



REPUBLIC OF CHILE
Ministry of Finance

MONTHLY EXECUTIVE REPORT
THE PENSION RESERVE FUND

MAY 2007

I. The Pension Reserve Fund

The establishment of the Pension Reserve Fund (PRF) was formalized on December 28, 2006, in conformity with the third transitory article under Law N° 20,128. The first contribution to the fund was for a total amount of US\$ 604.5 million. These resources were invested in a term deposit in the Central Bank of Chile until March 28, 2007.

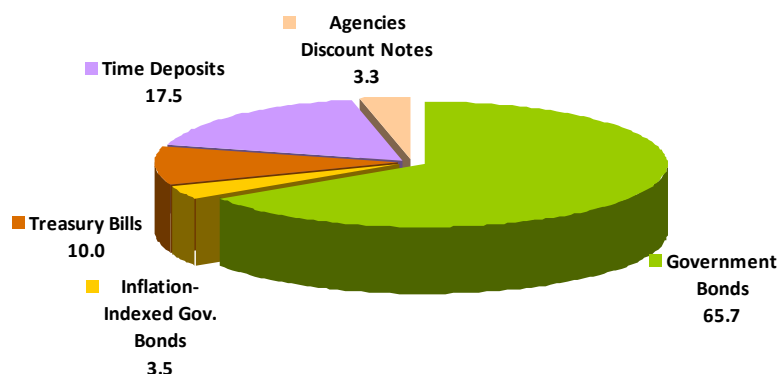
The PRF's resources have been managed by the Central Bank of Chile, acting as fiscal agent, since March 28, 2007, pursuant to the Ministry of Finance's Supreme Decree N° 1,383 of 2006.

The PRF received a new contribution for a total amount of US\$ 736.4 million on May 24, 2007 according to letter a) of article 6 and article 20, both under Law N° 20,128. This new contribution was delivered to the Central Bank for its management.

The following shows the PRF's portfolio market value¹ in United States dollars as of May 31, 2007. The fund's investments are governed by the Ministry of Finance's Supreme Decree N° 1,383 of 2006 and supplementary regulations.

| Table 1: Composition by Asset Class | | | Table 2: Composition by Duration | |
|---|----------------|------|----------------------------------|------------------|
| Asset Class | US\$ Million | % | Currency | Duration (years) |
| Government Bonds | 885.8 | 65.7 | USD | 2.5 |
| Inflation-Indexed Gov. Bonds ² | 47.0 | 3.5 | EUR | 2.3 |
| Treasury Bills | 134.2 | 10.0 | YEN | 2.0 |
| Time Deposits | 236.4 | 17.5 | Average | 2.43 |
| Agencies Discount Notes | 44.8 | 3.3 | | |
| Total | 1,348.3 | | | |

Chart 1: Composition by Asset Class

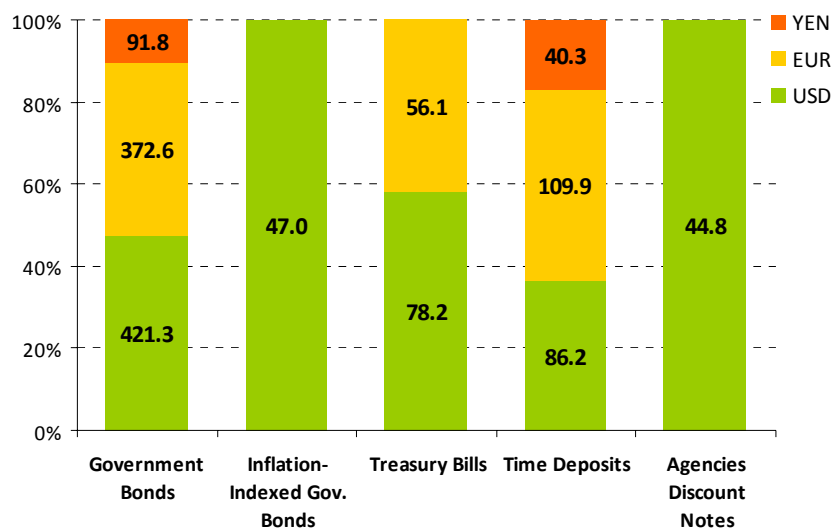


¹ JP Morgan, as custodian bank, provides the market value for fixed-income securities and respective durations for each currency in the PRF.

² Inflation-Indexed Bonds: Bonds whose value is adjusted according to a specific inflation index. These financial instruments are known as TIPS (Treasury Inflation-Protected Securities) in the US.

| Table 3: Composition by Asset Class and Currency (US\$ Million) ³ | | | | |
|--|--------------|--------------|--------------|----------------|
| Instruments | USD | EUR | YEN | Total |
| Government Bonds | 421.3 | 372.6 | 91.8 | 885.8 |
| Inflation-Indexed Gov. Bonds | 47.0 | 0.0 | 0.0 | 47.0 |
| Treasury Bills | 78.2 | 56.1 | 0.0 | 134.2 |
| Time Deposits | 86.2 | 109.9 | 40.3 | 236.4 |
| Agencies Discount Notes | 44.8 | 0.0 | 0.0 | 44.8 |
| Total | 677.6 | 538.5 | 132.2 | 1,348.3 |
| % of Portfolio | 50.3 | 39.9 | 9.8 | |

Chart 2: Composition by Asset Classes and Currency



³ The end-of-month exchange rates utilized were 1.3457 USD/EUR and 121.82 JPY/USD. Source: JP Morgan.