

1 INTRODUCTION

The FIFA World Cup is one of the largest events in the world. The competition between the best national teams in the world mobilizes billions of people from all continents, cultures, ethnicities and creeds. It rouses passions and, at the same time, lessens differences. Even though the people are from different countries, without exception, for the 90 minutes of a match they create a common bond where they share the same emotion. It is a magical event, rare, without equal, and for this reason worthy of universal recognition.

In 2014, Brazil will once again host this tournament. The 20th FIFA World Cup will be held 64 years after the one where, in Maracanã Stadium, the green and gold national team sanctioned itself as the world's second best team. The country that will host the FIFA World Cup 2014 is very different from 64 years ago. It is the seventh largest economy in the world, a leader in food production, and one of the largest manufacturers of automobiles and aircrafts in the world. It has the cleanest renewable energy matrix on the planet. It is a country of many peoples, of one language, who live together peacefully and who have built a consolidated democracy and a sustainable growing economy. And, of course, it is a people with a passion for soccer and the National Team, the 'Seleção', that is the five-time world champion.

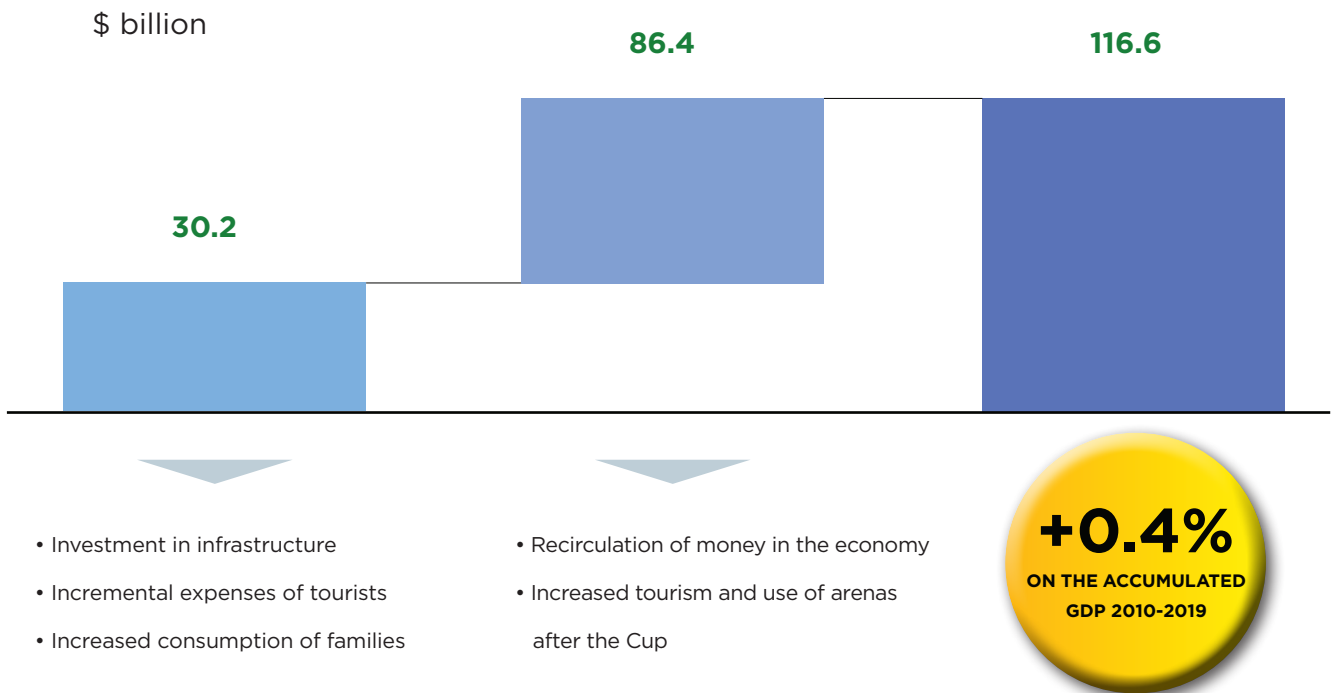
There still remain three years, but since the definition of the host city on October 20, 2007, a national effort began that is not simply preparing the country to host the event. The Federal Government objective is to use the 2014 FIFA World Cup Brazil as a platform to accelerate the country's development and to overcome inequalities, generate jobs and improve the Brazilians' quality of life.

For the country, this is a unique opportunity to change its world image and to accelerate investments in projects and services that will remain as a legacy. The work of the Federal Government is to transform this spectacular opportunity into a great legacy for Brazil and Brazilians.

GREAT 2014 FIFA WORLD CUP BRAZIL NUMBERS FOR THE COUNTRY¹

The FIFA 2014 World Cup Brazil should add \$ 116 billion to the country's GDP for the 2010-2019 period — generating a more than 0.4% impact on GDP growth.

ECONOMIC IMPACT: \$ 116 B TO THE GDP OF BRAZIL'S UNTIL 2019 (OR +0.4% A YEAR)

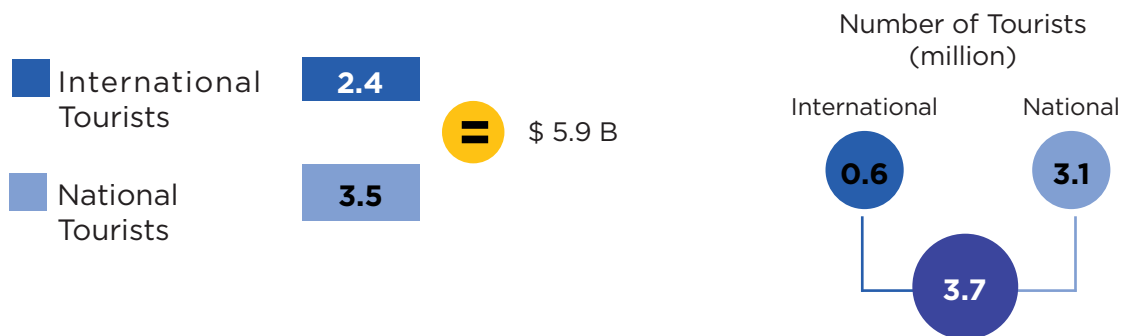


¹ Source: research by Ministry of Sports, march 2010.

The 3.7 million national and international tourists who travel during the event should generate \$ 5.9 billion.

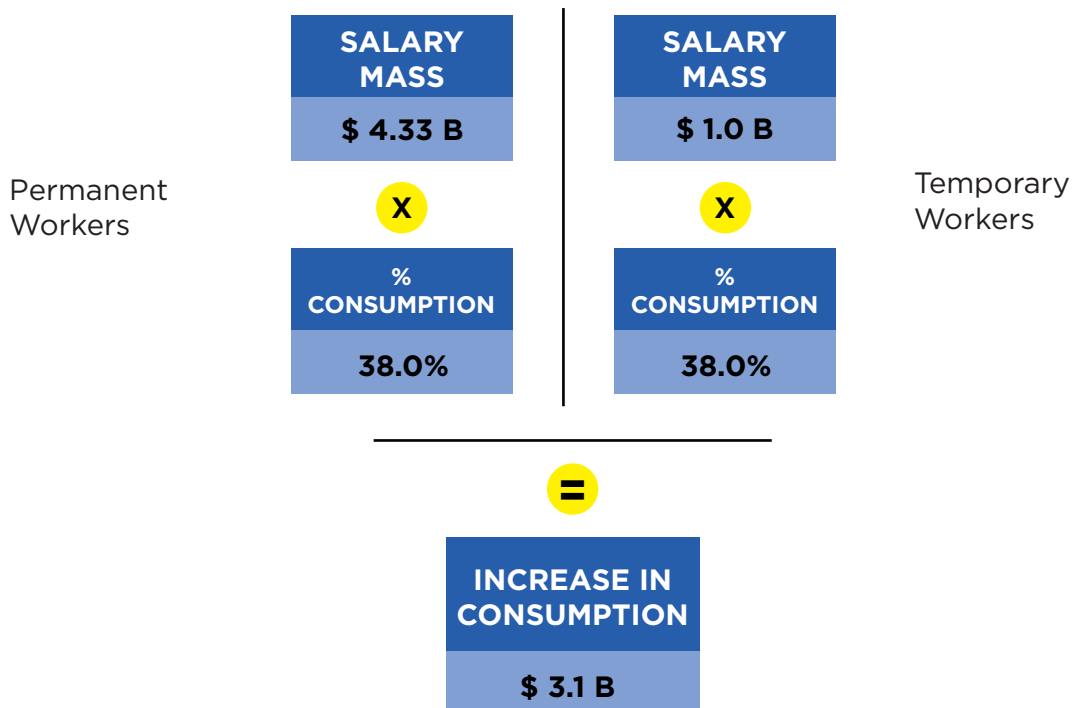
DIRECT IMPACTS: \$ 5.9 B GENERATED BY 3.7 MILLION TOURISTS

\$ billion, June and July 2014



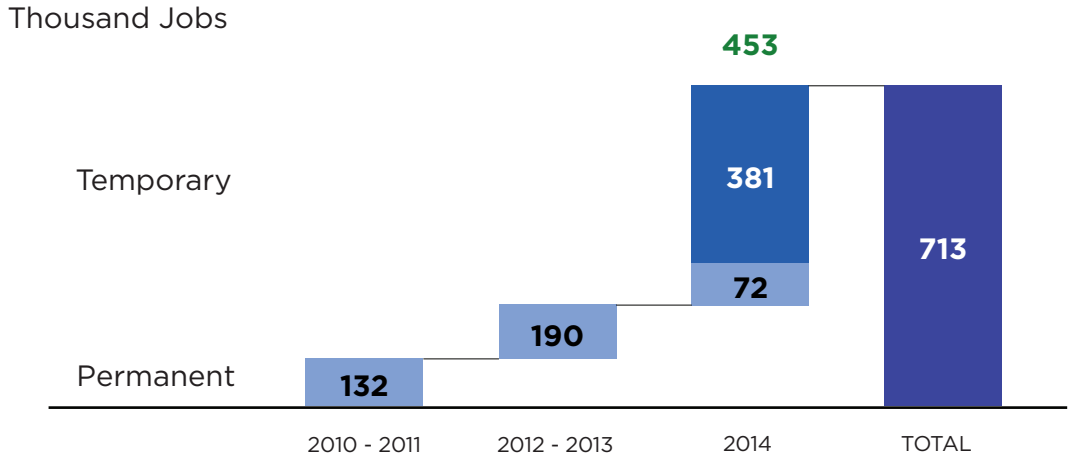
Brazilian family spending will increase by \$ 3.1 billion between 2010 and 2014.

DIRECT IMPACTS: INCREASE OF \$ 3.1 BILLION IN THE FAMILIES' CONSUMPTION FROM 2010 TO 2014



700 thousand temporary and permanent jobs will be created.

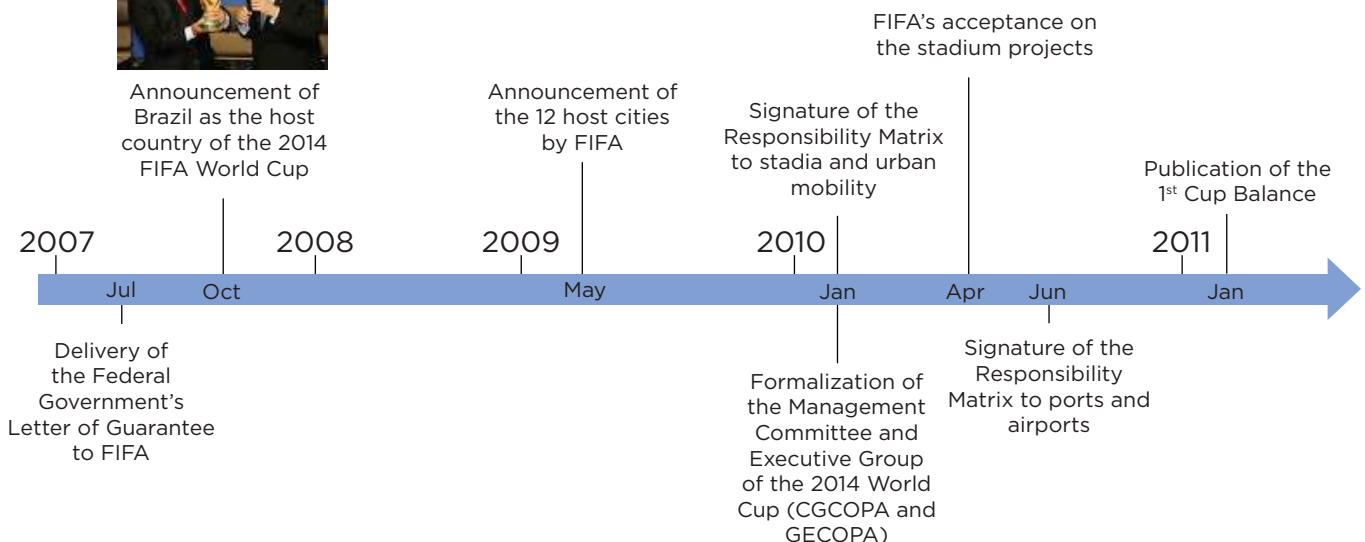
DIRECT IMPACTS: GENERATION OF 700 THOUSAND TEMPORARY AND PERMANENT JOBS




2 KEY MOMENTS IN PREPARING THE COUNTRY

On October 20, 2007, Brazil was chosen to be the 2014 FIFA World Cup host country. In May 2009, the twelve host cities were announced. From that time on, a great effort has been made to prepare the country for the event, to host the world in an organized, competent and cheerful way.

MAIN HISTORICAL LANDMARKS IN THE PHASE OF PREPARATION





The Federal Government focuses on two pillars. The first is to solidify government guarantees: commitments assumed by means of the General World Cup Law (Lei Geral da Copa, which is undergoing final editing and should be sent to Congress during the second semester this year). An important part of governmental guarantees dealing with taxes has already been passed by the National Congress as Law 12.350/2010.

The second is the Responsibility Matrix (Matriz de Responsabilidades), an agreement signed between the Union, states, municipalities and the Federal District. It defines the responsibilities of each in terms of resources and the execution of projects considered essential to hosting the World Cup and permits transparency in government actions.

PLANNING CYCLES

The Brazilian Government has divided priority actions into cycles planning, according to each project's criticality and deadline.

The first planning cycle focuses on infrastructure as it deals with projects that have an advanced completion time and, therefore, need to begin immediately. Urban mobility, stadia, airports and ports are included in this cycle. For this group, programmed investments have already been formalized by means of the Responsibility Matrix.

The second cycle directs to infrastructure and services actions. These are projects that are in the completion phase and that deal with security, tourism infrastructure, energy, telecommunications and information technology (IT), environmental sustainability and promoting the country.

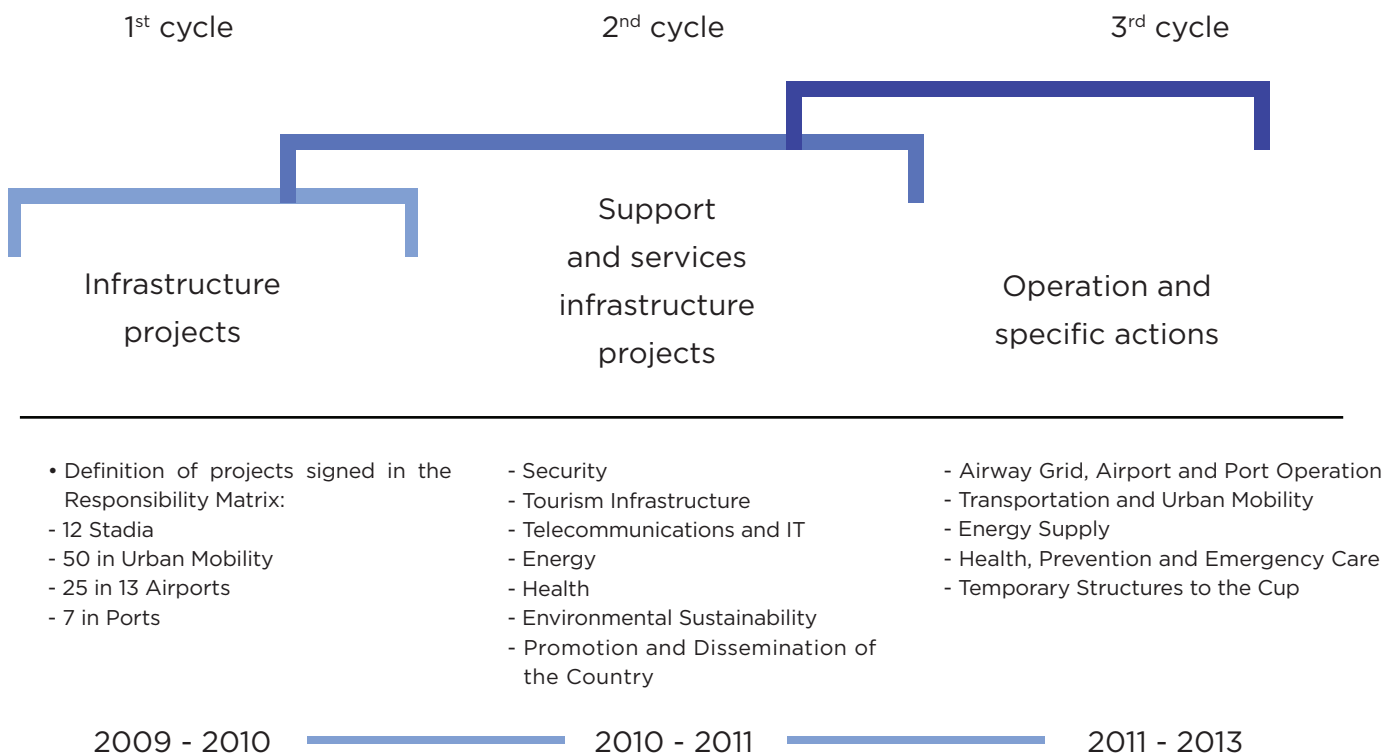
The third cycle focuses on actions that must be planned in advance, but that can only be implemented during the period just before the competition, such as airway routes, airports, ports, transportation and urban mobility operations.

Important measures to improve legislation were taken to guarantee agility, along with transparency and rigor, to secure the best use of public resources. One of the main advances was the Differentiated Contract Regimen (RDC), that alters parts of the Bidding Law, espe-

cially for projects related to the 2014 FIFA World Cup Brazil and the 2016 Olympic and Paralympic Games. The RDCt allows for a more agile bidding process and, at the same time, creates mechanisms to prevent price fixing by participating companies.

3 GOVERNANCE STRUCTURE

PLANNING CYCLES TO THE CUP



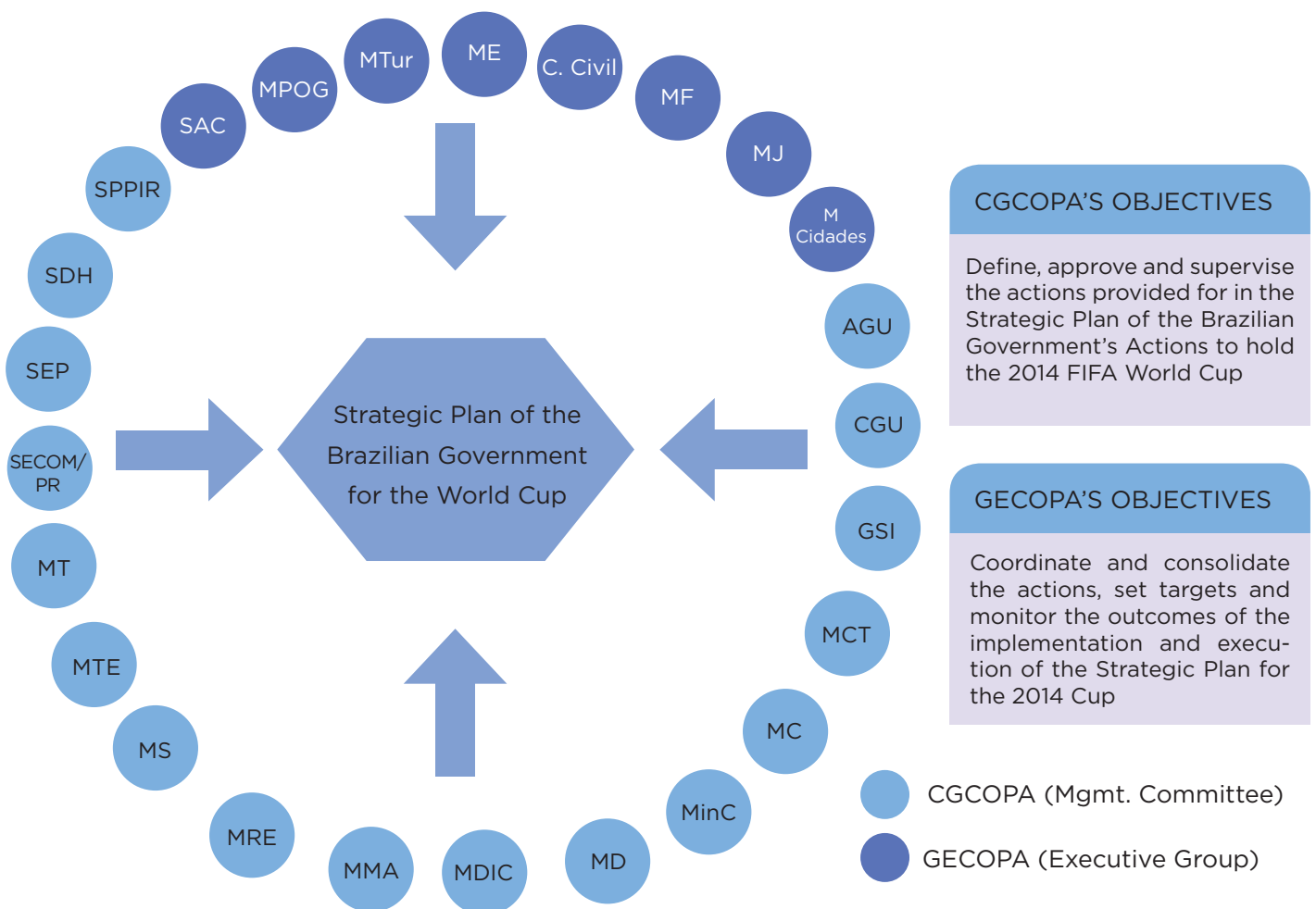
Due to the complexity of the event and, especially, as a way to guarantee the formation of a legacy aligned with the strategic interests of the country in relation to the 2014 FIFA World Cup Brazil, a governance structure to link the different states, public agencies and private partners with the Local Organizer Committee of the 2014 FIFA World Cup Brazil was formed.

The objective of the governance structure is to define objectives for planning and the functions and responsibilities of each player, as well as information flow, result monitoring and implementation of preventative and corrective actions. There are two fundamental groups:

The Cup Administration Committee (CGCopa): composed of 25 ministries and secretariats with ministry status, it is responsible for defining, approving and supervising actions established in the Strategic Plan of Action of the Brazilian Government for the implementation of the 2014 FIFA World Cup Brazil.

The Cup Executive Group: composed of six ministries and two secretariats with ministry status, it has the objective of coordinating and consolidating actions, establishing goals and monitoring the results of the execution of the Strategic Plan for the 2014 FIFA World Cup Brazil.

Defined by Decree issued by the President of the Republic on July 26, 2011

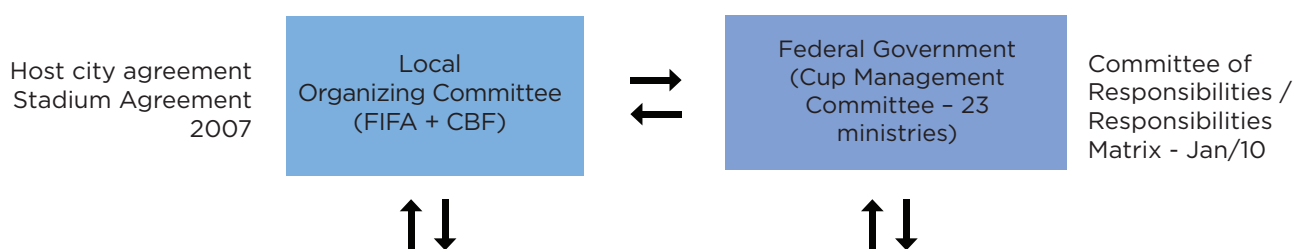


AGU - Federal Attorney's Office; **C. Civil** - Chief of Staff Office of the Presidency of the Republic; **CGU** - Federal Comptroller's Office; **GSI** - Institutional Security Office of the Presidency of the Republic; **MCT** - Ministry of Science and Technology; **MinC** - Ministry of Culture; **MD** - Ministry of Defense; **MF** - Ministry of Finances; **MJ** - Ministry of Justice; **MS** - Ministry of Health; **M. Cidades** - Ministry of the Cities; **MC** - Ministry of Communications; **MRE** - Ministry of Foreign Affairs; **MDIC** - Ministry of Development, Industry and Foreign Trade; **ME** - Ministry of Sport; **MMA** - Ministry of Environment; **MPOG** - Ministry of Planning, Budget and Management; **MTE** - Ministry of Labor and Job; **MTur** - Ministry of Tourism; **MT** - Ministry of Transportations; **SAC** - Secretariat of Civil Aviation; **SECOM/PR** - Secretariat for Social Communication of the Presidency of the Republic; **SDH** - Human Rights Secretariat of the Presidency of the Republic; **SPPIR** - Secretariat of Racial Equality Promotion of the Presidency of the Republic; **SEP** - Secretariat of Ports of the Presidency of the Republic

These groups dialog, interact and establish instruments to formalize responsibilities with the Local Organizer Committee of the 2014 FIFA World Cup Brazil and the twelve host cities.

GOVERNANCE STRUCTURES: LOC, FEDERAL GOVERNMENT AND HOST CITIES

Governmental Guarantees - 2007



Host Cities (11 States + 11 Municipalities + the Federal District)



4 AUDIT OF COUNTRY PREPARATION

ARENAS

From the twelve arenas appointed by the host-cities qualified by FIFA and COL for the performance of 2014 World Cup matches, ten have already initiated works. The remaining two, the Dunas Arena in Natal had its construction works contract signed in April 2011 and is just about to start works; São Paulo's arena had its collaterals accepted by FIFA and has already initiated earthworks.

The construction status can be verified in the following graphic:

ARENAS: CONSTRUCTION STATUS

Belo Horizonte	Brasília	Cuiabá
<ul style="list-style-type: none"> - Demolitions: Bleachers imploded - Earthwork: Advanced stage - Foundations: Begun - Structures: Begun 	<ul style="list-style-type: none"> - Demolitions: Old stadium demolished - Earthwork: Advanced stage - Foundations: Begun - Structures: Begun 	<ul style="list-style-type: none"> - Demolitions: Old stadium demolished - Earthwork: Begun - Foundations: Begun - Structures: Begun
Curitiba	Porto Alegre	Recife
<ul style="list-style-type: none"> - Finishing construction of lower bleachers - Winner of bidding process to perform remainder of project should be announced in August 2011 	<ul style="list-style-type: none"> - Part of bleacher demolition completed as well as foundations to support the roof - In August 2011, contract to be signed with company responsible and work resumed 	<ul style="list-style-type: none"> - Demolitions: Not necessary - Earthwork: Advanced stage - Foundations: Begun - Structures: Not begun
Rio de Janeiro	Salvador	Fortaleza
<ul style="list-style-type: none"> - Demolitions: Underway - Earthwork: Not necessary - Foundations: Begun - Structures: Begun 	<ul style="list-style-type: none"> - Demolitions: Old stadium demolished - Earthwork: Begun - Foundations: Begun - Structures: Begun 	<ul style="list-style-type: none"> - Demolitions: Bleachers imploded - Earthwork: Begun - Foundations: Begun - Structures: Begun
Manaus	Natal	São Paulo
<ul style="list-style-type: none"> - Demolitions: Old stadium demolished - Earthwork: Begun - Foundations: Begun - Structures: Not begun 	<ul style="list-style-type: none"> - Contract signed in April 2011 with the construction company - Preparations for demolition underway 	<ul style="list-style-type: none"> - Earthwork phase begun - Investment solution being evaluated for the stadium

AIRPORTS

Brazilian airports, which in recent times have seen a great increase in passenger demand due to the increase in personal incomes and consequent travel, are receiving investments of \$ 3.42 billion by the Federal Government.

The creation of the Secretariat of Civil Aviation (SAC), with the status of ministry, and the beginning of the process of privatization of

some terminals, were measures taken in 2011 to accelerate the process of expansion and to guarantee the efficiency of the airport infrastructure. Next, verify investments for the expansion and improvement of Brazilian airports.

AIRPORTS: INVESTMENTS

AIRPORT	INVESTMENT(\$ M)
Belo Horizonte	253.75
Brasília	463.75
Cuiabá	55
Curitiba	41.25
Fortaleza	217.5
Manaus	246.25
Natal*	316.25
Porto Alegre	216.25
Recife	11.25
Rio de Janeiro	356.90
Salvador	30
São Paulo (GRU)*	766.90
Campinas (VCP)*	450
TOTAL	3,425.05

* Cities whose concessionaires will participate in investments (values to be defined)

Monitoring Jul/2011

PORTS

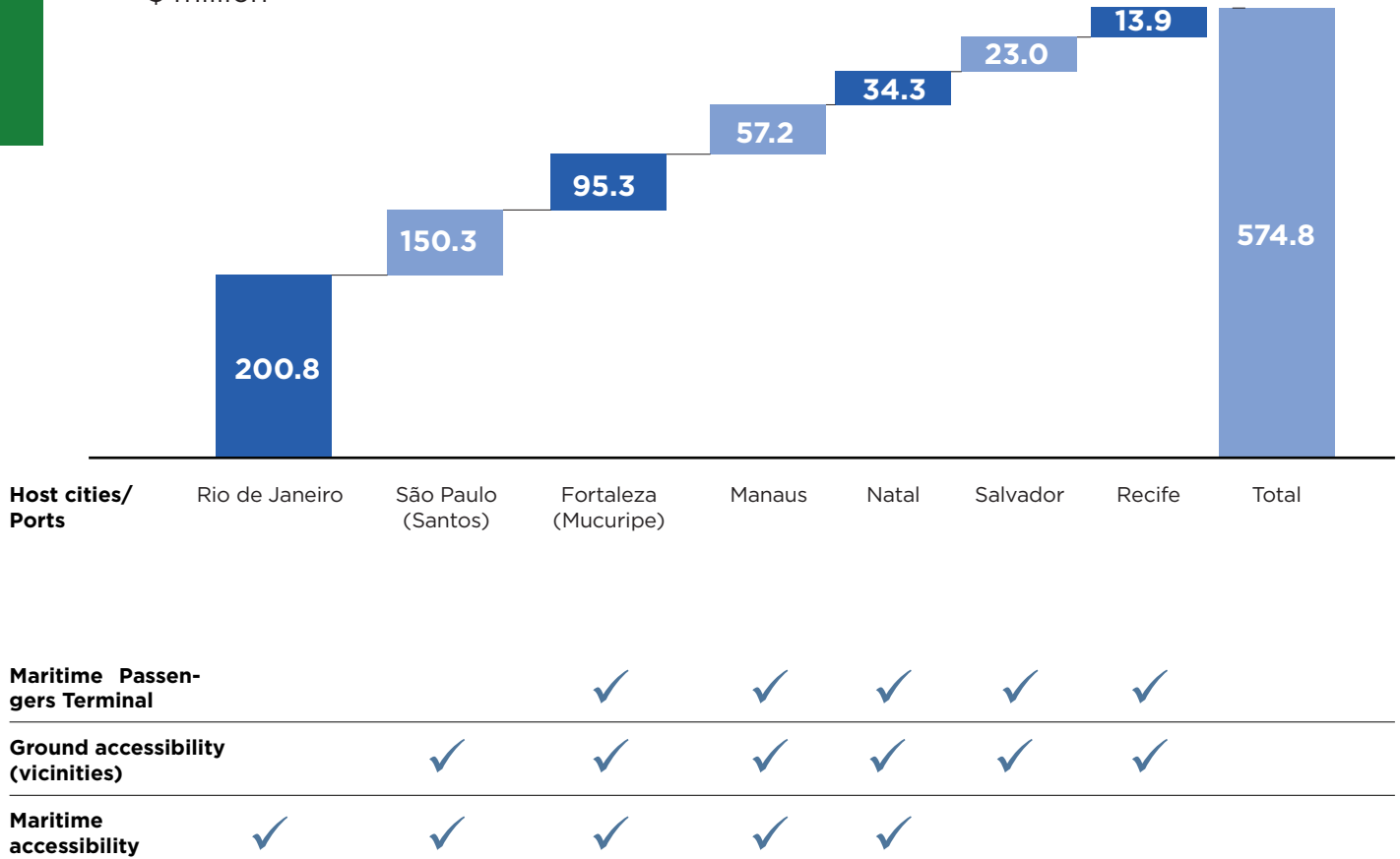
The preparation of the Brazilian port infrastructure to receive large ships and international cruises is of great importance to attend the flux of tourists during the World Cup period as well as the present growing demand of the principal tourist cities on the Brazilian coast.

The Federal Government is investing US\$ 574.8 million in projects that include passenger terminals, marine and land access to terminals.

See below details of the seven projects agreed upon in the Responsibility Matrix:

PORTS: INVESTMENTS

\$ million



URBAN MOBILITY

The urban mobility projects were included in the Responsibility Matrix so that, with the acceleration of work, this legacy could remain with the Brazilian population as a result of the 2014 FIFA World Cup. For this reason, these projects were given priority from Federal Government to receive financing by means of creating specific lines of credit, offered to the host cities responsible for the work.

Fifty projects are included in the Responsibility Matrix, most of which are an expansion of public transport structures.

URBAN MOBILITY: INVESTMENTS AND PROJECTS

HOST CITY	INVESTMENT (\$ MILLION)	PROJECTS
Belo Horizonte	0.933	8
Brasília	242.0	1
Cuiabá	311.3	3
Curitiba	295.6	9
Fortaleza	1,068	7
Manaus	357.9	2
Natal	280.8	2
Porto Alegre	305.0	10
Recife	563.6	5
Rio de Janeiro	1,025	1
Salvador	363.2	1
São Paulo (GRU)	1,821	1
TOTAL	7,569.4	50

TOURISM

Brazil is preparing to receive, in the 2014 FIFA World Cup Brazil, 600 thousand foreign tourists, besides three million national tourists, who will travel around the country.

Actions by the Federal Government focus on the professional qualification of tourist aids, and on the training laborers in the production chain, business people, and public administrators. It also provides for the articulation of lines of credit for the reformation and amplification of the hotel sector.

Besides these, the Government already has investment programs for tourist destinations, with access projects, signs and structuring of attractions in the whole country.

Professional Qualification

The main action by the Ministry of Tourism to provide qualified labor is the World Cup Well Received (Bem Receber Copa) project. By the end of 2013, 306 thousand professionals will be trained to work in the tourism production chain. The total investment will be \$ 280 million.

Lines of Credit for Hotel Network

Between hotels, inns and hostels, Brazil has more than 28 thousand places to lodge. To increase and improve the hotel network, the Federal Government has made credit available to reform and expand the lodging areas of the host cities and nearby destinations, as well as build new hotels.

The main lines of credit are:


BNDES ProCopa Tourism: launched in 2010, with an amount of \$ 636,942.67 billion to reform and expand the lodging. This amount can be increased to \$ 1.2 billion, should it be deemed necessary.

Constitutional Funds: The Constitutional Financing Funds of the North (FNO), Northeast (FNE) and Central-West (FCO) make available \$ 828,025.47 billion (this line of credit was launched in 2010 with \$ 509 million and recently another \$ 318 million was negotiated to attend the lodging industry).

PROMOTING THE COUNTRY

The 2014 FIFA World Cup Brazil will be a great platform to promote the country. For a long time, the eyes of the world will turn toward Brazil. During the competition, tens of thousands of press professionals will transmit to billions of spectators not only the games, but images and content about the cities, the country and the culture.

The Federal Government is making a coordinated effort to put into action a great promotional plan before, during and after the 2014 FIFA World Cup. The fundamental objective is to update the country's image to the world, showing that Brazil, known for its beaches, culture and people, is also a peaceful country with great cultural



and ethnic diversity, and a consolidated democracy. Not only this, but that the country sets itself apart in the world by its sustainable, growing economy, for the most clean, renewable energy matrix on the planet and for its cutting-edge technology in many areas.

SECURITY

The Federal Government, along with the states, is developing actions based on four concepts: integrating police forces, using technology to modernize security tools, training human resources and respecting Human Rights. International cooperation will be another fundamental point to prepare security operations for the 2014 FIFA World Cup Brazil.

Coordination of operations will be the responsibility of a large event Special Security Secretariat, creation of which has already been announced.

In July 2011, anti-bomb inspections began in the stadia that will host the 2014 FIFA World Cup Brazil games. The National Stadium in Brasilia was the first to undergo the procedure, which used sniffers, robots and other cutting-edge technologies to detect explosives. By the beginning of the event, inspections will be repeated in each of the 12 host cities.

The objective is to identify, with each phase of construction, points that can hide these types of devices. As another security measure, all professionals involved in the construction projects are being registered. They will form a national database of laborers for the arenas that host the games.