TESOURO NACIONAL

How is Brazil dealing with the crisis?

ISTAMBUL, TURKEY

June 2009

Falling Commodity Prices

Global Deleveraging

BNDES | Public Banks   BCB's measures to boost credit

Falling Investment

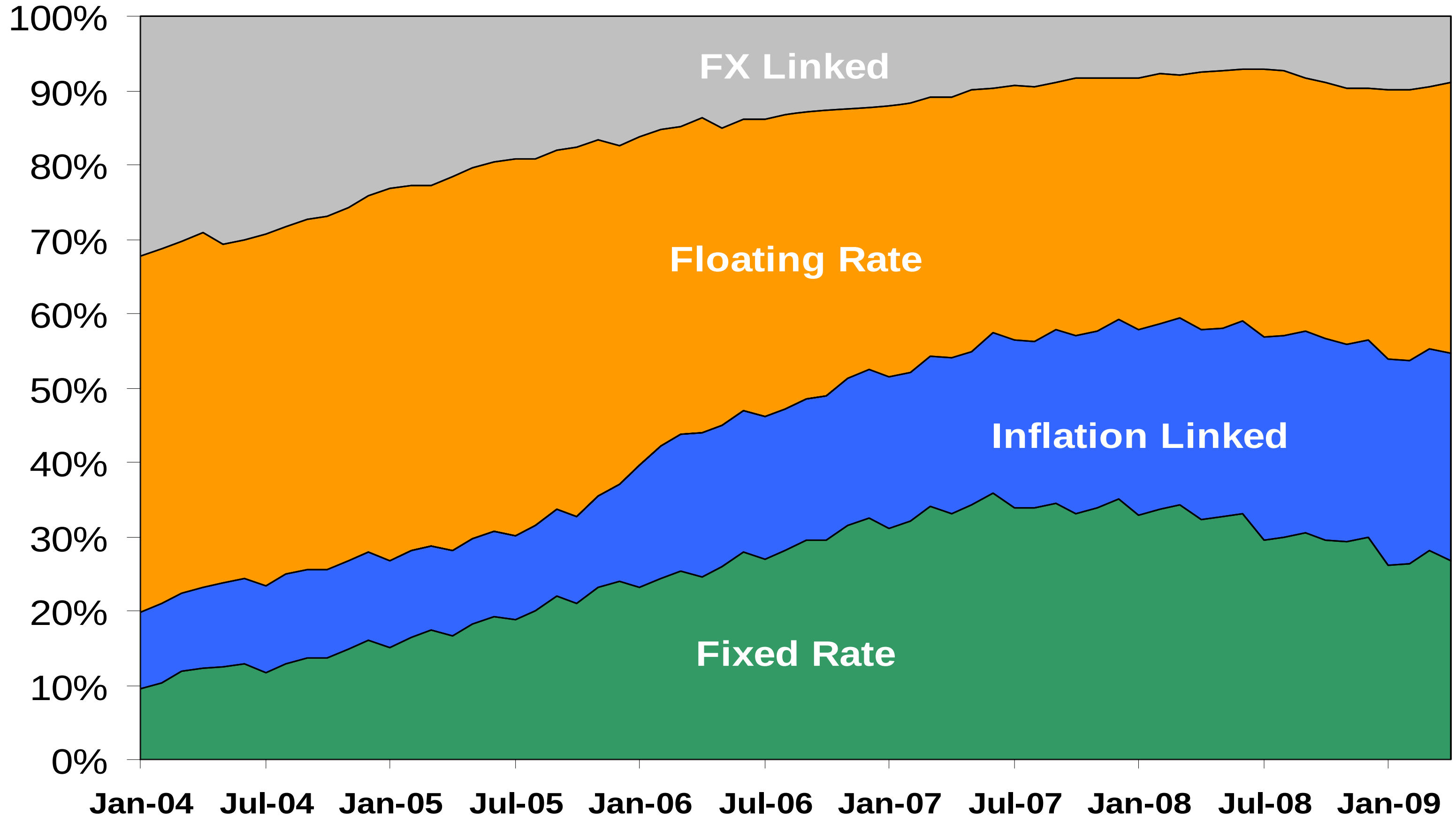
Negative Spillover on GDP Growth

Reduced Credit

The improvement on the Public Debt composition has reduced risks

Federal Public Debt Profile - as of Apr-09

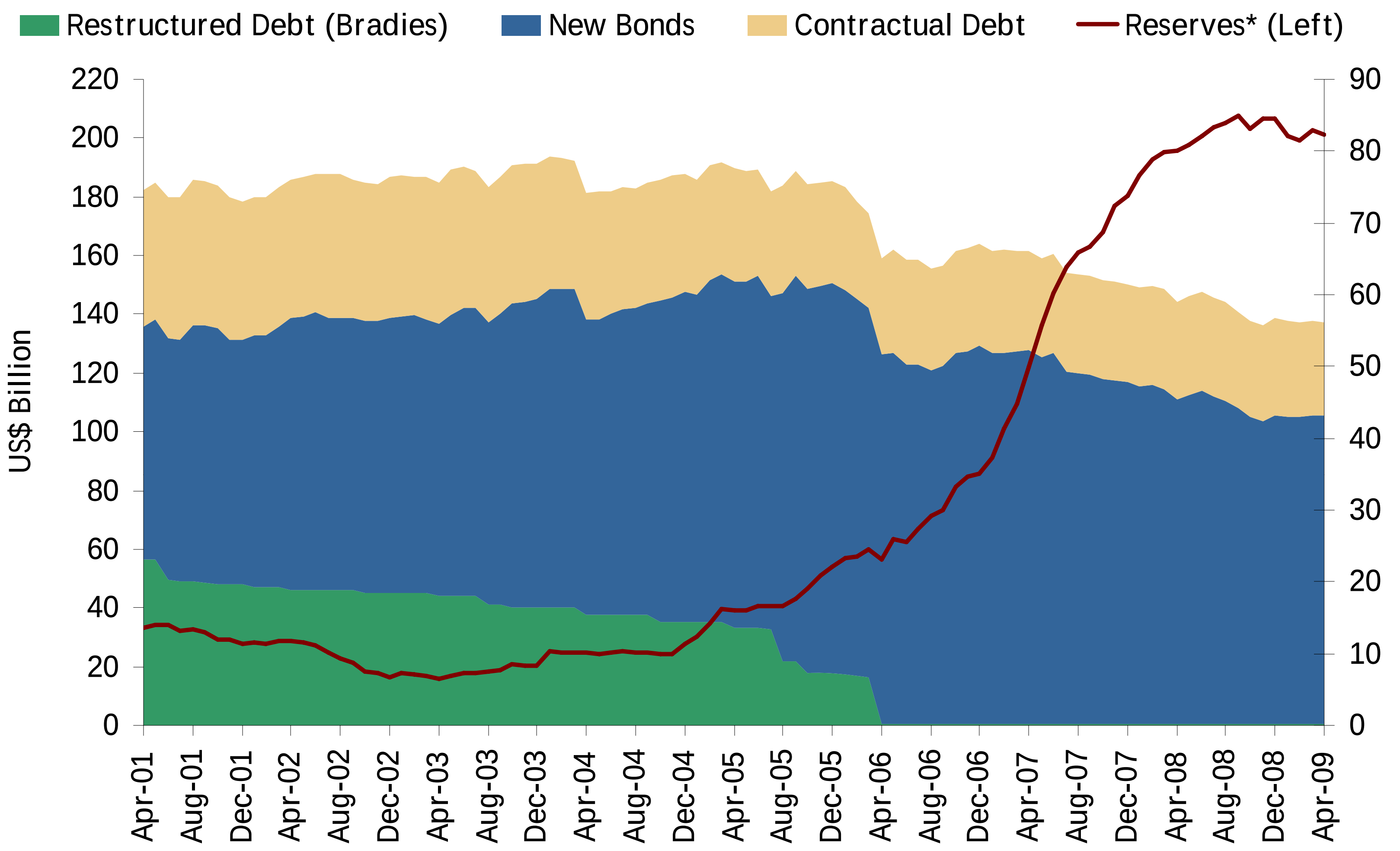
- Gradual change in the Federal Public Debt profile since 2002, maintaining the fixed rate and the inflation linked shares higher than FX linked and floating rate shares.



Source: National Treasury

Results Achieved

Evolution of External Federal Public Debt Profile

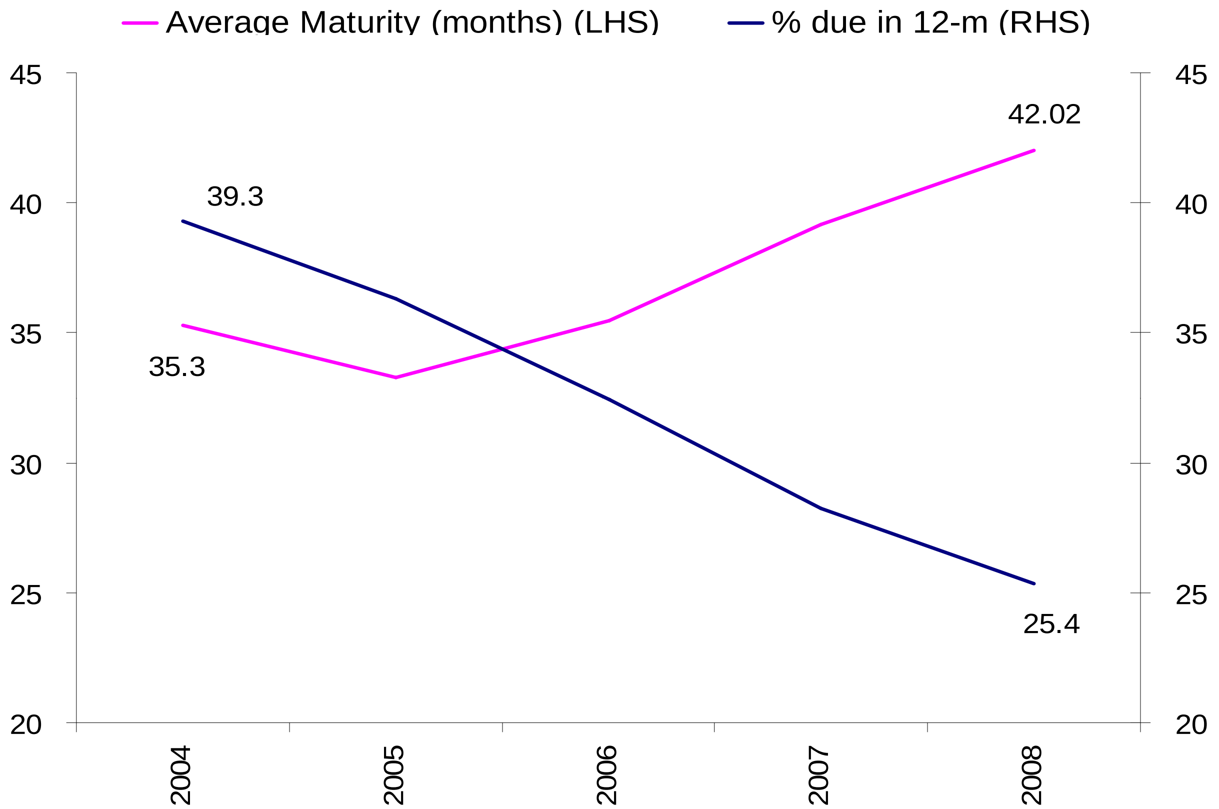


Source: National Treasury

Results Achieved

Evolution of the Average Maturity and of the % Due in 12 Months

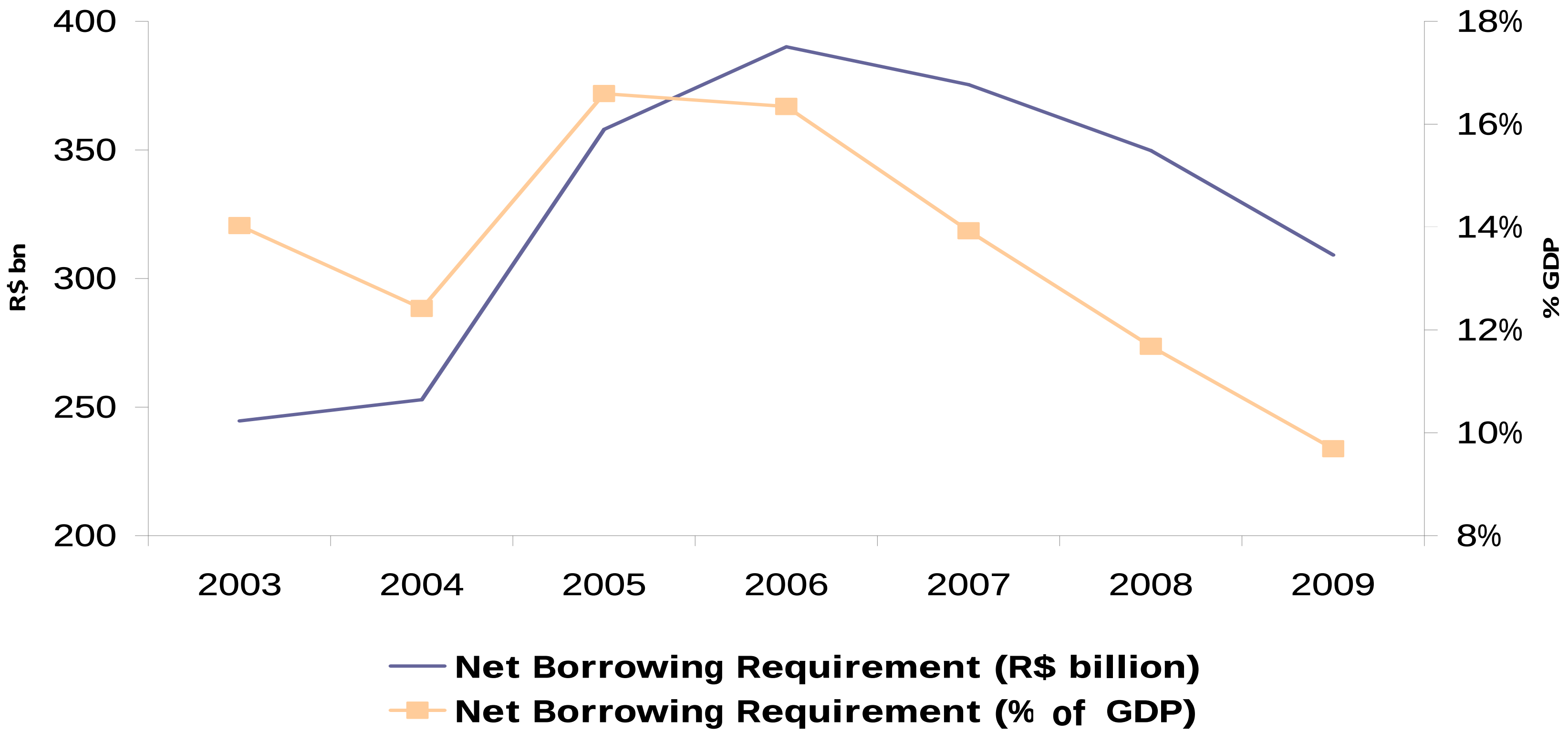
- As a result of the strategy adopted by the National Treasury in the last years, there's been an increase in the Federal Public Debt average maturity and a reduction in the percentage due in 12 months.



Source: National Treasury

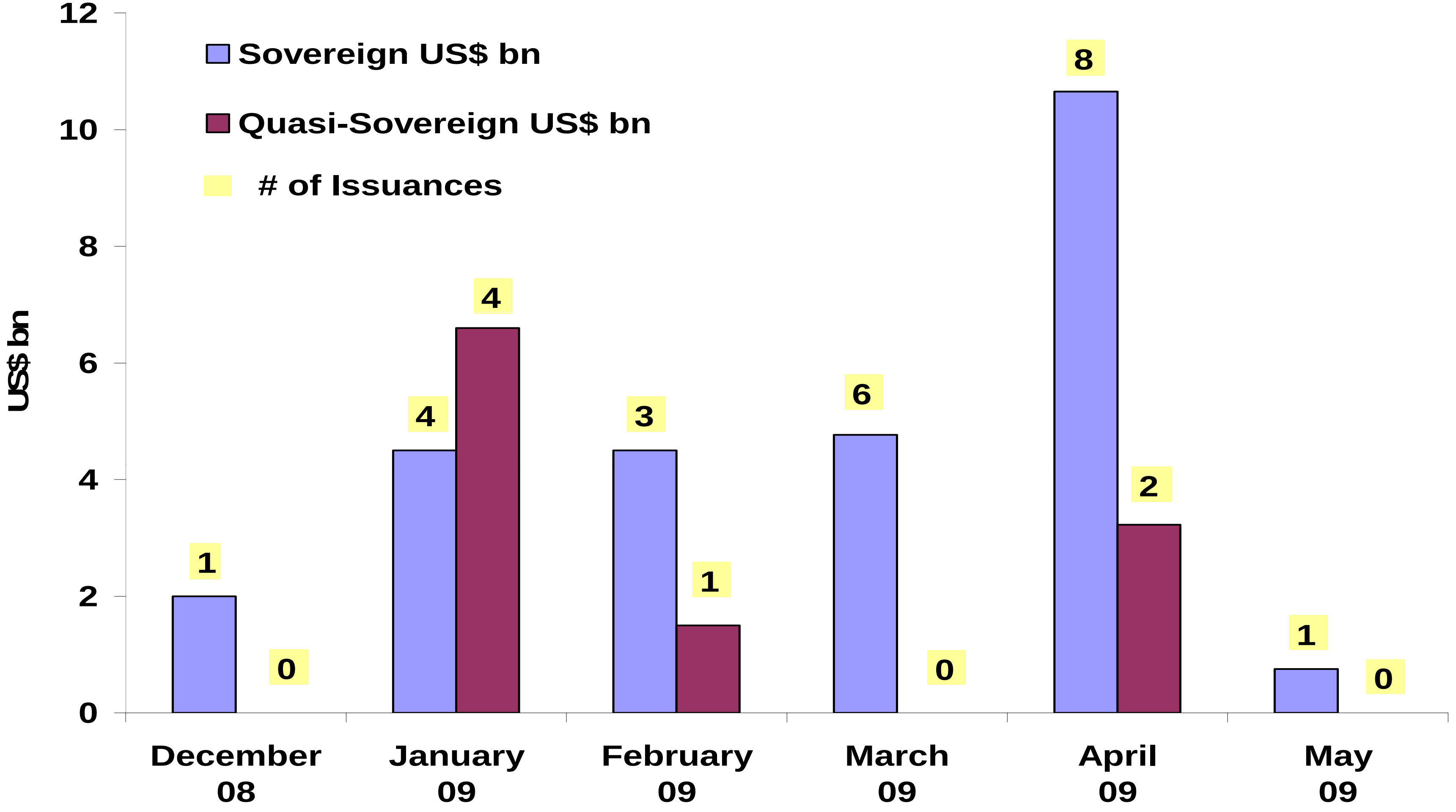
2009 and 2010 are the lowest historical financing needs

Evolution of Borrowing Requirement



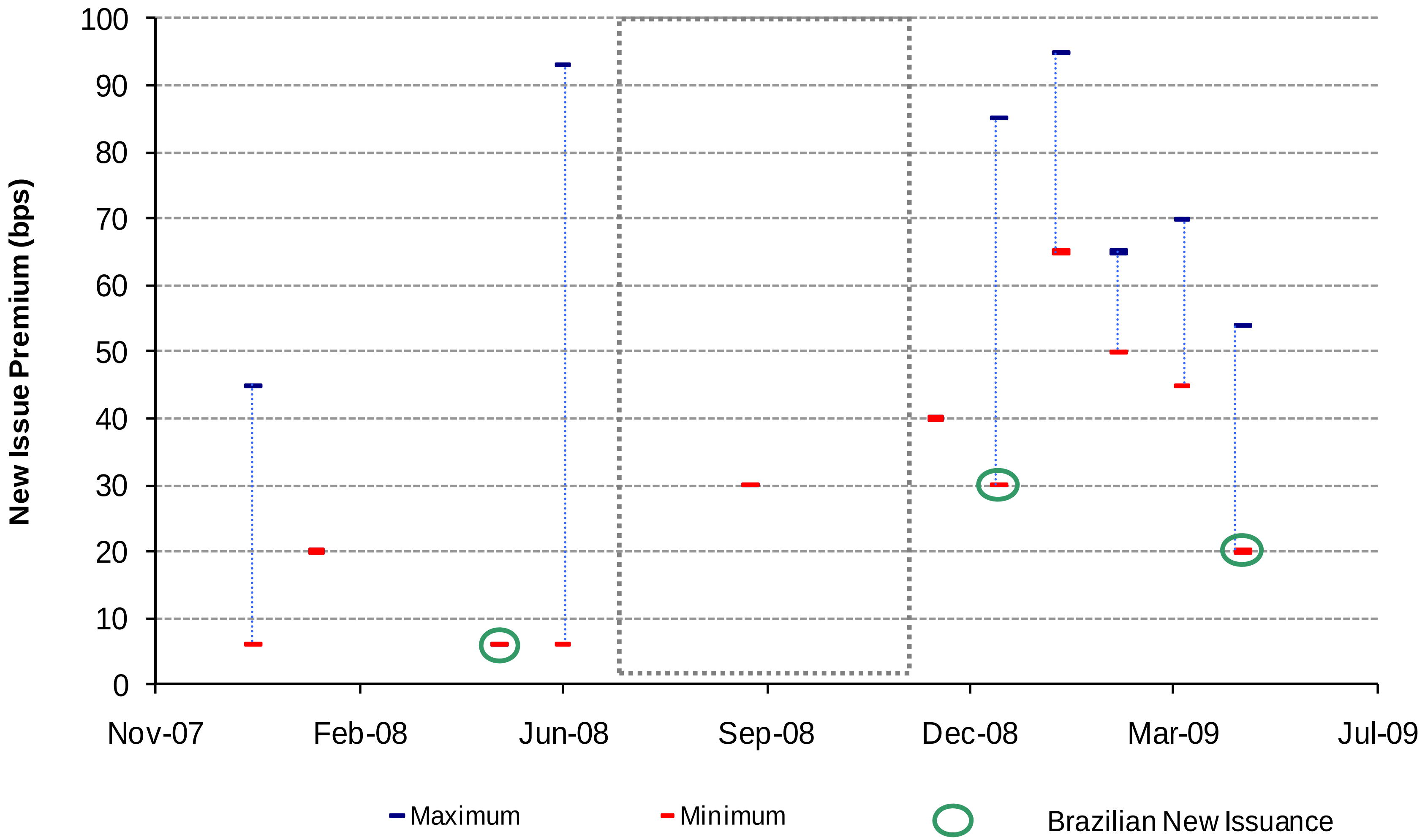
- Brazil is in a comfortable position due to its cash management:
  - BRL 91 bn in Budgetary Resources
  - BRL 185 bn from 2008´s Central Bank´s positive results from FX long position operations
  - **Then Gov´t has already pre financed all 2009 maturities (external and domestic)**

Sovereign and Quasi-Sovereign Activity



Source: Bond Radar
Obs.: It considers only US$ denominated issuances.

Low Concession on Brazilian Issuances

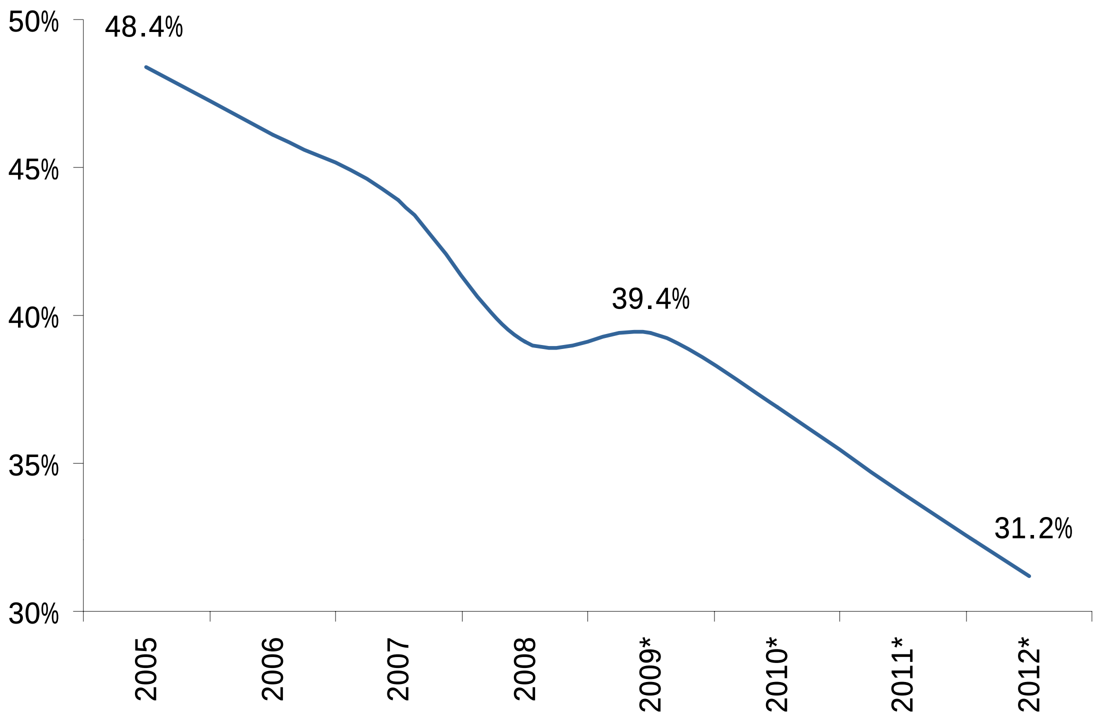


Source: National Treasury

Are there any permanent trends in investors appetite?

- **Local market**
  - In the context of a well defined set of public debt guidelines and monetary easing policy, there has been increased demand for fixed rate securities with higher tenures.
  - There is a live debate and a rich agenda from institutional investors and mutual funds to lengthen their portfolios and higher preference for duration, as short-term interest rates should keep falling in 2009 and 2010.
- **External Market**
  - Brazil´s past external debt operations have shown books with increased demand and much diversified investors spectrum.

Net Public Sector Debt / GDP



Source: Central Bank.
Elaborated by MF/SPE.
Does not consider Petrobras

- 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.

For additional information access
Brazilian National Treasury site:

www.tesouro.fazenda.gov.br

Or contact Institutional Relations area:

brazildebt@fazenda.gov.br