

GLOSSARY OF FINANCIAL TERMS



ARGENTINA

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Baibor	Interbank lending rate calculated by the central bank (BCRA) which represents the average interest rate offered by 22 institutions. The banks included are in the highest ranking level of the banking system as rated by the BCRA.
Baibar	It is an average rate of the interbank loans executed at a fixed rate (up to fifteen days term) among private banks. These loans are not committed in debt restructuring processes/mergers or financial aid with other entities.
Badlar	Fixed term deposit rates for amounts over ARS\$ 1 million and tenors of up to 35 days.
BODEN	A government bond issued after the 2002 default. Bodens were issued in a Canje in exchange for reprogrammed bank deposits (deposits trapped by the corralito or corralon), and to banks in compensation for asymmetrical pesification.
BONAR V	Sovereign debt obligation denominated in USD at 7% and maturing in 2011.
CALL RATES	Rates paid by banks that borrow money in the interbank market usually in one day and seven day periods.
CER	Coficiente de Estabilización de Referencia – Coefficient of Stabilization Reference. Known by its acronym in Spanish, CER, is an index used to factor in the inflation rate to bonds originally issued in USD and converted to pesos on 4 February 2002. The index is based on the variations of the CPI as published by the INDEC (National Statistics & Census Bureau). CER daily values are published by the central bank (BCRA) and released the seventh day of each month.
LEBAC	Letras del Banco Central. Short term government obligations auctioned every Tuesday by the central bank. There are LEBAC (bills) and NOBAC (notes), issued by the central bank that may be denominated in pesos (adjusted by CER), in U.S. dollars (only bills) and NOBAC (rate adjustable by BADLAR).
NOBAC	Medium term notes (1 to 3 years) issued by the central bank. There are LEBAC (bills) and NOBAC (notes), issued by the central bank that may be denominated in pesos (adjusted by CER), in U.S. dollars (only bills) and NOBAC (rate adjustable by BADLAR).
PRE	“Bonos de Consolidación (BOCON) de deudas Previsionales” are CER linked, coupon bearing Treasury Bonds which are amortized monthly. The principal of this security is adjusted daily by the CER rate.
Prestamos Garantizados (PG)*****	Se entiende por Préstamos Garantizados los diversos préstamos resultantes como consecuencia de la conversión voluntaria de diversa Deuda Pública del Sector Público Nacional ofrecida por el Ministerio de Economía conforme al Decreto N° 1387/01 (modificado por el Decreto N° 1506/01), y según el Contrato de Préstamos Garantizados aprobado por el Decreto N° 1646/01 de fecha 14 de diciembre de 2001 (los “Préstamos Garantizados”). El Contrato de Préstamo Garantizado contenía cláusulas por las cuales el Estado Nacional cedió a favor de los acreedores en garantía por los Préstamos Garantizados, los recursos del Impuesto sobre Créditos y Débitos en Cuenta Corriente Bancaria establecidos en la Ley N° 25.413 y sus modificaciones,

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Prestamos Garantizados (PG)***** (continued)	y todos los recursos que le correspondan al Estado Nacional en virtud del contrato entre Estado Nacional y las Provincias, por el Régimen de Coparticipación Federal de Impuestos, con exclusión de los recursos que les correspondan a las Provincias o a la Seguridad Social, por hasta la suma que resulte necesaria para atender la totalidad de los vencimientos de capital e interés de los Préstamos Garantizados o bonos nacionales garantizados en el país (o en el exterior).
BOGAR 18	<p>Peso denominated bond with the following terms and conditions:</p> <ul style="list-style-type: none"> – Issuer: Central Government – Currency: Pesos – Amount Issued: 19.618,50 millions – Amount Outstanding: 18.205,97 millions – Issue Date: 04/02/2002 – Maturity: 04/02/2018 – Term: 16 years. <p>Amortization: 60 installments equivalent each to 0.40% of capital adjusted by the CER (coefficient of stabilization reference); 47 installments equivalent to 1.14 of capital adjusted to CER. First installment due on 4/3/05.</p> <p>Interest: Earn interest at a 2% annual fixed rate. Interest was capitalized until 4/9/02, monthly payments started on 4/10/02.</p> <p>Guarantee: Central government and Finance Ministry (Sub secretary of public revenue).</p>
DISC (NY law.)	<p>USD denominated bond with the following terms and conditions:</p> <ul style="list-style-type: none"> – Issuer: Central Government – Currency: US Dollars – Amount Issued: 3.057,70 millions – Amount Outstanding: 3.057,70 millions – Issue Date: 31/12/2003 – Maturity: 31/12/2033 – Term: 30 years. <p>Amortization: Capital will be paid in 20 biannual installments on 30 June and 31 December of each year, starting on 30 June 2024.</p> <p>Interest: Interest earned at 8.28%. Payments will be made biannually on 30 June and 31 December each year. A portion of accrued interest before 31 December 2013 will be paid in cash and the other portion will be capitalized.</p> <p>Other Characteristics: U.S. Law.</p>
PAR (NY law.)	<p>USD denominated bond with the following terms and conditions:</p> <ul style="list-style-type: none"> – Issuer: Central Government – Currency: US Dollars – Amount Issued: 5.313,14 millions – Amount Outstanding: 5.313,14 millions – Issue Date: 31/12/2003 – Maturity: 31/12/2038 – Term: 35 years. <p>Amortization: Capital will be paid in 19 biannual installments (March and September) starting on 30 September 2029 with a last payment on 31 December 2038.</p> <p>Interest: It will be paid biannually (March and September) starting on 31 March 2005.</p> <p>Other Characteristics: U.S. Law.</p>

SIOPEL	Sistema de Operaciones Electrónicas: A transactional application owned and marketed by MAE (Mercado Abierto Electrónico).
TCRM	Tipo de cambio real multilateral – Multilateral Exchange Rate. It is an index that compares Argentina's relative cost of goods and services with a basket of trading partner countries.
BRAZIL	
Brazilian Real (BRL)	The real (plural: reais) was implemented as the legal currency on 1 July 2004, during the presidency of Itamar Franco, when Fernando Henrique Cardoso was the Minister of Finance, as part of a broader plan to stabilize the Brazilian economy, known as Plano Real, substituting the short-lived cruzeiro real.
Taxa Selic	SELIC rate is an average of rates of government securities traded during the day. The annualized rate is calculated using 252 days. SELIC stands for "Special System for Settlement and Custody".
Selic	Special System for Settlement and Custody, it is a system for custody of financial instruments issued by the National Treasury and the Central Bank. It also is the system to register, clear and settle operations of said instruments.
CETIP	Established in 1986, Central for Custody and Settlement for Financial Securities – CETIP registers and has custody of Federal Securitized Credits, Agriculture Debt (Law 9.138, de 29/11/95 and Central Bank resolution nº 2.471, de 26/02/98), of Agriculture Debt securities (TDA dos Títulos da Dívida Agrária); Financial Certificates of the Treasury – CFT; and CDP Certificates of Public Debt.
CDB Rates	Retail Certificate of Deposit quoted as an effective annualized rate. The rate considers a period of actual days. This is a fixed rate certificate (pre-fixado), with terms ranging from 30 to 360 actual days.
DI O/N Rate	Daily interbank deposit rate – DI extra-group over – posted by CETIP and expressed as an annual percentage.
LTN	Fixed rate bonds issued by the Treasury to cover the budget deficit and to carry out credit operations using anticipated revenues. The maturity and the interest paid by this instrument is defined by the Finance Ministry. It is nominative and negotiable. Placement via public offer. de Pagamento: semestralmente (juros) e no vencimento (principal).
NTN-F	Nota do Tesouro Nacional – série F. Government debt security with fixed interest payments defined at issue date. Biannual interest payments. Principal payment at maturity.
LFT	Floating rate Bonds linked to the SELIC issued to provide funds necessary to cover the budget deficit and to carry out credit operations using anticipated revenues. The maturity and the interest paid by this instrument is defined by the Finance Ministry. It is nominative and negotiable. These instruments are issued for the purpose of the Federal Government to assume obligations which are the liability of the states and the Federal District. Maturity: 15 years. Interest rate: average SELIC plus 0.0245%p.a. for LFT-A; and average SELIC for LFT-B. These securities are nominative and negotiable. LFT-A interest is paid on the payment date of each of the 180 installments. LFT-B interest is paid at maturity of the bond.

CDI	Interbank Certificate of Deposit. The daily average rate of interbank deposits. Called "Taxa DI over" the rate is calculated by the number of days in the month of the one day interbank deposit rates, as published by CETIP.
TR	Taxa Referencial. It is a basic reference rate calculated by the average monthly yield of CDBs and RDBs (Certificates of Deposits). The TR is used to adjust mortgage rates and loans in the Sistema Financeiro da Habitação (Financial System for Housing Development). Even though it is used as index in some contracts, it should not be confused with the inflation rate. The TR is disseminated at the end of every business day with a one day lag.
Brady Bonds	Sovereign debt instruments backed by US Treasury Bonds. Brazil issued approximately US\$50 billion Brady bonds as part of the process of its foreign debt rescheduling engineered by US Treasury Secretary, Nicholas Brady. There were 9 types of Brady bonds issued by Brazil, which were the most actively traded Brady bonds in the US market. The Brady bonds became a benchmark indicator to measure the risk perceived by international investors.
Global Bonds	Sovereign debt bonds issued mostly denominated in USD and traded in the U.S. and European markets.
Go Around	Auctions carried out by the central bank with entities (dealers) duly authorized to operate in the money markets.
COPOM	Monetary Policy Meeting instituted on 20 June 1996 with the objective of setting economic guidance and set interest rates. COPOM sets the SELIC rate to enter into effect in between meetings and sometimes out of meetings. The average SELIC rate is adjusted on a daily basis using the SELIC gathered rates for federal government securities.
PTAX rate	The PTAX is the fixing rate for US dollar linked instruments – bonds and derivatives settled onshore and offshore. Released on a daily basis by the Central Bank, it is the average of effective rates of transactions in the interbank FX spot market, weighted by volume of transactions. Transactions closing at rates that diverge most from the market average (outliers) and transactions evincing artificial price formation or contrary to regular and sound market practices are excluded from the calculations.

CHILE

Dolar Observado (Observed Dollar)	Exchange rate for the US Dollar calculated from the foreign exchange transactions carried out by banks the previous business day.
UF	<p>The U.F. (Unidad de Fomento) is a daily unit of account based on the variation of the Consumer Price Index published by the National Institute of Statistics: INE. It is calculated at the beginning of each month for the period starting on the tenth day of the current month to the ninth month of the following month.</p> <p>U.F. Formula:</p> $RD = \frac{(1 + vIPC_{-1})}{100} (1/d)$ <p>Where:</p> <p>RD = Daily value readjusting factor of the U.F. d = Number of days in the period for which the daily U.F. value is calculated. vIPC-1 = Percentage change of the IPC registered the previous month. The daily value of the U.F. will be determined with the following formula: $UF_{day} = UF_{day-1} \times RD$. Source and historical values: www.uf.cl</p>

Tab Rates	Bank deposit rates expressed in pesos (base rate 30 days) and in U.F. (base rate 360 days).
BCP	Central Bank issued bonds in Pesos. BCPs are coupon bearing fixed rate instruments which trade at a discount.
BCU	Central Bank issued bonds linked to the U.F. BCUs are coupon bearing and are adjusted daily according to the U.F. index.
BTU	Chilean Treasury issued bonds linked to the U.F. BTUs are coupon bearing and are adjusted daily according to the U.F. index.
TAB	Tasa Activa Bancaria. Bank deposit rates expressed in pesos (base rate 30 days) and in U.F. (base rate 360 days).
Tasa Camara	It is the annualized interbank overnight interest rate (base 360 days).
Dolar Acuerdo	It is the exchange rate of the Chilean peso relative to a basket of currencies. Each foreign currency included is weighted proportionate to the volume of trade conducted with Chile. The currency of trade agreed in the trade contracts is also factored in the calculation of this reference rate.
Average Swap Camara	It is an interest rate swap often used by most banks to match balance sheets. It consists in swapping a fixed interest rate for a floating interest rate. This instrument can be traded on the basis of nominal rates or adjustable ones.
IMACEC	Índice Mensual de Actividad Económica. Economic indicator that estimates the monthly net production of goods and services. It is an approximation of the GDP evolution in the short term.

MEXICO

Banxico	Nickname for Banco de México, The Mexican Central Bank.
TIIE	Tasa de Interés Interbancaria de Equilibrio. It is the leading benchmark lending rate, calculated and published by Banxico (Banco de México) on a daily basis.
UDI	Unidad de Inversión – Unit of Investment. A unit of account used to neutralize the impact of the inflation in commercial and financial operations. It has a constant value; its initial price when it was launched in April 1, 195 was of MXN\$1.00. It adjusts daily reflecting the Índice Nacional de Precios al Consumidor-INPC (Mexican CPI).
CCP	Costo de Captación a Plazo de Pasivos en Moneda Nacional. It is the cost of deposits in local currency calculated and published by Banxico once a month. It is used as a reference rate to determine the interest rate for loans denominated in MXN.
CPP	Costo Promedio Porcentual – Average percentage cost. Average weighted cost paid by financial institutions for deposits and other financial instruments. This monthly estimation is published monthly by Banxico in the Diario Oficial de la Federación (Official Gazette). The weighted average is the result of multiplying the interest rate by its share in the basket of products offered by the financial institutions. This indicator does not include the cost of funds obtained via money market operations or any other exchange based instrument.

CETES (Treasury Bills)	Securities denominated in local currency with a face value of MXN\$10.00, issued at discount with a fixed rate and no coupon. CETES come in maturities of: 28, 91, 182 and 364 days.
UDIBONOS	Bonds denominated in UDIs with a face value of 100 UDIs. This instrument has a fixed rate and a semi annual coupon payment. For issuance, coupon payments and amortization purposes the conversion to MXN is based on the UDI value of the day that the transaction is taking place.
UMS	United Mexican States Global Bonds, UMS Medium Term Notes. Government obligations issued in the international capital markets. They are mostly denominated in USD. There are also issues denominated in Euros, Yen and other currencies.
BONDES	Bonos de Desarrollo del Gobierno Federal con tasa de Interés Fija en Moneda Nacional – Development Bonds of the Federal Government-BONDES. Bonds of the Federal Government with a fixed rate in local currency. The security has a face value of MXN\$100.00 and a semi annual coupon. The rate is determined at the time of issuance.
Bondes 182	Development Bonds issued by the Federal Government with semi annual coupon and a face value of MXN\$100.00. The security is protected against inflation with a floating rate which is equal to the maximum between the 182 day CETE rate plus a premium and the percentage variation of the UDI during each coupon payment period.
El Corto (The Short)	'El corto' is an instrument of monetary policy managed by Banxico to abate inflation. With el corto, Banxico indicates its monetary policy posture through balance adjustments in the accounts of banks held at Banxico. The banks are charged twice the funding interbank rate for daily overdrafts with Banxico. If the banks have a positive balance with Banxico, they incur in an indirect cost determined by having money idle as the central bank does not pay interest on positive balances designed to abate inflation. El corto has been a useful monetary policy tool as it has allowed market shocks to be distributed and absorbed by the system through adjustments in the short term interest rates as well as in the foreign exchange rate.
Mexican Cross Currency Basis Swap Market	The cross currency basis swap market is structured as 28-day TIIE vs. 1-month USD LIBOR +/- spread, where LIBOR is truncated to accrue also on 28-day basis without any rate adjustment. There is an exchange of principal on the effective date and on the termination date at the swap F/X rate. The basis swap accrues interest value spot, but, other than the trade date, TIIE is reset 1 business day prior to each calculation period and USD LIBOR 2 business days. On the trade the payment convention for both Fixed vs. Floating IRS and the Cross Currency Basis Swap is a "Following" convention where Payment days are rolled forward one business day on local holidays. The Cross Currency Basis Swap will obey the "following" convention for both Mexican TIIE and the USD LIBOR legs of the trade where holidays are observed for Mexico City, New York and London. Fixing dates are rolled to the business day previous to any of the respective local holidays for that specific currency. In the basis swap, the MXN and USD interest obligations are rolled "following" together so that interest payments can coincide. The Cross-Currency Basis Swap initially accrues interest rate value spot and then is reset for each respective calculation period, one business day on TIIE and two business days on LIBOR prior to each of those calculation periods.

COLOMBIA

Tasa de Usura (Usury Rate)	Interest rate ceiling that can be charged without incurring in a usury felony. It is calculated at 1.5 times the regular banking interest rate. The regular banking interest rate is calculated as a weighted average rate from the regular loan transactions carried out by the financial sector.
CDT	Certificado de Depósito a Término – Term Certificate of Deposit. It is a time deposit certificate. Maturities start from 30 days on, being the most common one those at 30, 60, 90, 180 and 360 days. CDTs can be issued by commercial banks, financial corporations and commercial finance companies. The interest rate of the deposit is determined by the amount, time and existing market conditions at the time of its closing. CDTs are nominal and may not be redeemed before its expiration date.
CDAT	Certificado de Depósito de Ahorro a Término – Term Savings Certificates of Deposit. These are certificates issued by banks within the Savings system. These certificates are arranged when the savings account holder opts to deposit for a defined time period expressly agreed upon with the bank. The certificate is issued as a separate instrument different from the savings account. It is allowed to give a higher interest rate to the certificate holders than what regular savings accounts pay, the bank offers a higher interest rate to make this instrument more attractive. As in the case of CDTs these certificates may be endorsed but they are always nominal.
DTF	Interest rate paid for a 90 day Term Deposit Certificate (CDT) by commercial and mortgage banks and finance corporations.
SEN	Sistema Electrónico de Negociación – Electronic Trade System. It is a transactional system to trade public debt securities, repos and interbank credit lines. Transactions are carried out anonymously on a real time executable price environment with electronic trade confirmations. Clearing and Settlement takes place on a DVP basis.
Tasa Básica de la Superintendencia Bancaria (Base Rate of the Superintendencia Bancaria)	It is an average of the rates set in new CDTs and CDATs.
TIB	Tasa Interbancaria – Interbank Rate. It is the rate set for interbank credit lines to alleviate short term illiquidity of a financial institution, generally it is a one day rate.
TRM	Tasa Representativa del Mercado – Market Representative Rate. It is the indicator that sets the daily level of the official exchange rate (USD/COP) in the Colombian foreign exchange market it is the weighted arithmetic average of the buy/sell exchange rates in the interbank market.

TES	<p>Government debt securities used as a mechanism to finance the national budget and to replace maturing government debt. There are two classes of TES; 1) TES class A: issued to pay government liabilities with the Banco de la República (Central Bank) and to pay subscribed debt through Open Market Operations via Títulos de Participación; 2) Class B TES: issued to fund the National Budget and to replace debt without exceeding the authorized issuance amounts. Class B TES are also used to:</p> <ul style="list-style-type: none"> – Develop and provide depth to the Colombian capital markets. – Incentive long term internal savings. – Keep the financial markets abreast of economic expectations and term prices. – Implement a yield curve within a market that allows for its growth in depth. – Attract institutional investors. – Provide a mechanism for Open Market Operations. <p>TES may be issued in local currency, USD or in UVR's.</p>
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UVR	<p>Unidad de Valor Real – Unit of Real Value. It is a unit of account that reflects the peso's purchasing power based exclusively in the consumer price index variation as reported by the DANE (National Statistics Office). It replaced the UPAC on December 1999. It is calculated by the Banco de la República (Central Bank), it is applied to those loans and deposits held at entities that grant mortgage loans. The difference between the UPAC and the UVR is that the UPAC also took into account the DTF rates variations.,</p> <p>para el UPAC se utilizaba el DTF y la inflación; para la UVR se utiliza sólo la inflación.</p>
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Precio Sucio (Dirty Price)	It is the price of a bond that includes the last coupon paid before the trade date.
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IGBC	General Index of the Colombia Stock Exchange.
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UNITED STATES

Treasury Bill	Short term government security issued in domestic currency with maturities not exceeding one year and therefore considered to be a money market instrument. Treasury Bills are sold at discount from par and do not bear a coupon. The investor's return is measured by the difference from the par value at maturity and the discount price paid.
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Treasury Bond	Government debt security issued with maturity of 10 years or more traded in the capital markets. Treasury bonds are generally issued with a fixed coupon.
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Treasury Note	Government debt security issued with maturities of 2 to 10 years and traded in the capital markets. Treasury notes generally bear fixed coupon.
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USD Libor	USD LIBOR (London Interbank Offered Rate) is the rate at which interbank term deposits are offered by one Prime Bank to another Prime Bank in USD, for a determined period of time (up to one year).
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Discount Rates	Interest rate at which a central bank will discount government paper or lend money against government paper collateral. Broker Rate: Interest rate that banks charge to brokers to finance margin loans to investors, also called call money rate.
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Prime Rate	The borrowing rate charged by banks to their best customers.
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Fed Funds (FEDS)	Reserve balances of U.S. depository institutions which exceed the level required by the Federal Reserve Bank. The excess funds can be lent out to those institutions with a shortage at the federal funds rate.
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FAS133	<p>Statements of Financial Accounting Standards No. 133 Accounting for Derivative Instruments and Hedging Activities, commonly known as FAS 133, is an accounting standard issued in January 2001 by the Financial Accounting Standards Board (FASB) that provides companies with the ability to measure all assets and liabilities on their balance sheet at "fair value". This standard was created in response to significant hedging losses involving derivatives years ago and the attempt to control and manage corporate hedging as risk management not earnings management.</p>
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All derivatives within the scope of FAS133 must be recorded at fair value as an asset or liability. Hedge accounting may be applied if there is hedge documentation and gains and losses in the value of the derivative with gains and losses in the value of the underlying transaction.

To be designated and qualify for FAS 133 hedge accounting, a commodity (hedged item) and its hedging instrument must have a correlation ratio between 80% and 125%, and the reporting enterprise must have hedge documentation in place at the inception of the hedge. If these criteria are not met, hedge accounting cannot be applied. The non-applicability of hedge accounting can lead to significant volatility in corporate earnings. Now, the financial community has had enough experience with FAS 133 that companies and constituents better understand this process and are less critical of the volatile impact on earnings.

Creating forward commodity values to determine correlation, required by FAS 133, is not perfect due to the nature of different OTC derivative commodities and the fact that they are not quoted in exchanges like NYMEX and ICE. Many companies outsource this data collection to insure that industry methods and standards are achieved. As important as FASB 133 is in risk management and hedging, this reporting system has limited some creative hedges solely based on the potential negative impact on the companies' earnings.

FAS157	<p>Statements of Financial Accounting Standards No. 157, Fair Value Measurements. The Financial Accounting Standards Board (FASB) issued Statement 157 ("Statement 157") in September 2006 to provide guidance about how entities should determine fair value estimations for financial reporting purposes. Statement 157 broadly applies to financial and non financial assets and liabilities measured at fair value under other authoritative accounting pronouncements. However, application to non financial assets and liabilities is deferred until 2009. Absence of one single consistent framework for applying fair value measurements and developing a reliable estimate of a fair value in the absence of quoted prices has created inconsistencies and incomparability. The purpose of this guidance is to eliminate the inconsistencies by developing a solid framework to be used in any fair value measurements.</p>
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Statement 157 defines fair value as follows: the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This is sometimes referred to as "exit value."

CONTINUED OVERLEAF

**FAS157
(continued)**

Statement 157 emphasizes the use of market inputs in valuing an asset or liability. Examples of specific market inputs mentioned include: quoted prices, interest rates, yield curve, credit data, etc. Fair value is, by definition, derived from a current transaction which happens in an active market with knowledgeable and unrelated parties. When fair value is not available due to the lack of an actual transaction, it is logical to use information from an active market. However, sometimes quoted prices might not represent the best estimate of fair value.

The basis of the framework centers on a fair value hierarchy which indicates reliability of inputs used to estimate fair value. The hierarchy is broken down into three levels:

Level One

This is for liquid assets with quoted prices. For instance, the price of a listed security. This level requires the use of unadjusted quoted prices from an active market for identical assets or liabilities. To use this level, the entity must have immediate access to the market (could exchange in current condition). If more than one market is available, Statement 157 requires the use of the "most advantageous market." Both the price and costs to do the transaction must be considered in determining which market is the most advantageous market.

Level Two

This is valuation based on market observables. For instance, the price of an option based on Black-Scholes and market implied volatility. Within this level, fair value is estimated using a valuation technique. Significant assumptions or inputs used in the valuation technique requires the use of inputs that are observable in the market. Examples of observable market inputs include: quoted prices for similar assets, interest rates, yield curve, credit spreads, prepayment speeds, etc. In addition, assumptions used in estimating fair value must be assumptions that an unrelated party would use in estimating fair value.

Level Three

This is valuation based on non-observable assumptions. Within this level, fair value is also estimated using a valuation technique. However, significant assumptions or inputs used in the valuation technique are based upon inputs that are NOT observable in the market and, therefore, necessitates the use of internal information. The entity may only rely on internal information if the cost and effort to obtain external information is too high. In addition, financial instruments must have an input that is observable over the entire term of the instrument. While internal inputs are used, the objective remains the same: estimate fair value using assumptions a third party would consider in estimating fair value.

VENEZUELA

VEF	The bolívar was introduced in 1879, currently it is under a strict foreign exchange control regime. Since March 2005 the official exchange rate is pegged to the USD at 2,144/2150. As of January 2008, Venezuelan currency changed to its current acronym, the official foreign exchange rate to the US Dollar dropped three zeroes and its name was changed to Bolivar Fuerte (Strong Bolivar).
Interbank O/N and Reference interest rates	Rates quoted by the leading Venezuelan banks.
Crude Venmix price	Average price of a basket of Venezuelan crudes and oil derivative products calculated by the state owned company PDVSA.
Vebonos	Floating rate notes with quarterly coupon payment that represent Venezuelan central government obligations. These instruments are tax exempt. Coupon calculation is based on the yield of the 91 day treasury bills.
TIF	Fixed rate instruments with quarterly payments (every 91 days), a similar schedule payment to the Vebonos. These bonds were issued after the recall of the Brady bonds. The intention of this instrument is to help keep public debt between a minimum of 20% and a maximum of 25% of GDP.
TICC	Titulos de Interés y Capital Cubiertos. Bonds denominated in USD, issued locally under Venezuela law and traded only locally. Interest cash flow and capital will be earned in Bolivares.
PDV Bonos	Eurobonds issued by Petróleos de Venezuela S.A. on April 2007 for a total of USD7.5 billion. The bonds were sold locally to individuals, investors and corporate to provide a way to satisfy hard currency demand. The bonds issued in three maturities (2017, 2027 and 2037), denominated in USD were sold in Bolivares at the official exchange rate.

PERU

BCRP Reference Rate	Monetary policy reference interest rate for interbank loans. It is set by the central bank (Banco Central de la Reserva del Perú).
TAMN Rate	Average interest rate for bank loans in Nuevos Soles.
TAMEX Rate	Average rate for bank loans in USD.
PEN Soberanos	Bono Soberano, local fixed rate sovereign debt obligations issued by the central government denominated in local currency.
VAC	VAC or Valor Adquisitivo Constante (Index of constant purchasing value) is a unit of account in Nuevos Soles (PEN) adjusted by the CPIU (Consumer Price Index). The VAC is calculated and published by the Central Bank (BCRP).

GENERAL TERMS

Interest Rate Swap	The basic IRS is a single currency instrument where counterparties “swap” a fixed rate interest rate liability for a floating rate.
Spot Exchange Rate	<p>The rate of a foreign-exchange contract for immediate delivery. Also known as “spot rates”, “straightforward rates” or “outright rates”, spot rates represent the price that a buyer expects to pay for a foreign currency in another currency.</p> <p>Though the spot exchange rate is said to be settled immediately, the globally accepted settlement cycle for foreign-exchange contracts is two days. Foreign-exchange contracts are therefore settled on the second day after the day the deal is made.</p> <p>The exchange rate between two currencies neither of which is the U.S. dollar. However, usually calculated from the exchange rate of each currency against the dollar.</p>
Forward Points	<p>This is the simultaneous exchange of currencies on a start date (normally spot) at a spot rate with a contract to reverse the exchange rate at an agreed forward rate on the maturity date.</p> <p>The rates are expressed as basis points added to or subtracted from the current spot rate to determine the forward rate. When points are added to the spot rate, there is a forward points premium; when points are subtracted from the spot rate, there is a points discount.</p> <p>The number of forward points on a given exchange rate will be determined by the prevailing interest rates in each market, the time period between the spot and the forward rate, and other market factors.</p>



Tullett Prebon (www.tullettprebon.com) operates as an intermediary in wholesale financial markets facilitating the trading activities of its clients, in particular commercial and investment banks. The business now covers the following major product groups: Volatility, Rates, Non Banking & Sterling Cash, Treasury, Energy, Credit, Environmental and Equities. Tullett Prebon's Electronic Broking division offers electronic solutions to some of these products.

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