



## Brazilian Federal Public Debt



13 April, 2009

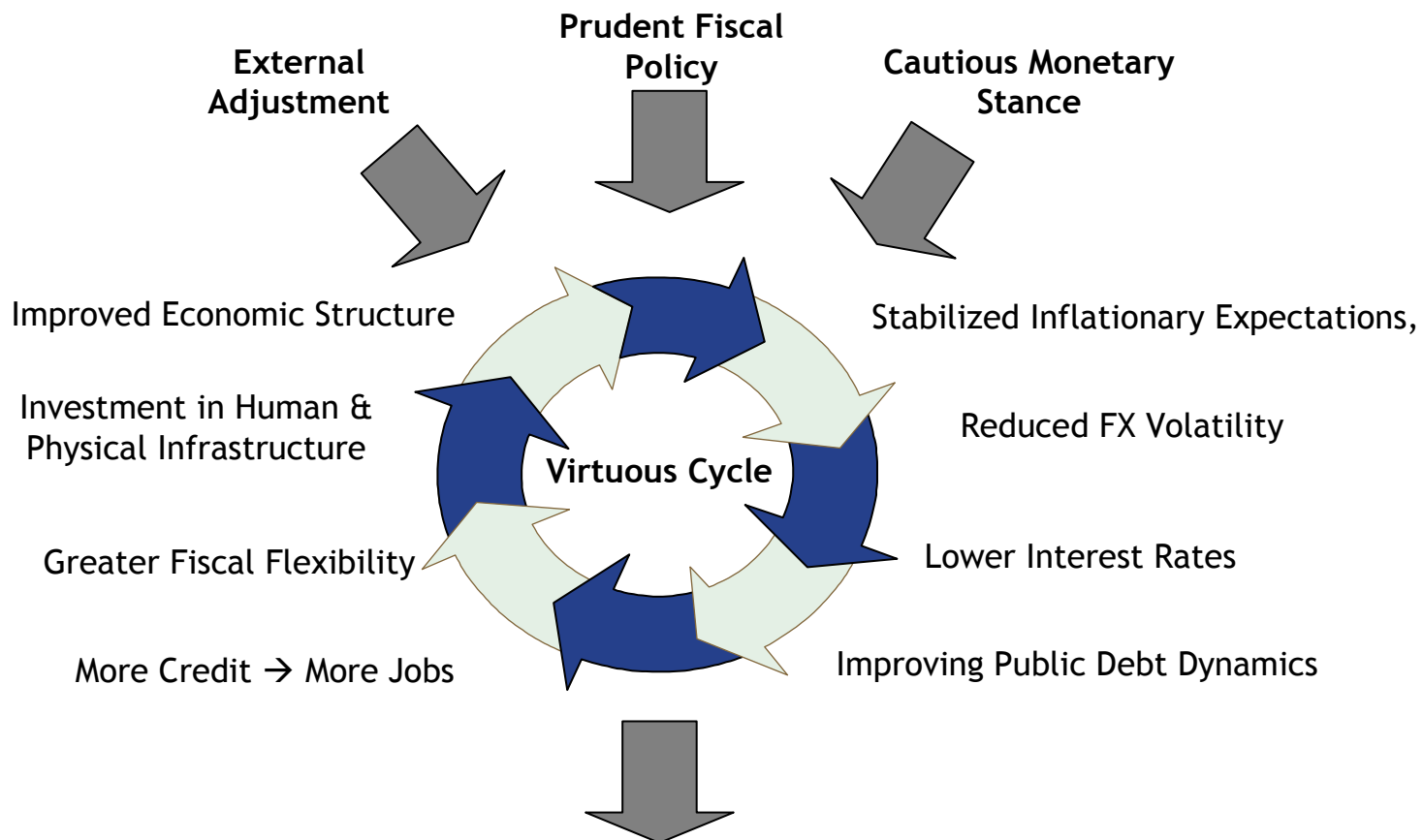
B R A S Í L I A

**Macroeconomic Overview**

**Public Debt Management**

## On the path to sustainable growth

Economic Policy Mix Provides Buffer Against External Shocks

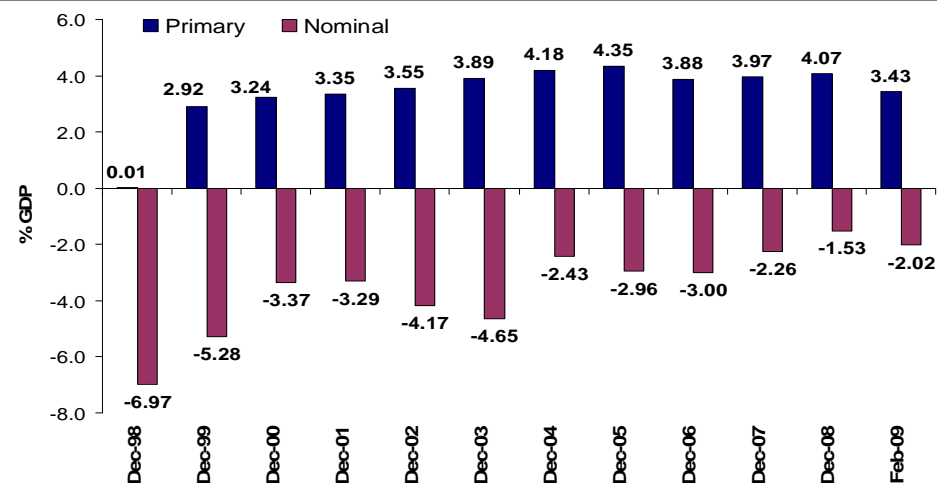


Sustainable Economic Growth & Improving Social Conditions

## Macroeconomic Overview - Fiscal Commitment

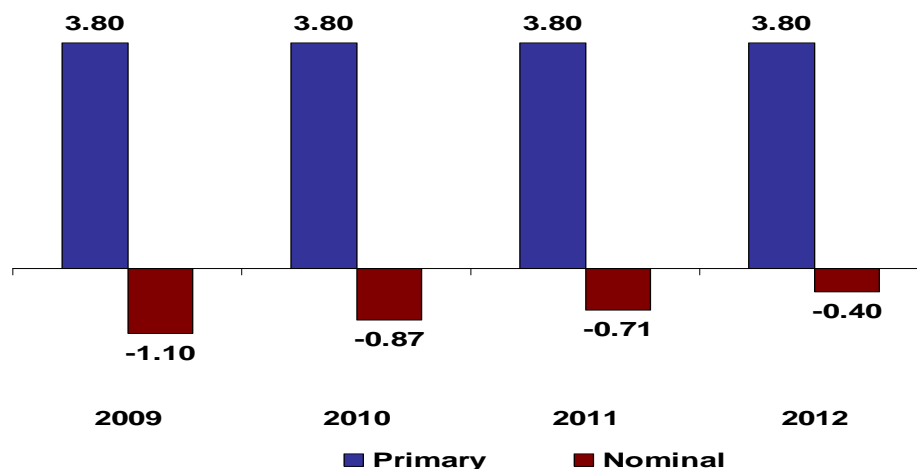
- Primary balance of 4.07% of GDP in 2008, the best result since 2005. Considering the 0.5% transferred to the Sovereign Fund, this is the best result (4.57%) since the beginning of the series in 1994.
- Nominal deficit of 1.53% of GDP in 2008, the best result since the beginning of the series in 1991.
- The Draft Budgetary Guidelines Law (BGL) 2009 establishes 3.8% of GDP for the Primary Balance and 0.5% of GDP regarding the PPI for 2008, 2009, 2010 and 2011.

Public Sector Balance (in 12 months)



Source: Central Bank

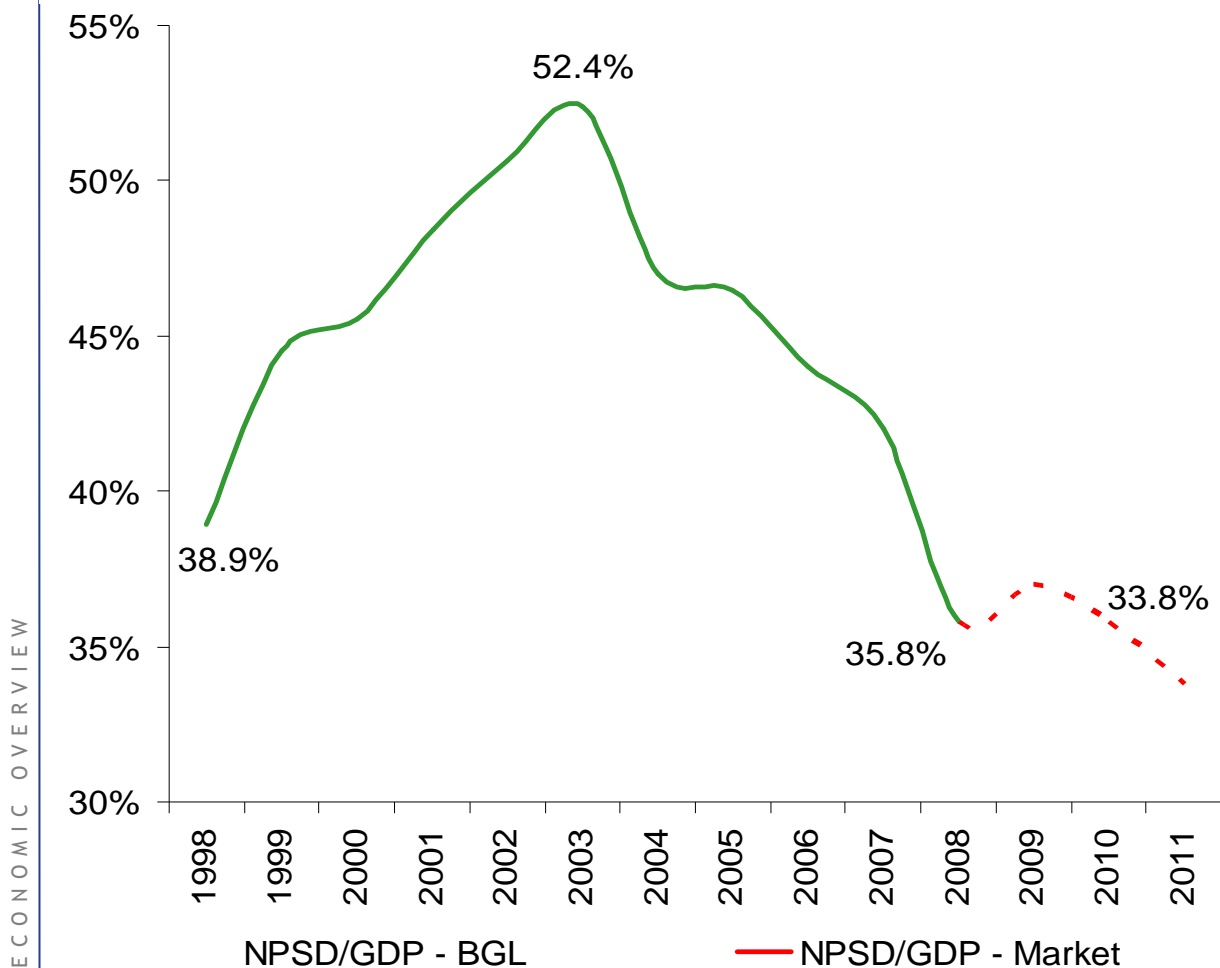
Primary\* and Nominal\*\* Balances Forecasts



Source: \* BGL 2008 and Draft BGL 2009 and \*\*market expectations (FOCUS of 04/10/2009)

## Macroeconomic Overview - Fiscal Commitment

### Net Public Sector Debt / GDP



- Downward trend in NPSD/GDP ratio in the last 5 years.

- The NPSD/GDP ratio reached in 2008 is the lowest since August 1998.

- According to Draft BGL\* 2009, the Primary Balance of 3.8% of GDP would result in NPSD / GDP of 31.0% in 2011.

Source: Up to 2008, Central Bank. From 2009 on Market Expectations (Focus of 04/10/2009)

\*Budgetary Guideline Law

## Fiscal Perspectives - Annual Budgetary Law (ABL) 2009

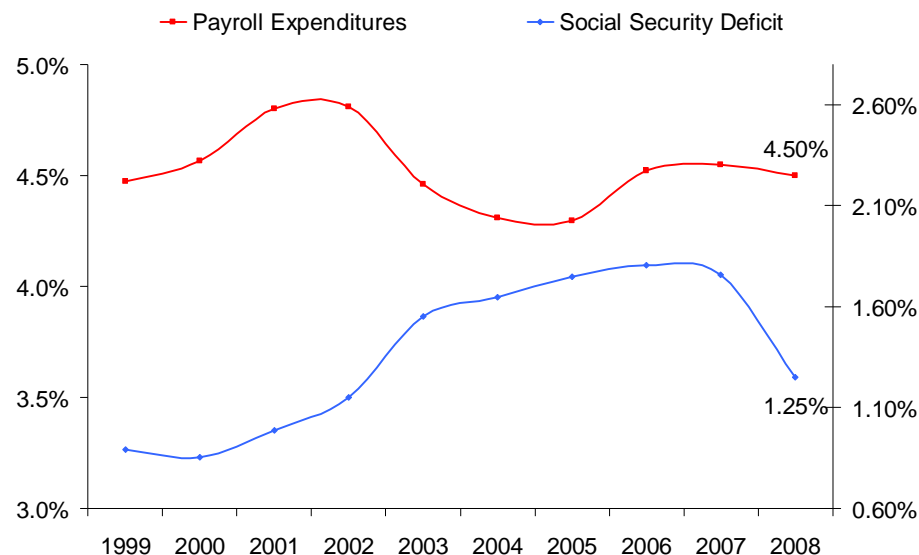
- Prudent attitude in the crisis: announcement, in January, of a preventive cut of **R\$37.2 billion** in the Executive budget decree (R\$22.6 bn in current expenditures and R\$ 14.6 bn in investments).

- The constraint does not include Growth Acceleration Program (PAC) projects.

- Better perspective for the Social Security Deficit in the public sector, reflecting the 1998 and 2003 reforms, that increased the minimum age for retirement and the contribution for pensioners.

- The recent revenues and expenditure performances indicate a reduction in the Social Security Deficit from R\$ 49.0 billion in 2007 to R\$ 37.2 billion in 2008.

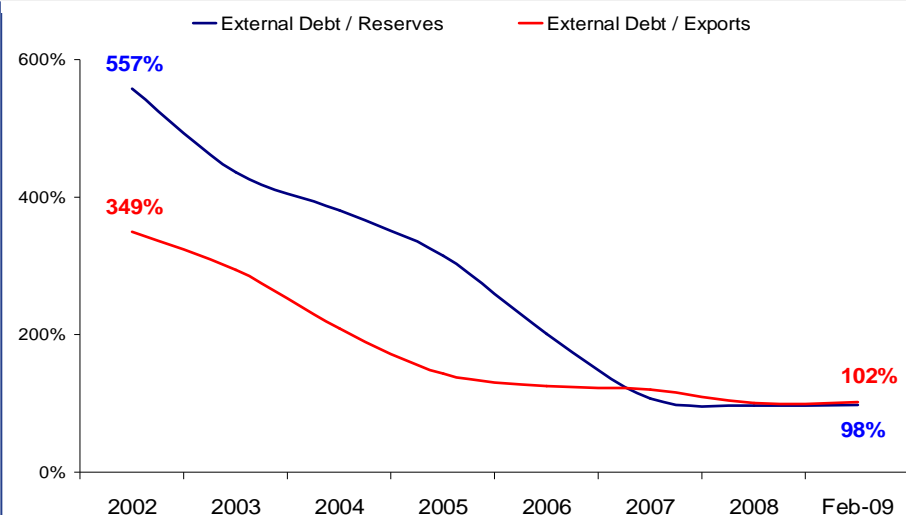
Social Security Deficit - 2008 Budgetary Law - %GDP



\*Source: Ministry of Planning

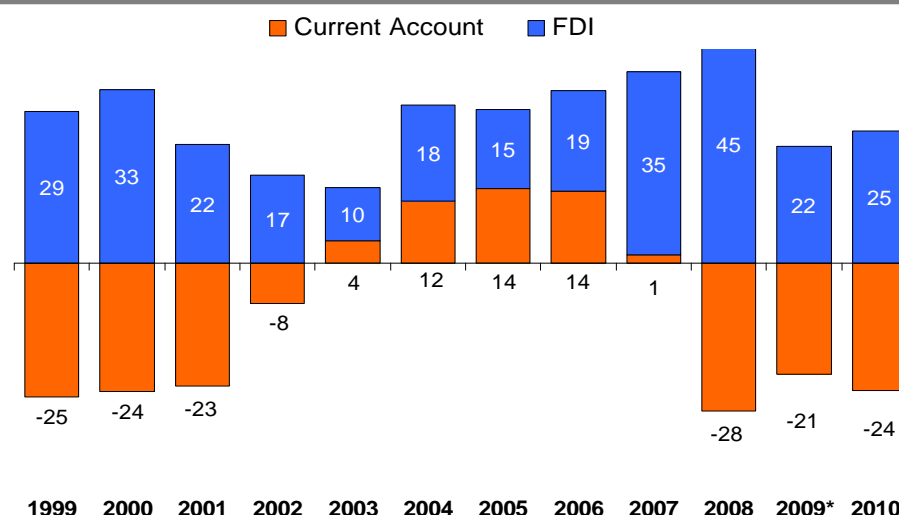
## Macroeconomic Overview - Reduction in the External Vulnerability

External Debt / FX-Reserves and Ext. Debt / Exports (%)



Source: Central Bank

Current Account Balance x FDI (12-m accumulated - US\$ bn)



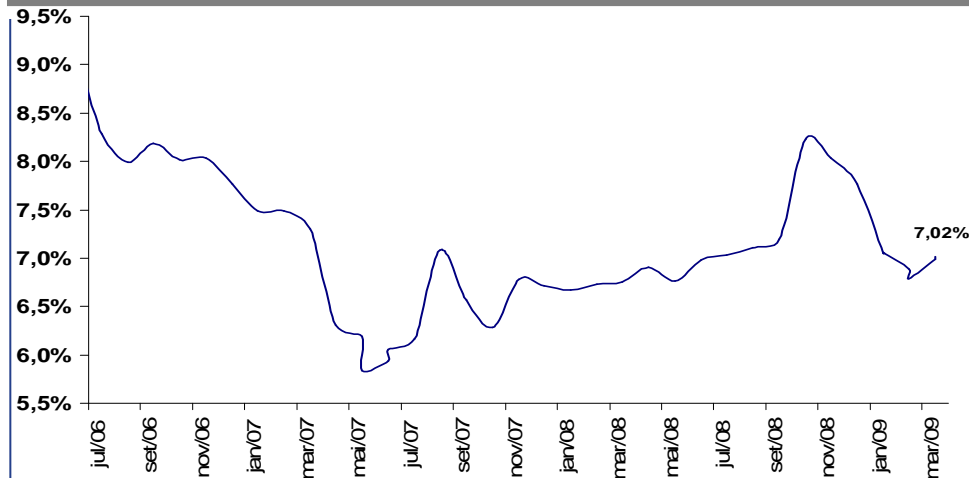
Source: Central Bank

\*Market Expectations (Focus of 04/10/2009)

- The Non-Financial Public Sector External Debt/ FX-Reserves ratio fell from 292% in December 2002 to 32.10% in December 2008.
- The External Debt (US\$ 199.8 Bn) / Reserves (public and private\*) ratio reached value below 1.
- **Brazilian Net External Debt is negative in US\$ 22.7 bn (Feb-09).**

## Macroeconomic Overview - Inflation under control and the economy stability

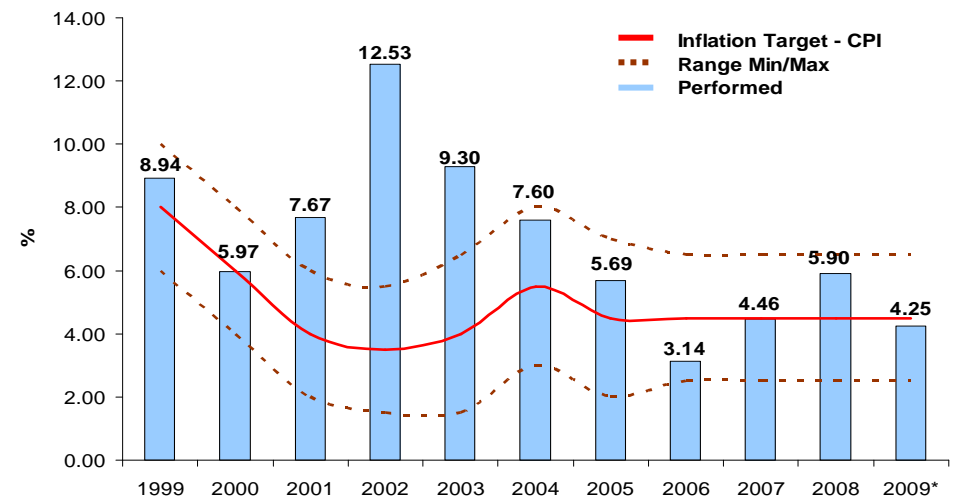
### Medium and Long Term Real Interest Rate \*



Source: National Treasury \* NTN-B: CPI linked bonds, maturing in 2024, 2035 and 2045.

■ After the recent turmoil peak (Sep-08 to Nov-08) real interest rate has dropped, measured by inflation linked bonds .

### Annual Inflation - Target and Performed

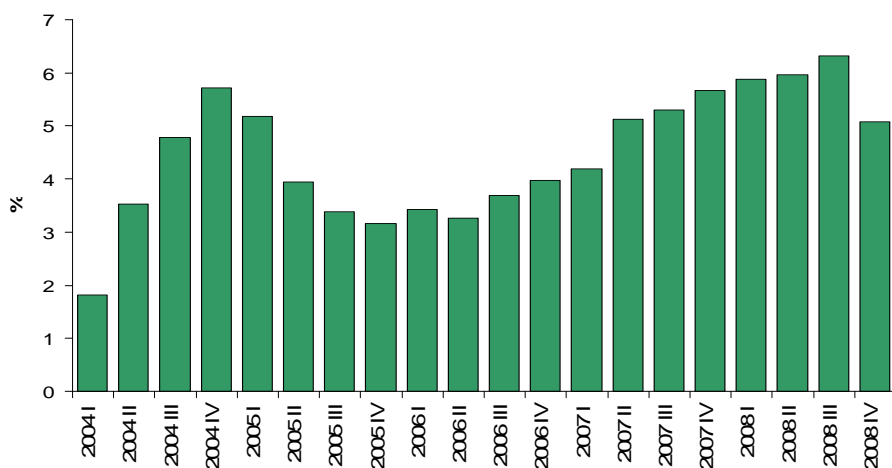


Source: Central Bank \* Market Expectation - Central Bank/FOCUS - 04/10/09

■ On Jan-09 the Brazilian Inflation Target regime completed 10 years .

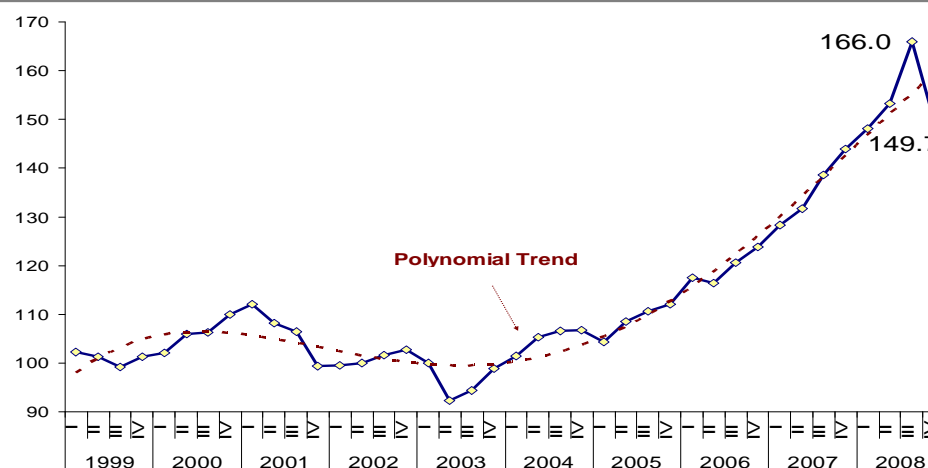
## Sustainable Growth

GDP Growth (Q-o-Q accumulated)



Source: IBGE

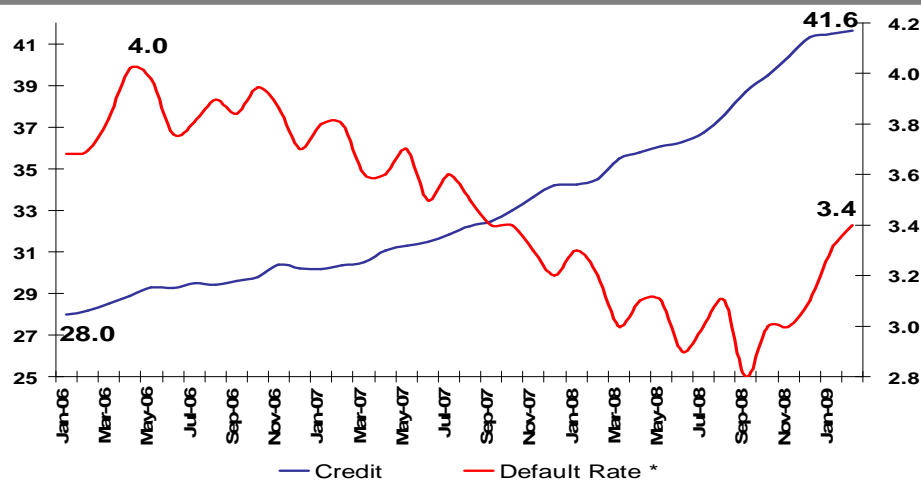
Investment Growth - Seasonally Adjusted (1995=100)



Source: IBGE

Note: Gross Fixed Capital Formation (GFCF)

Credit (% GDP) and Default Rate (% credit)



Source: Central Bank

\*Total credit in arrears by more than 90 days

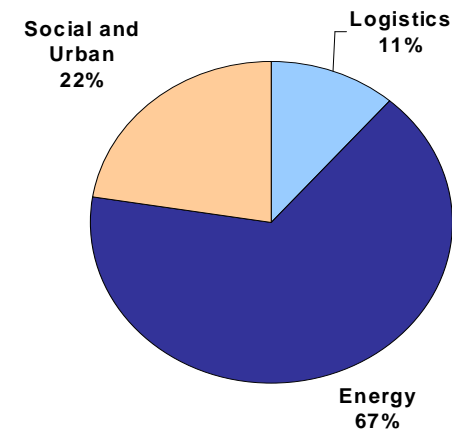
- Average GDP growth is 4.5% in the last 4 years.
- The investment increased 19.7% in the third quarter of 2008, the highest level since the beginning of the series (1996).

## PAC - Growth Acceleration Program

New model of planning, managing and carrying out public investment

### Forecasted Investments

| Sector           | R\$ billion |            |             |
|------------------|-------------|------------|-------------|
|                  | 2007-2010   | After 2010 | Total       |
| Logistics        | 96          | 36         | 132         |
| Energy           | 295         | 464        | 759         |
| Social and Urban | 255         | 2          | 257         |
| <b>Total</b>     | <b>646</b>  | <b>502</b> | <b>1148</b> |



### Logistics: Highlights

- Third stage of the road concessions;
- Construction of: the South stretch of the North-South Railway, the Railway of West-East integration and the High speed Train, joining Rio de Janeiro, São Paulo and Campinas;
- Dredging and enlargement of ports .

### Social e Urban: Highlights

- A million more connections (electric power) up to 2010;
- Revitalization of the São Francisco River
- Slams urbanization and sewage.

### Energy: Highlights

- In Sep/08: beginning in the pre-salt oil production;
- Discovered oil and gas reserves are estimated in 15.5 billions of barrels;
- In 2007/2008, 9 exploration platforms began to operate;
- Annual production increased form 1,824 to 1,903 thousand/barrels/day.
- Two new oil refinery are been built and 18 are been modernized and augmented.

## Market Expectations for 2009-2011

Market Expectations -- Median of the Sample Collected by the Brazilian Central Bank

|  | Sample Date | 2009   | 2010   | 2011   |
|--|-------------|--------|--------|--------|
| Primary Balance (% GDP)                  | 12/28/07    | 3.60   | 3.50   | -      |
|  | 04/10/09    | 3.00   | 3.30   | 3.41   |
| Current Account Balance (US\$ billion)   | 12/28/07    | -7.40  | -8.50  | -      |
|  | 04/10/09    | -21.10 | -24.00 | -28.55 |
| Exchange Rate Year End (R\$/US\$)        | 12/28/07    | 1.90   | 2.00   | -      |
|  | 04/10/09    | 2.30   | 2.29   | 2.27   |
| Inflation (IPCA in %)                    | 12/28/07    | 4.00   | 4.00   | -      |
|  | 04/10/09    | 4.25   | 4.42   | 4.50   |
| Central Bank Year End Interest Rate -- % | 12/28/07    | 10.00  | 9.50   | -      |
|  | 04/10/09    | 9.25   | 9.50   | 10.00  |
| GDP Growth (%)                           | 12/28/07    | 4.06   | 4.00   | -      |
|  | 04/10/09    | -0.30  | 3.50   | 4.07   |
| Foreign Direct Investment (US\$ billion) | 12/28/07    | 25.00  | 25.00  | -      |
|  | 04/10/09    | 22.00  | 25.00  | 30.00  |
| Net Public Sector Debt (% GDP)           | 12/28/07    | 40.00  | 37.75  | -      |
|  | 04/10/09    | 37.00  | 35.81  | 33.80  |

Source: Central Bank - Market Expectations

## Beyond the 3 Pillars - Export Diversification

Brazilian Exports are diversified across countries and products

|           | 2000          |           | 2008          |           |
|-----------|---------------|-----------|---------------|-----------|
|           | US\$ Bn (FOB) | Share (%) | US\$ Bn (FOB) | Share (%) |
| EU        | 15,35         | 27,84     | 46,40         | 23,44     |
| USA       | 13,19         | 23,93     | 27,42         | 13,85     |
| Argentina | 6,24          | 11,32     | 17,61         | 8,89      |
| China     | 1,09          | 1,97      | 16,40         | 8,29      |
| Mexico    | 1,71          | 3,11      | 4,28          | 2,16      |
| Chile     | 1,25          | 2,26      | 4,79          | 2,42      |
| Japan     | 2,47          | 4,49      | 6,11          | 3,09      |
| Venezuela | 0,75          | 1,37      | 5,15          | 2,60      |
| Others    | 13,03         | 23,71     | 69,78         | 35,26     |

- Reduction of 76% to 64% the share of the 8 main exports destinations;

- In absolute terms, the export volume has increased to all of these countries in the last years;

|                        | 2000        | 2007         | 2008         | Feb/09 <sup>1*</sup> |
|------------------------|-------------|--------------|--------------|----------------------|
| Primary products       | 22.8%       | 32.1%        | 34.3%        | 38.8%                |
| Intermediary goods     | 15.4%       | 13.6%        | 11.2%        | 14.0%                |
| Manufactured products  | 59.0%       | 52.3%        | 52.6%        | 47.2%                |
| Special operations     | 2.7%        | 2.1%         | 1.9%         | -                    |
| <b>Total (US\$ bn)</b> | <b>55.1</b> | <b>160.6</b> | <b>197.9</b> | <b>191.2</b>         |

Source: MDIC/SECEX

<sup>1</sup> Total in 12 months

\* Preliminary data

Source: MDIC

## Less vulnerability on commodities

Brazilian Exports are diversified across countries and products

- Brazil shows a more diversified export bundle than it's peers in Latin America.
- Excerpt of IIF's report: "In Brazil, where commodities (primary and commodity linked to manufactured products) account for 55% of total exports, the negative impact of a correction in commodity prices will be moderated by several factors:

(1) the cumulative terms of trade gains have been far from massive (just 5 percent in the six years to 2007);

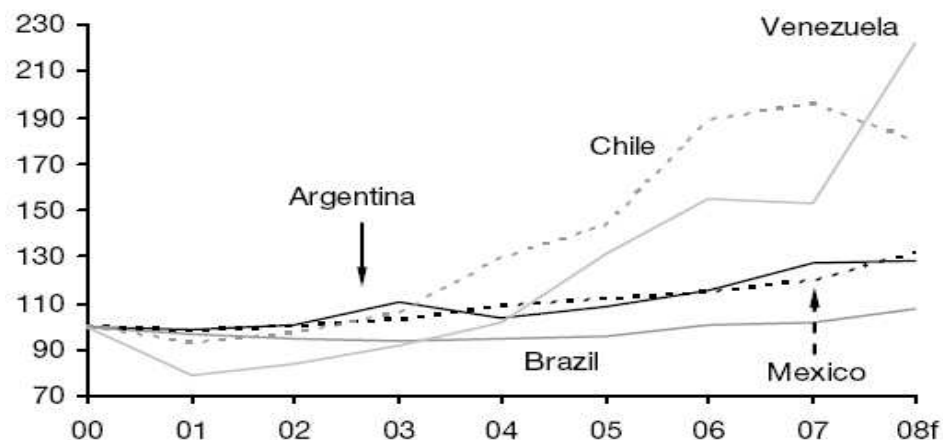
(2) the trade linkage is weak, as merchandise exports account for 15% of GDP;

(3) the country has accumulated substantial international reserves to ease pressure on the BRL (Real) if necessary;

### Terms of Trade

Terms of Trade

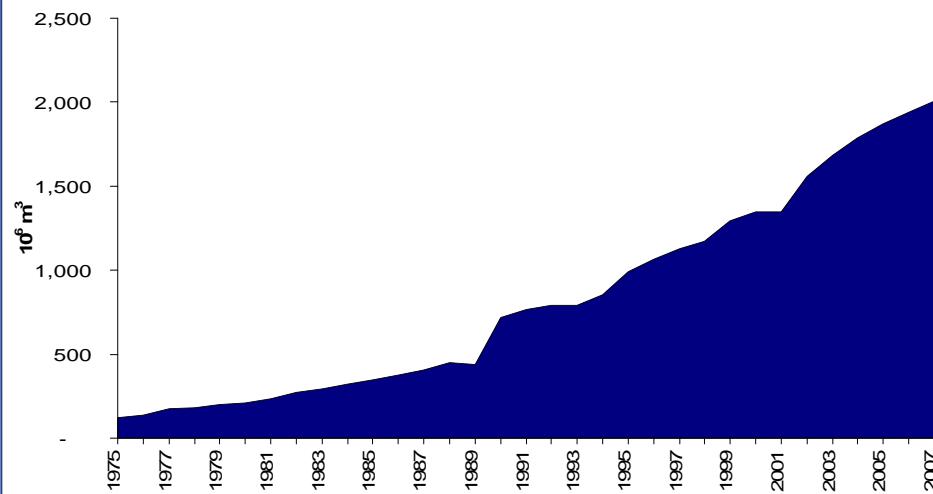
Index 2000=100



Source:IIF

## Beyond the 3 Pillars - The energy sector mitigates risks

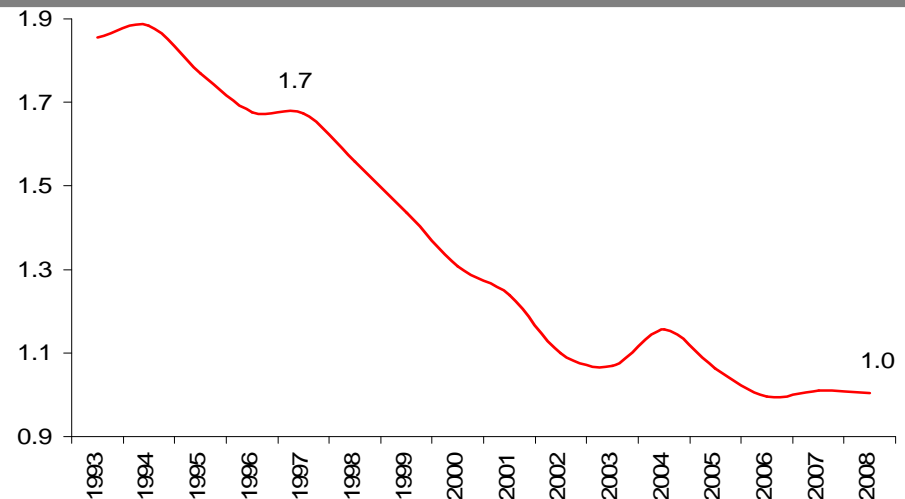
### Oil Reserves



Source: MME

- Petrobras is a leading company in exploiting oil sources in the sea.
  - In November 2007, Petrobras extracted for the first time at 7000m under the sea level (Tupi Reserve)
- Tupi Reserve is estimated in 5 to 8 billion oil barrels.
- It's estimated that the region from SC to ES has a reserve of 70 billion oil barrels, which sets Brazil as 9th oil producer in the world.

### Oil Consumption / Production

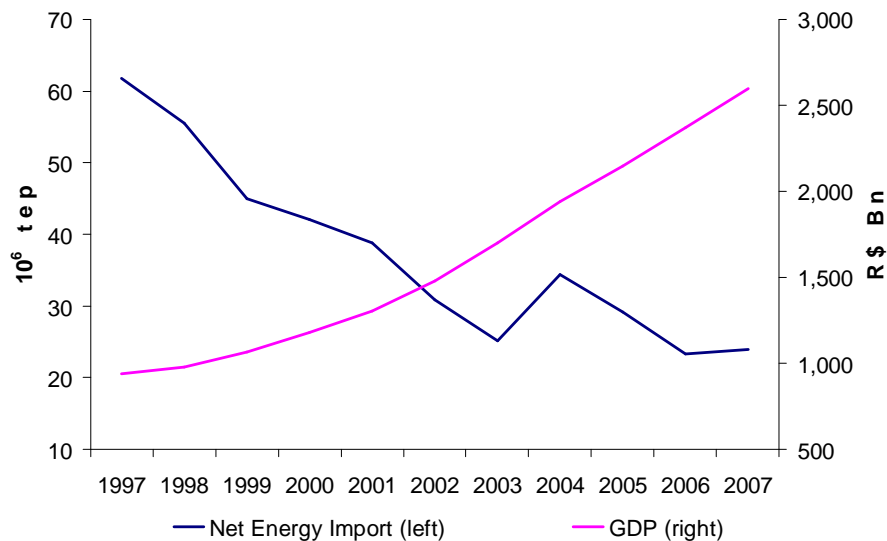


Source: ANP

- Oil no longer represents a problem in the Balance of Payments.
- High-technology solutions in fuel production.
- Top productivity in ethanol fuel.

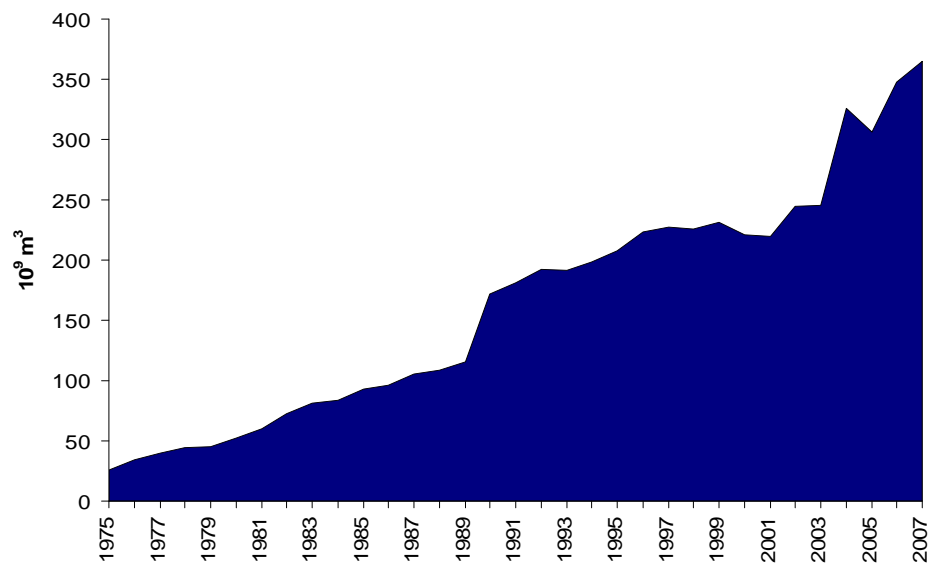
## Beyond the 3 Pillars - The energy sector mitigates risks...

Net Energy Import (10<sup>6</sup> tep) e GDP (R\$ Bi)



Source: MME

Natural Gas Reserves

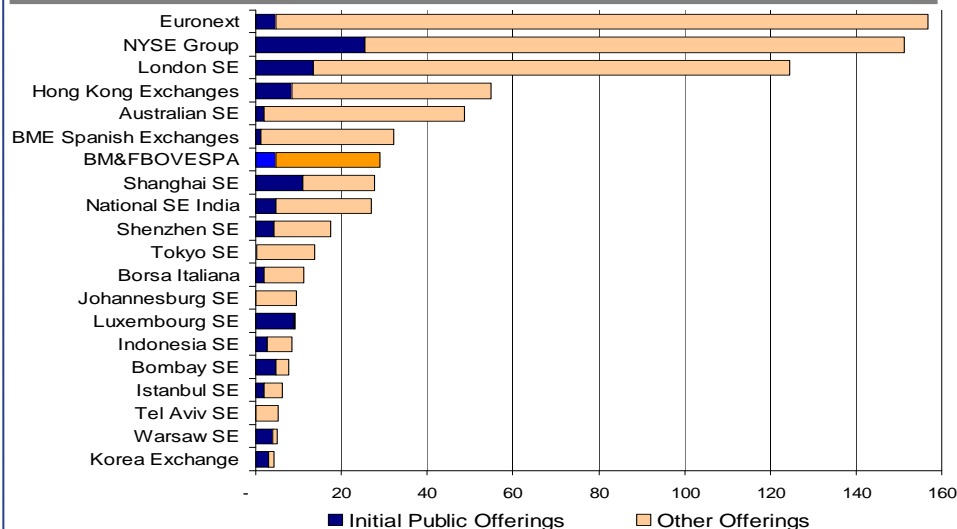


Source: MME

- In 2007, roughly 46% of Brazilian domestic energy supply came from renewable sources
- Gradual substitution of vegetal coal for sugar cane ethanol.

## Beyond the 3 Pillars - Capital Market booming

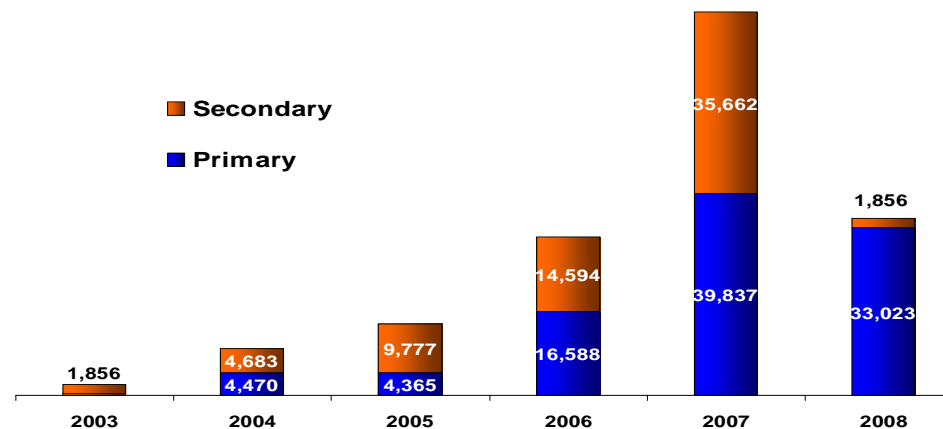
### Stock Offerings in 2008 (US\$ Billion)



Source: WFE

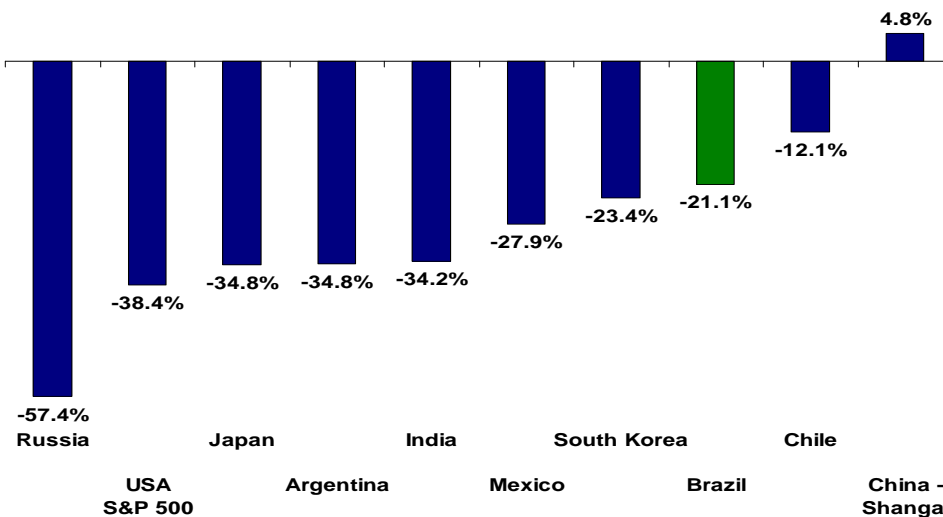
Includes private subscriptions.

### Stock - Public Offering (R\$ Mn)



Source: CVM

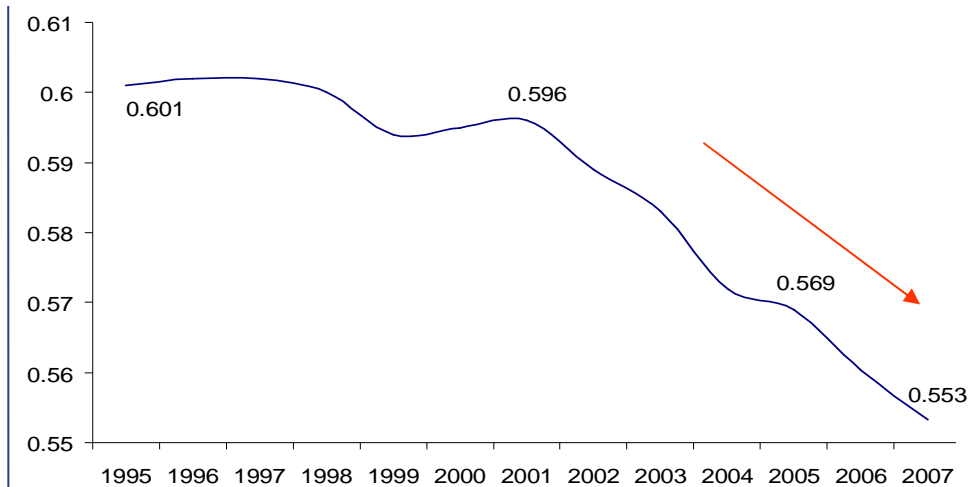
### Stock Exchange Performance between 02/15/2008 and 02/27/2009



Fonte: Bloomberg

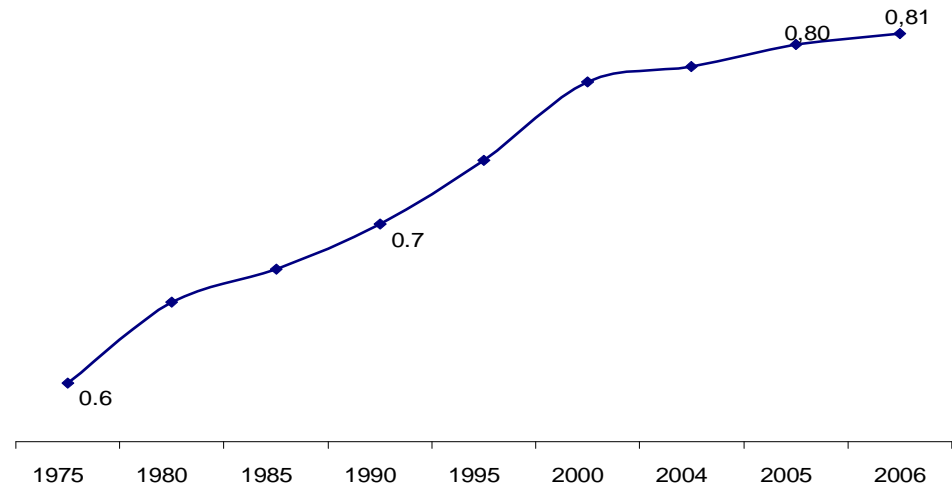
## Beyond 3 Pillars - Improving Social Equality

### Improving Equality - Brazilian GINI coef.: 1995-2005



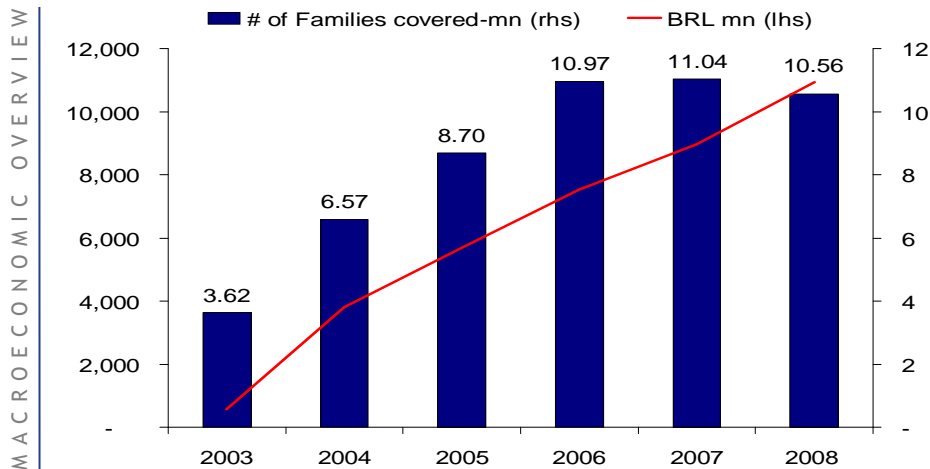
Source: PNAD-IBGE, FGV

### Brazilian HDI- Human Development Index



Source: PNUD

### “Bolsa Família” Program



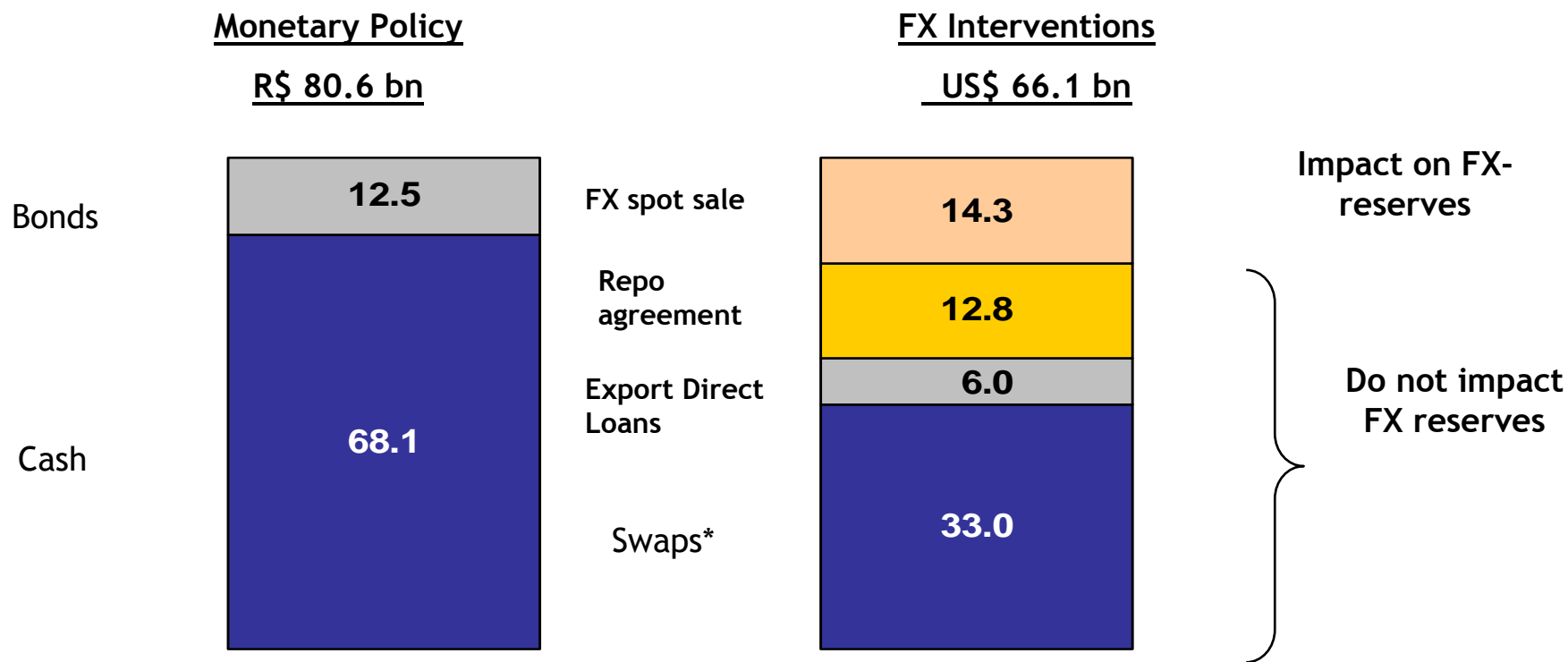
Source: MDS

\* A.B.Law- 08

- Brazilian HDI achieves high development level.
- The program already covers the population targeted for social policy purposes.
- Poverty in metropolitan areas was reduced by 1/3 in 5 years
- Middle Class already represents 52% of the active population

Source: IBGE

- Brazil has been, successfully, proactive, but also cautious, to focus the impacts of the global crisis. So far the Government has used monetary policy, as well as direct intervention in the FX market (From Sep-08 to Mar-09):



\*Swaps+ swaps not rolled over

\*\* Reserve Requirement

## How has Brazil been affected by the crisis?

S&P and Fitch granted the Investment Grade Status for Brazil on April and May 2008, respectively

- Brazil's kept its positive economic path amidst the external turmoil. Stability and pragmatism are values widespread across society. Rating Agencies reaffirmed the BRA outlook among global ratings reviews.

| Brazil  | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---------|------|------|------|------|------|------|
| S & P   | B+   | BB-  | BB-  | BB   | BB+  | BBB- |
| Fitch   | B+   | BB-  | BB-  | BB   | BB+  | BBB- |
| Moody's | B2   | B1   | Ba3  | Ba2  | Ba1  | Ba1  |

### ■ Strengths

- Track record of policy continuity through political transitions based on a inflation-targeting regime and floating FX-regime;
- Remarkable reduction on external vulnerabilities
- Improving debt profile

### ■ Challenges

- Large Net Debt ratio and relatively high debt burden
- Budgetary rigidities
- Structural deficiencies - Tax and Social Security reforms are necessary

## Macroeconomic Overview

## Public Debt Management

- Annual Borrowing Plan
- Recent Events

## Annual Borrowing Plan - 2009

### Federal Public Debt Planning (FPD)

*To minimize long-term financing costs, ensuring the maintenance of prudent risk levels and contributing to the well functioning of the public bond market.*

### Guidelines

General guidelines that direct FPD management, given the market conditions:

- ✓ Lengthening of average FPD maturities and reducing the percentage of FPD maturing in 12 months;
- ✓ Gradual substitution of floating-rate securities for fixed-rate or inflation-linked securities;
- ✓ Improvement of the external debt profile through issuance of benchmark bonds, early redemption program and structured operations;
- ✓ Incentives to the development of the term structure of interest rates for federal public securities on domestic and external markets; and
- ✓ Expansion of the investor base.

## Annual Borrowing Plan 2009

### Federal Debt (FPD) Indicators\*

| Indicators                                     | 2003  | 2004    | 2005    | 2006    | 2007    | 2008    | Feb-09  | 2009    |         |
|--|-------|---------|---------|---------|---------|---------|---------|---------|---------|
|  |       |         |         |         |         |         |         | Minimum | Maximum |
| Stock of DPF* held by the public (R\$ billion) | 965.8 | 1,013.9 | 1,157.1 | 1,237.0 | 1,333.8 | 1,397.0 | 1,381.0 | 1,450.0 | 1,600.0 |
| Average maturity - Federal Outstanding Debt**  | 3.3   | 2.9     | 2.8     | 3.0     | 3.3     | 3.5     | 3.6     | 3.4     | 3.7     |
| % Maturing in 12 months                        | 30.7  | 39.3    | 36.3    | 32.4    | 28.2    | 25.4    | 27.8    | 25.0    | 29.0    |
| Share of DPF (%)                               |       |         |         |         |         |         |         |         |         |
| Fixed rate                                     | 9.5   | 16.1    | 23.6    | 31.9    | 35.1    | 29.9    | 26.4    | 24.0    | 31.0    |
| Inflation Linked                               | 10.3  | 11.9    | 13.1    | 19.9    | 24.1    | 26.6    | 27.3    | 26.0    | 30.0    |
| Floating rate                                  | 46.5  | 45.7    | 43.9    | 33.4    | 30.7    | 32.4    | 34.9    | 32.0    | 38.0    |
| Exchange rate                                  | 32.4  | 24.2    | 17.6    | 12.7    | 8.2     | 9.7     | 9.9     | 7.0     | 11.0    |
| Others   | 1.4   | 2.2     | 1.8     | 2.0     | 1.9     | 1.4     | 1.4     | 1.0     | 2.0     |

\* It includes the domestic debt (R\$ 1,247.40 billion - Feb/09) and the external debt (R\$ 133.60 billion - Feb/09) under the National Treasury responsibility

\*\* yearly basis

- Lengthening the average maturity;
- Reducing the percentage due in 12 months;
- Consolidating the share of fixed rate bonds plus inflation linked bonds close to 60%.

Note: In view of the process of full integration between the guidelines and strategies of financing in domestic and external markets the National Treasury started to disclose the limits of the Annual Borrowing Plan only for the DPF. The statistics of the DPF and its subdivisions in DPMFi and DPFfe will continue to be monitored in the Federal Public Debt Monthly Report that can be accessed at [http://www.tesouro.fazenda.gov.br/english/hp/public\\_debt\\_report.asp](http://www.tesouro.fazenda.gov.br/english/hp/public_debt_report.asp).

## Annual Borrowing Plan - ABP 2009

### Financing Strategy of the Domestic Federal Public Debt - DFPD

#### ■ Fixed Rate Securities:

- ✓ The LTN will have benchmarks of 6, 12 and 24 months, and the NTN-F will have maturities of 3, 5 and 10 years, given the market conditions;

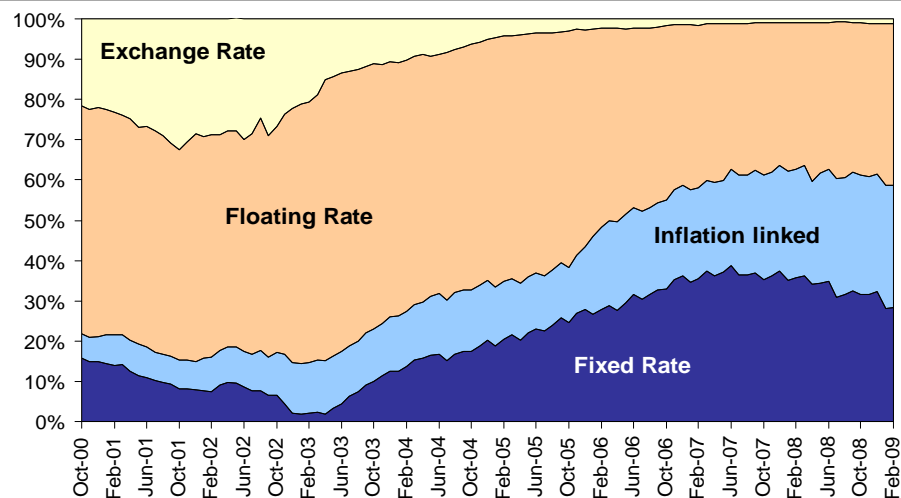
#### ■ Inflation Linked Securities:

- ✓ The financing strategy for 2009 will be only the issuance of inflation linked securities (NTN-B);
- ✓ The maturities of NTN-B offered throughout 2009 will be of 3, 5, 10, 20, 30 and 40 years, depending on the market conditions;

#### ■ Floating Rate Securities

- ✓ The new bonds will have maturities in the third month of each quarter;
- ✓ The average issuance maturity will be superior to the FPD's maturity observed at the end of 2008 (around 3.5 years).

DFPD Composition



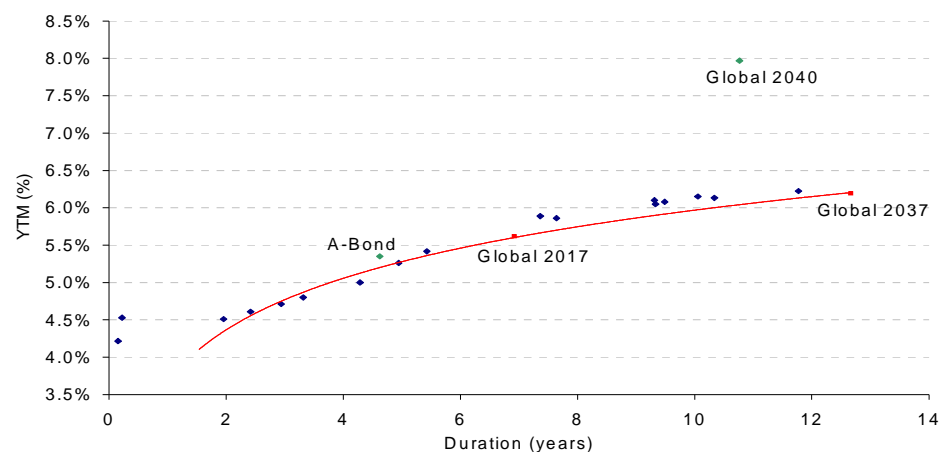
Source: National Treasury

## Annual Borrowing Plan 2009

### External Federal Public Debt (EFPD) Strategy

- Maintenance of the early redemption program, together with structured operations, both aimed at correcting distortions in the external interest curve;
  - Creation and improvement of benchmarks in the external market interest rate term structure; and
  - The Brazilian National Treasury will maintain its strategy of qualitative issuances, in light of the reduced external financing requirement for 2009, besides having already acquired 73% of foreign currency for the external debt service (principal and interest).
- 
- Maintenance of the Early Redemption Program

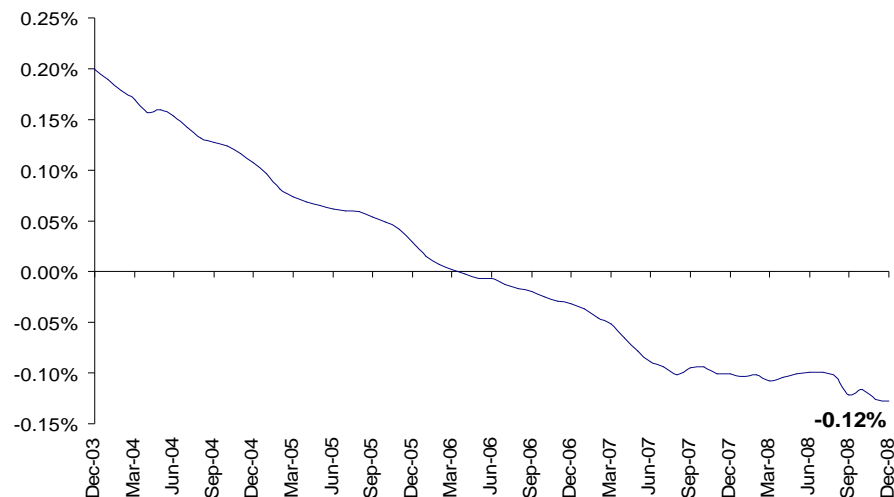
### Yield Curve



Source: National Treasury

## The improvement on the Public Debt composition has reduced risks

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

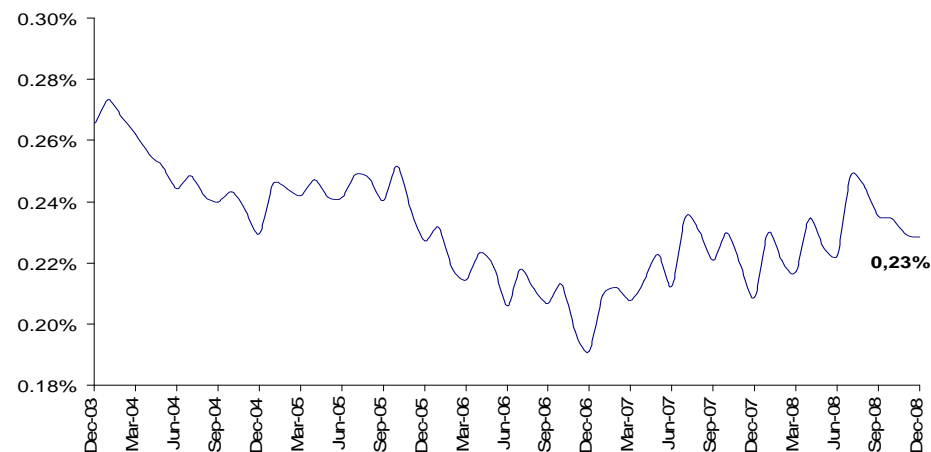


Source: Central Bank

■ The risk of NPSD/GDP not only was reduced in **20.5%** of GDP in four years, but the protection created by the fact that we have more FX assets than liabilities has compensated the interest rate risk. This shielded the NPSD against market risks.

■ Considering the reduction on the sensibility of the NPSD to variations on exchange and floating rates, a stress scenario (overshooting of **56.6%** on exchange rate, followed by an increase of **7.8 pp** on the SELIC rate - three standard deviations in both), in December 2002 would increase the Net Debt to GDP in **16.5%**. On December 2008, this same scenario would decrease the debt in **5.4%**, being the increase of 1.7% on interest rates compensated by the reduction of 7.1% caused by the currency.

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



Source: Central Bank  
In 12 months

## Macroeconomic Overview

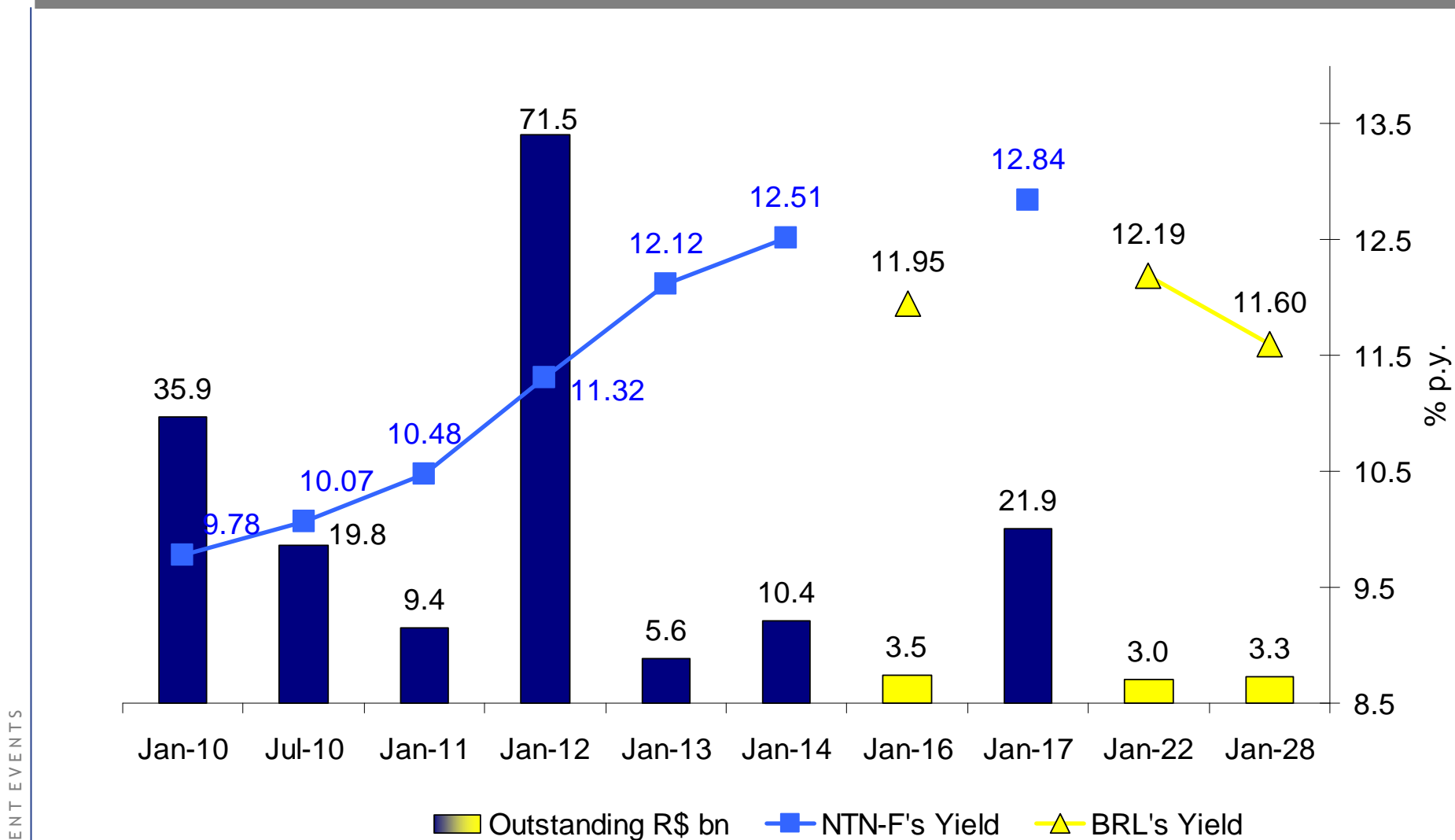
## Public Debt Management

- Annual Borrowing Plan

- Recent Events

## National Treasury Performance - *Big opportunities merge in the domestic market*

NTN-F and BRL's - Outstanding and Yields (04/09/09)

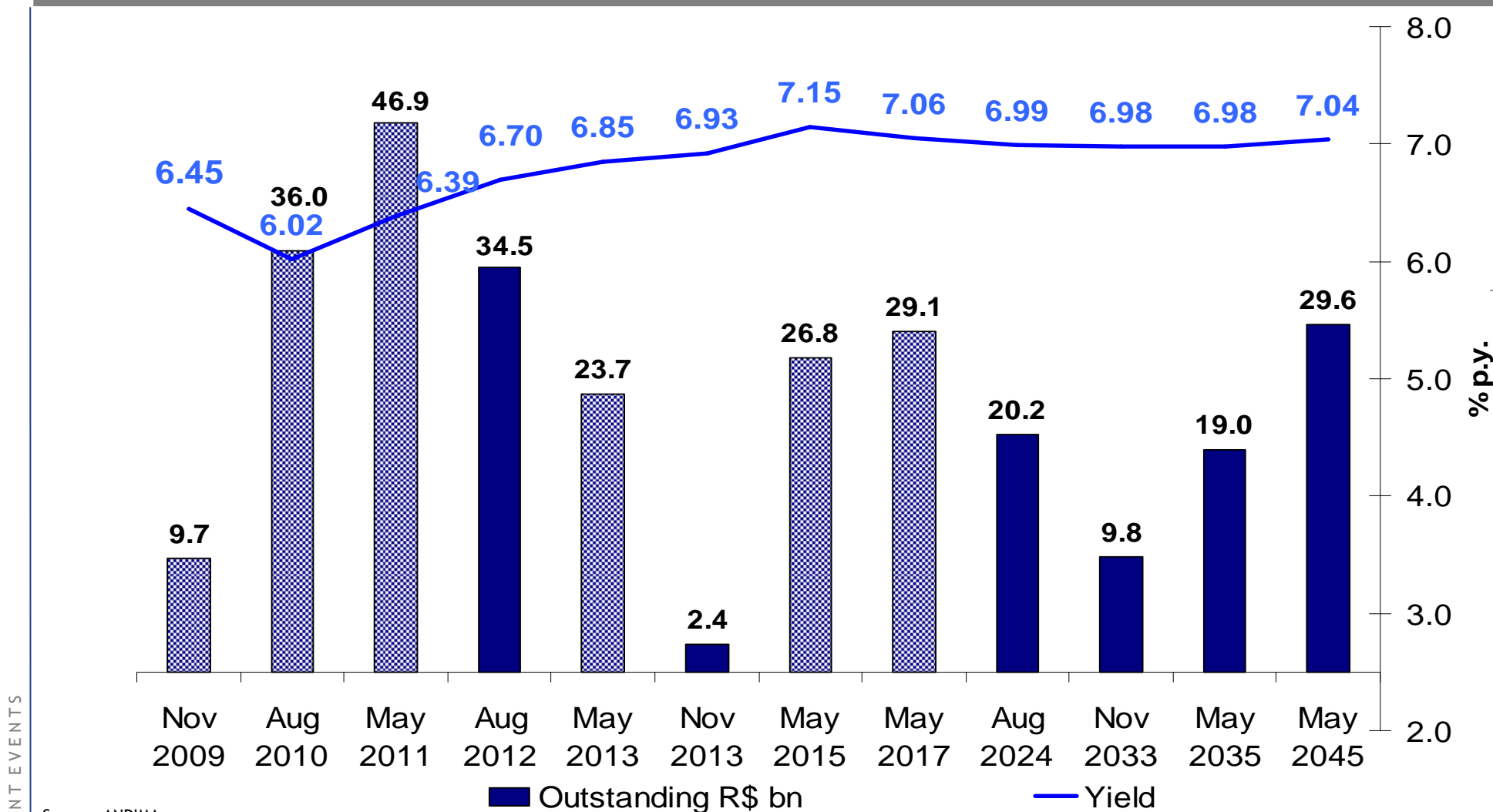


RECENT EVENTS

Source: Bloomberg, Andima and National Treasury

## National Treasury Performance - *Big opportunities merge in the domestic market*

Inflation linked bonds (NTN-B) - Outstanding and yields (as of 04/09/2009)



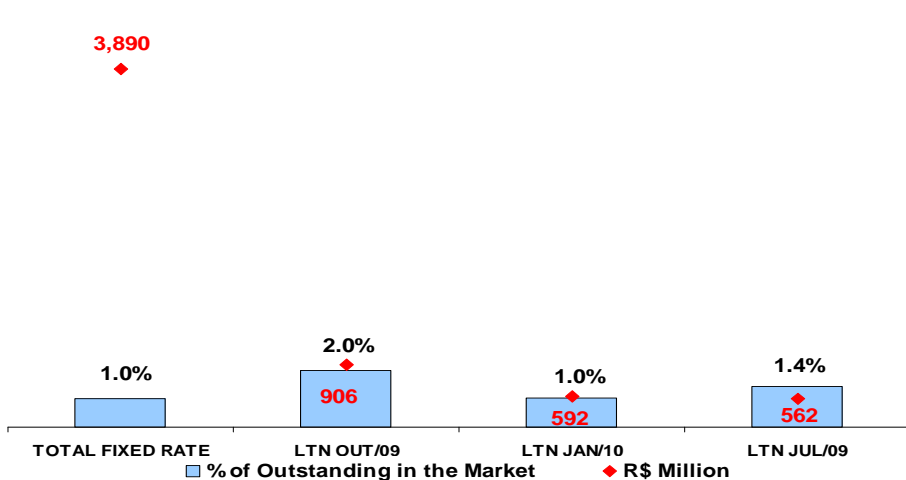
Source: ANDIMA

Note 1: The Nov/09, Aug/10, May/11, May/13, May/15 and May/17 NTN-B are not issued anymore.

Note 2: There are NTN-Bs with other maturities.

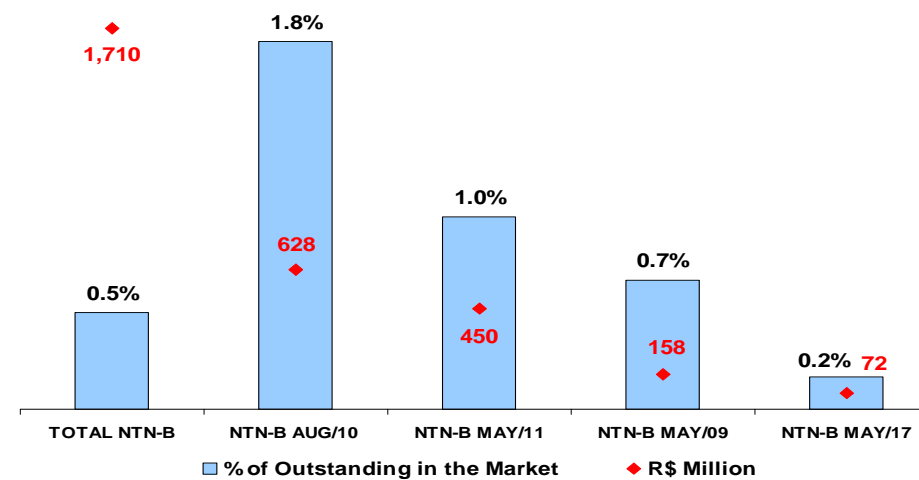
## Performance in Domestic Market - Liquidity Indicators

Daily Turnover\* - Fixed Rate Bonds



Source: National Treasury \* as of March-09

Daily Turnover\* - Inflation linked



Source: National Treasury \*as of March-09

### YIELD x Spread\* 4/12/09

|              | NTN-B 15/5/11 | NTN-B 15/5/17 | NTN-B 15/8/10 |
|--------------|---------------|---------------|---------------|
| Yield        | 6.39          | 7.06          | 6.02          |
| Spread (bps) | 14            | 14            | 16            |

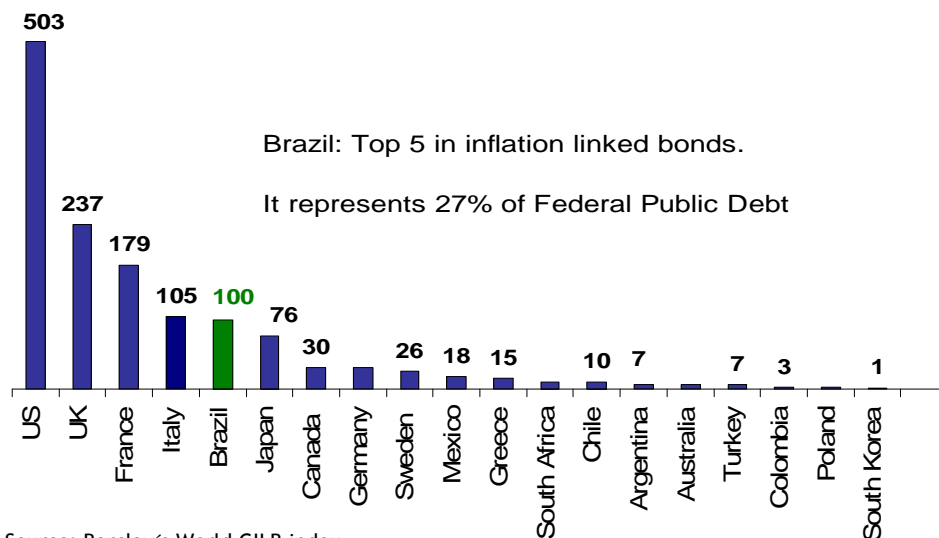
  

|              | LTN 1/7/09 | LTN 1/10/09 | NTN-F 1/1/10 |
|--------------|------------|-------------|--------------|
| Yield        | 10.20      | 9.84        | 9.80         |
| Spread (bps) | 4          | 4           | 6            |

\* The difference between Maximum and Minimum Rate from ANDIMA

## National Treasury Performance - *Big opportunities in the domestic market*

### GILB index - Domestic Inflation linked Bonds

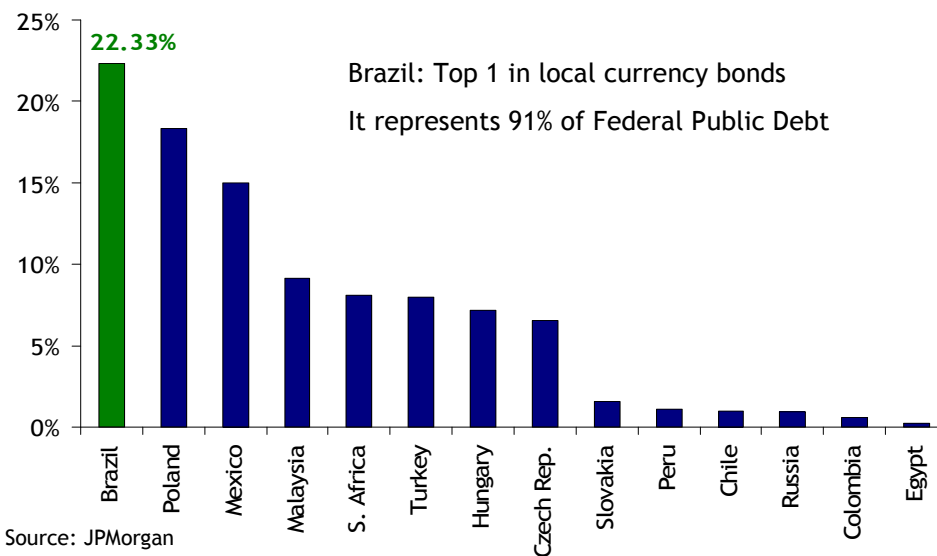


Source: Barclay's World GILB index

- Brazil represents 22.3% of EMs total market cap in local currency bonds, according to JP Morgan's GBI-EM Index.

- Brazil represents about 7.3% of world's total market cap in domestic inflation-linked bonds, according to Barclay's World GILB index.

### GBI-EM Index



Source: JPMorgan

## Measures to Improve the Market

### Stimulating Primary and Secondary Markets

#### ■ Dealers

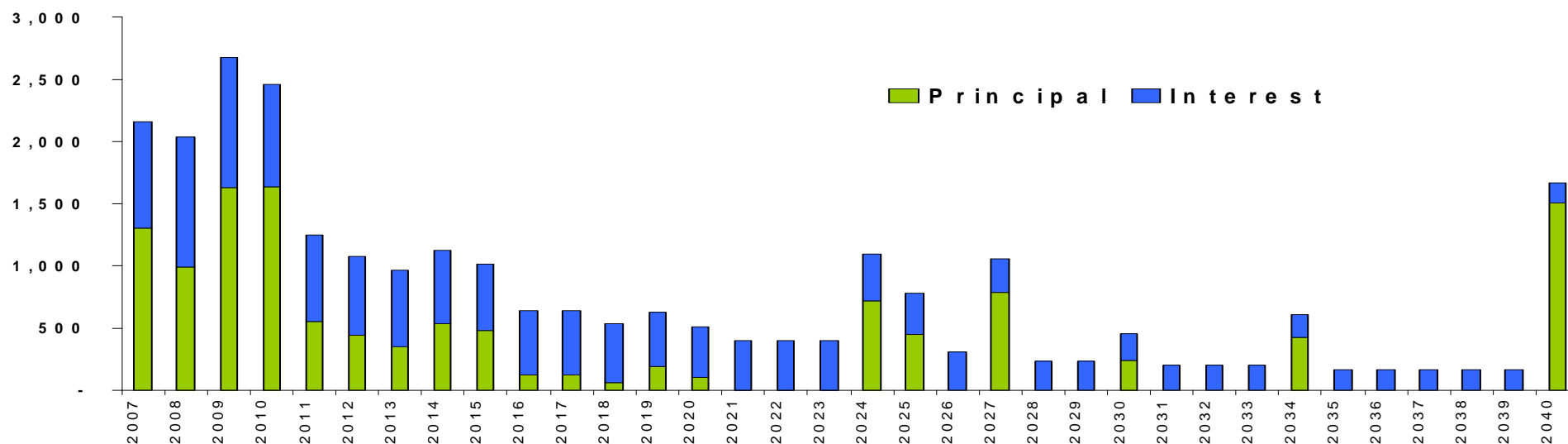
- Additional performance targets for specialist dealers.
- Specialist dealers will have to post daily, twice a day, bid and ask proposals for each one of the negotiated bonds.
- Participants will have greater knowledge of prices and offered bonds, providing more transparency and improving the pricing of the bonds in the primary and secondary markets.

#### ■ Improving Liquidity and Transparency

- Screen Trading and the COMPARE system.
- Disclosure, by Andima, of the deals set in SISBEX, with delay of just 15 minutes.

## External Public Debt - Indicators

### Early Redemption Program - Reduction on External Debt's Payment Flow – 2006-09 (US\$ million)\*



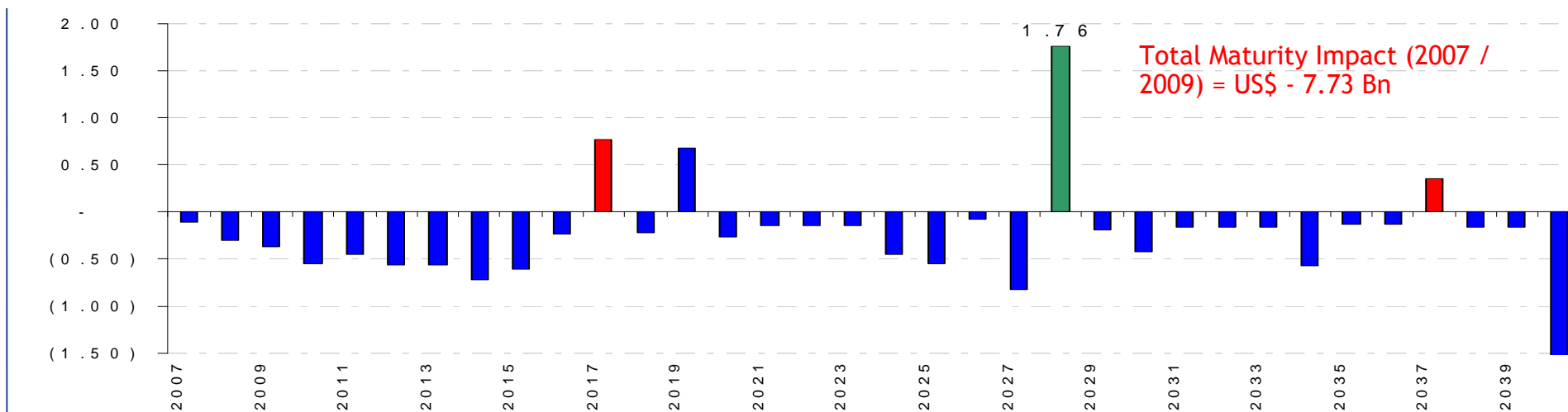
\* Since January - 2006 until January - 2009

|                          | 2005  | 2006 | 2007 | 2008 | 2009<br>Jan/Jan |
|--------------------------|-------|------|------|------|-----------------|
| <b>Issuances</b>         | 12.49 | 5.45 | 2.88 | 0.53 | 1.03            |
| <b>Early redemptions</b> | -     | 6.00 | 5.36 | 1.15 | 0.13            |
| Note: nominal value      |       |      |      |      |                 |

|                                    | Dec-05 | Dec-06 | Dec-07 | Dec-08 | Jan-09 |
|------------------------------------|--------|--------|--------|--------|--------|
| <b>Share in BRL (%)</b>            | 1.95   | 4.68   | 9.99   | 8.12   | 7.83   |
| <b>Maturity (years)*</b>           | 5.54   | 6.01   | 6.15   | 5.63   | 5.76   |
| <b>Total Outstanding (US\$ Bn)</b> | 75.9   | 67.1   | 61.5   | 56.7   | 56.6   |

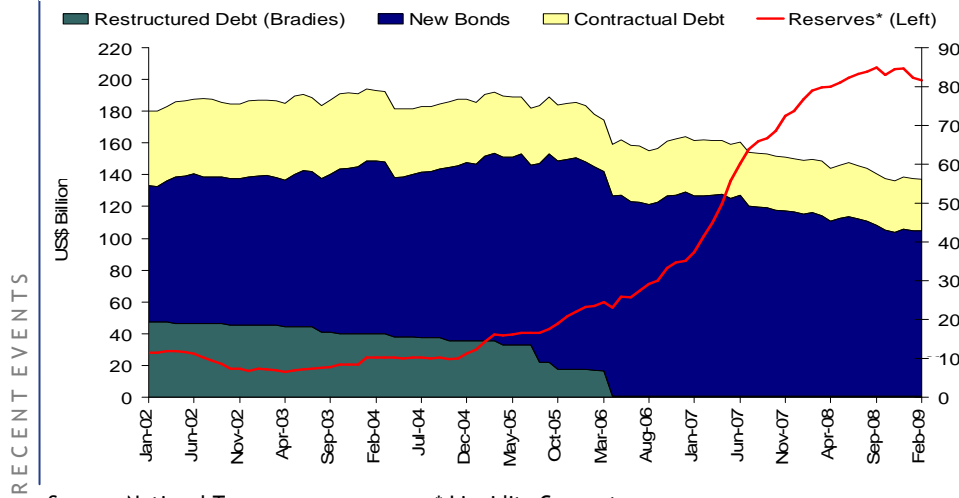
## External Public Debt - Indicators

### Early Redemption Program and new issuances – Impact on External Debt’s Payment Flow in 2007 / 2009 (US\$ million)\*



Source: National Treasury \*\*From January - 2007 up to January - 2009

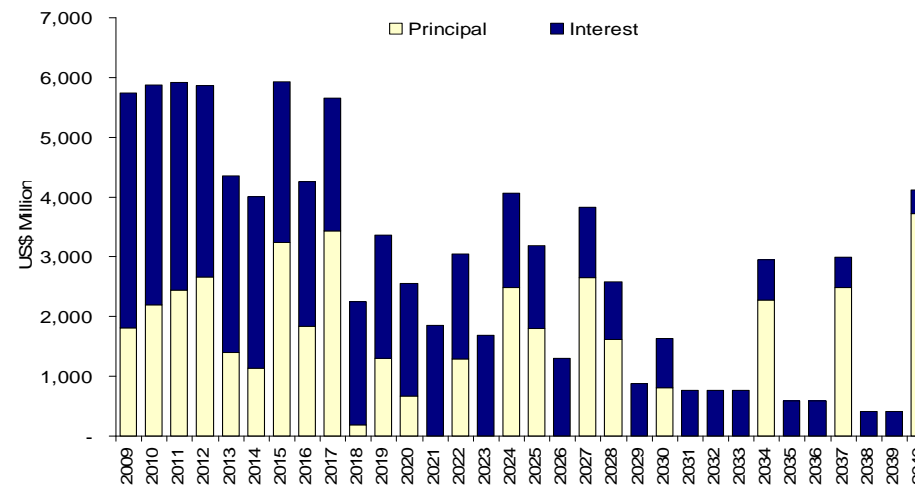
### External Debt – National Treasury



Source: National Treasury

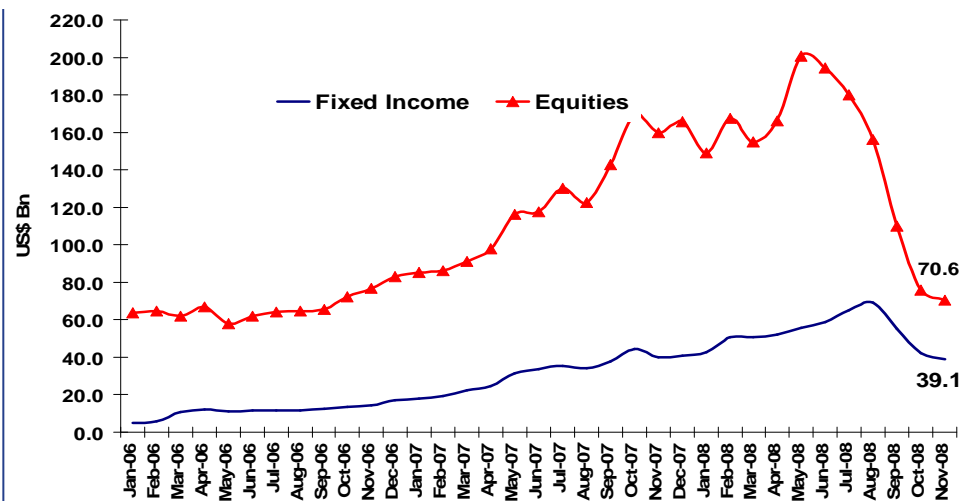
\* Liquidity Concept

### External Public Debt Profile



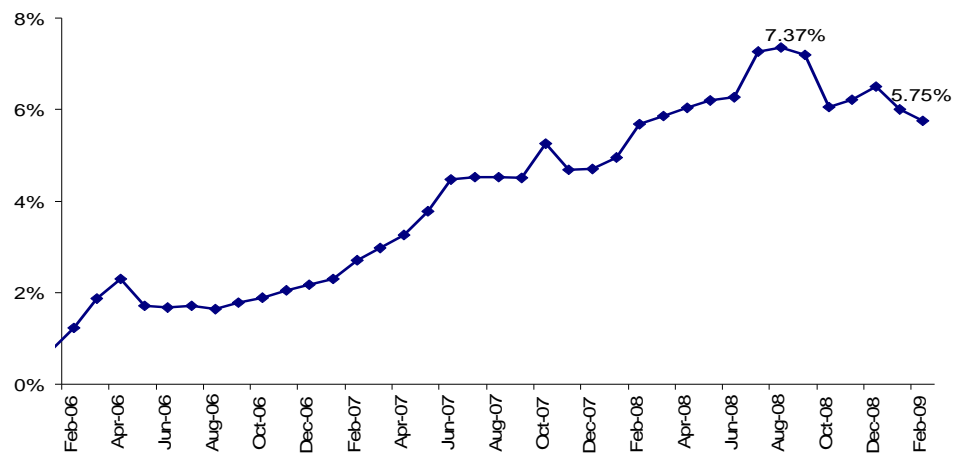
## Foreign investors stance in domestic market

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



Source: CVM

Foreigner's Investors: Domestic Debt Participation %



Source: CVM and SELIC

## Events in Public Debt Management

### Buyback Program Results

Buyback Results, by security - US\$ th

|                                  | Asset   | Buyback in 2008  |
|----------------------------------|---------|------------------|
| GLOBAL                           | BR08N   | 0                |
|                                  | BR08    | 0                |
|                                  | BR09F   | 0                |
|                                  | BR09    | 5,000            |
|                                  | BR10    | 16,140           |
|                                  | BR10N   | 35,500           |
|                                  | BR11    | 0                |
|                                  | BR12    | 0                |
|                                  | BR13    | 25,000           |
|                                  | BR14    | 35,000           |
|                                  | BR15    | 29,000           |
|                                  | BR17    | 0                |
|                                  | A Bond  | 213,364          |
|                                  | BR19    | 23,200           |
|                                  | BR20    | 17,528           |
|                                  | BR24    | 21,650           |
|                                  | BR24N   | 9,602            |
|                                  | BR25    | 61,000           |
|                                  | BR27    | 136,850          |
|                                  | BR30    | 49,590           |
| BR34                             | 130,893 |                  |
| BR37                             | 0       |                  |
| BR40                             | 342,000 |                  |
| <b>Face Value - Total (US\$)</b> |         | <b>1,151,317</b> |

- Throughout 2008, it was bought US\$ 1.5 bn financial value, equivalent to US\$ 1.2 bn in face value.
- Since 2006, the repurchases at the Buyback Program reached US\$ 15.5 bn in financial value (US\$ 12.7 bn in face values).
- With these early redemptions, the FPD volatility was reduced, downsizing market and refinancing risks, while improving the debt profile.

Note: Global Bonds denominated in US\$  
Source: Brazilian National Treasury

## 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.
- 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.
- **Release (Apr-08):** Based on the combined score (Gerin, operated by the Central Bank of Brazil, and Investor Relations Office of the National Treasury), Brazil has individually become the first country to score 38 out of 38 in prioritized terms in both IROs.
- **BEST 2008:** National Treasury has an important participation in promoting Brazil to big international investors. This year BEST is present in Dubai, London, Luxemburg, Geneva, Toronto, Boston, New York, Tokyo, Seoul and Singapore.

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

**[www.tesouro.fazenda.gov.br](http://www.tesouro.fazenda.gov.br)**

**Or contact Institutional Relations area:**

**[brazildebt@fazenda.gov.br](mailto:brazildebt@fazenda.gov.br)**

Translation of the original text of this document is provided only for the convenience of the reader. While reasonable care has been taken to ensure the authenticity of the translation, its accuracy cannot be guaranteed. Reliance upon this translation shall be at the reader's own risk. Under no circumstances, shall the Brazilian National Treasury, its officers, employees or agents be liable to the reader or anyone else for any inaccuracy, error, inconsistency, omission, deletion, defect or alteration of the content of the translation from the original Portuguese text, regardless of cause, or for any damages resulting therefrom. The original Portuguese text of this document is the only official version, which can be found in <http://www.stn.fazenda.gov.br/index.asp>. In the event of any discrepancy or contradiction between the Portuguese and translated version, the Portuguese version shall prevail.

# ANNEX

## A steady level of public external debt with improved profile

### Issuance Amounts

| Issuances                     | Launch Date | Settlement Date | In US\$ million<br>Total | Maturity | Yield  | Spread <sup>1</sup> | EMBI BR at issuance | Leading Managers                               |
|-------------------------------|-------------|-----------------|--------------------------|----------|--------|---------------------|---------------------|--|
| <b>2005 Program</b>           |             |                 |                          |          |        |                     |                     |  |
| Global 2019                   | 10/06/04    | 10/14/04        | 1,000                    | 15 years | 9.15%  | 492                 | 445                 | JPMorganChase / Citigroup                      |
| Global 2014*                  | 12/03/04    | 12/08/04        | 500                      | 10 years | 8.24%  | 398                 | 411                 | Morgan Stanley / JP Morgan                     |
| Euro 2015                     | 01/20/05    | 02/03/05        | 650                      | 10 years | 7.55%  | 398 <sup>2</sup>    | 433                 | BNP Paribas / Deutsche Bank Ag London          |
| Global 2025                   | 01/31/05    | 02/04/05        | 1,250                    | 20 years | 8.90%  | 431                 | 417                 | Deutsche Bank / UBS                            |
| Global 2015                   | 02/28/05    | 03/07/05        | 1,000                    | 10 years | 7.90%  | 353                 | 391                 | JPMorganChase / Citigroup                      |
| Global 2019*                  | 05/10/05    | 05/17/05        | 500                      | 14 years | 8.83%  | 458                 | 420                 | Merrill Lynch / Goldman Sachs                  |
| Global 2034*                  | 05/25/05    | 06/02/05        | 500                      | 29 years | 8.81%  | 440                 | 427                 | Deutsche Bank / Bear Stearns                   |
| Global 2015*                  | 06/21/05    | 06/27/05        | 600                      | 10 years | 7.73%  | 363                 | 407                 | Citigroup / HSBC                               |
| <b>Total Issued</b>           |             |                 | <b>6,000</b>             |          |        |                     |                     |  |
| <b>2006/2007/2008 Program</b> |             |                 |                          |          |        |                     |                     |  |
| Global 2025*                  | 09/06/05    | 09/13/05        | 1,000                    | 20 years | 8.52%  | 417                 | 399                 | Morgan Stanley / Bear Stearns                  |
| Global BRL 2016               | 09/19/05    | 09/26/05        | 1,479                    | 10 years | 12.75% | -                   | 364                 | JPMorgan Securities Inc. / Goldman Sachs & Co  |
| Global 2015*                  | 11/09/05    | 11/17/05        | 500                      | 10 years | 7.77%  | 312                 | 347                 | Citigroup / HSBC                               |
| Global 2034*                  | 11/29/05    | 12/06/05        | 500                      | 28 years | 8.31%  | 363                 | 349                 | Merrill Lynch & Co. / Barclays Capital         |
| Global 2037                   | 01/10/06    | 01/18/06        | 1,000                    | 30 years | 7.57%  | 295                 | 280                 | Deutsche Bank / UBS                            |
| Euro 2015*                    | 01/30/06    | 02/03/06        | 362                      | 9 years  | 5.45%  | 185 <sup>3</sup>    | 262                 | Dresdner Bank AG London / Barclays Capital Inc |
| Global 2037*                  | 03/16/06    | 03/23/06        | 500                      | 31 years | 6.83%  | 204                 | 225                 | JPMorgan Securities Inc. / HSBC                |
| Global BRL 2022               | 09/06/06    | 09/13/06        | 743                      | 15 years | 12.88% | -                   | 218                 | Citigroup / JPMorgan Securities Inc.           |
| Global BRL 2022*              | 10/05/06    | 10/13/06        | 301                      | 15 years | 12.47% | -                   | 228                 | Merrill Lynch & Co. / UBS                      |
| Global 2017                   | 11/07/06    | 11/14/06        | 1,500                    | 10 years | 6.25%  | 159                 | 212                 | Barclays Capital Inc / Deutsche Bank           |
| Global BRL 2022*              | 12/04/06    | 12/11/06        | 346                      | 15 years | 11.66% | -                   | 224                 | Morgan Stanley / Goldman Sachs & Co            |
| Global 2037*                  | 01/23/07    | 01/30/07        | 500                      | 30 years | 6.64%  | 173                 | 185                 | Bear Stearns / Merrill Lynch                   |
| Global BRL 2028               | 02/07/07    | 02/14/07        | 715                      | 20 years | 10.68% | -                   | 186                 | JPMorgan Securities Inc. / UBS                 |
| Global BRL 2028*              | 03/20/07    | 03/27/07        | 361                      | 20 years | 10.28% | -                   | 186                 | Barclays Capital Inc / Citigroup               |
| Global 2017*                  | 04/03/07    | 04/10/07        | 525                      | 10 years | 5.89%  | 122                 | 164                 | Morgan Stanley / Merrill Lynch                 |
| Global BRL 2028*              | 05/10/07    | 05/17/07        | 389                      | 20 years | 8.94%  | -                   | 154                 | Deutsche Bank / HSBC                           |
| Global BRL 2028*              | 06/19/07    | 06/26/07        | 393                      | 20 years | 8.63%  | -                   | 143                 | Credit Suisse / J.P. Morgan Securities Inc     |
| Global 2017**                 | 05/07/08    | 05/14/08        | 525                      | 10 years | 5.29%  | 140                 | 122                 | HSBC / Deutsche Bank                           |
| Global 2019N                  | 01/06/09    | 01/13/09        | 1,025                    | 10 years | 6.13%  | 370                 | 397                 | Goldman Sachs / Merrill Lynch                  |
| <b>Total Issued</b>           |             |                 | <b>12,665</b>            |          |        |                     |                     |  |

Source: National Treasury

<sup>1</sup> In basis points (local currency), at issuance date.

<sup>2</sup> Spread over Deutsche Premier Bond 2015

<sup>3</sup> Spread over the 9-year mid-swap interest rate

\* Reopening Issuance

## A steady level of public external debt with improved profile

Impact of the “Cleaning Up” on the Federal Government External Debt from 2005 to 2007

|   | (US\$ bn)               |
|---|-------------------------|
| Operations                                      | Face Value <sup>1</sup> |
| <b>External Public Debt in Bonds</b>            | <b>21.5</b>             |
| C-Bond call (Oct-05)                            | 1.1                     |
| Brady Bonds call (Apr-06)                       | 6.5                     |
| Tender Offer (Jun-06)                           | 1.3                     |
| Early Redemption Program <sup>2</sup>           | 12.6                    |
| 2006  | 6.0                     |
| 2007  | 5.4                     |
| 2008  | 1.2                     |
| <b>Contractual Debt</b>                         | <b>22.1</b>             |
| IMF early payment I (Jul-05)                    | 4.9                     |
| IMF early payment II (Dec-05)                   | 15.5                    |
| Paris Club early payment (Jan-06 <sup>3</sup> ) | 1.7                     |
| <b>Total</b>                                    | <b>43.6</b>             |

<sup>1</sup> It captures the impact of the operations on the outstanding public debt

<sup>2</sup> The program started in Jan/06. For 2008, value repurchased up to 09/30/2008.