



F-2219

ARACRUZ



celpag



MÁQUINAS
PIRATININGA S.A.



COMPANHIA
NACIONAL DE TECIDOS
NOVA AMÉRICA



COMPANHIA
BRASILEIRA DO COBRE

PRIVATIZATION BNDESPAR EXPERIENCE 1987 - 1989



BNDES
FINAME
BNDESPAR

060194-01-4

PRIVATIZATION - BNDESPAR EXPERIENCE

F-2219



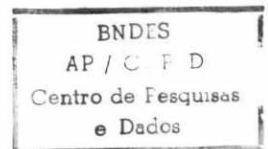
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PRIVATIZATION BNDESPAR EXPERIENCE *1987 - 1989*



SECTION I

DETERMINING MOTIVES

PRIVATIZATION OPERATIONS PERFORMED BY BNDESPAR DETERMINING MOTIVES



I - Privatization Operations Performed by BNDESPAR Determining Motives _____

1. Introduction

BNDES — The Brazilian National Development Bank — has two fully-owned subsidiaries, FINAME and BNDESPAR, which together comprise the BNDES System. FINAME provides finance for machinery and equipment, and BNDESPAR is the holding company responsible for conducting the System's operations on the Brazilian stock exchanges, as well as acting as a merchant bank.

Over the past few years, BNDESPAR has undertaken the work of returning companies, the control of whose voting shares was temporarily in the hands of the BNDES System, to the private sector. The takeover of these companies resulted from the failure of the previous owners in their administration.

Having acquired experience through the various operations it carried out, BNDESPAR went on to reprivatize two companies of the Siderbrás group, acting as a merchant bank for this state-owned steel holding.

2. Background

BNDESPAR was formed in July 1982, resulting from a merger which replaced three previously existing holding subsidiaries of BNDES, which had been created in 1975 as part of the then government policy to reinforce the equity of Brazilian industries.

At that time, the emerging and expanding industrial park, encouraged by the economic policy of import substitution, was already receiving loans from BNDES and FINAME, complemented by international finance. However, due to the inability of private shareholders to provide the necessary equity, it became necessary to

create a government agency (BNDESPAR) which could acquire shares issued by these companies, in order to help them build up and maintain a healthy capital structure.

The intention of BNDESPAR, when acquiring these shares, was to resell them on the Brazilian stock market, once the company had become attractive to investors.

Due to the economic crisis of the late seventies, which continued during the first of the eighties, many companies already receiving financial support from BNDES and BNDESPAR began to present serious problems of liquidity and profitability, requiring further cash injections to avoid their bankruptcy, which in some cases entailed the take over of complete control by the BNDES System.

CHART I

Companies taken over by the BNDES System

COMPANIES	SECTOR	SIZE *	SF	FORM YEAR
Caraiiba Metais S.A.	Copper Mining & Metalurg.	Large	BA	1974
Celpag - Cia. Guataparã de Papel e Celulose	Paper & Pulp	Large	SP	1981
CCB - Cia. de Celulose da Bahia	Paper & Pulp	Large	BA	1978
CBC - Cia. Brasileira do Cobre	Mining	Medium	RS	1974
Cia. Nacional de Tecidos Nova América	Textiles	Large	RJ	1985
Cosinor - Cia. Siderúrgica do Nordeste	Steel	Large	PE	1982
Maferesa S.A.	Capital Goods	Large	SP	1964
Máquinas Piratininga S.A.	Capital Goods	Small	SP	1982
Máquinas Piratininga do Nordeste S.A.	Capital Goods	Small	PE	1982
Sibra - Eletrosiderúrgica Brasileira S.A.	Ferro-Alloys	Large	BA	1982

* Size: small: annual turnover up to US\$ 50 million
 medium: annual turnover up to US\$ 100 million
 large: annual turnover more than US\$ 100 million

In addition, BNDES and BNDESPAR became increasingly involved in the companies show below (Chart II), due to high levels of debt or stock participation.

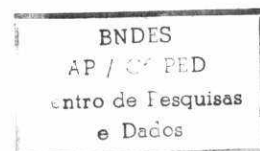


CHART II

**Non-controlled enterprises with considerable BNDES
System's investment and equity participation**

COMPANIES	SECTOR	SIZE	SF	SHAREHOLDING
Aracruz Celulose S.A.	Paper & Pulp	Large	ES	Control shared among BNDESPAR and other groups, regulated by shareholder agr.
Cimetal Siderurgia S.A.	Steel	Large	MG	Control shared between BNDES and BDMG(1); company in process of asset-stripping
Cobra - Computadores e Sistemas Brasileiros S.A.	Computers	Large	RJ	Control shared among BNDES, Bank of Brazil and CEF (2).
CRN - Cia. Riograndense de Nitrogenados	Energy	Medium	RS	Control shared among BNDESPAR, Petrofertil and Rio Grande do Sul State; company in process of asset-stripping.
Siderurgica N.S. Aparecida S.A.	Steel	Medium	SP	No controlling stake, but effective control due to the BNDES System holding 55% of total capital, 38.4% of voting capital and 80% of debt.
Usiminas Mecânica S.A. - Usimec	Capital Goods	Medium	MG	BNDES took control after separation from the Usiminas Steel Works.

(1) BDMG = The Development Bank of the State of Minas Gerais

(2) CEF = The Federal Savings Bank

3. 1982/85 - Performance of BNDESPAR

As a consequence of the above mentioned financial involvement, over 50% of the total investments of BNDESPAR during this period, were allocated to the companies shown in Charts I & II. The critical financial and, in some cases, operational situations of these companies, meant that the major part of BNDESPAR's task force had to be involved in their management.

CHART III

Investments in securities made by BNDESPAR from 1982/85

In US\$ million

TYPE OF COMPANY	BNDESPAR INVESTMENTS 1982/85	%
Companies shown in Charts I & II	548.0	52.0
New investments	506.2	48.0
Total	1,054.2	100.0

CHART IV

BNDESPAR investments — yearly basis*In %*

TYPE OF COMPANY	1982	1983	1984	1985
Companies shown in Charts I & II	49	42	59	69
New investments	51	58	41	31
Total	100	100	100	100

As can be seen above, new investments were relegated to second place, preventing BNDESPAR from fulfilling its real role

3.1. Financial performance of companies shown in Charts I & II

Despite considerable on-going financial support and managerial back up from the BNDES System, between 1982 and 1985, the majority of these companies, with the notable exception of Aracruz Celulose, failed to become competitive and profit-making, basically for the following reasons:

- a) the difficulties of guaranteeing professional management and setting up an adequate human resources policy;
- b) the difficulties of operating a state company in competitive markets, when faced with reduced management flexibility; and
- c) the difficulties of maintaining a stable price policy for products, when faced with economic policies that used state companies as instruments for combating the growth of inflation.

In addition, the high level of involvement in the management of these companies proved to be a drain on the human resources of BNDESPAR.

3.2. Impact of losses shown by companies in Charts I & II on BNDESPAR's financial report

As a result of the unhealthy financial position of these companies, BNDESPAR began to show considerable annual losses, as shown in Chart V below.

CHART V
BNDESPAR losses 1982/85

In US\$ million

LOSSES	1982	1983	1984	1985
Yearly losses	(118.3)	(121.4)	(191.0)	(51.7)

As a fully owned subsidiary of BNDES, these losses were consequently transferred, in their entirety, to the BNDES financial report.

4. BNDESPAR's performance from 1986 onwards

As a means of solving the problem once and for all, BNDESPAR launched an extensive reprivatization programme, with an aim to restructuring its assets, reinforcing its capital structure and channeling the work of its managerial team back towards its original objectives. Consequently, second half of the eighties produced a market reversal in BNDESPAR's financial performance.

Chart VI shows the reduction of BNDESPAR's investments in the companies shown in Charts I & II, and the consequent redirection of funds into new investments within the private sector.

CHART VI
BNDESPAR investments: 1985/89

In %

INVESTMENTS	1985	1986	1987	1988	1989
Companies shown in Charts I & II	69	32	45	11	1
Investments in new companies	31	68	55	89	99

As a consequence of this strategy, BNDESPAR was able to successfully revert the situation, already showing profits in 1987.

CHART VII

BNDESPAR profits and losses: 1986/89*In US\$ million*

PROFITS AND LOSSES	1986	1987	1988	1989
(Yearly losses) / Yearly profits	(704.7)	(94.9)	58.9	919.4

This success, obtained in the implementation of its privatization programme, resulted in BNDESPAR being contracted by the state-owned steel holding Siderbrás, to act in the privatization of its subsidiaries Cofavi and Usiba.

5. Results of the BNDESPAR Privatization Programme

BNDESPAR managed the successful privatization of 13 companies, two of which controlled by Siderbrás. These operations, carried out between June 1987 and December 1989, raised funds of around US\$ 556 million.

This amount reflects the proceeds from the sales, and does not include the liabilities transferred along with the companies to the new shareholders. These liabilities amounted to almost US\$ 500 million, most of which are held by BNDES in form of credits.

The financial and operational revitalization of BNDESPAR and the privatized companies clearly shows the correctness of the policies adopted. These companies, once freed from the straight-jacket of state control, aggravated by the cronic shortage of public investment funds, have regained the capacity for growth.

Annex I itemizes, company by company, the privatization operations carried out by BNDESPAR, as well as including some relevant information on each operation.

SECTION II

THE BNDESPAR EXPERIENCE

II - The BNDESPAR Experience _____

1. Introduction

BNDESPAR began its privatization operations after a presidential decree in November 1985, gradually developing standard procedures through the experience acquired, especially in terms of:

- the release of information to the Congress, the Trade Unions, and the public in general;
- providing detailed legal and technical information concerning the company for sale to potential investors; and
- outlining the general conditions of execution all of which information was included in a special prospectus produced for each privatization process.

Despite the development of certain standard practices, it is important to stress that each case received its own independent treatment.

2. Identification of critical points

Many of the companies to be privatized presented special difficulties which needed to be solved to prevent future problems arising. These included:

2.1. Requirement for financial restructuring

Wherever possible, BNDESPAR promoted the financial restructuring of high leverage companies, or those with large loans already due, or shortly falling due, as a means of increasing their appeal to investors, and consequently the chances of a better sales price.

2.2. Adverse affect on sale price of statutory restrictions

In cases where certain clauses in shareholders agreements or company acts were harmful to the company's appeal to investors, BNDESPAR aimed at the alteration or renegotiation of such clauses prior to privatization. Among the best exam-

ples of companies in which this was done are: Aracruz Celulose, Sibra Eletrosiderúrgica and Cia. de Celulose da Bahia — CCB.

2.3. Restructuring through mergers or breaking up operations

In cases where the merging or breaking up the units of a company made it more attractive for sale, BNDESPAR undertook such operations. Examples of this include: Caraíba Metais, where the copper smelting, mining and phosphoric acid units were separated; and Cimetal Siderurgia, which was put into statutory receivership prior to its asset stripping.

2.4. The creation of shares with special rights

The requirement of transferring certain commitments to the new owners led BNDESPAR to create a new type of shares, similar to the "Golden Shares" issued in the U.K. privatization projects. The best example of this is Caraíba Metais — in which a category of shares with special rights was created with a view to guaranteeing the continued of copper to small firms.

2.5. Legal claims of shareholders prior to privatization

Many companies scheduled for reprivatization had minority shareholders interested in recuperating previous losses through legal action. Examples of this include: Cimetal, CCB and Cosinor, all of which cases were won by BNDESPAR, enabling it to proceed with the reprivatization processes.

2.6. Publicizing the programme

During the initial phase, BNDESPAR failed to appreciate the full importance of explaining the benefits of the programme to the relevant sectors of society. This created additional problems, culminating with BNDESPAR being summoned by the national Congress to explain the privatization process of the largest Brazilian pulp company, Aracruz Celulose.

These experience led to the, adoption of a new publicity policy, first implemented in the Caraíba Metais process.

The new publicity material included, in addition to the necessary legal and technical details, information accessible to the general public, covering the company background, the arguments in favour of its privatization, occasional losses sustained by government etc.

This information was widely divulged in the national press, and even the detailed prospectuses for each privatization process were distributed free charge to all interested parties.

2.7. Necessary contacts prior to privatization

Throughout the privatization programme, BNDESPAR maintained constant contact with relevant entities, including Trade Unions, Confederations of Industry, and in particular with Congressmen, so as to remain open to the expectations and aspirations of all those involved.

An example of the benefits of this policy, was the endorsement by Abranfe — the association of small copper producers — of the creation of a special class of shares issued by Caraíba Metais (see paragraph 2.4).

In spite of the adoption of these procedures, difficulties arose in the attempt to privatize Mafersa (a railway equipment company), when the President of the Republic suspended the process, due to political turbulence surrounding the case, exacerbated by the proximity of the elections for president in November 1989.

3. Methods of Share Sales

Before arriving at a conclusion, BNDESPAR analysed the following options:

	METHOD OF SHARE SALE	VETTING OF CANDIDATES	TYPE OF BID
SALE OF SHARES	Sale of controlling or total shares, in one block	Prior vetting of candidates	Auction or sealed bid, with minimum price
	Sale of controlling or total shares in several blocks, permitting group ownership	Prior vetting of candidates	Auction or sealed bid with minimum price
	Sale of controlling or total shares, in one or several blocks on the Stock Exchange	No prior vetting of candidates	Auction with minimum price, using the Securities Distribution System
	Public offer of controlling or total shares, permitting wider ownership	No prior vetting of candidates	Fixed price, using the Securities Distribution System
	Management or management employee buyouts	No prior vetting of candidates	Price negotiable
	Sale of cession of pre-emptive rights on unpaid new capital issue shares	Prior vetting or not of candidates	Auction or sealed bid, with minimum price
SALE OF ASSETS	Asset stripping	Prior vetting or not of candidates	Auction or sealed bid, with minimum price

3.1. *Deciding factors when selecting sale method*

The sale of shares in one block, with prior vetting of candidates, was the method most frequently adopted by BNDESPAR, as in the majority of cases the firms either showed poor profits or no profits at all. However certain other deciding factors should be mentioned:

a) Shareholders agreements or the provisions of company acts sometimes imposed the adoption of certain methods of sale, while excluding others. Aracruz Celulose, Sibra and CCB are examples of this.

In the case of the highly profitable pulp company ARACRUZ, the shareholders agreement obliged BNDESPAR to draw up a new one, to be agreed on with the existing shareholders, and which required common stock to be auctioned off in a single block, to the exclusion of other options, with the obligation that the future shareholder adhere to the agreement.

In the case of Sibra, the largest Brazilian ferro-alloy company, BNDESPAR was obliged to engage in exhaustive negotiations with the Japanese partners, Nippon Kokan and Marubeni Corporation, to arrive at an agreement on the form and conditions of sale.

In the case of the Companhia de Celulose da Bahia — CCB, a pulp company, which for technical and financial reasons had temporarily suspended its operations, BNDESPAR had to carry out the sale respecting the statutory rights of the previous majority shareholder, which gave him the priority for 60 days to purchase the shares at the price of the winning bid.

b) The prior vetting of candidates was adopted in 12 out of the 13 operations carried out, so as to ensure that the interested parties had the appropriate technical capacity and financial situation, and conformed to the existing regulations requiring that they hold Brazilian nationality or residence status.

The exception was the asset stripping of Cimetal, a steel and pig iron company whose operations were temporarily suspended, in which case BNDESPAR considered that the sale of the assets separately would be much more attractive than the sale of the company as a whole, consequently deciding to put the company into receivership.

3.2. *Some additional sales methods adopted*

a) In the case of Companhia Brasileira do Cobre — CBC, a producer of concentrated copper, a management employee buyout was effected, due to the lack of interest shown in the auction organized for the sale of the company.

b) Caraiíba Metais, which originally included copper mining and smelting, was split up for the sale in two separate companies. The smelting company, which was much more attractive to investors, was put up for sale immediately, and the mining company was left to be sold at a later date.

c) In the case of Siderúrgica N.S. Aparecida, a producer of special steel, BNDESPAR sold the company via the ceding of pre-emptive rights on unpaid new capital issue shares. Although BNDESPAR did not hold the majority voting shares, it undertook the process of privatizing the company, as over 50% of the total capital, nearly 40% of the voting capital, and 80% of the company's debt was held by the BNDES System. Through this method, the previous shareholders (including BNDESPAR) agreed to become minority shareholders, in the interests of a more favourable future sale price.

4. Criteria for fixing the amount of shares to be offered for sale

As under current Brazilian legislation, the voting capital may be represented by one third of the company's total capital, it is possible to assume the effective control of a company by holding 17% of its total capital.

For this reason, in each case BNDESPAR was able to choose what percentage of shares should be offered for sale. The choice was based on the following considerations:

a) An assessment of the financial standing of the interested parties in relation to the size of the concern to be privatized; and

b) the prospects for favourable future sale of the shares retained on the Stock Exchange.

In addition, considering the fact that the majority of these companies had received loans from BNDES, BNDESPAR was in a position to opt for partial domestic debt equity swaps, in the interest of obtaining better conditions of sale. This was done in the cases of Caraíba Metais and Cosinor, among others.

5. Sale conditions

a) To encourage a large number of applicants, in most cases up to 70% of the payment could be paid over a certain period, as follows: payment of principal within 10 years, with a one year grace period; 12% interest p.a. over and above monetary correction; and the requirement of a bank guarantee equal to the outstanding amount (this requirement being dispensed in the case of Aracruz, whose shares, widely traded on the stock market, were accepted in its place).

b) In accordance with one of the basic arguments in favour of the privatization programme, that the state could no longer provide funds for investment in com-

panies under its control, in many cases BNDESPAR offered the possibility of finance for new investments in expansion and modernization, subject to a prior feasibility analysis.

c) A new shareholders agreement in the case of unlisted companies, obliging the company to negotiate its shares on the Brazilian Stock Exchange within a certain period, was drawn up in cases when BNDESPAR retained shares after the privatization. In some cases, previously existing agreements with other shareholders also had to be respected.

d) To further encourage a large number of applicants, in all cases of the sale of shares, BNDESPAR took on the responsibility for the payment of any unforeseen liabilities over and above 2% of the company's total assets.

6. Vetting of interested parties

As a rule the requisite qualifications were as follows:

a) Participants should be Brazilian residents (i.e. Brazilian or foreign citizens domiciled in Brazil);

b) corporate entities should be registered and have their head office in Brazil, and their effective control be held, directly or indirectly, by Brazilian residents;

c) proof of their standing with the tax authorities;

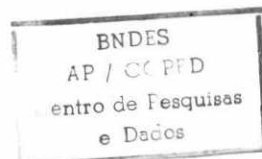
d) the submission of the requisite documents, including audited balance sheets, company acts, etc.; and

e) a Bank letter of intention guaranteeing the outstanding amount in cases when payment was to be made over a certain period.

Items (a) to (c) were requirements of existing legislation. An exception occurred in the case of Cimetel, due to the fact that the company was in a process of liquidation when the sale of assets was carried out.

7. Participation of foreign capital

Foreign capital participation was always permitted, but only as a minority holding, either through joint ventures or consortiums. In the case of a consortium, foreign investors were not given the option, offered to Brazilian investors, to pay over a certain period.



In the case of the privatization of Mafersa, the option of share purchase via DFAs — Deposit Facility Agreements, a bond issued by the Brazilian Central Bank to cover unpaid foreign bank loans — was foreseen for foreign investors.

8. The fixing of minimum sale price

The fixing of the minimum share price was always done by a private consultancy company hired through public tender.

The company's projected discounted cash flow was the criteria most frequently adopted.

The two exceptions to the above were:

a) Celpag — Companhia Guatapar  de Celulose e Papel — an uncompleted project for a paper and pulp plant in the State of S o Paulo; and

b) Cimetal Siderurgia which, as already seen, was in a process of liquidation. Considering the exceptional circumstances, an assessment of total assets replaced projected discounted cash flow as the criteria adopted.

9. Public share offer of minority stakes

9.1. To employees

In all cases of share sales in going concerns, the conditions of sale included the offer of a predetermined percentage of the shares to the employees. This was always done after privatization, either undertaken directly by BNDESPAR or by the new owners, the shares always being offered on favourable conditions.

9.2. On the stock exchanges

The most commonly adopted method was the sale of shares on the stock exchange through open auction.

The most significant example of this was the block trade of shares of Sibra Eletrosider rgica Brasileira, carried out after privatization, in which BNDESPAR sold shares it held in the company, amounting to 36% of the total company capital, representing 53% of the non-voting shares.

The plan of this sale had already been defined in the company's privatization process.

9.3. *Public share offers*

An example of this type of operation was the public offer at a fixed price of 10% of the non-voting capital of Aracruz Celulose, undertaken by BNDESPAR a few months after the sale of the voting shares of the company. These shares were purchased by 7860 investors, at a maximum value of US\$ 5000 per person.

The BNDES System had already acquired significant experience in this type of operation through the public offer of its shares in Petrobrás, the government-owned petrol monopoly, in December 1985, involving a total of US\$ 300 million, being purchased by 320,000 investors, at a maximum value of US\$ 5000 per person.

10. Sealed bid offer versus auction

After an initial phase in which four privatization processes were carried out via sealed bid offers, BNDESPAR gave preference to sale by auction. This form of sale was considered the most appropriate because it permits the sale price to be raised publicly.

11. Auditing the privatization processes

In all cases independent auditing firms were contracted, with the following objectives:

- a) To guarantee the good faith of the operation;
- b) to centralize the supply of information to interested parties, to accompany their visits to the companies concerned, and to ensure fair treatment;
- c) to attend the meetings between interested parties and the private consultancy firms, to guarantee fair treatment for all applicants;

In the later privatizations, it was decided to promote meetings to allow interested parties direct access to the private consultancy firms, with the intention of providing potential investors with the premises on which the consultancy firms analysis was based, without however divulging the study itself;

- d) and finally, to attend the meetings of the BNDES privatization committee.

12. Internal procedures

An internal privatization committee was appointed in each privatization process. These were generally made up of eight experienced executives from the BNDES System, selected from various departments.

The committees were responsible for presenting all the proposals relating to each privatization process to the directors, including the solution of critical points, forms of sale, vetting of applicants, minimum sales prices etc. In the case of this last, the committee had power to disagree with the price recommended by the consultancy company.

13. Stages of privatization operations

In general the stages of a privatization process were as follows:

- a) Hiring, via public tender, of the independent auditing and consultancy firms;
- b) setting up the BNDES privatization committee;
- c) evaluation of critical points in each case, which could later complicate or even prevent the success of the privatization;
- d) publication of Sales Notices, containing detailed information relating to the privatization process, including a schedule of activities, a summary of information about the company concerned, additional technical and financial information being available free of charge on request;
- e) publication of the minimum sales price;
- f) publication of the list of approved candidates;
- g) presentation of the bank letters of intention where relevant (see paragraph 6- e);
- h) public auction (in most cases, on the Rio de Janeiro Stock Exchange);
- i) drawing up of the sales contract with the new owners;
- j) divulgence of the independent auditor's report.

A complete privatization operation, carried out by BNDESPAR, took on average a period of 180 days, the last 70 days covering the period between the publication of the Sale Notices to the conclusion of the process.

APPENDIX

PRIVATIZATION AFTER
DECREE 91.991 OF NOV/1985

Privatizations after Decree 91.991 of Nov/1985
November/89

In US\$ million

COMPANY	MAIN ACTIVITY	AUCTION DATE	SALE PRICE	% ABOVE MINIMUM PRICE	SHARES SOLD			NUMBER OF BIDDERS	BUYERS
					% VOTING SHARES	% NON VOTING SHARES	% TOTAL CAPITAL		
1 - Cia. Nacional de Tecidos Nova América	Textiles	09/06/87	15.8	27.0	51	N.A.	17	26	Multifábril S/A Grupo Cataguazes-Leopoldina
2 - Máquinas Piratininga do Nordeste S/A	Capital Goods	23/07/87	1.4	6.1	100	N.A.	80	4	Cia. de Cimento Portland Poty
3 - Máquinas Piratininga S/A	Capital Goods	15/09/87	0.1	1.4	97	44	97	2	Wuppertal Ind. de Máq. Ltda.
4 - Siderúrgica N.S. Aparecida	Steel	10/12/87	12.9	—	67	—	23	5	Villares Ind. de Base S/A - Vibasa
5 - Sibra - Eletrosiderúrgica Brasileira S/A	Ferro - Alloys	—	47.6	—	—	—	—	—	
5.1 - Share Capital Sale		11/04/88	29.0	310.0	57	—	18	11	Ferro-Ligas do Norte S/A
5.2 - Sale to Minority Voting Shareholders		12/07/88	5.4	—	33	—	11	—	NKKI/Marubeni Corporation
5.3 - Special Auction		22/12/88	13.2	0	—	53	36	—	Different Buyers
6 - Aracruz Celulose S/A	Pulp	—	156.2	—	—	—	—	—	
6.1 - Sale of Voting Shares		03/05/88	133.8	19.0	26	—	13	8	Albatroz S/A (Grupo Safra)
6.2 - Secondary Sale		16/06/88	21.0	—	—	10	4	—	7860 new shareholders
6.3 - Stock Exchange Sale		*03/03/89	1.4	—	—	0.3	0.13	—	Different Buyers
7 - Cia. Guataparã de Celulose e Papel - Celpag	Pulp and Paper	09/05/88	72.7	90.0	67	—	54	7	S/A Indústrias Votorantim
8 - Caraíba Metais S/A	Copper	—	89.7	—	—	—	—	—	
8.1 - Share Capital Sale		24/08/88	87.1	30.44	67	—	65	3	Association composed by: S/A Marvin; Cia. Paraibuna de Metais; Banco da Bahia de Investimentos S/A
8.2 - Class and Common Stock Sale		14/11/88	2.6	—	—	100	2.5	—	Different Buyers
Sub-Total - I	—	—	396.40	—	—	—	—		

N.A. - Not applicable

* Last date.

Continues

Privatizations after Decree 91.991 of Nov/1985
November/89

In US\$ million

COMPANY	MAIN ACTIVITY	AUCTION DATE	SALE PRICE	% ABOVE MINIMUM PRICE	SHARES SOLD			NUMBER OF BIDDERS	BUYERS
					% VOTING SHARES	% NON VOTING SHARES	% TOTAL CAPITAL		
9 - Cimet Siderurgia S.A.	Steel		59.0	—	—	—	—	—	
9.1 - Auction of Assets		21/11/88	48.9	29.00	—	—	—	—	
• Usina Barão de Cocais: Fazendas do Gama e Rio Pardo			37.5	17.15	—	—	—	2	Grupo Gerdau
• Usina de João Neiva e Fazendas São Mateus e Mucuri			11.2	100.18	—	—	—	3	Grupo Inonibrás
• Fazendas Clementino I e II e Medeiros			0.2	—	—	—	—	1	Orminas Repres. e Com. S/A
9.2 - Sale of Remaining Assets		13/03/89	9.9	—	—	—	—	—	
• Usina Gusa 7 Lagoas			6.8	—	—	—	—	5	Ironbrás Ind. e Com. S.A.
• Usina Gusa I			0.3	—	—	—	—	5	Imef - Metalurg. Freitas Ltda.
• Usina Gusa II			1.3	—	—	—	—	2	A.R.G. Ltda.
• Usina Gusa V			0.7	—	—	—	—	6	Construtora Fergoni Ltda.
• Usina Gusa VI			0.5	—	—	—	—	4	Construtora Fergoni Ltda.
• Fazenda das Maravilhas			0.1	—	—	—	—	10	Benigno Nabor da Silva
9.3 - Auction of the Fazenda São Francisco		13/03/89	0.2	42.6	62.8	62.8	62.8	2	Silvio / Silveira
10 - Cia. Brasileira do Cobre - CBC	Mining	29/03/89	7.2	—	99.9	—	99.9	—	CBC Employees
11 - Cia. Ferro e Aço de Vitória - Cofavi	Steel	12/07/89	8.2	—	99.9	—	99.5	7	Duferco Trading S.A.
12 - Cia. de Celulose da Bahia - CCB	Pulp	17/07/89	14.4	14.28	99.9	95.4	99.5	7	Klabin Fabricadora de Papéis
13 - Usina Siderúrgica da Bahia - Usiba	Steel	03/10/89	54.2	138.19	99.9	97.7	99.0	8	Troncosul Administração e Participações Ltda. (Grupo Gerdau)
Sub-Total - II	—	—	143.0	—	—	—	—		
Total (I + II)	—	—	539.4	—	—	—	—		

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Banco Nacional de Desenvolvimento Econômico e Social

Av. República do Chile, 100
CEP 20139-900 - Rio de Janeiro - RJ
Telex: (21) 34110 - Tel.: (021) 277-7447
Fax: (021) 220-6313

FINAME — Agência Especial de Financiamento Industrial

Av. República do Chile, 100 - 17º andar
CEP 20139-900 - Rio de Janeiro - RJ
Telex: (21) 34110 - Tel.: (021) 277-7447
Fax: (021) 220-7909

BNDESPAR — BNDES Participações S.A.

Av. República do Chile, 100 - 20º andar
CEP 20139-900 - Rio de Janeiro - RJ
Telex: (21) 34110 - Tel.: (021) 277-7555
Fax: (021) 220-7695

OFFICES

Brasília

Setor Bancário Sul - Conj. 1 - Bloco E - 13º andar
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Telex: (61) 1190 - Tel.: (061) 225-4350
Fax: (061) 225-5179

São Paulo

Av. Paulista, 460 - 13º andar
CEP 01310 - São Paulo - SP
Telex: (11) 35568 - Tel.: (011) 251-5055
Fax: (011) 251-5917

Recife

Rua Riachuelo, 105 - 7º andar
CEP 50000 - Recife - PE
Telex: (81) 2016 - Tel.: (081) 231-0200
Fax: (081) 221-4983

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