Uruguay Debt Report
A quarterly report issued by the Debt Management Unit July 2011

Executive

In the first half of 2011, Uruguay successfully placed a 10-year Yen Samurai Bond at a yield of 1.64%, representing a spread of 43 basis points over the 10-year Yen reference rate. This transaction is part of the pre-funding policy in place and seeks to diversify the Uruguayan investor base. In June 2011, the Central Government restarted its issuances in local currency in the domestic market, in line with the objective of creating domestic benchmarks and as part of its strategy to reduce foreign currency risk.

In May 2011, the Central Government issued a Samurai bond for ¥ 40,000 million, equivalent to approximately USD 491 million in the Japanese market. The Samurai bonds are due in 2021 and have a fixed coupon of 1.64% or 43 basis points over the 10-year yen swap rate.

The bond was a private placement issued under the GATE ("Guarantee and Acquisition toward Tokyo market") facility with the guarantee of the Japan Bank for International Cooperation (JBIC). This facility is part of JBIC's efforts to "maintain and improve the international competitiveness of Japanese industries." By supporting Samurai bond issues by foreign issuers in the Tokyo bond market with credit enhancement through JBIC's guarantee, the Japanese bank is helping to expand and diversify the investment opportunities available to Japanese investors and is increasing the activity of the Samurai bond market. As in the previous issuance in March 2007 by the Republic, JBIC`s guarantee will cover all the capital and part of the interest payments of the bond.

The deal was placed among a variety of Japanese qualified investors: 29% of the orders were form city banks, 16% from Trust Banks, 15% from specialized banks, 8% from life insurance companies, 10% from public funds, and the remainder from regional banks.

The Republic will use the net proceeds from the sale of the Bonds for general purposes of the Uruguayan government, including financial investment and the refinancing, repurchase, or retiring of domestic and external debt.

Since November 2009 three Latin American countries had issued in the Japanese market using the "private placement" facility: Colombia, Panama, and Mexico in two opportunities. The pricing for the Uruguayan Samurai issuance was the lowest among these countries (43 basis points), even though Uruguay`s credit rating is lower.

The yen-denominated bond sale is part of Uruguay`s plan to diversify its sources of financing, and takes profit from a very liquid and attractive market. At the same time, it will strengthen bilateral relations and encourage business transactions between the two countries. It also sets in the medium term a precedent for a new issuance of a Samurai bond without guarantee.

In the domestic market, Uruguay restarted in June 2011 its weekly bond's auctions of Treasury Notes (TN) linked to CPI (UI) and in nominal pesos as part of its pre-funding policy in line with the objective of reducing the foreign currency risk. The inflation linked securities (UI) issues are consolidating the strategy of offering benchmarks in the CPI Curve. The bonds tendered have a residual final maturity of 5 and 9 years. The 9-years note (current TN UI Serie 14) has an annual coupon of 4% and redeems its capital in 2020. The 5-years note (New TN UI Serie 17) is due in 2016 and has a fixed coupon of 2.75%. Regarding the nominal pesos securities, the Central Government started issuing a 3-year notes after the successful issuance in January for 3- and 5-years Peso Note in a joint liability management transaction with the Central Bank. The Government seeks to continue the consolidation of the peso curve together with the Central Bank´s instruments. This note pays an annual coupon of 9.75 % and redeems its capital in 2014.

In order to attain greater bond market liquidity, each instrument is reopened weekly for the equivalent to USD 5 million for each instrument. The Government has the legal capability to accept up to 200% of the amount originally offered.

With these local market issuances, Uruguay aims to complete the USD 2.2 billion debt issuance plan for 2011. This funding together with the expected disbursements from multilaterals, the estimated government surplus and other funds, will allow the government to increase its assets in approximately USD 1 billion this year.

Central Government Risk Indicators

	IV.2004	IV.2005	IV.2006	IV.2007	IV.2008	IV.2009	IV.2010	I.2011	II.2011
Roll Over Risk									
ATM (years) [1]	7,4	7,9	12,1	13,6	13,0	12,7	12,3	12,2	11,9
% debt due in one year	11,3%	16,0%	4,8%	2,9%	2,3%	3,6%	5,5%	4,1%	3,2%
Tax Revenues /Amortization Payments	1,4	2,6	1,6	6,0	4,6	17,9	7,6	7,4	7,5 [3]
Liquid Assets CG/Amortization Payments due in one year	0,3	0,3	0,4	0,7	1,6	1,4	0,7	2,4	3,3 [4]
Interest Rate Risk									
% debt that refixes rate in one year	32%	34%	22%	18%	20%	11%	15%	9%	9%
ATR (years) [2]	4,9	6,6	11,1	12,3	11,9	12,0	11,3	11,5	11,2
Duration (years)	5,6	8,0	8,9	10,5	9,9	10,3	10,4	10,2	9,9
% debt with Fixed Rate	77%	78%	82%	83%	81%	91%	88%	91%	92%
% debt with Floating Rate	23%	22%	18%	17%	19%	9%	12%	9%	8%
Foreign Currency Risk									
% debt in Local Currency	11%	11%	15%	26%	28%	31%	34%	41%	42%
% debt in Foreign Currency	89%	89%	85%	74%	72%	69%	66%	59%	58%
Debt Composition by Instrument									
Loans	44%	40%	0%	17%	19%	21%	19%	18%	17%
Bonds	56%	60%	0%	83%	81%	79%	81%	82%	83%
Debt Composition by Jurisdiction									
Local Market	22%	22%	23%	21%	16%	16%	18%	25%	24%
External Market	78%	78%	77%	79%	84%	84%	82%	75%	76%
Average interest rate (annual % by currency)									
Dollars	6,1	7,8	7,0	7,1	7,0	6,5	6,5	6,3	6,2
Units Linked to CPI	7,1	5,4	5,3	4,4	4,3	4,3	4,3	4,2	4,2
Uruguayan Pesos								9,4	9,4
Euros	6,9	6,9	6,9	6,9	6,9	6,9	6,9	6,9	6,9
Yens	2,5	2,5	2,5	2,3	2,3	2,3	2,3	2,2	1,9

(1) Average time to Maturity

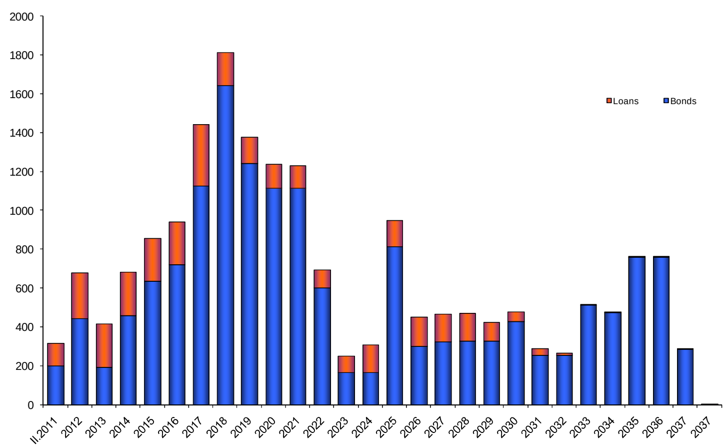
(2) Average time to Refix

(3) 12 month period ended May 2011

(4) Amortizations of the next 12 months starting in May 2011

Central Government Debt Profile

USD Million



Central Government Flow of Funds

USD Million

	2010	2011
USES	**2203**	**2233**
Interests Payments	948	1073
Amortizations	1108	1001
Loans	464	216
Bonds	644	785
Others	147	159
SOURCES	**2203**	**2233**
Primary Surplus	491	697 [1]
Multilaterals Disbursements	118	250
Issuances	607	2160
Others	154	120
Use of Assets*	833	-994

***Positive indicates a reduction in reserves**

(1) Source: Macroeconomic and Financial Advisory Unit

Source: Debt Management Unit

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