

Table 1. Quantitative Performance Criteria and Indicative Targets for 1999-2000 1/

	Actual	Third review				Fourth Review				
	June	Aug	Sep.	Oct.	Nov.	Dec	Mar	Jun	Sep	Dec
	1999	1999	1999	1999	1999	1999	2000	2000	2000	2000
<b>Fiscal targets (in R\$ million)</b>										
Primary balance of the consolidated public sector (PC, ceiling) 2/ 3/	15,483	20,590	23,788	26,078	27,763	30,185	7,240	16,175	29,000	36,770
Stock of net debt of the consolidated public sector (IT, ceiling)	485,738	499,309	504,619	508,805	512,038	513,519	544,450	547,150	546,550	549,850
<b>External sector targets (in US\$ million)</b>										
Stock of external debt of the NFPS (PC, ceiling) 3/	82,942	...	90,407	...	...	93,778	92,900	94,680	95,795	96,140
Stock of publicly guaranteed external debt outstanding (PC, ceiling) 3/	919	...	1,580	...	...	1,580	1,580	1,580	1,580	1,580
Stock of short-term external debt of the NFPS (IT, ceiling) 3/	3,062	...	5,302	...	...	5,419	4,343	4,430	4,609	4,797
Net international reserves in the BCB (PC, floor) 4/	23,265	21,600	22,000	22,200	20,600	21,300	21,350	23,750	28,100	29,800
BCB exposure in FX futures markets 5/	0	0	0	0	0	0	0	0	0	0
BCB's exposure in FX forward markets 5/	0	0	0	0	0	0	0	0	0	0
<b>Monetary sector targets (in R\$ million)</b>										
Net domestic assets in the BCB (PC, ceiling) 6/	-7,125	150	-650	-975	-3,382	4,519	311	-6,476	...	...
Target 12-month rate of change of the IPCA (CPI) index 7/	3.3	...	...	...	...	8.0	7.5	7.0	6.5	6.0
Inner consultation band (upper limit)	...	...	...	...	...	9.0	8.5	8.0	7.5	7.0
Outer consultation band (upper limit)	...	...	...	...	...	10.0	9.5	9.0	8.5	8.0
<b>Memorandum items:</b>										
Baseline paths used in the revised program										
Accounting exchange rate (R\$/US\$, period average)	1.76	1.75	1.75	1.75	1.98	1.98	1.98	1.98	1.98	1.98
Concession receipts (in R\$ million, cumulative)	3,385	9,079	9,137	9,306	9,306	9,322	145	1,685	5,209	5,246

1/ All as specified and defined in the "Technical Memorandum of Understanding" (TMU) for the respective reviews. "PC" denotes a performance criterion; "IT" denotes an indicative target.

2/ Cumulative for the calendar year. June 1999, September 1999, December 1999, March 2000, and June 2000 constitute PCs; all others are ITs.

3/ September 2000 and December 2000 are indicative targets to be converted into PCs in the context of the fifth review.

4/ In addition, floors for the NIR in the BCB have been established for end-January 2000 (US\$20,125 million); end-February 2000 (US\$19,350 million); end-April 2000 (US\$21,800 million); and end-May 2000 (US\$23,700 million); these are all PCs under the prog PCs for each month during July-September 2000 will be established in the context of the 5th review; PCs for each month during October-December 2000 will be established in the context of the sixth review. The floors for October 1999-December 1999 are subject to the adjusters specified in the TMU for the third review.

5/ Continuous performance criterion.

6/ Data shown are subject to the adjusters specified in the TMU; in 1999 only September 1999 constitutes a PC; all others are ITs. For 2000, March and June are ITs, as discussed

**Table 2. Baseline Assumptions for Selected Variables**

	Program Assumptions											
	Third Review		Fourth Review									
	Sep 1999	Oct 1999	Nov 1999	Dec 1999	Jan 2000	Feb 2000	Mar 2000	Apr 2000	May 2000	Jun 2000	Sep 2000	Dec 2000
Baseline assumptions												
Privatization receipts (cumulative/year)	7,851	7,851	7,851	11,211	2,041	2,041	6,235	6,235	6,235	14,863	22,107	29,656
Federal	5,820	5,820	5,820	9,180	2,041	2,041	5,191	5,191	5,191	13,679	19,246	26,146
States and municipalities	2,031	2,031	2,031	2,031	0	0	1,044	1,044	1,044	1,184	2,861	3,510
Concession revenues (cumulative/year)	9,137	9,306	9,306	9,322	73	141	145	1,640	1,681	1,685	5,209	5,246
Recognition of unregistered liabilities (cumulative/year)	14,787	15,917	16,427	19,579	--	--	6,160	6,160	6,160	7,720	9,280	10,840
NIR in the BCB (floor)												
Period average	21,800	22,100	20,900	20,950	20,125	19,350	20,550	21,575	22,750	23,725	27,275	29,800
Net loan disbursements of World Bank Group and IDB (cumul. for July-December 1999) (baseline)	575	1,480	1,634	3,198	...	...	...	...	...	...	...	...

1/ Excluding concession revenues.

2/ Comprises receipts from the following sources: Telebrás-Celular (Banda A) (Telesp, Tele Sudeste, Telemig, Tele Celular Sul, Tele Centro-Oeste, Tele Norte, Tele Leste, Tele Nordeste); Telebrás-Fixa (Tele Norte Leste, Tele Centro Sul, Telesp); Telebrás-Longa Distância (Embratel); mirror companies including Celular Banda B (Área 1, Área 2, Área 3, Área 4, Área 5, Área 6, Área 7, Área 8, Área 9, Área 10), Fixa (Norte Leste, Centro Sul, São Paulo), Longa Distância (Brasil); Agência Nacional do Petróleo (“Bonus assinatura - União: TN”, “Aluguel de Área 100% União: ANP”); railway concessions; federal toll road concessions; “Distribuidora Sinais Multip. Multic-MMD”; “TV a cabo”; “Outorga Serv. Radiodifusão.”

**Table 3. Assumptions on Accounting Exchange Rates and Gold Prices 1/**

	Program Assumptions											
	Third Review		Fourth Review									
	Sep 1999	Oct 1999	Nov 1999	Dec 1999	Jan 2000	Feb 2000	Mar 2000	Apr 2000	May 2000	Jun 2000	Sep 2000	Dec 2000
U.S. Dollar (R\$/US\$)												
End of period	1.750	1.750	1.980	1.980	1.980	1.980	1.980	1.980	1.980	1.980	1.980	1.980
Period average	1.750	1.750	1.980	1.980	1.980	1.980	1.980	1.980	1.980	1.980	1.980	1.980
SDR (SDR/US\$, end-period)	1.336	1.336	1.390	1.390	1.390	1.390	1.390	1.390	1.390	1.390	1.390	1.390
Gold price (US\$/ounce, end-period)	261.00	261.00	302.40	302.40	302.40	302.40	302.40	302.40	302.40	302.40	302.40	302.40

1/ Currencies not shown here will first be converted into U.S. dollars using the official rate used by the Fund's Treasury Department as of November 1, 1999. The accounting exchange rate and gold price conversion rates for the year 2000 will be determined in the context of the fourth review under the arrangement.