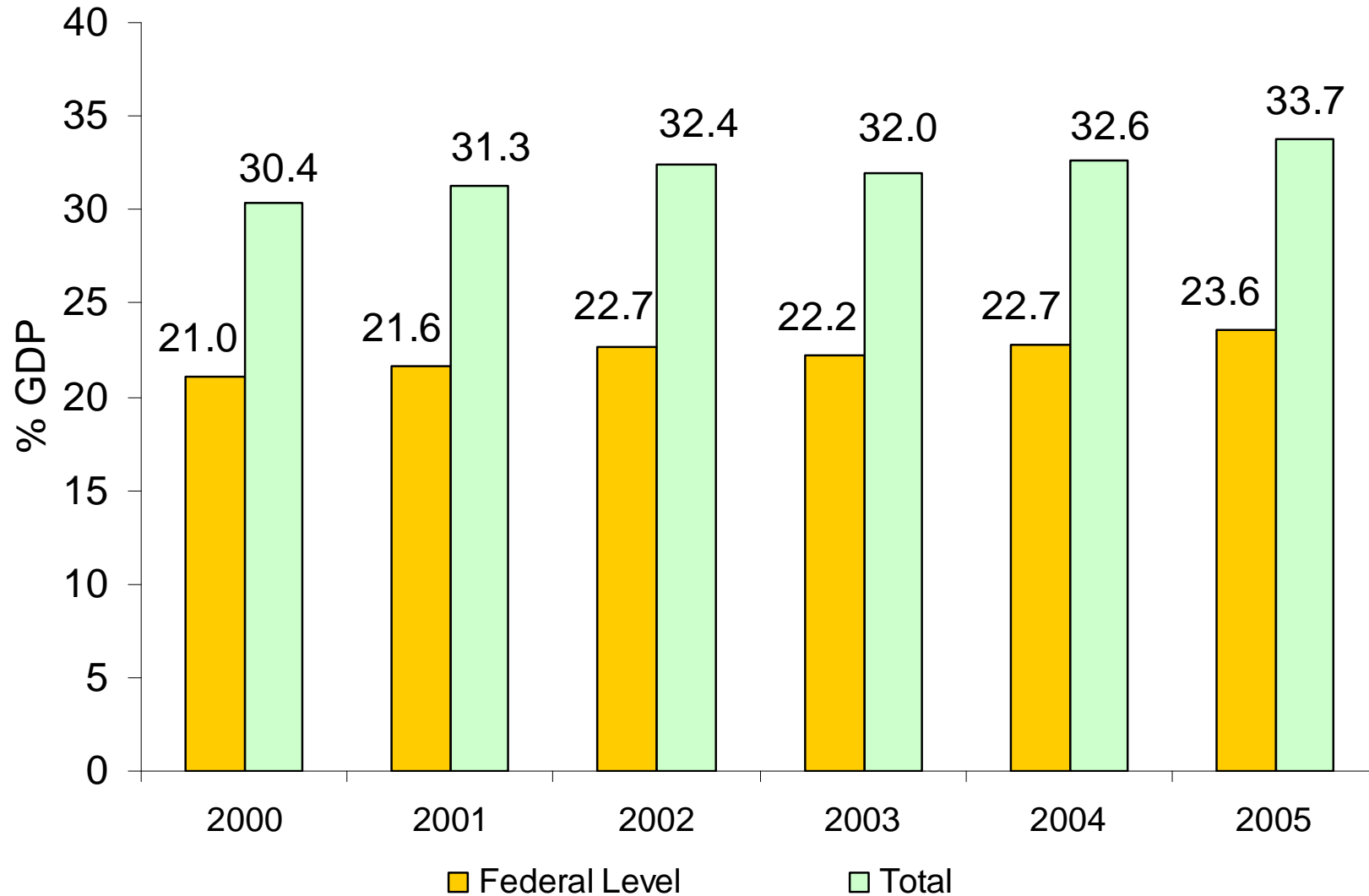
Electronic TAX Invoice System - SPED

- Changes the current system of issuing tax invoices, allowing traditional fiscal books to be substituted by electronic invoices with digital certification;
- Generates significant operational costs reduction;
- Promotes fiscal balance;
- Contributes to enhance Brazilian competitiveness which will eventually lead to a higher GDP growth rate;
- Allows data integration among the three government levels;
- Facilitates data access and provides a very important tool in order to devise tax reform proposals.



Revenues go up due to surveillance, efficiency and reduction in informality ...

Tax Burden (% of GDP)*



*GDP series according new methodology

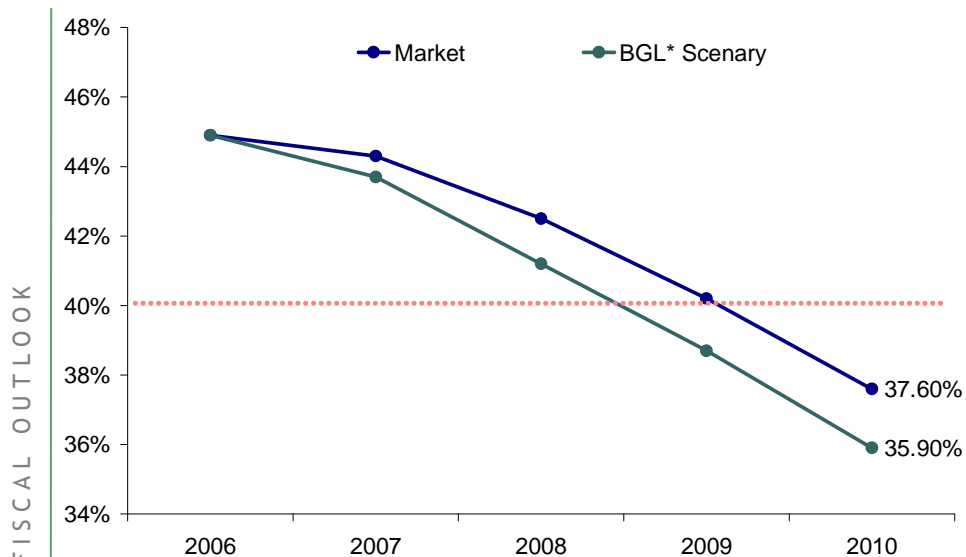
Source: National Treasury



Keeping the Primary Balance for the next years

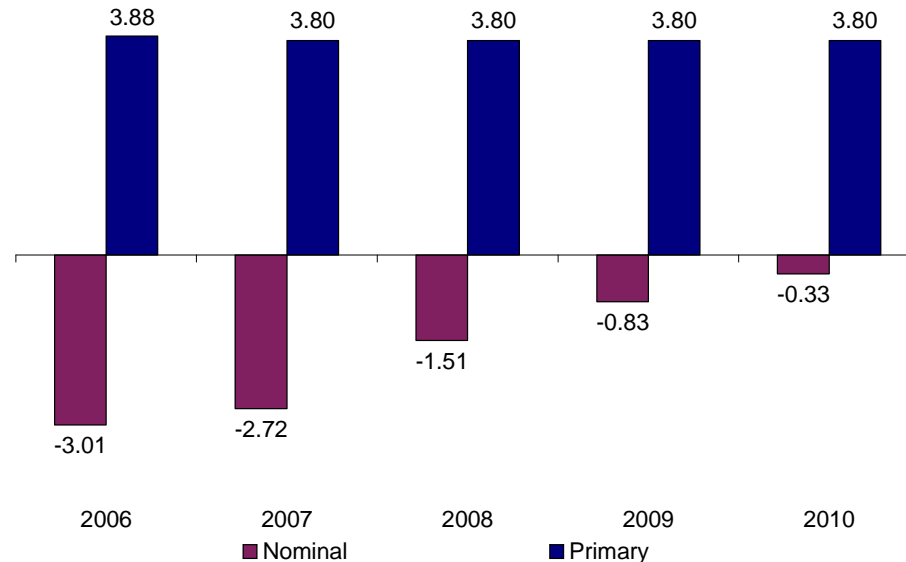
- **Budgetary Guidelines Law** - Already sent to the Legislative
- **3.8% of GDP for the Primary Balance** - This is not fiscal easing as it corresponds to the same fiscal effort that has been delivered prior to the GDP series revision.
- **0.45% of GDP regarding the PPI** - This is a cap to PPI, but still under rigorous criteria as for project selection.
- This is consistent to the downward trend shown below in the NPSD/GDP ratio.
 - Under the BGL, a 3.8% of GDP primary balance would result in a NPSD/GDP of 35.9% in 2010.
- Nominal Balance should be near equilibrium also in 2010.
- With these efforts, Brazil is about 4 years ahead in its path to steadily reduce the NPSD/GDP ratio
 - This is particularly important considering an environment where reforms are forthcoming.
 - Such measures should speed up this drop in that key ratio.

Net PS Debt/GDP



* BGL - Budgetary Guidelines Law 2008
 Source: Ministry of Finance and Market expectations

Primary* and Nominal** Balances (%GDP)



Source: * Ministry of Finance and ** Market expectations



Agenda

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Fiscal Outlook

Public Debt Management

■ Annual Borrowing Plan

■ Recent Events



Annual Borrowing Plan 2007

2007 Guidelines

- Lengthen the DPF average maturity, primarily by increasing the average term of the securities issued in auctions;
- Reduce the share of debt due in 12 months, thus reducing refinancing risk;
- Gradually replace Selic-linked and FX-linked bonds by fixed rate and price index ones, thus reducing the market risk;
- Issue foreign currency bonds based on qualitative aspects, observing market conditions;
- Stimulate the development of the yield curves for federal public securities on domestic and external markets; and
- Broaden the investor base.



Annual Borrowing Plan 2007

Domestic Federal Public Securities Debt (DPMFi) Strategy

- **Fixed Rate Bonds:** increase in the participation of this instrument, lengthening the issuance average maturity. The LTN will have benchmarks maturing in 6, 12 and 24 months while the NTN-F will have maturities of 3, 5 and 10 years.
- **Floating Rate Bonds** (basic interest rate - Selic): net redemptions and maintenance of average maturities at issuance on similar levels to those observed in 2006 (approximately 44 months);
- **Price Index Bonds:** Exclusive NTN-B issuance. Existing maturities by end 2006 (3, 5, 10, 20, 30 and 40 years) will be maintained. Nevertheless, new maturity dates may be created for adjustment to the benchmark structure. There will be no issuance of NTN-C;
- **Exchange Rate Bonds:** As has happened since 2003, no NTN-D issuance - FX-linked security - is planned for 2007.

Federal External Public Debt (DPFe) Strategy

- Development of the *Real* yield curve in the external market;
- Creation and refining of benchmark points on the dollar yield curve; and
- Maintenance of the buy-back program, observing market conditions, as well as the strategy of correcting the foreign yield curve distortions.

THE PROGRAM, NOW IN A PERMANENT BASIS, WILL COVER ALL FEDERAL EXTERNAL PUBLIC DEBT BONDS, INDEPENDENTLY OF THEIR MATURITIES.

As from 2007, the Early Redemption Program will be carried out by the National Treasury's operations desk



Annual Borrowing Plan 2007

Federal Domestic Debt Indicators

Indicators	2003	2004	2005	2006	Feb-07	2007	
						Minimum	Maximum
Stock of DPMFi held by the public (R\$ billion)	731.4	810.3	979.7	1,093.5	1,120.1	1,230.0	1,300.0
Average Maturity of DPMFi (months)	31.3	28.1	27.4	31.1	31.6	32.0	36.0
% Maturing in 12 months	35.3	46.1	41.6	35.7	35.6	29.0	33.0

Share of DPMFi (%)							
Fixed rate	12.5	20.1	27.9	36.1	35.4	37.0	43.0
Inflation Linked	13.6	14.9	15.5	22.5	22.6	23.0	27.0
Floating rate	61.4	57.1	51.8	37.8	38.4	29.0	36.0
Exchange rate	10.8	5.2	2.7	1.3	1.3	1.0	2.0
Others	1.8	2.7	2.1	2.2	2.3	2.0	4.0

¹ Since these data have been calculated through the use of the commonly used international methodology, the statistics allow for comparisons with the indicators of other countries.

Federal Debt Indicators*

Indicators	2003	2004	2005	2006	Feb-07	2007	
						Minimum	Maximum
Stock of DPF* held by the public (R\$ billion)	965.8	1,013.9	1,157.1	1,237.0	1,260.4	1,370.0	1,450.0
Average maturity - Federal Outstanding Debt (months)	39.0	35.3	32.9	35.5	36.1	37.0	42.0
% Maturing in 12 months	30.7	39.3	38.2	32.4	32.3	27.0	31.0

Share of DPF (%)							
Fixed rate	9.5	16.1	23.6	31.9	32.1	33.0	39.0
Inflation Linked	10.3	11.9	13.1	19.9	20.1	20.0	24.0
Floating rate	46.5	45.7	43.9	33.4	34.2	26.0	32.0
Exchange rate	32.4	24.2	17.6	12.7	11.6	10.0	12.0
Others	1.4	2.2	1.8	2.0	2.1	1.0	3.0

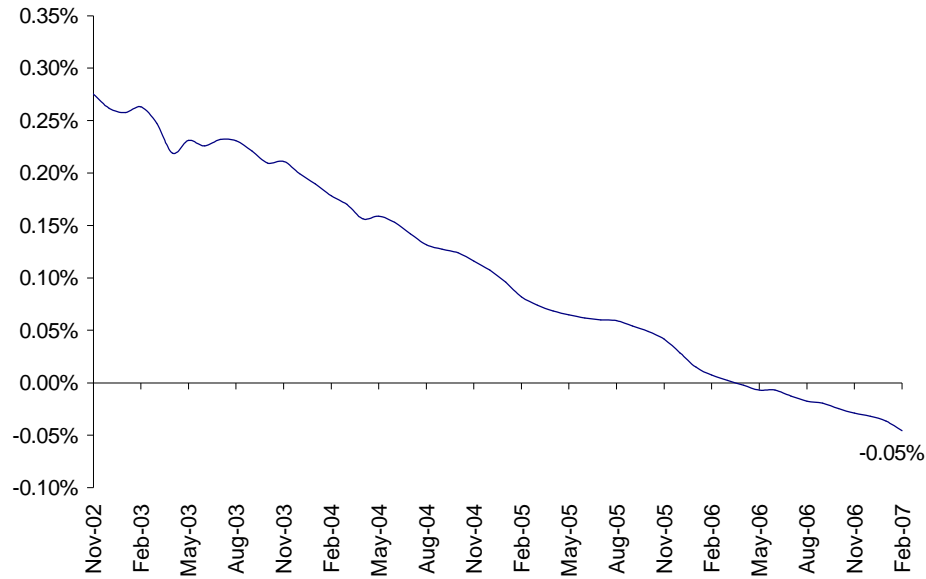
* It includes the external debt under the responsibility of National Treasury

** Since these data have been calculated through the use of the commonly used international methodology, the statistics allow for comparisons with the indicators of other countries.



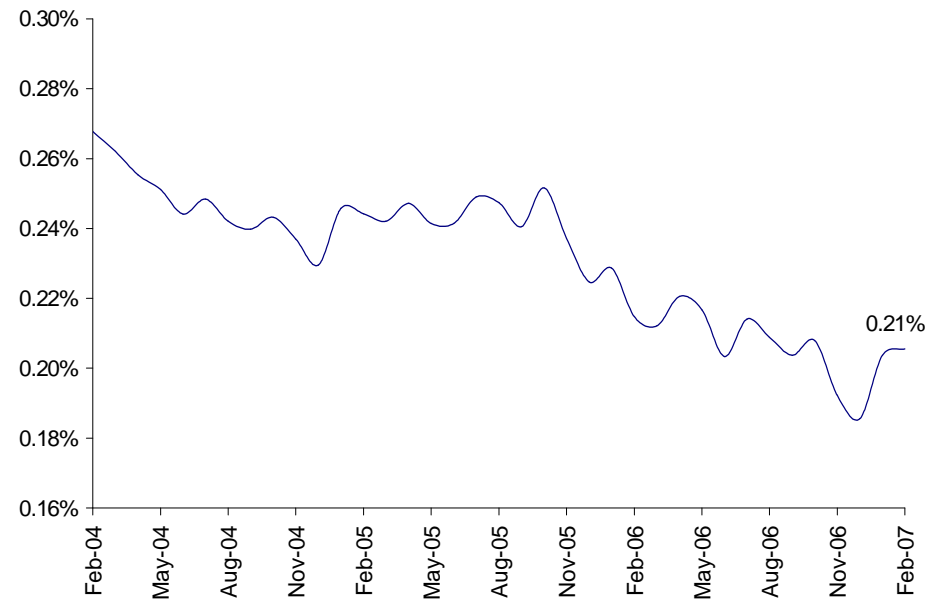
The improvement on the Public Debt composition has reduced the exchange rate and floating rate risks

Impact of 1% FX devaluation on Net PS Debt/GDP



Source: National Treasury

Impact of 1% SELIC change on Net PS Debt/GDP*



Source: National Treasury

*In 12 months



Risk Management

Stress Test over Interest and FX-Rate

Indicators	Share of DPF (%)						Stress Impact (R\$ billion)					
	2002	2003	2004	2005	2006	2007*	2002	2003	2004	2005	2006	2007
Floating Rate	42.4	46.5	45.7	43.9	33.4	29.0	52.7 (3.3%)	57.8 (3.6%)	56.8 (3.1%)	54.6 (2.8%)	41.5 (2.0%)	36.1 (1.6%)
Exchange Rate	45.8	32.4	24.2	17.6	12.7	11.0	299.4 (18.9%)	211.9 (13.3%)	158.2 (8.5%)	115.0 (5.9%)	83.0 (3.9%)	71.9 (3.1%)
Total	88.2	78.9	69.9	61.5	46.1	40.0	352.1 (22.2%)	269.7 (16.9%)	215.0 (11.6%)	169.6 (8.7%)	124.5 (5.9%)	108.0 (4.7%)

Note: Stress tests consider 3-standard deviation shocks on the interest rate (7,8 percentage points) and *Real* devaluation (56,6%), persisting for a year.

- The stress analysis demonstrates that the impact in the Federal Public Debt - DPF of a shock of extreme ratios and substantial persistence (i.e., at least one year) in the interest rates and exchange rates would be only 4.7% of the GDP;
- If the DPF structure were the same as in 2002, this impact would be of 22.2% of the GDP. This represents a reduction of almost 80% of the impact in the DPF between 2002 and 2007;
- If we take into account that, since mid 2006, the level of international reserves is superior to the Federal Government total debt indexed to exchange rate, one can say that the foreign exchange risk is null. In this case, the total impact would be merely 1.6% of the GDP.



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Public Debt Management

- Annual Borrowing Plan

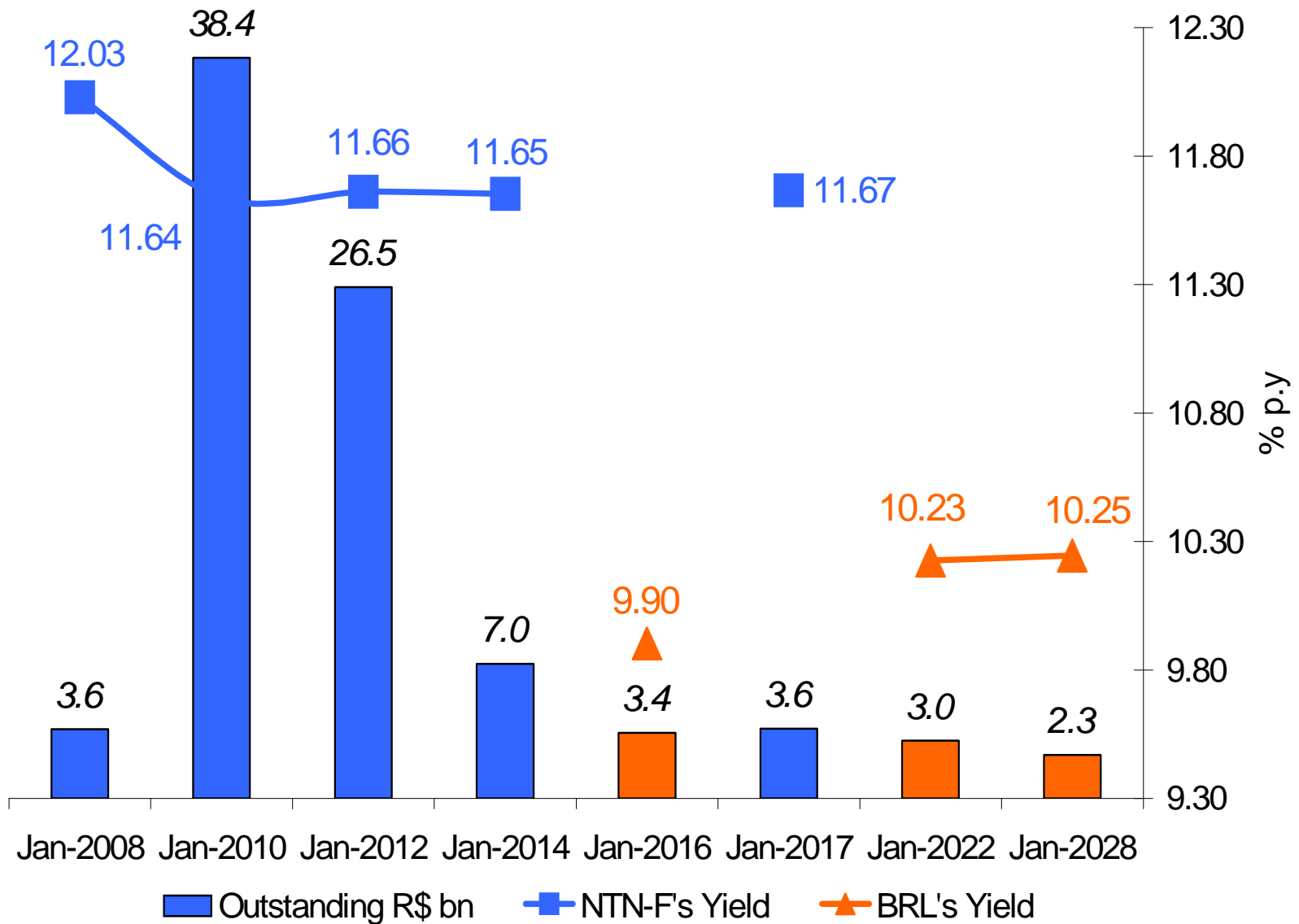
- Recent Events



National Treasury Performance -...and big opportunities merge in the domestic market

NTN-F & Global BRL Outstanding and yields (as of Apr-07)

DOMESTIC AND EXTERNAL PUBLIC DEBT

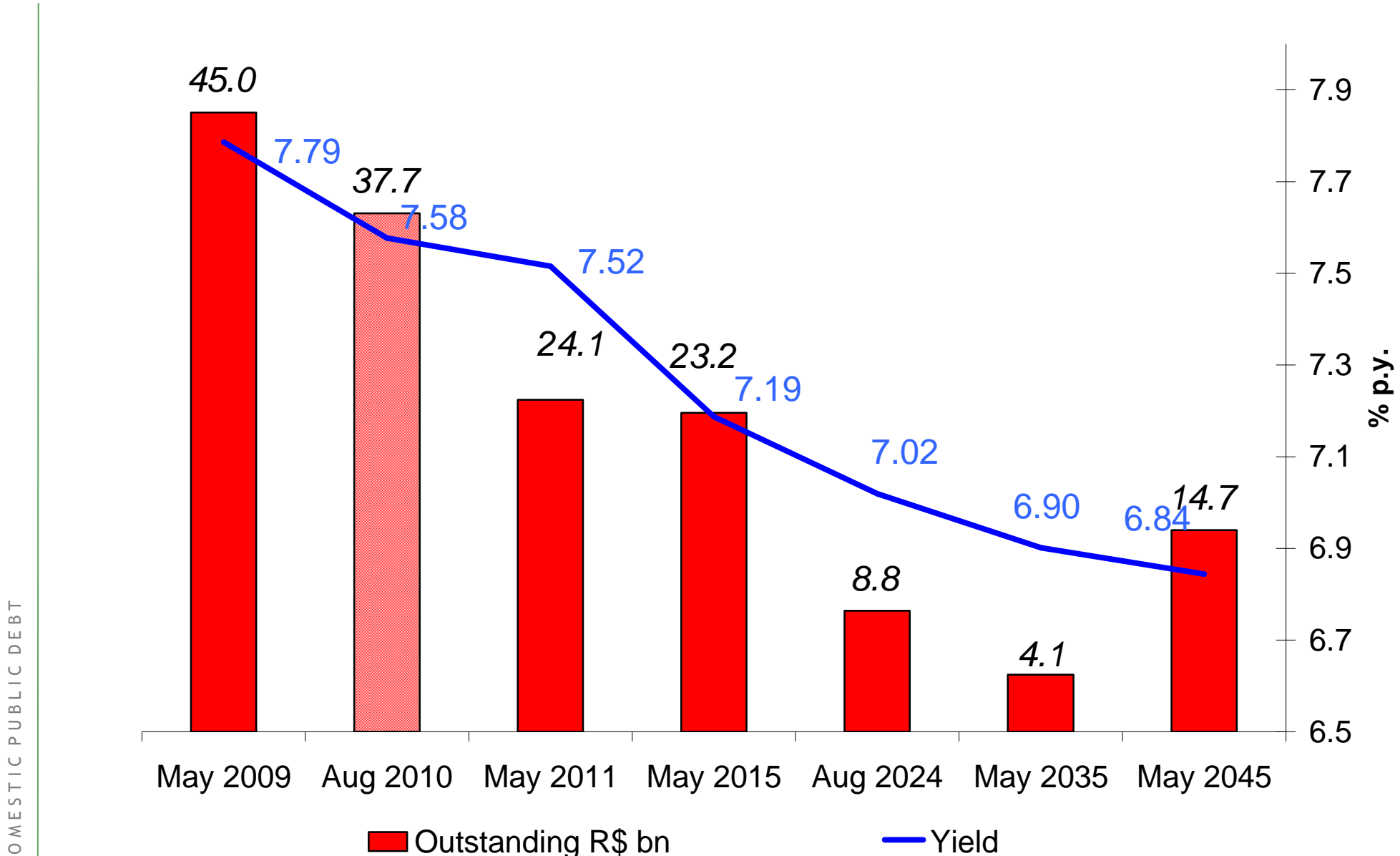


Source: National Treasury



National Treasury Performance -...and big opportunities merge in the domestic market

NTN-B Outstanding and yields (as of Apr-07)



Source: National Treasury



Market Measures

Joint Initiatives: Presenting Brazil to Investors

■ Opening of the capital market for foreigners

■ BEST¹:

- a group created to systematically promote the Brazilian financial and capital markets to the international investors community, improve the knowledge of participants, regulators and infra-structure providers about the needs and of foreign investors;
- enter in a learning process that could rise Brazil's market competitiveness and offer an accurate picture of the Brazilian Capital Market's safety, efficiency and reliability
- This initiative consists of road shows, seminars and other activities in the main financial centers all around the world
- The Brazilian Securities and Exchange Commission - CVM and the Central Bank - BCB also participate in this initiative reinforcing the soundness of the regulatory framework and the organization of the Brazilian Financial System.
- The BEST Brazil initiative is a unique forum to get the most comprehensive information on the developments and opportunities to invest in Brazil and to establish a close relationship with the most prominent representatives of the Brazilian Capital Market.
- Participants:
 - BOVESPA: Brazil's Stock Exchange
 - CBLC: Brazilian Clearing and Depository Corporation
 - BM&F: Brazilian Mercantile and Futures Exchange
 - BCB: Brazilian Central Bank
 - CVM: Brazilian Securities and Exchange Commission
 - TN: Brazilian National Treasury

¹ BEST- Brazil: Excellence in Securities Transactions (www.bestbrazil.org.br)



Market Measures - Facilitating foreign investment

Integration and streamlining of registration procedures

■ Decreasing Bureaucracy:

- The Ministry of Finance and CVM (Brazilian Security Exchange Commission) have worked to open the Brazilian markets for many years.
- Res. 2689/CVM, from 2000, eliminated most distinctions between institutional and other non-resident investors.
- Processing time at CVM was reduced from up to 30 days to 24 hours.
- **National Revenue Service and CVM are working to streamline CNPJ (*corporate register*) procedures.**
- Investors still rely on a custodian bank, which will also be the responsible for paying all due taxes.

■ Cutting Taxes - exempting foreigners from withholding taxes

- Since Feb-06 MP #281. (Law #11.312 - 06/27/2006)

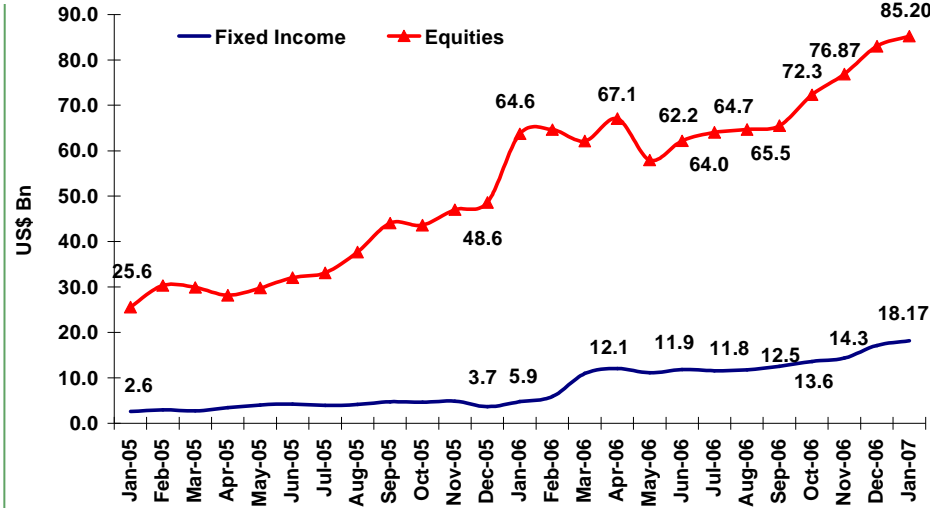
■ Improving Liquidity and Transparency

- Screen Trading and the COMPARE system.



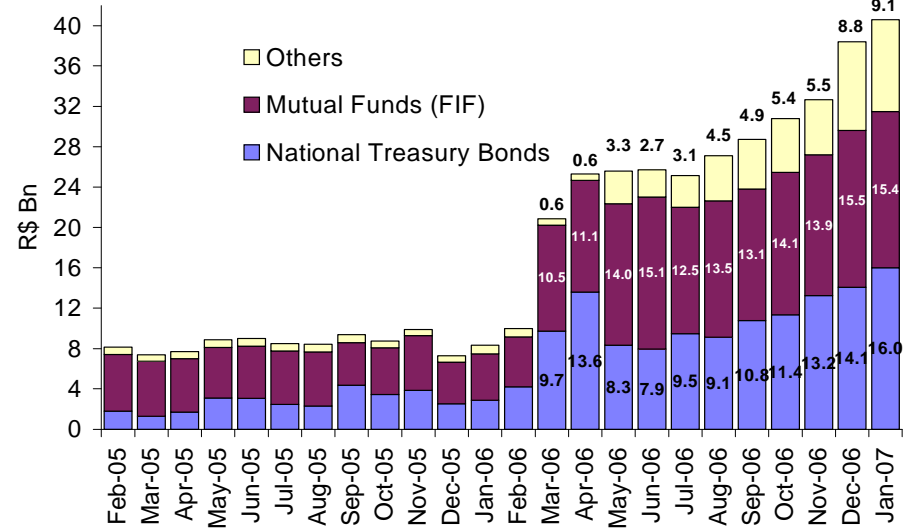
THE NEW FRONTIER: increasing foreign access to the fixed income market

Foreigner's Investors: Portfolio level (US\$ bn)



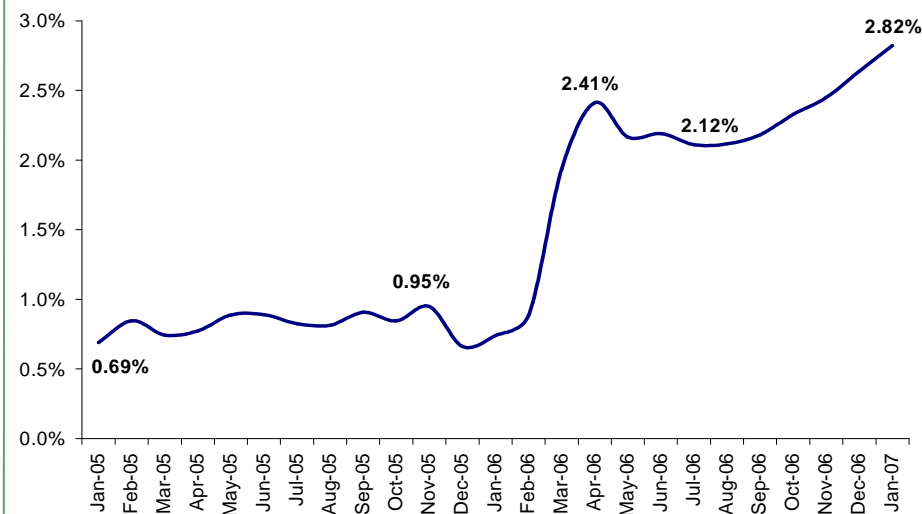
Source: CVM

Foreigner's Investors: Distribution among Fixed Income instruments (R\$ bn)



Source: CVM

Foreigner's Investors: Domestic Debt Participation*



Source: CVM * The sum between values directly invested in Public Bonds and 95% of Investment Funds (FIF's) over the DPMFi stock.

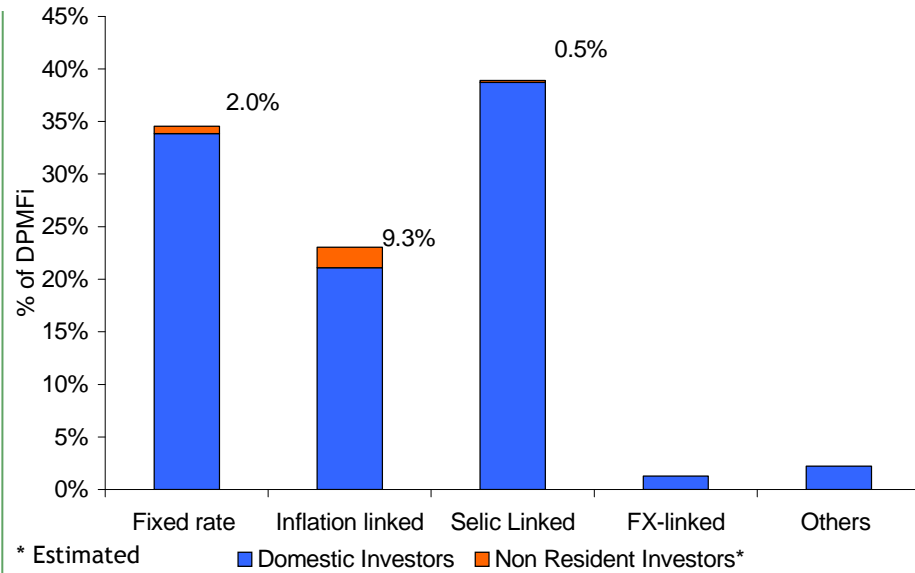
- Considering both the public bonds and the mutual funds, little variation has been observed from the turbulence in May-06.

IMPROVEMENT IN DEBT MANAGEMENT PRACTICES



THE NEW FRONTIER: increasing foreign access to the fixed income market

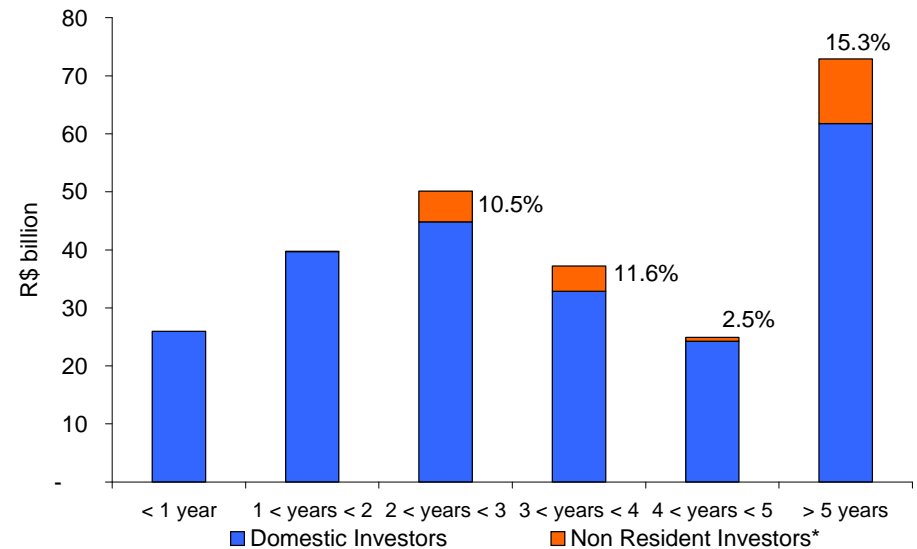
Domestic Public Debt Profile



Source: National Treasury

IMPROVEMENT IN DEBT MANAGEMENT PRACTICES

Maturity Distribution of Inflation Linked Bonds



* Estimated
Source: National Treasury



External Public Debt

External Borrowing Program for 2006-2007-2008

Federal Government Consolidated Table - US\$ mn				
	2006*	2007	2008	TOTAL
a) Debt in Securities	1.517,61	8.510,39	6.436,06	16.464,06
b) Multilateral Organisms (contractual)	227,61	1.269,37	1.313,16	2.810,15
c) Private Creditors	93,94	823,16	535,47	1.452,58
d) Early Foreign Currency purchase	1.629,67	3.403,78	-	5.033,45
e) Gross Foreign Currency requirement (a + b + c - d)	209,49	7.199,14	8.284,70	15.693,33
f) Multilateral Org. Expected resources (IADB and IBDR)	133,70	1.197,99	966,11	2.297,80
g) Net Foreign Currency requirement (e - f)	75,79	6.001,15	7.318,59	13.395,53

* For 2006 it corresponds to Nov-Dec period.

- Foreign currency needs for external debt payments until 2008 should be acquired in the local domestic FX market or, alternatively, by means of purchasing Brazilian Central Bank foreign reserves.
- Foreign currency issuances shouldn't aim at raising FX resources for financing needs in this period. They are going to be qualitative in nature, observing market conditions, aiming at consolidating the foreign yield curve by means of construction and maintenance of benchmark bonds;
- This strategy might include BRL issuances in international markets, aiming at constructing a foreign yield curve denominated in Brazilian local currency;
- Maintenance of the buy-back program, observing market conditions;
- Maintaining the strategy of correcting the foreign yield curve distortions;



A steady level of public external debt with improved profile

Impact of the “Cleaning Up” on the Federal Government External Debt

	(US\$ bn)
Operations	Face Value ¹
External Public Debt in Bonds	15.0
C-Bond call (Oct-05)	1.1
Early Redemption Program ²	6.1
Brady Bonds call (Apr-06)	6.5
Tender Offer (Jun-06)	1.3
Contractual Debt	22.1
IMF early payment I (Jul-05)	4.9
IMF early payment II (Dec-05)	15.5
Paris Club early payment (Jan-06 ³)	1.7
Total	37.1

¹ It captures the impact of the operations on the outstanding public debt

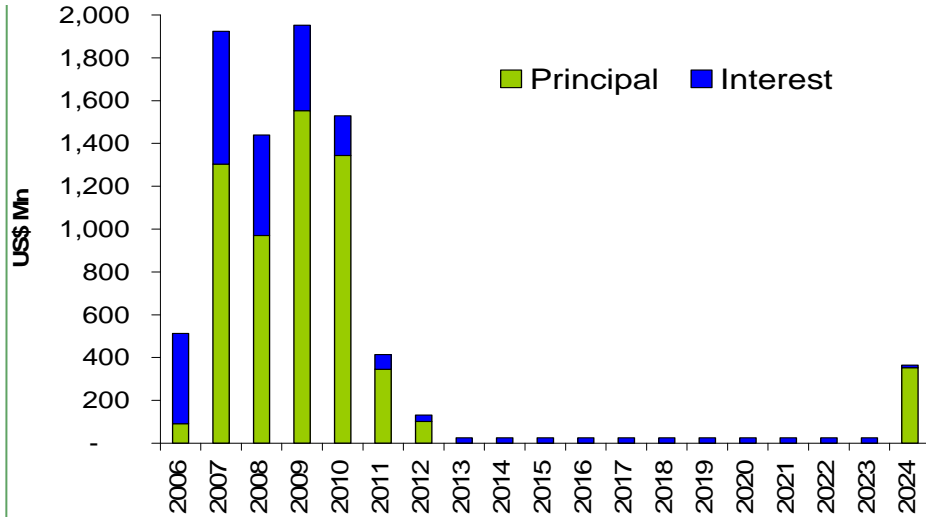
² The program started in Jan/06. The value of US\$ 6.1 bn refers to the bonds repurchased up to 12/31/06.

³ Announcement



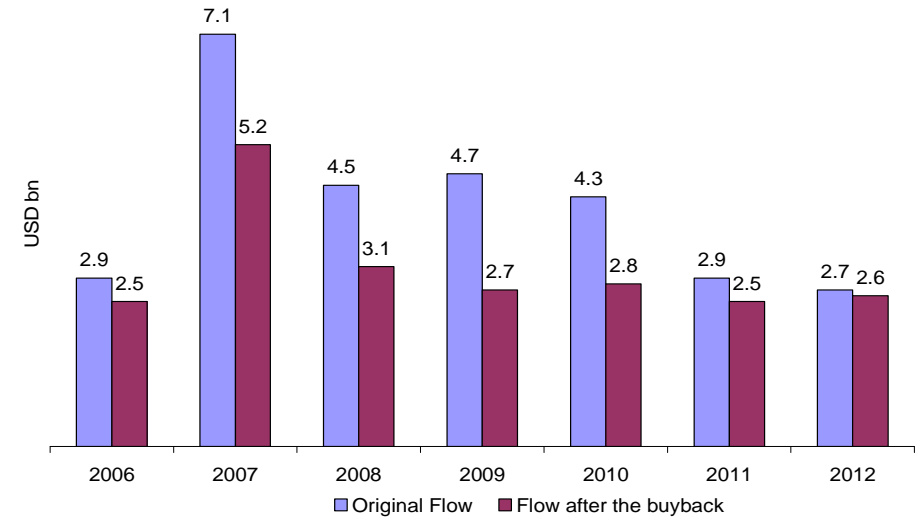
National Treasury Performance - External Issuances follow qualitative criteria...

Reduction on External Debt's Payment Flow



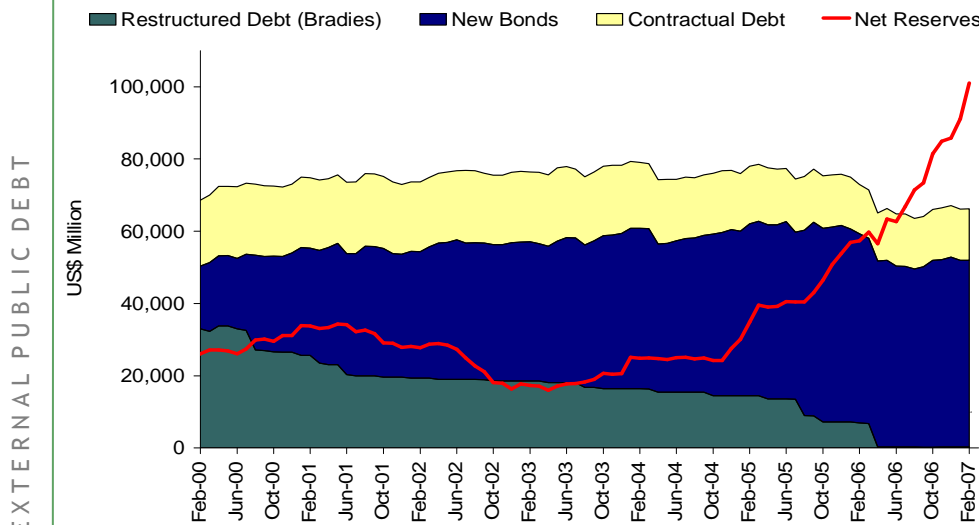
Source: National Treasury

Buyback program - Maturity profile



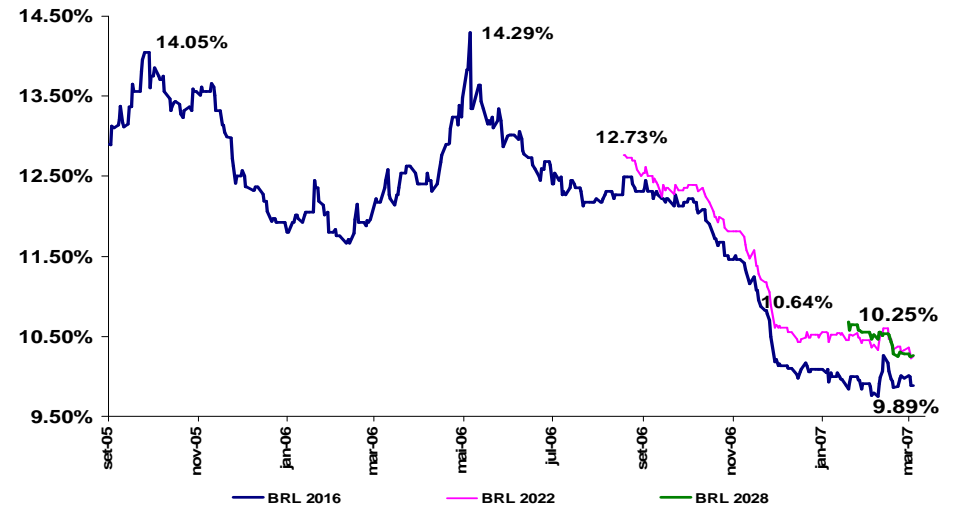
Source: National Treasury

External Debt - National Treasury



Source: National Treasury

BRL Yields Evolution

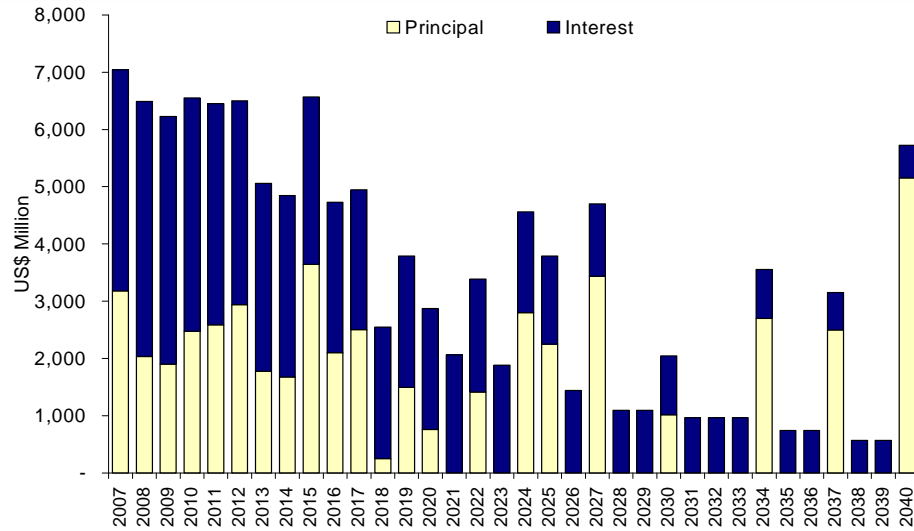


Source: Bloomberg



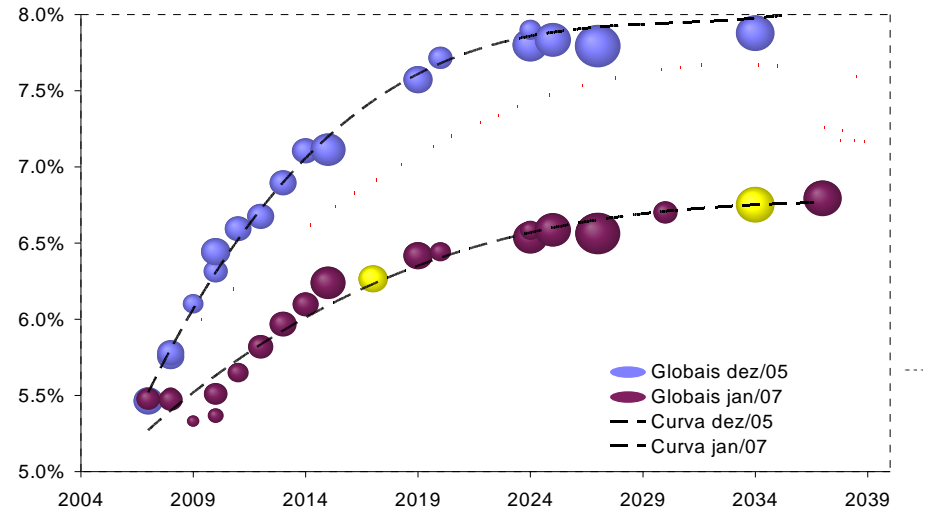
External Public Debt

External Public Debt Profile - New Bonds and Bradies



Source: National Treasury. 2007 - From March to December

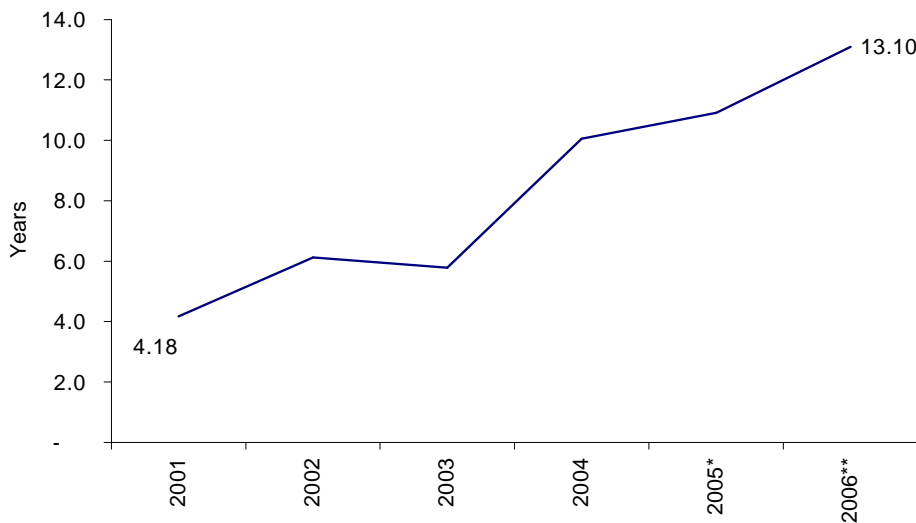
External Debt Yield Curve - Benchmark Sizes



Source: National Treasury

Average Maturity - At Issuance of New Bonds

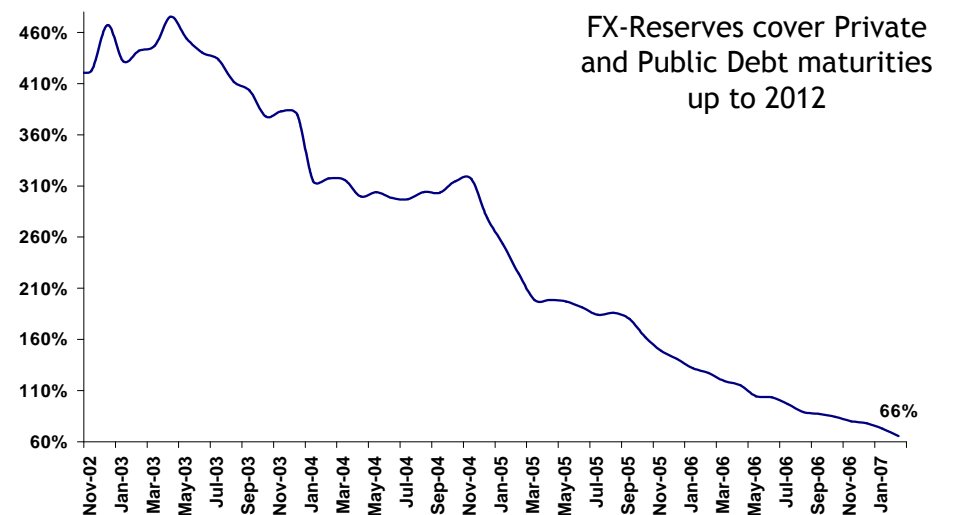
EXTERNAL PUBLIC DEBT



Source: National Treasury. Does not include the A-bond.

** As of November/06

External Public Debt as a % of Net Reserves



Source: National Treasury and Central Bank



Brazil - the first country that satisfied all the investor relations best practice criteria in Institute of International Finance (IIF) report

Investors Relations: An approach to Effective Communication and enhanced transparency

- Assessment of 30 key borrowing countries in Investor Relations and Data Transparency Practices.
- **First Release (Dec-05)** - Brazilian's Government reached 37 out of 38 in prioritized terms.
- Measures:
 - Staff reachable through website
 - Reciprocal links between government agencies
 - Investors able to register for website subscription
 - Investor conference call
 - Regular self-assessment of investor relations activities.
- **Second Release (Sep-06):** Based on the combined score (Gerin, operated by the Central Bank of Brazil, and Investor Relations Office of the National Treasury), Brazil has become the first country to score 38 out of 38 in prioritized terms.



**For additional information access
Brazilian National Treasury site:**

www.tesouro.fazenda.gov.br

Or contact Institutional Relations area:

brazildebt@fazenda.gov.br

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