NOVEMBER 2007

Brazilian Federal Public Debt

Brazilian Federal Public Debt

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 (DPMFi) Indicators

Indicators	2003	2004	2005	2006	Sep-07	2007 Minimum	2007 Maximum
Stock of DPMFi held by the public (R$ billion)	731.4	810.3	979.7	1,093.5	**1,200.8**	1,230.0	1,300.0
Average Maturity of DPMFi (months)	31.3	28.1	27.4	31.1	**36.1**	32.0	36.0
% Maturing in 12 months	35.3	46.1	41.6	35.7	**33.2**	29.0	33.0
Share of DPMFi (%)							
Fixed rate	12.5	20.1	27.9	36.1	**36.8**	37.0	43.0
Inflation Linked	13.6	14.9	15.5	22.5	**25.7**	23.0	27.0
Floating rate	61.4	57.1	51.8	37.8	**34.2**	29.0	36.0
Exchange rate	10.8	5.2	2.7	1.3	**1.0**	1.0	2.0
Others	1.8	2.7	2.1	2.2	**2.3**	2.0	4.0

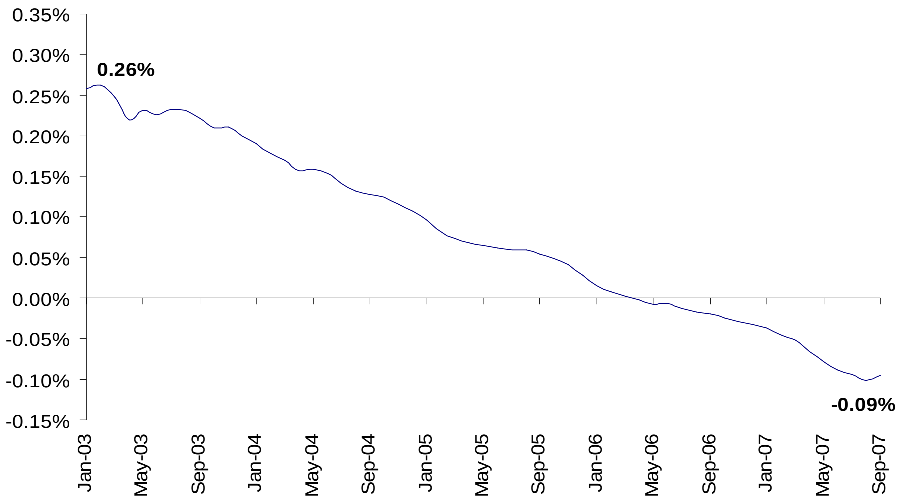
Federal Debt (DPF) Indicators*

Indicators	2003	2004	2005	2006	Sep-07	2007 Minimum	2007 Maximum
Stock of DPF* held by the public (R$ billion)	965.8	1,013.9	1,157.1	1,237.0	**1,315.9**	1,370.0	1,450.0
Average maturity - Federal Outstanding Debt (months)	39.0	35.3	32.9	35.5	**39.1**	37.0	42.0
% Maturing in 12 months	30.7	39.3	38.2	32.4	**30.9**	27.0	31.0
Share of DPF (%)							
Fixed rate	9.5	16.1	23.6	31.9	**34.4**	33.0	39.0
Inflation Linked	10.3	11.9	13.1	19.9	**23.4**	20.0	24.0
Floating rate	46.5	45.7	43.9	33.4	**31.2**	26.0	32.0
Exchange rate	32.4	24.2	17.6	12.7	**8.9**	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

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

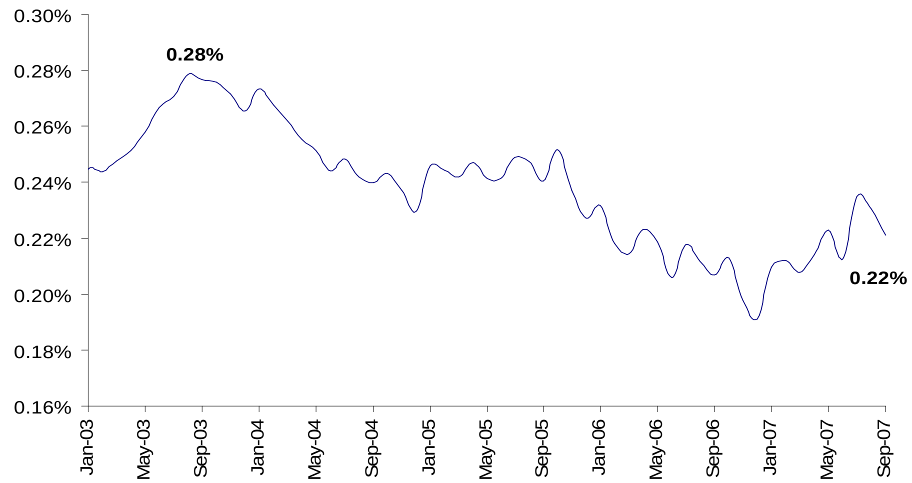


Source: National Treasury

- The risk of NPSD/GDP not only was reduced in 17.8% 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 the variations on the currency and on the SELIC rate, in a stress scenario that generates an overshooting of **56.6%** on currency and a following increase of **7.8 p.p.** on the SELIC rate (three standard deviations), **NPSD/GDP** in December of 2002 **would increase 16.5%** in one year. On march of 2007, this same scenario would represent **a decrease of 1.3%** in the **NPSD/GDP** being the increase of 1.56% on interest rates compensated by the reduction of 2.83% caused by the currency.

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



Source: National Treasury

•In 12 months

Brazilian Federal Public Debt

Public Debt Management

- Annual Borrowing Plan
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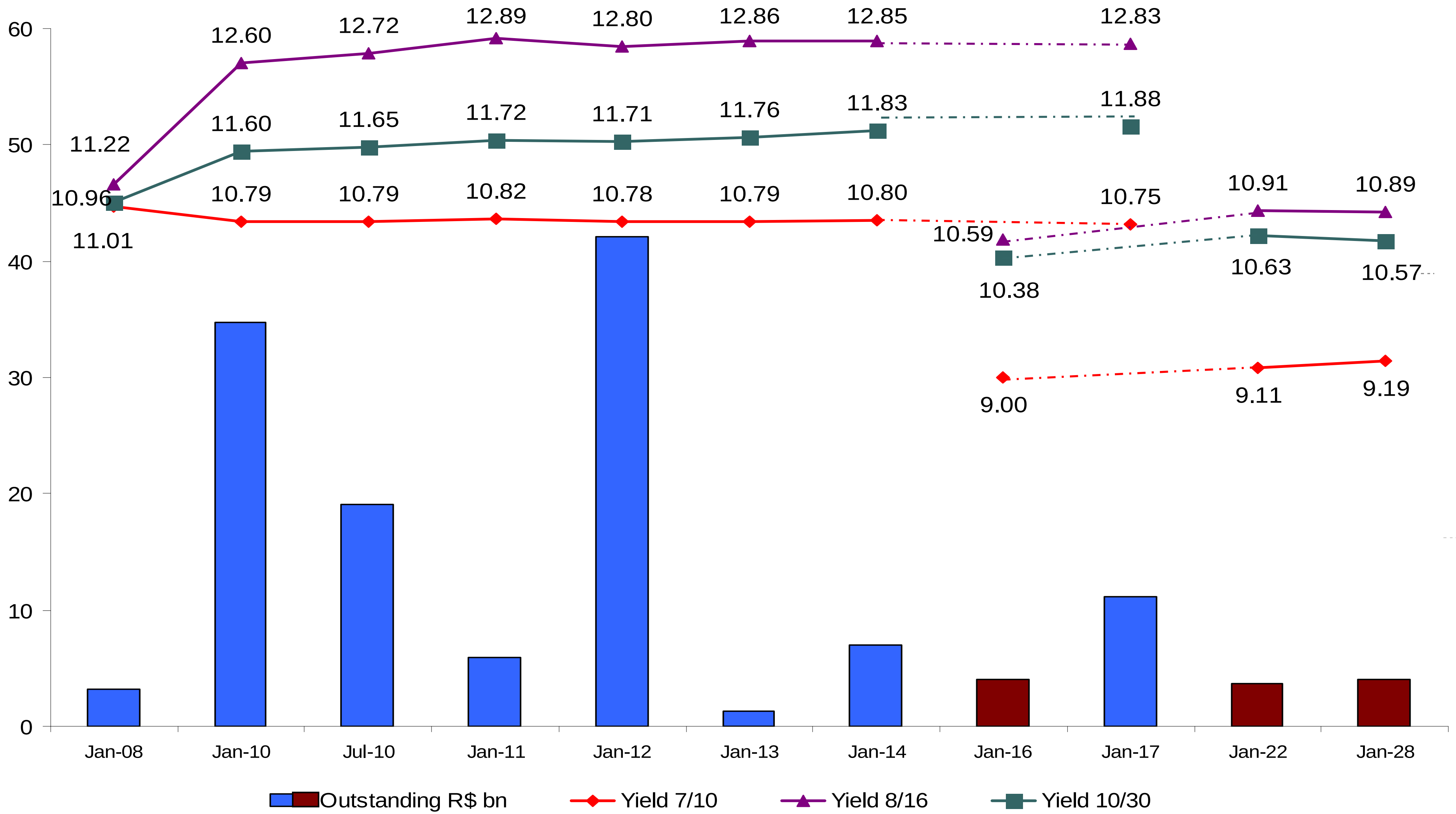
National Treasury Performance - *Big opportunities merge in the domestic market*

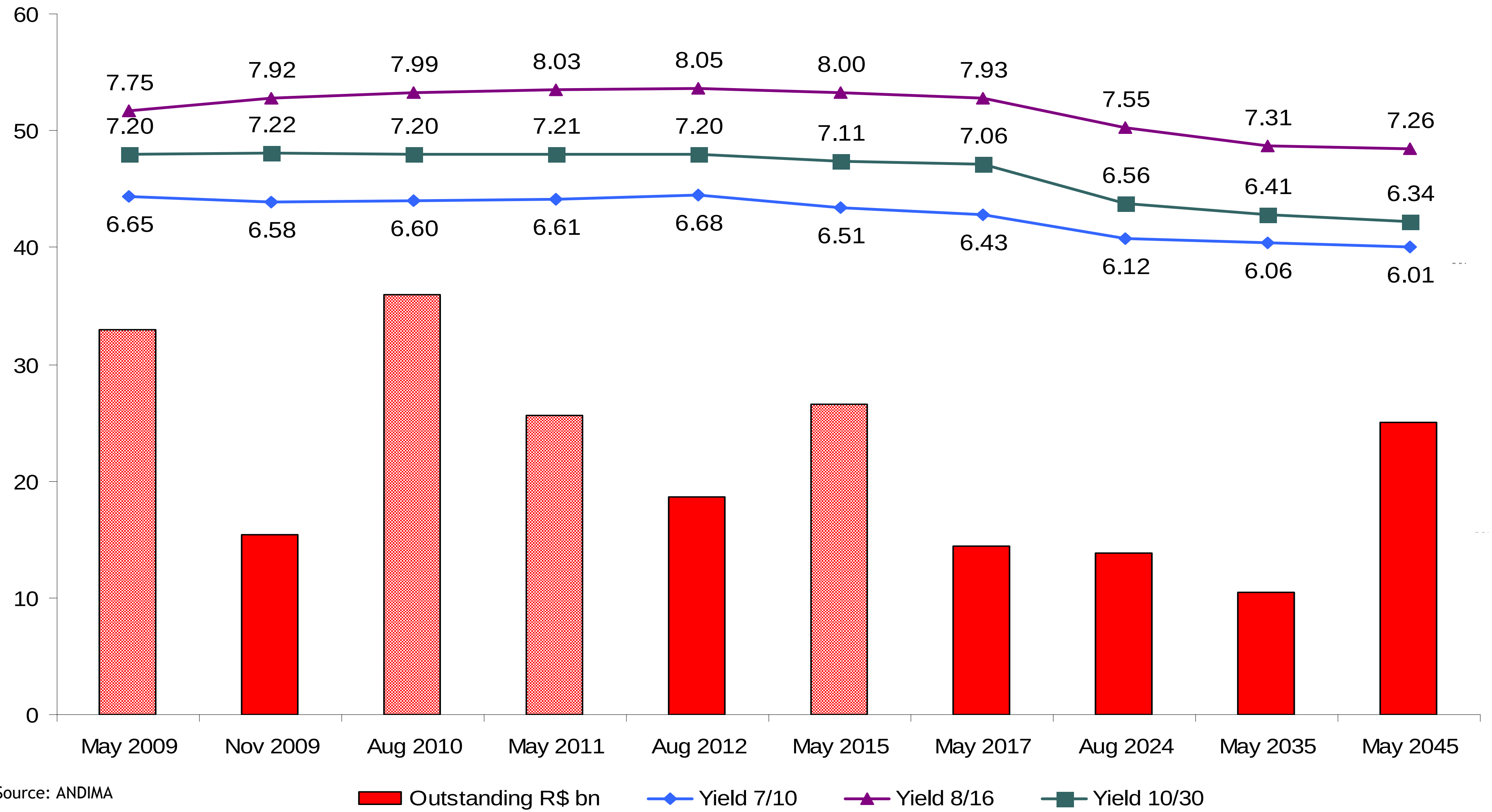
Domestic medium term fixed rated bonds (NTN-F) - Outstanding and yields (as of Oct-07)



Source: ANDIMA and Bloomberg

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

Inflation linked bonds (NTN-B) - Outstanding and yields (as of Oct-07)



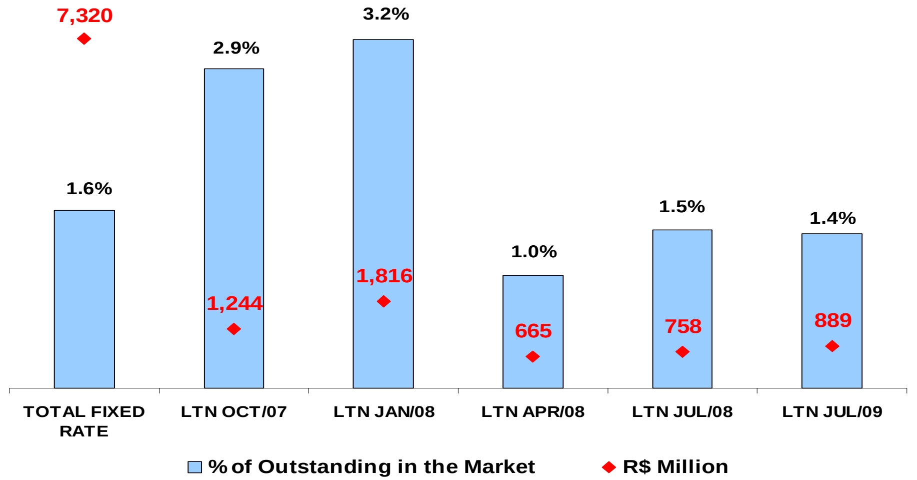
Source: ANDIMA

Note 1: The may/09, aug/10, may/11 and may/15 NTN-B are not issued anymore.

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

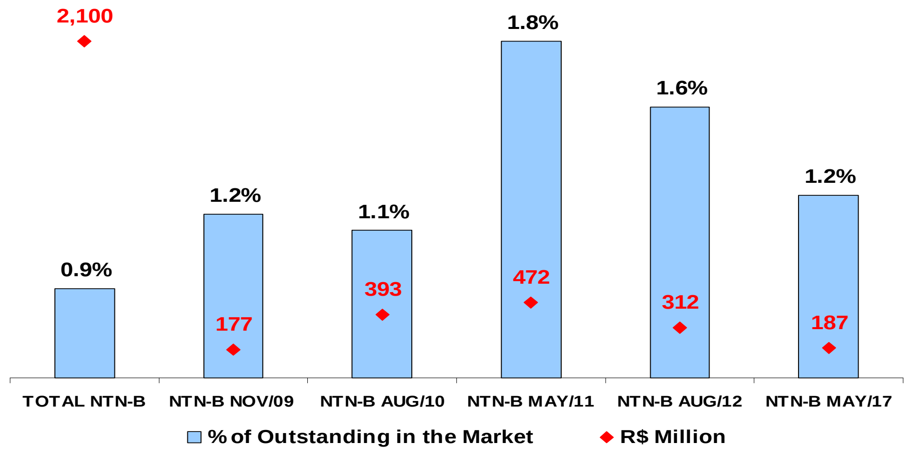
Performance in Domestic Market – Liquidity Indicators

Daily Turnover* - Fixed Rate Bonds



Source: National Treasury * as of September-07

Daily Turnover* - Inflation linked



Source: National Treasury *as of September-07

YIELD x Spread* 10/29/07

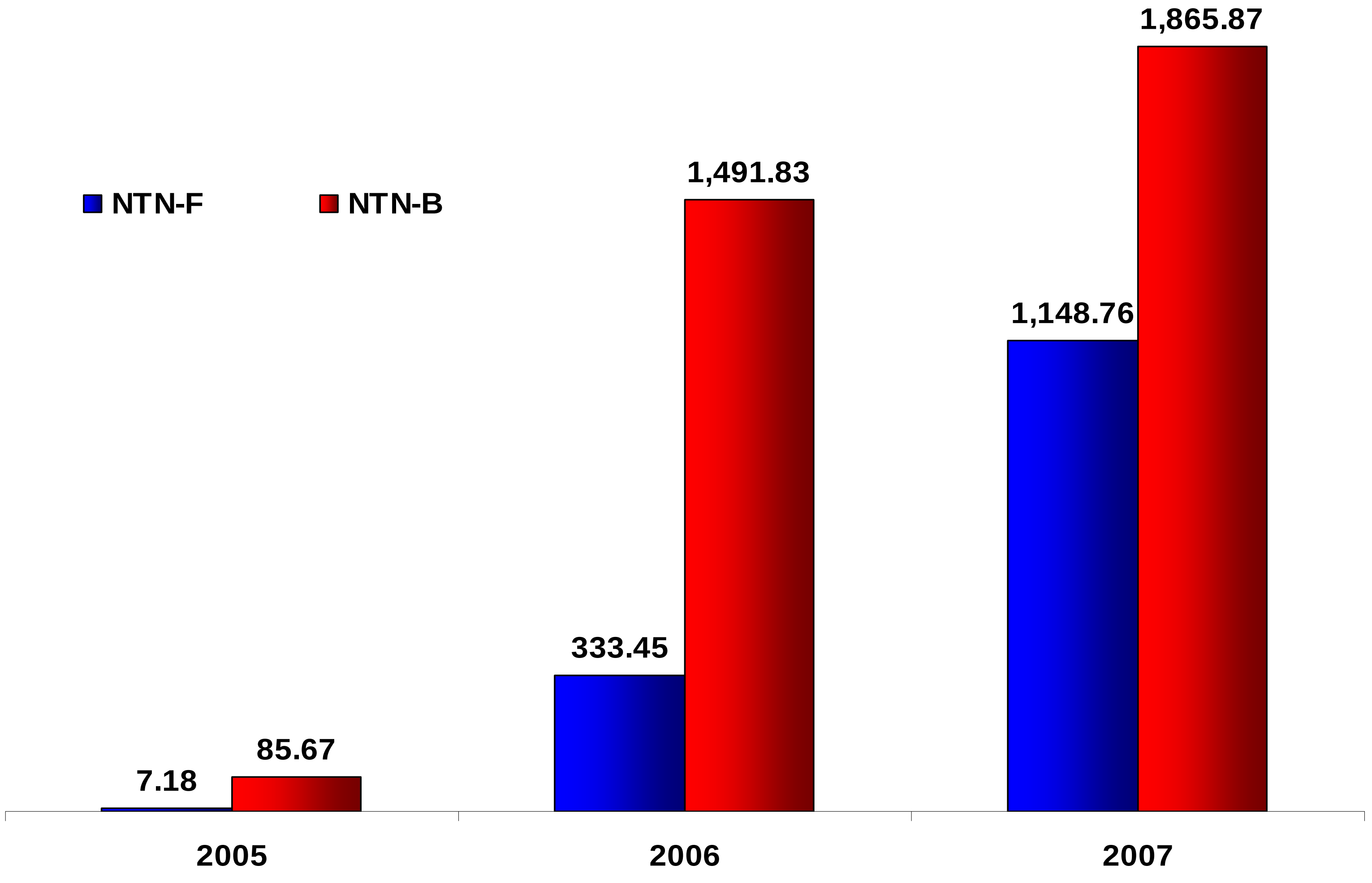
	NTN-B 15/5/17	NTN-B 15/8/08	NTN-B 15/11/09
Yield	7.18	6.81	7.29
Spread (bps)	4	7	8

	LTN 1/1/08	LTN 1/4/08	NTN-F 1/1/13
Yield	11.16	11.23	11.97
Spread (bps)	2	2	3

* The difference between Maximum and Minimum Rate from ANDIMA

Performance in Domestic Market – Liquidity Indicators

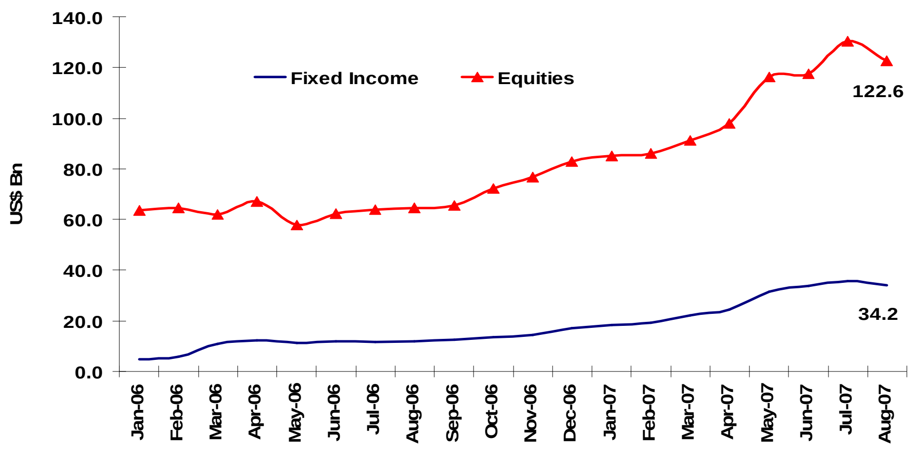
Average daily trade value – August (R$ million)



Source: Andima

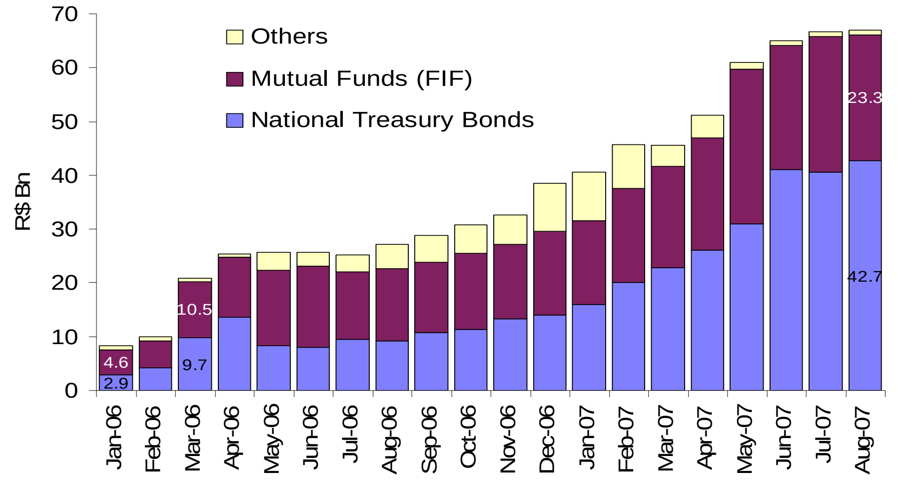
The new frontier: increasing foreign access to the fixed income market

Foreigner´s Investors: Portfolio level (US$ bn)



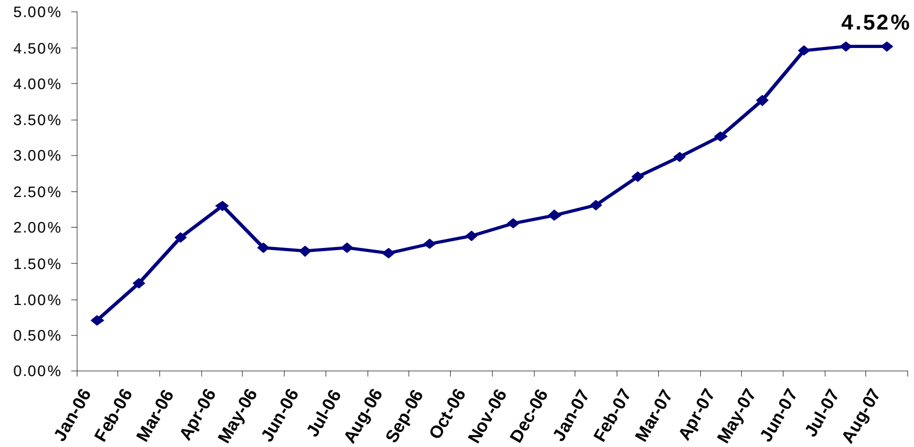
Source: CVM

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



Source: CVM

Foreigner's Investors: Domestic Debt Participation*

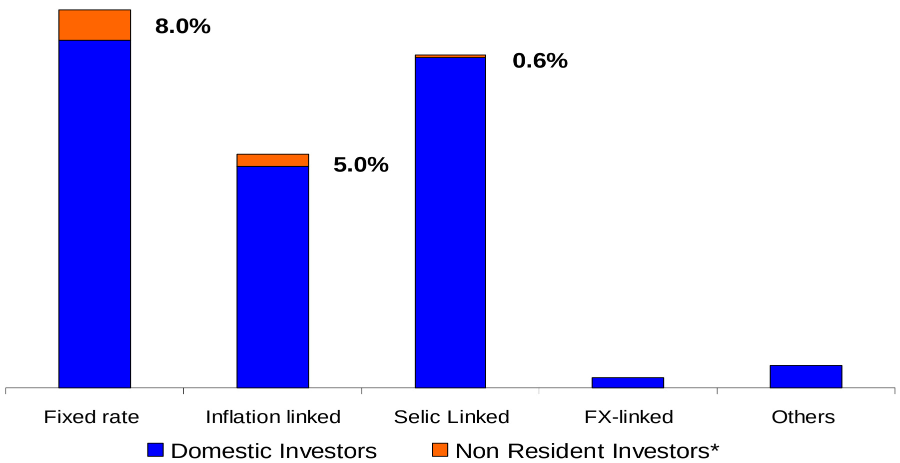


Source: SELIC

The good fundamentals of the Brazilian economy are attracting foreign investors to the domestic debt, but there is still much space to grow.

The new frontier: increasing foreign access to the fixed income market

Domestic Public Debt Profile

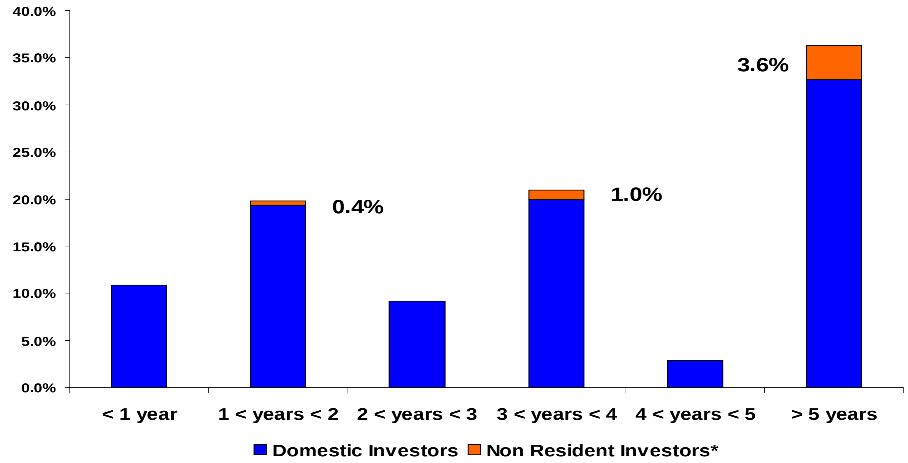


* Estimated Source: National Treasury Jun - 07

Considering the guidelines stated in the Annual Borrowing Plan for 2007, in particular the development of the secondary market, the lengthening of the fixed rate and inflation linked bonds and the broaden of the investor base ...

... we believe the foreign investors have an important role to help us in reaching these targets as they usually have a higher participation on fixed rate and inflation linked long term bonds.

Maturity Distribution of Inflation Linked Bonds



* Estimated Source: National Treasury Jun - 07

A steady level of public external debt with improved profile

Issuance Amounts

Issuances	Launch Date	Settlement Date	In US$ million Total	Maturity	Yield	Spread [1]	EMBI BR at issuance	Leading Managers
2005 Program								
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 [2]	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	Merril 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
Total Issued			**6,000**					
2006/2007/2008 Program								
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 [3]	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	447	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
Total Issued			**11,173**					

Source: National Treasury

[1] In basis points (local currency), at issuance date.

[2] Spread over Deutsche Premier Bond 2015

[3] Spread over the 9-year mid-swap interest rate

* Reopening Issuance

A steady level of public external debt with improved profile

Main events since 2005

- Jul-05: Pre payment of IMF obligations (USD 4.9 bn); Dec-05 (USD 15.5 bn);
- Aug-05: C-Bond vs A-Bond exchange (USD 4.5 bn); Oct-05: Exercise of the call option embedded on the C-Bond (USD 1.1 bn);
- Sep-05: Issuance in Reais - BRL 2016 (USD 1.5 bn);
- Jan-06: Announcement of pre payment of Paris Club debt (USD 1.7 bn);
- Jan-06: Beginning of the early redemption of bonds with maturity until 2010 and Brady Bonds (USD 5.8 bn until October/06);
- Apr-06: Exercise of the call option embedded on the Brady Bonds (USD 6.5 bn);
- Jun-06: External Debt Tender Offer, repurchasing USD 1.3 bn (face value).
- Jul-06: External Debt Exchange Offer, exchanging 2020, 2024, 2024B, 2027, 2030 Global bonds by the Global 2037 (around USD 0.5 bn);

Aug-06 – New Strategy: Qualitative Issuances

- Sep-06: Treasury extended its buyback program in order to include securities maturing also up to 2012;
- Sep-06: Issuance in R$ BRL 2022 (USD 0.74 bn); Oct-06: 1st reopening (USD 0.30 bn); Dec-06: 2nd reopening (USD 0.35 bn);
- Nov-06: Issuance – Global 2017 (USD 1.5 bn); Apr-07: 1st reopening (USD 0.53 bn);
- Feb-07: Issuance in Reais – BRL 2028 (USD 0.72 bn); Mar-07: 1st reopening (USD 0.36 bn);
- Mar-07: Reopening of BRL 2028 (USD 0.36 bn);
- Apr-07: Reopening of Global 2017 (USD 0.53 bn), lowest spread registered since 1995;
- May-07: 2nd reopening of BRL 2028 (USD 0.48 bn);
- June-07: 3rd reopening of BRL 2028 (USD 0.39 bn).

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[1]
External Public Debt in Bonds	**19.2**
C-Bond call (Oct-05)	1.1
Early Redemption Program[2]	10.3
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	**41.3**

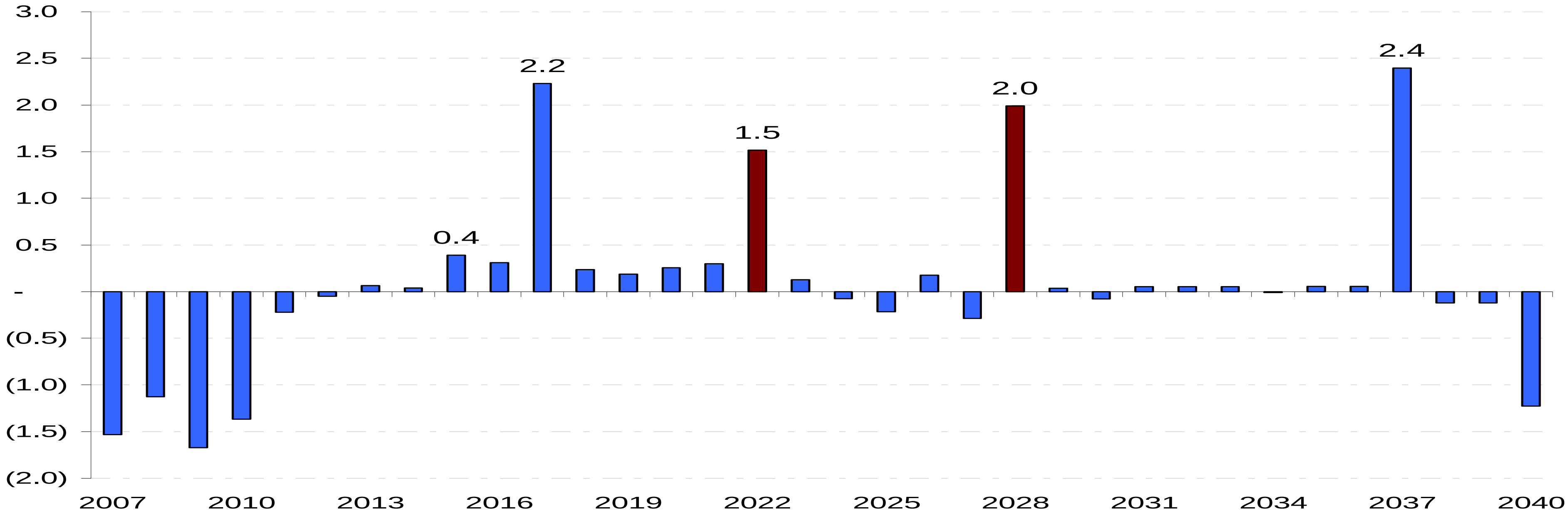
[1] It captures the impact of the operations on the outstanding public debt

[2] The program started in Jan/06. The value of US$ 10.3 bn refers to the bonds repurchased up to 08/31/07. being US$ 6.0 Bn repurchased in 2006 and US$ 4.3 Bn in 2007.

[3] Announcement

External Public Debt - Indicators

Redemption Program and new issuances - Impact on External Debt's Payment Flow - 2006/2007 (US$ mn)*



* Since Jan/06 until Aug/07

Federal External Debt*	2005		2006		2007	
	Nominal	Financial	Nominal	Financial	Nominal	Financial
Issuances	12.49	12.49	5.45	5.44	2.88	3.00
Early redemptions	-	-	6.00	7.06	4.30	5.70

* Refers to External Security Debt

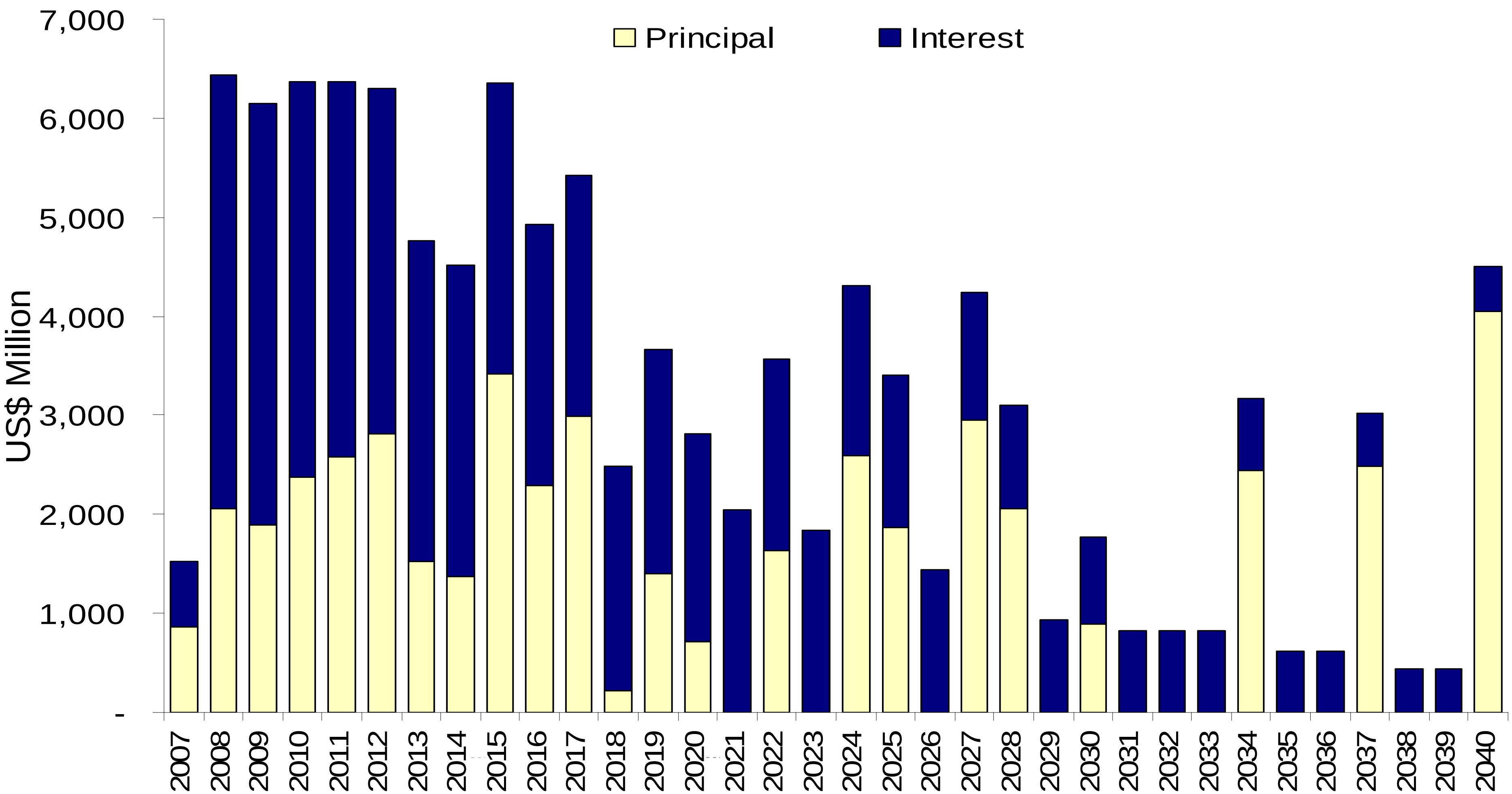
Federal External Debt	Dec-05	Dec-06	Aug-07
Outstanding in real (%)	1.95	4.68	8.42
Maturity (months)	66.42	72.14	75.14
Outstanding (US$ Bn)	75.9	67.1	62.8

RECENT EVENTS

Source: National Treasury

External Public Debt - Indicators

External Public Debt Profile - New Bonds and Bradies

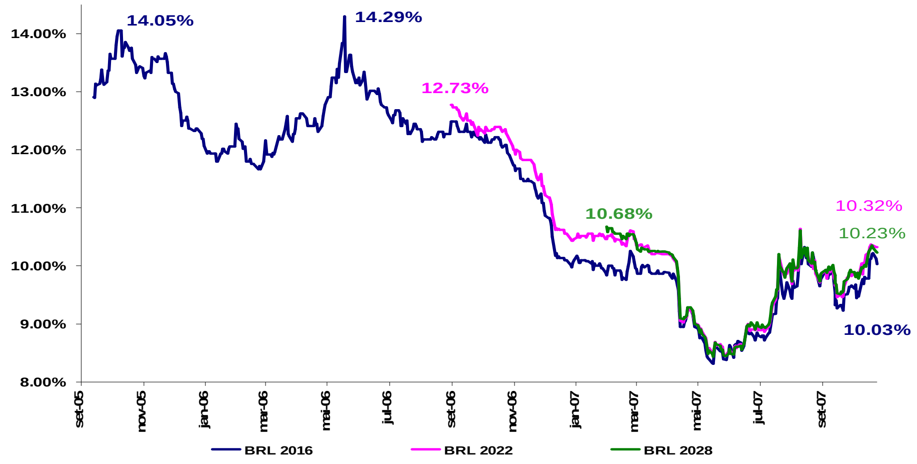


Source: National Treasury.

2007 – From September to December

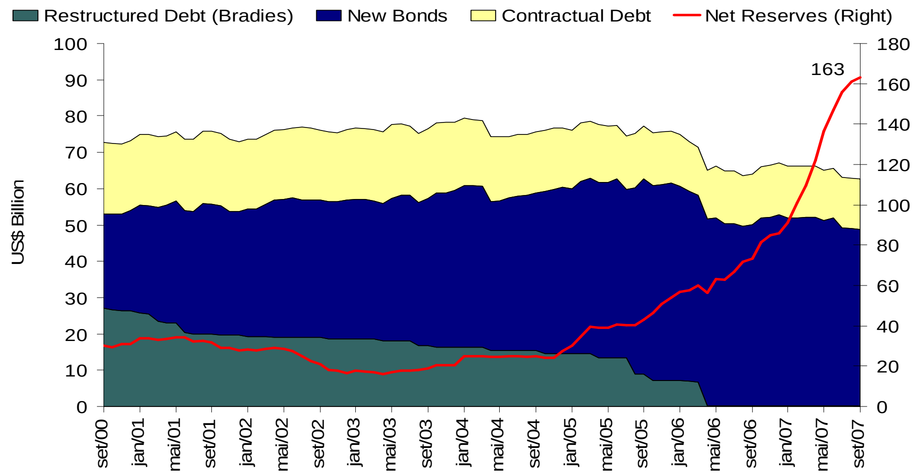
External Public Debt - Indicators

BRL Yields Evolution



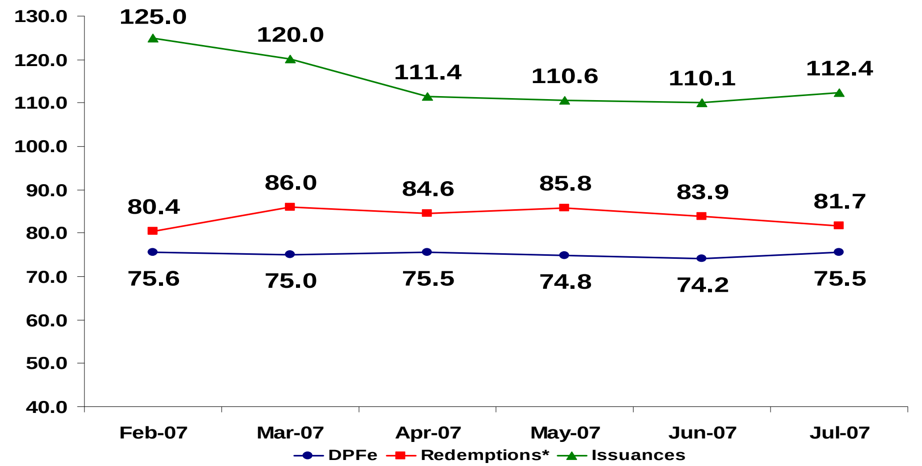
Source: Bloomberg

External Debt - National Treasury



Source: National Treasury

Average Maturity -Issuance and Redemption (months)



Source: National Treasury

RECENT EVENTS

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:

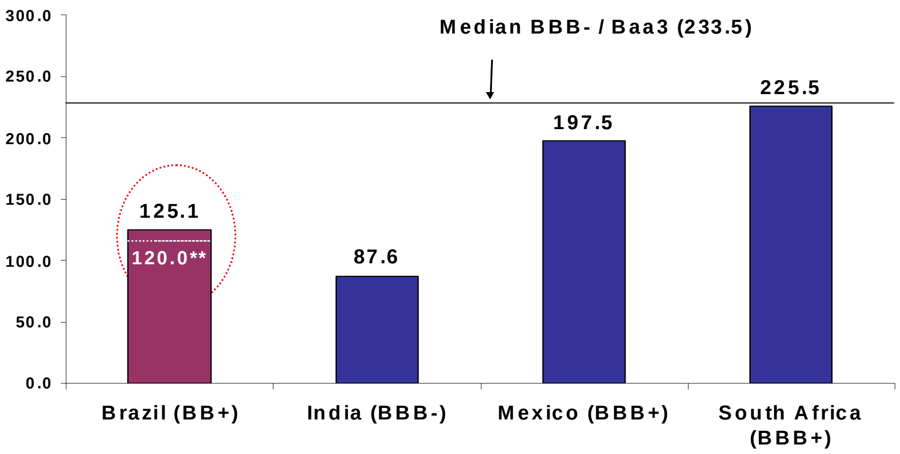
brazildebt@fazenda.gov.br

Ministry of Finance

TESOURO NACIONAL

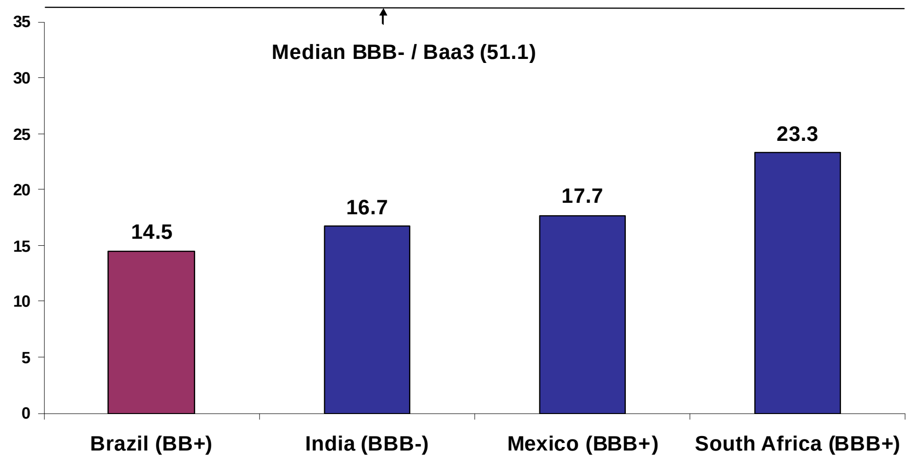
Annex - Comparatives

External Debt / FX Reserves (%) 2007e



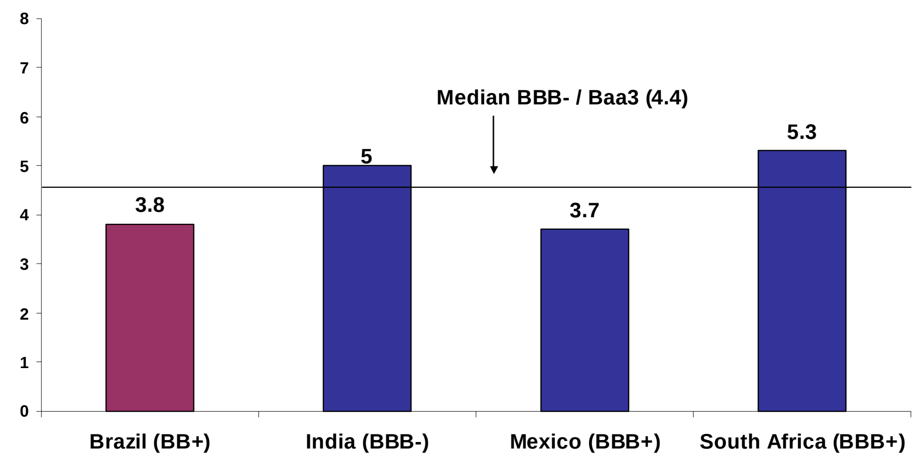
Source: Fitch, Moody's and Central Bank
** Aug-07. 2007e underpinned FX reserves accumulation

External Debt (% GDP) 2007e



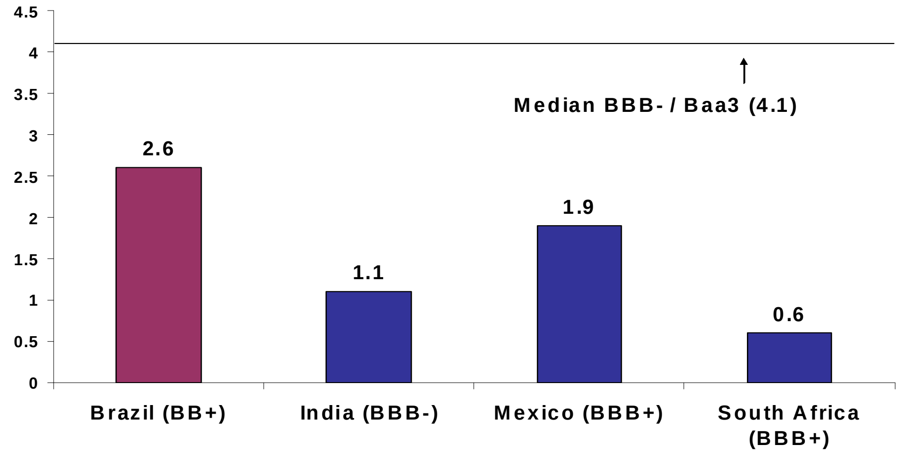
Source: Ftich, Moody's and Central Bank *

Inflation (CPI % change) 2007e



Source: Fitch, Moody's, Central Bank

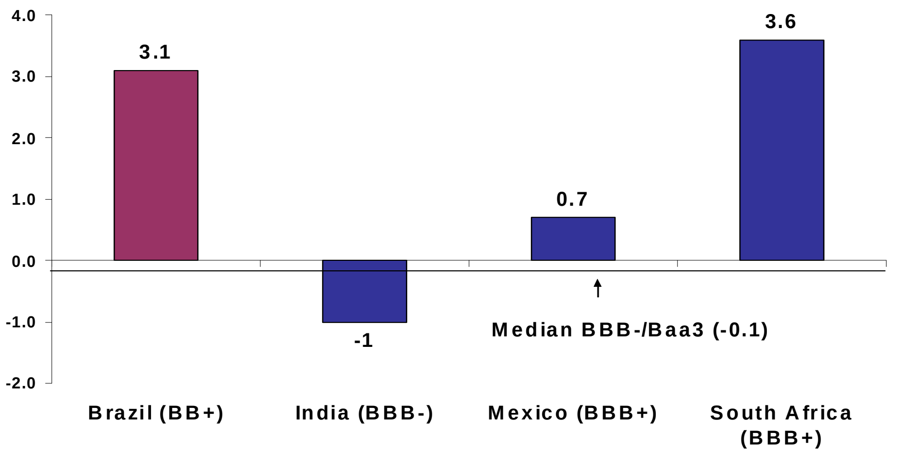
FDI (% of GDP) 2007e



Source: Fitch, Moody's and Central Bank*

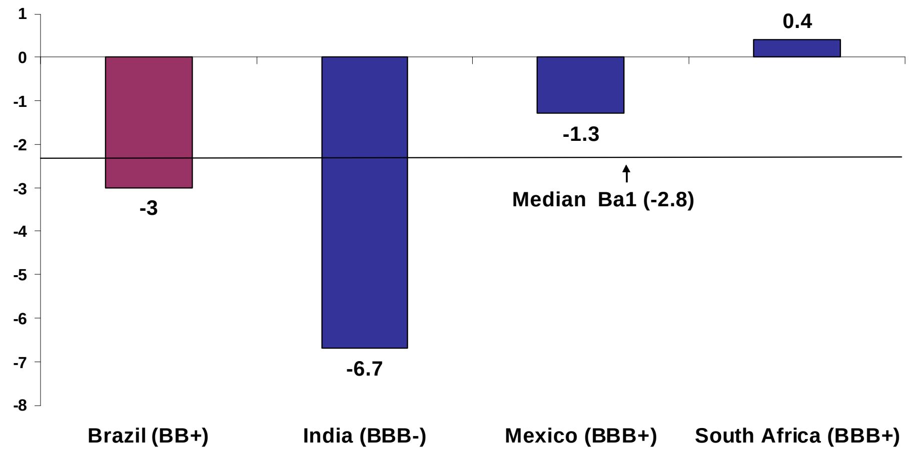
Annex - Comparatives

General Government Primary Balance (% of GDP) 2007e



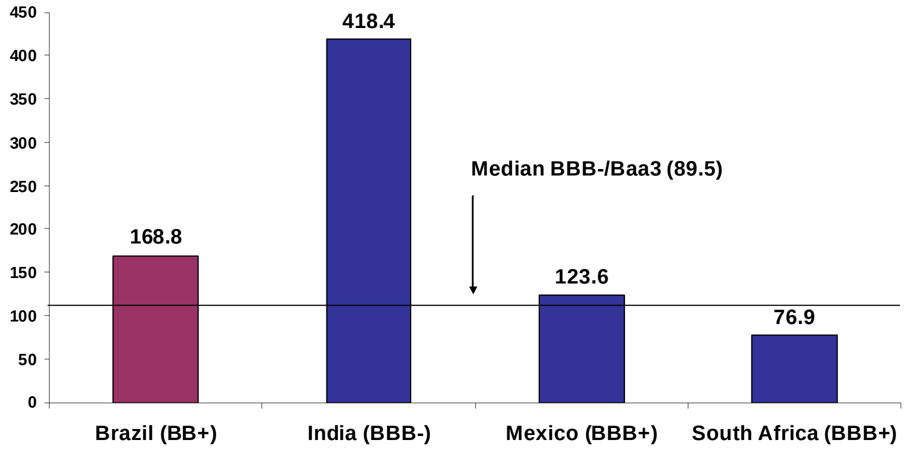
Source: Fitch, Moody's and Central Bank *

General Government Financial Balance (% GDP) 2007e



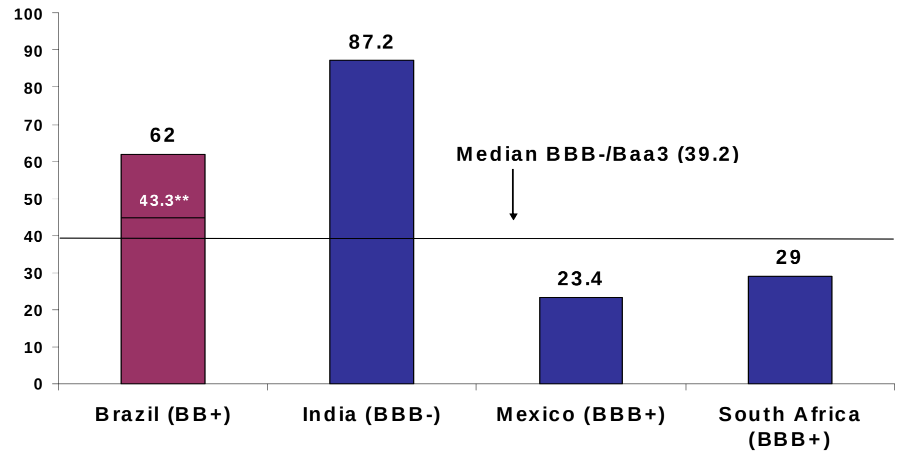
Source: Fitch, Moody's and Central Bank *

Gen Government Debt / Gen Government Revenue 2007e



Source: Fitch ,Moody's

General Government Gross Debt (% of GDP) 2007e



Source: FitchMoody's and Central Bank
** Net PS Debt market forecast as of Oct-07