OFFERING MEMORANDUM **CONFIDENTIAL**

Ps. 578,577,000,000

Bogotá Distrito Capital
9.75% Colombian Peso-Denominated Notes due 2028

The 9.75% Colombian Peso-Denominated Notes due 2028, which we refer to as the "Notes", will be issued by the City of Bogotá, Distrito Capital, Republic of Colombia ("Bogotá" or the "District") and will constitute direct, general, unconditional, unsubordinated and unsecured obligations of Bogotá and will rank equally in right of payment with all other existing and future unsubordinated and unsecured external indebtedness of Bogotá. The Notes will be backed by the full faith and credit of Bogotá. **The Notes are neither obligations of, nor guaranteed by, the Republic of Colombia ("Colombia").** The Notes will be amortized in three equal installments on July 26, 2026, July 26, 2027 and July 26, 2028. The Notes will bear interest at a fixed rate of 9.75% per year and payable annually in arrears on July of each year, commencing on July 26, 2008. All payments of principal and interest on the Notes will be made without deduction for or on account of taxes imposed by Colombia, subject to the exceptions described herein. Payment of principal, interest, additional amounts and any other amounts in respect of the Notes will, except in limited circumstances, be made in U.S. dollars, in amounts determined based on the U.S dollar equivalent of the amounts payable in Colombian pesos in respect of the Notes.

The Notes are expected to be designated as eligible for trading in the PORTAL® Market of the Nasdaq Stock Market, Inc. We expect to list the Notes on the Official List of the Luxembourg Stock Exchange ("LSE") and to trade the Notes on the Euro MTF market of that exchange.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 7.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, which we refer to as the Securities Act, or the securities laws of any state in the United States. Accordingly, the Notes are being offered and sold in the United States only to qualified institutional buyers in accordance with Rule 144A under the Securities Act and outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act. Prospective purchasers in the United States that are qualified institutional buyers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes have not been and will not be registered with the National Registry of Securities and Issuers (*Registro Nacional de Valores y Emisores*) or RNVE maintained by the Superintendency of Finance of Colombia and will not be listed in the Colombia Stock Exchange. Accordingly the Notes are not being, and will not be, offered or sold in Colombia. For a description of certain restrictions on transfers of the Notes, see "Transfer Restrictions."

Price: 100.00%
plus accrued interest, if any, from July 26, 2007

It is expected that delivery of the Notes will be made in book-entry form only through the facilities of The Depository Trust Company, or DTC, in New York, New York, including for the account of Euroclear Bank S.A./N.V. as operator of the Euroclear System, or Euroclear, and Clearstream Banking, société anonyme, or Clearstream, Luxembourg, on July 26, 2007.

Joint-Lead Managers and Joint Bookrunners

Citi **Deutsche Bank Securities**

July 20, 2007

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No person has been authorized to give any information or to make any representations other than those contained in this offering memorandum and, if given or made, such information or representation must not be relied upon as having been authorized. The distribution of this offering memorandum and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this offering memorandum comes are required by the District, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. (each an Initial Purchaser and, collectively the Initial Purchasers) to inform themselves about and to observe any such restrictions. This offering memorandum does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or any offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Bogotá since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the securities described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this offering memorandum to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents without our prior written consent is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing stipulations and to make no photocopies of this offering memorandum.

This offering memorandum is based on information that we have provided and from other sources that we believe are reliable, but no assurance can be given by the Initial Purchasers as to the accuracy or completeness of such information. The Initial Purchasers assume no responsibility for the accuracy or completeness of the information contained herein (financial, legal or otherwise).

This offering memorandum does not constitute an offer of, or an invitation by or on behalf of, us or the Initial Purchasers or any of our or their respective directors, officers and affiliates to subscribe for or purchase, any securities in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction. Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Notes or possesses or distributes this offering memorandum and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of such Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales.

Notwithstanding anything in this offering memorandum to the contrary, each prospective investor (and each employee, representative, or other agent of a prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described in this offering memorandum and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such tax treatment and tax structure (as such terms are defined in Treasury Regulation section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions with prospective investors regarding the transactions contemplated herein.

Neither the Securities and Exchange Commission or any state securities commission nor any other regulatory authority in the United States has approved or disapproved the Notes nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except (a) to qualified institutional buyers as defined in and in reliance upon Rule 144A under the Securities Act and as permitted under applicable state securities laws and (b) in offshore transactions in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act. The Notes will bear a legend referring to such restrictions. See "Transfer Restrictions." As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this offering memorandum entitled "Plan of Distribution" and "Transfer Restrictions."

In making your decision whether to invest in the Notes, you must rely on your own examination of the District and the terms of the offering, including the merits and risks involved. You should not construe the contents of this offering memorandum as legal, tax or business advice. You should consult your own attorney, business advisor and tax advisor to determine the appropriateness and consequences of an investment in the Notes in your specific circumstances and arrive at an independent evaluation of the investment based upon, among other things, your own views as to the risks associated with the Notes or Bogotá. Investors whose investment authority is subject to legal restrictions should consult their legal advisors to determine whether and to what extent the Notes constitute legal investments for them.

There is currently no market for the Notes being offered hereby and there can be no assurance that one will develop or, if one develops, that it will continue. We will apply to list the Notes on the Official List of the LSE and to trade them on the Euro MTF Market of that exchange.

We reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the full amount of the Notes.

In connection with the issue of the Notes, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. (the "Stabilizing Managers") (or persons acting on behalf of the Stabilizing Managers) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Managers (or persons acting on behalf of the Stabilizing Managers) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

NOTICE TO NEW HAMPSHIRE INVESTORS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that all offers of our Notes will be made pursuant to an exemption under Directive 2003/71/EC, or the Prospectus Directive, as implemented in member states of the European Economic Area, or EEA, from the requirement to produce a prospectus for offers of our Notes. Accordingly, any person making or intending to make any offer within the EEA of our Notes which are the subject of the placement contemplated in this offering memorandum should only do so in circumstances in which no obligation arises for us or the Initial Purchasers to produce a prospectus for such offer. None of us, the Fiscal Agent or the Initial Purchasers have authorized, nor do we or they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers which constitute the final placement of our Notes contemplated in this offering memorandum.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This offering memorandum is being distributed only to and directed only at (i) persons who are outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or (iii) those persons to whom it may otherwise lawfully be distributed (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

NOTICE TO RESIDENTS IN THE REPUBLIC OF COLOMBIA

In accordance with Colombian law, the Notes may not be offered, sold or negotiated within Colombia. Pursuant to Decree 2177 of June 12, 2007, no notice to the Superintendency of Finance of Colombia (*Superintendencia Financiera de Colombia*) is necessary.

ENFORCEMENT OF CIVIL LIABILITIES

Bogotá is a foreign municipality. Consequently, it may be difficult for investors in the Notes to obtain or realize upon judgments of courts in the United States or elsewhere against Bogotá. Bogotá will irrevocably submit to the non-exclusive jurisdiction of any federal or state court in the Borough of Manhattan, The City of New York, and to the jurisdiction of the courts of Colombia in Bogotá, D.C., in respect of any action arising out of or based upon the Notes that may be brought by the holder of any Notes, irrevocably waive any objection which it may have to the venue of any such court in respect of any such action and, to the fullest extent permitted by law, irrevocably waive and agree not to plead any immunity from the jurisdiction of such court to which it might otherwise be entitled (including immunity from prejudgment attachment and post judgment attachment) in any such action; provided that, except as provided under Article 177 of the *Código Contencioso Administrativo* (Code of Administrative Procedure), which does not override Articles 336 and 684 and Article 513 of the *Código de Procedimiento Civil* (Civil Procedure Code), and Article 11(h) of the *Acuerdo* No. 24 of 1995 of the *Concejo Distrital de Bogotá* ("District Council"), the revenues, assets and property of Bogotá located in Colombia are not subject to set-off or attachment. Pursuant to such provisions, and in accordance with Colombian budgetary principles, when a public entity, such as the District, is subject to a monetary judgment or ruling against it by a court of competent jurisdiction, execution proceedings against the District's assets subject to execution are subject to a stay period of up to 18 months after the corresponding judgment is final. Holders of the Notes may be precluded from initiating actions based upon the Notes in courts other than those mentioned above. Bogotá reserves the right to plead sovereign immunity under the United States Foreign Sovereign Immunities Act of 1976 (the "Immunities Act") with respect to any action brought against it under the United States federal securities laws or any state securities laws. In the absence of a waiver of immunity by Bogotá with respect to such actions, it would not be possible to obtain a United States judgment in such an action against Bogotá unless a court were to determine that Bogotá is not entitled under the Immunities Act to sovereign immunity with respect to such action. However, even if a United States judgment could be obtained in any such action under the Immunities Act, it may not be possible to obtain in Colombia a judgment based on such a United States judgment. Pursuant to Articles 693 and 694 of the Civil Procedure Code, the courts of Colombia would give effect to and enforce a judgment obtained in a court outside Colombia without re-trial or re-examination of the merits of the case provided (a) that there exists a treaty or convention relating to recognition and enforcement of foreign judgments between Colombia and the country of origin of the judgment or, in the absence of such treaty, that proper evidence is provided to the Supreme Court of Colombia to the effect that the courts of the country of the subject judgment would recognize and enforce Colombian judgments, and (b) that the subject judgment fulfills the requirements listed below. In order to enforce a foreign judgment in Colombia, it must first be submitted to "*Exequatur*" proceedings in accordance with Article 695 of the Civil Procedure Code before the Supreme Court of Colombia which, in addition to the issue referred to in (a) above, must examine whether the following requirements have been fulfilled: (A) that the judgment does not refer to *in rem* rights over assets located in Colombia, which a money judgment would not, (B) that if the judgment has been rendered in a contentious matter, the requirement of due service of process to the defendant was complied with in accordance with the laws of the country of origin, which issue is presumed if the judgment is executory, (C) that the judgment is final and executory in accordance with the laws of the country of origin, and that a duly authenticated and legalized copy be filed with the plaintiff's request for "*Exequatur*", (D) that the judgment is not contrary to Colombian public order (mandatory) provisions, except for rules of procedure, (E) that the matter of the judgment is not subject to the exclusive jurisdiction of the courts of Colombia, (F) that there are no proceedings in course in Colombia or any final judgment rendered by Colombian Courts in connection with the same subject matter. In the opinion of the Acting Head of the Legal Affairs Group of the District's Finance Department, a judgment obtained in a foreign court ordering the payment of money by the District under the Notes would not conflict with public order laws of Colombia. Proceedings for execution of a money judgment by attachment or execution against any assets or property located in Colombia would be within the exclusive jurisdiction of Colombian courts. In the course of the "*Exequatur*" proceedings, both the plaintiff and the defendant are allowed the opportunity to request that evidence be collected in connection with the issues listed above; also, before the judgment is rendered, each party may file final allegations in support of such party's position.

PRESENTATION OF FISCAL, FINANCIAL AND STATISTICAL INFORMATION

Fiscal and Financial Information

The fiscal and financial information of Bogotá presented in this offering memorandum is principally derived from Bogotá's statements of actual revenues and expenses and of budgetary performance as compiled and maintained by the District's Accounting Office. The District is subject to internal audits, specifically by the *Contraloría de Bogotá* (Bogotá's Comptroller Office). However, Bogotá's fiscal and financial information is not subject to any external audit procedure or third-party verification.

The District maintains its records in Colombian pesos and follows the accounting principles and general accounting rules set out by *Contaduría General de la Nación* (General Colombian Accounting Office) under Resolution 400 of 2000 and Resolution 555 of 2006, which differ in certain respects from U.S. GAAP.

Pursuant to these principles and rules:

- revenues are accrued when incurred and not accounted for when received; and
- expenditures are accrued when incurred and not accounted for when paid.

Unless otherwise specifically provided for throughout this offering memorandum and in accordance with Decree 2681, 1993, the term "internal debt" means debt payable by the District in Colombian currency to Colombian residents and the term "external debt" means any debt payable by the District other than internal debt.

Economic Information

Colombia's National Administrative Department of Statistics ("*Departamento Administrativo Nacional de Estadística*" or "*DANE*") estimates Colombia's Gross Domestic Product ("GDP") each year with an approximate 3-month lag. DANE then allocates the estimated results obtained at the national level among the different regions of Colombia based on certain criteria and estimates. GDP figures included in this offering memorandum are based on the population data from the 2005 census. Data regarding Colombia or the District's population may not be accurate since the data obtained in the most recent census conducted in Colombia, the 2005 census, is still unofficial and continues to be reviewed and adjusted by the DANE.

Due to delays in the production of DANE's estimates and statistics, Bogotá's Statistics and Fiscal Studies Division prepares its own estimates of Bogotá's GDP based on certain sector indicators which may differ from the DANE's estimates.

Some of the statistics or data in this offering memorandum obtained from the DANE may differ from statistics and data prepared by the District due to methodological differences, the availability of unofficial reports or more recent studies undertaken by the District.

Inflation Adjustment

Since 2002, Colombia has generally experienced decreasing rates of inflation (measured by the change in Colombia's national consumer price index (the "CPI"), which is prepared by the DANE on a monthly basis) ranging from a high of 7.0% in 2002 to a low of 4.5% in 2006. In order to facilitate comparisons of information between periods, the historical fiscal and financial information included in this offering memorandum has been adjusted for inflation based on the CPI and has been restated in constant pesos based on the average for the year ended December 31, 2006. Except where otherwise indicated, the economic information included in this offering memorandum is presented in those constant pesos, consistent with the methodology used by the national government of Colombia in the presentation of its own economic information.

Currency Translation

The Superintendency of Finance calculates and publishes a rate (the "representative market rate") on a daily basis which is the average of the buy and sell foreign exchange rates quoted on the previous business day by certain commercial banks and financial institutions in the six largest Colombian cities.

On July 19, 2007 the representative market rate published by the Superintendency of Finance for the payment of obligations denominated in U.S. dollars was Ps. 1,928.59 = US$1.00. Historical amounts translated into pesos or U.S. dollars have been translated at the historical representative market rates for the period or the date indicated. We have made all currency translations, including translations of pesos to U.S. dollars, for the convenience of the reader only, and you should not construe these conversions as a representation that the amounts in question have been, could have been or could be converted into any particular denomination, at any particular rate or at all.

The following table sets forth, for the periods and dates indicated, the period end and average representative market rate, expressed in pesos per US$1.00.

Exchange Rates

	Representative Market Rate [1]	
Year	**Average**	**End-of-period**
	(pesos per U.S. dollar)	
2002	2,508.0	2,864.8
2003	2,877.8	2,778.2
2004	2,626.2	2,389.8
2005	2,320.8	2,284.2
2006	2,358.0	2,238.8
January 2007	2,237.1	2,259.7
February 2007	2,227.6	2,224.1
March 2007	2,201.4	2,190.3
April 2007	2,144.6	2,110.6
May 2007	2,007.9	1,930.6
June 2007	1,923.8	1,960.6
July 2007 (through July 19, 2007)	1,953.4	1,928.6

1 As calculated by the Superintendency of Finance.
Source: *Banco de la República* (the Central Bank of Colombia).

General

Each of Colombia and Bogotá conducts a review process of its respective official fiscal, financial and economic statistics. Accordingly, certain fiscal, financial and economic information that we present in this offering memorandum may be subsequently adjusted or revised. In particular, certain information and data contained in this offering memorandum is preliminary or estimated and subject to routine revisions and possible adjustments to ensure their accuracy. We believe that this review process is substantially similar to the practices of industrialized nations and their political subdivisions. We do not expect revisions of the data contained in this offering memorandum to be material, although we cannot assure you that Colombia or Bogotá will not make material changes to that information.

All references herein to "pesos" and "Ps." are to the currency of the Republic of Colombia and all references herein to "U.S. dollars," "dollars," "US$" and "$" are to the currency of the United States of America.

Bogotá has presented all annual information in this offering memorandum based upon January 1 to December 31 periods, unless we indicate otherwise.

Totals in some tables in this offering memorandum may differ from the sum of the individual items in those tables due to rounding.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about Bogotá's beliefs and expectations. These statements are based on current plans, objectives, estimates, goals and projections, and, accordingly, you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made. Bogotá undertakes no obligation to update any of these statements in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties and the possibility that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Bogotá cannot assure you that actual events or results will not differ materially from any forward-looking statements contained in this offering memorandum. In particular, a number of important factors could cause actual results to differ materially from Bogotá's expectations. Such factors include, but are not limited to:

- adverse external factors, such as high international interest rates, low oil prices and recession or low growth in Colombia's trading partners. High international interest rates could increase Bogotá's budgetary expenditures, including the cost of servicing its debt, and increase the budget deficit of the Central Government of Colombia (the "Central Government"). Low oil prices could decrease the Central Government's revenues, thereby increasing its budget deficit. Recession or low growth in Colombia's trading partners could lead to fewer exports from Colombia and, therefore, lower growth in Colombia. Lower growth in Colombia could, in turn, lead to lower Central Government revenues and result in lower transfers to local governments, such as Bogotá;
- adverse domestic factors, such as declines in foreign direct investment, higher domestic inflation, higher domestic interest rates, exchange rate volatility, political uncertainty, internal conflicts and continuing insurgency in certain regions. These factors could lead to lower growth in Colombia, lower revenues realized by Bogotá, increased expenditures by Bogotá or reduced transfers to local governments, such as Bogotá; and
- changes in tax laws or regulations, if those changes were to result in lower revenues received by Bogotá.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum. It does not contain all the information that you may consider important in making your investment decision. Therefore, you should read the entire offering memorandum carefully, including in particular the "Risk Factors" section.

Introduction

Bogotá is the capital city of the Republic of Colombia and is located on a plateau in the eastern Andes Mountain Range. Bogotá is the governmental, political, financial, economic and cultural center of Colombia, and its largest city, with a population of approximately 7.3 million (or about 15.7% of Colombia's total population) at December 31, 2006 according to population projections based on the last official census data (1993 census) published by DANE. However, according to projections based on a census conducted in 2005, the results of which are still unofficial and subject to review and adjustment pending enactment of a law approving such results, Bogotá has 6.7 million inhabitants representing approximately 16.1% of the total population of Colombia.

Bogotá is divided into 20 localities that together comprise the entire District. The District is governed by a Mayor (*Alcalde Mayor*), a District Council (*Concejo Distrital*), local administrative boards (*Juntas Administradoras Locales*), local mayors for each of the 20 localities and other local authorities. The current Mayor, Mr. Luis Eduardo Garzón, was elected in 2003, assumed office on January 1, 2004 and will serve until December 31, 2007.

Economy

In 2006, Bogotá's GDP was Ps. 21,984,698 million (in 2004 constant pesos) and represented an estimated 23.5% of Colombia's total GDP. The District's 2006 GDP was diversified among a number of economic sectors, the largest of which were the financial, real estate and corporate services sectors, followed by the greater service sector (which includes public utilities, government services, personal and household services) and manufacturing. Financial, real estate and corporate services comprised approximately 30.0% of Bogotá's GDP in 2006, the greater services sector comprised 20.6% and manufacturing represented 15.5%. Over 50 financial institutions, which accounted for approximately 58.0% of all retail and commercial deposits and 49.0% of all loans outstanding in Colombia at March 31, 2007, are located in the District, as is the country's sole stock exchange. Bogotá is also the seat of the Central Government and the capital of the Department of Cundinamarca. The workforce of Bogotá comprised 18.2% of Colombia's total workforce and accounted for approximately 18.2% and 17.4% of the total employment and unemployment, respectively, at December 31, 2006.

Selected Economic Statistics
At December 31,

	2002	2003	2004	2005	2006[1]
GDP (in millions of 1994 constant pesos)					
Bogotá	17,792,531	18,625,186	19,520,949*	20,569,833*	21,984,698*
Colombia	76,917,222	79,884,490	83,772,433	87,727,925*	93,692,185*
GDP (in millions of nominal pesos)					
Bogotá	46,252,222	51,312,055	56,673,222*	62,608,708*	69,678,751
Colombia	203,451,414	228,516,603	257,746,373	285,991,165	316,544,495
GDP (in millions of U.S. dollars)[2]					
Bogotá	18,442	17,830	21,580*	26,978*	29,550*
Colombia	81,122	79,407	98,143	123,231	134,244
Real GDP Growth					
Bogotá	2.74%	4.68%*	4.81%*	5.37%*	6.9%*
Colombia	1.93%	3.86%*	4.79%*	5.20%*	6.8%*
GDP per Capita (in U.S. dollars)[2]					
Bogotá	2,748	2,597	3,070*	3,754*	4,359*
Colombia	1,851	1,781	2,165	2,677	3,255
Bogotá's percentage participation in National GDP[3]	23.1%	23.3%*	23.3%*	23.4%*	23.5%*
Inflation					
Bogotá	6.93%	5.98%	5.38%	4.84%	4.13%
Colombia	6.99%	6.49%	5.50%	4.85%	4.48%

[1] Estimated.
[2] U.S. dollar translations derived using nominal GDP figures and the average exchange rate for each year. See "Currency Translation" elsewhere in this offering memorandum.
[3] Based on GDP in constant 1994 pesos.
(*) Preliminary
Sources: DANE; District's Finance Department.

In 2006, the District's central administration registered a total surplus of Ps. 310,020 million.

The current administration's development plan, which is in effect through 2007, is called "*Bogotá Sin Indiferencia. Un Compromiso Social contra la Pobreza y la Exclusión*" (Bogotá Cares. A Commitment Against Poverty and Social Exclusion) and contemplates a total of approximately Ps. 21,892,725 million (in 2004 nominal pesos) in capital expenditures during the 2004-2008 period. These capital expenditures are expected to be allocated among different areas related to the Mayor's main social and development programs.

On December 11, 2006, the District Council approved the District's budget for 2007. The 2007 budget, as approved, contemplates a positive primary balance of Ps. 3,654,383 million and a positive budgetary overall balance of Ps. 43,161 million.

District Central Administration
Summary Financial Information

	At December 31,					
	2002	**2003**	**2004**	**2005**	**2006**	**2006**
	(in millions of 2006 constant pesos)					(in millions of U.S. dollars)
1. Current Revenues	2	2,	2,	2,	3,	1,418.7
a. Local Tax Revenues.......	1	2,	2,	2,	3,	1,355.6
b. Shared Tax and Non-Tax Revenues	79	84,	96,	112,	141,	63.1
2. Transfers	1	1,	1,	1,	1,	664.8
3. Current Expenditures........	887	842,	871,	913,	966,	431.5
4. Primary Balance (1+2-3) ..	2	2,	3,	3,	3,	1,652.1
5. Financial Expenditures	295	272,	333,	359,	369,	165.0
6. Current Balance (4-5)	2	2,	2,	3,	3,	1,487.1
7. Capital Revenues	865	562,	477,	1,	2,	950.4
8. Capital Expenditures.........	2	3,	3,	4,	5,	2,317.4
9. Total Balance (6+7-8).......	263	65,	268,	533,	268,	120.0
10. Cash Available[1]	262	338,	779,	1,	2,	906.9
11. Revenues with Specific Destination and Other Commitments	(644	(744,	(1,	(835,	(1,	(768.4)
12. Balance (10-11)	(381	(405,	(284,	190,	310,	138.5
13. Income to be Received (Reserves).....................	381	405,	284,	0	0	0
14. Fiscal Situation (12+13).........................	1	0	0	190,	310,	138.5
15. Debt Amortization	276	233,	307,	238,	441,	197.3
16. Budgetary results without Debt (9+14-15)................................	(13	(167,	(39,	485,	137,	61.2
17. Debt Revenues...............	167	292,	306,	426,	484,	216.5
a. Disbursed	39	25,	16,	365,	167,	74.7
b. Non-Disbursed...............	128	266,	290,	60,	317,	141.8
18. Final Budgetary Situation (16+17)...........	154	124,	267,	911,	621,	277.7

1 Cash available in the District Treasurer's Office at January 1 of each year does not equal the sum of cash available at the beginning of the previous year plus the overall surplus for the previous year because resources from borrowings and other resources derived from annual adjustments are not included in this table.

Source: District's Finance Department.

The District's total outstanding debt at December 31, 2006 amounted to US$841.5 million, or 2.7% of the District's total GDP for 2006. The District's total outstanding debt was US$787.8 million (Ps. 1,725,609 million) at March 31, 2007. At March 31, 2007, 68.9% of the District's debt was internal debt and the remainder was external debt. Of the District's total debt, 94.4% is hedged or denominated in Colombian pesos.

	At December 31, (in millions of U.S. dollars[1] except %)					At March 31,
	2002	2003	2004	2005	2006	2007
Internal Debt	298.8	330.6	397.3	572.5	599.9	542.9
External Debt	352.5	330.4	334.4	351.4	241.6	245.0
Total Debt	651.3	661.0	731.7	924.0	841.5	787.8
Internal Debt/GDP	1.9%	1.8%	1.7%	2.1%	1.9%	N.A.
External Debt/GDP	2.2%	1.8%	1.3%	1.3%	0.8%	N.A.
Total Debt/GDP	4.0%	3.6%	2.9%	3.4%	2.7%	N.A.
Total Debt/Current Revenues[2]	75.8%	63.5%	44.9%	53.2%	39.1%	33.2%
Interest/Operating Savings[3]	23.6%	12.0%	10.0%	10.4%	7.9%	7.6%

1 Internal debt figures are translated into U.S. dollars using the exchange rates at December 31 of each year.
2 "Current Revenues" are revenues derived from local tax, shared tax and non-tax revenues, transfers from the Central Government, investment income and any fiscal surplus. For purposes of calculating this ratio, current revenues for a given year are calculated using actual current revenues for the immediately preceding year, adjusted for inflation using such year's CPI.
3 "Operating Savings" are current revenues less the sum of operating expenditures and transfers by the District to third parties. Fees, social security expenses and certain salary expenses in the healthcare and education sectors are included as operating expenditures in the calculations set forth above, although for purposes of the figures set forth under "Financial Information" in this offering memorandum, these expenses are treated as capital expenditures.

Source: District's Finance Department.

THE OFFERING

The following summary contains basic information about the Notes and is not intended to be complete. It does not contain all the information that may be important to you. For a more complete understanding of the Notes, see "Description of the Notes."

Issuer	Bogotá Distrito Capital.
Aggregate Principal Amount in Colombian Pesos	Ps. 578,577,000,000, plus accrued interest, if any, from July 26, 2007.
Securities Offered	Ps. 578,577,000,000 9.75% Colombian Peso-Denominated Notes due 2028 (the "Notes").
Issue Price	100.00% of the principal amount. The Issue Price will be payable in U.S. dollars based on an exchange rate for the conversion of Colombian pesos into U.S. dollars of Ps. 1,928.59 per US$1.00.
Issue Date	July 26, 2007
Maturity Date	July 26, 2028
Form and Denominations	The Notes will be issued in registered global form in minimum denominations of Ps. 200,000,000 and integral multiples of Ps.1,000,000 in excess thereof. The Notes will not be issued in bearer form.
Interest	Interest on the Notes will accrue in Colombian pesos and will be payable in U.S. dollars, calculated as described below, at the rate of 9.75% per annum; interest will be payable annually in arrears on July, of each year, commencing on July 26, 2008. Interest on the Notes will be computed on the basis of the actual number of days during the period in respect of which interest is being paid, not to exceed 365, divided by 365, and will be payable to the holders of record on the fifteenth calendar day immediately preceding the related interest payment date.
Initial Exchange Rate	The issue price will be payable in U.S. dollars based on an exchange rate for the conversion of Colombian pesos into U.S. dollars of Ps. 1,928.59 per US$1.00, which is the Representative Market Rate in effect on July 19, 2007.
Conversion of the payment amounts	All amounts due in respect of principal or interest will be paid in U.S. dollars, calculated by the Calculation Agent by converting the Colombian peso amounts due on any relevant payment date into U.S. dollars at the Average Representative Market Rate on the applicable Rate Calculation Date.
Representative Market Rate	"Representative Market Rate" means, for any business day, the weighted average of the buy and sell foreign exchange rates for transactions completed on the previous business day by certain commercial banks and financial entities in Bogotá, Cali, Barranquilla, Medellín, Bucaramanga and Cartagena, as calculated and published by the Superintendencia Financiera de Colombia (Superintendency of Finance of Colombia), and which is available on Bloomberg by typing "TRM<INDEX>HP<GO>" or at the Central Bank's website at http://www.banrep.gov.co. If such exchange rate is not reported by the Superintendency of Finance for any business day, then the Representative Market Rate shall be determined by the calculation agent by polling Citibank-Colombia,

	Banco Bilbao Vizcaya Argentaria S.A., Bancolombia S.A., ABN Amro Bank Colombia and Banco Santander Colombia S.A., all of which have head offices or branches in Bogotá D.C., Colombia (collectively, the "Reference Banks") at 1:00 P.M., Bogotá time, for the exchange rate for the professional market, by taking the arithmetic mean of the polled exchange rates (such mean, the "Alternative Rate"). In the event that any of the Reference Banks cease to operate in Colombia, they shall be replaced by the District, for the purpose of determining the Alternative Rate, with subsidiaries or branches of other foreign banks having similar characteristics and having head offices or branches in Bogotá D.C. See "Description of the Notes—Certain Definitions—Average Representative Market Rate."
Use of Proceeds	Bogotá will use the net proceeds from the sale of the Notes to finance investment projects included in Bogotá's development and public works plan.
Ranking	The Notes will be general, direct, unconditional, unsubordinated and unsecured obligations of Bogotá, backed by the full faith and credit of Bogotá, and will rank equally in right of payment with all of Bogotá's existing and future unsubordinated and unsecured External Indebtedness. See "Description of the Notes—Ranking" and "—Negative Pledge."
Payments of Principal	The Notes will be amortized in the following amounts; on July 26, 2026, Ps. 192,859,000,000, July 26, 2027, Ps. 192,859,000,000, and July 26, 2028, Ps. 192,859,000,000.
Early Redemption and Repurchase	None, unless Bogotá becomes obligated to pay additional amounts on the Notes, Bogotá may at any time, purchase and hold, or surrender the Notes. See "Description of the Notes—Redemption and Repurchase."
Negative Pledge	For so long as any of the Notes remain outstanding, Bogotá will not create or permit to exist any Lien, other than a Permitted Lien, on its present or future revenues, properties or assets to secure its External Indebtedness, unless the Notes are secured equally and ratably with that External Indebtedness. See "Description of the Notes—Negative Pledge."
Withholding Tax and Additional Amounts	Bogotá will make all interest payments on the Notes without withholding or deducting any Colombian taxes, unless required by law. If Colombian law requires Bogotá to withhold or deduct taxes, Bogotá will pay noteholders, subject to certain exceptions, additional amounts to provide the equivalent of full payment of interest to noteholders. See "Description of the Notes—Additional Amounts" and "Taxation."
Further Issues	Bogotá may, at any time, without your consent, create and issue additional debt securities having the same terms and conditions as the Notes (except for the issue date, issue price and amount of the first interest payment). Such additional securities may be consolidated and form a single series with the outstanding Notes. Noteholders should be aware that additional Notes that are treated for non-tax purposes as a single series with the original Notes may be treated as a separate series for U.S. federal income tax purposes. In such case, the additional Notes may be considered to have been issued with "original issue discount" for U.S. federal income tax

	purposes, which may affect the market value of the original Notes since such additional Notes may not be distinguishable for non-tax purposes from the original Notes.
Listing	We expect to list the Notes on the LSE. In addition, the Notes have been accepted for trading in The PORTAL Market®, a subsidiary of The Nasdaq Stock Market, Inc.
Transfer Restrictions; Absence of a Public Market for the Notes	The Notes have not been and will not be registered under the Securities Act and will be subject to restrictions on transferability and resale. The Notes will be new securities, and there is no established market for the Notes. Neither Bogotá nor the Initial Purchasers can assure you that a liquid market for the Notes will develop or, if one develops, will continue to exist.
Fiscal Agent, Principal Paying Agent, Registrar, Transfer Agent and Calculation Agent	Deutsche Bank Trust Company Americas
Luxembourg Listing Agent, Paying Agent and Transfer Agent	Deutsche Bank Luxembourg S.A.
Governing Law	State of New York, except that all matters relating to authorization and execution by Bogotá of both the Notes and the Fiscal Agency Agreement will be governed by the laws of the Republic of Colombia.
Codes	
a. CUSIP	Rule 144A : 097230 AB2 Regulation S: P17460 AB5
b. ISIN	Rule 144A : US097230 AB21 Regulation S: USP17460 AB56
c. Common Code Number	Rule 144A : 031324602 Regulation S: 031324670

RISK FACTORS

Before making an investment decision, prospective purchasers of the Notes should carefully read this offering memorandum and should consider carefully, in light of their own financial circumstances and investment objectives, all of the information set forth herein. Additional risks not presently known to the District or that the District currently deems immaterial may also have an impact on the District.

Risks Factors Relating to the Notes

If the Colombian peso depreciates against the U.S. dollar, the effective yield on the Notes in U.S dollars will decrease and the principal amount of the Notes in U.S. dollars may be less than your investment, resulting in a loss to you.

Payments of interest on and principal of the Notes will be calculated in Colombian pesos and converted by the Calculation Agent into U.S. dollars at the Average Representative Market Rate. You are assuming the foreign exchange risk in connection with payments on the Notes. Rates of exchange between the U.S. dollar and the Colombian peso have varied significantly over time. However, historical trends do not necessarily indicate future fluctuations in exchange rates, and should not be relied upon as indicative of future trends. Currency exchange rates can be volatile and unpredictable. If the Colombian peso depreciates against the U.S. dollar subsequent to the date you invested in the Notes, the interest payable on the Notes in U.S. dollar terms will decrease and the amount of principal payable in U.S. dollars may be less than your investment, resulting in a loss to you. Depreciation of the Colombian peso against the U.S. dollar may also adversely affect the market value of the Notes.

Exchange controls could affect the Colombian peso/U.S. dollar exchange rate and the amount payable on the Notes.

Colombia has a system of exchange controls that has been in place since 1967. The peso/U.S. dollar exchange rate is not set by the Government or by the Central Bank, but instead the rate is set by the market, based upon the supply of, and demand for, U.S. dollars. Currently, the Central Bank determines which transactions involving inflows or outflows of foreign currency are permitted. Changes in exchange control regulations could cause the value of the Colombian peso to depreciate against the U.S. dollar, resulting in a reduced yield to you, a possible loss on the Notes and a possible adverse impact on the market value of the Notes. Likewise, if the Central Bank were to reduce or eliminate the District's ability to remit U.S dollars outside Colombia, the District may be limited it its ability, or unable, to meet its obligations under the Notes.

Government policy or actions could adversely affect the exchange rate between the Colombian peso and the U.S. dollar and an investment in the Notes.

Colombia presently has a floating exchange rate. However, the Central Bank of Colombia has from time to time intervened in the foreign exchange market to support the value of the peso or to reduce the value of the peso as against the U.S. dollar. On May 6, 2007, the Central Bank adopted regulatory measures intended to control the appreciation of the peso. Such measures included the placement with the Central Bank of a six-month interest-free deposit equal to 40% of the disbursed amount of external loans and the imposition of a ceiling on the leverage of financial sector institutions' derivative operations. A few days later, on May 23, 2007, the Ministry of Finance decided to restrict portfolio inflows into Colombia in an effort to reduce the upward pressure on the peso against the U.S. dollar. The measures taken by the Ministry of Finance included a requirement of a six-month interest-free deposit at the Central Bank equal to 40% of the disbursed amount of short-term portfolio investments. For more information, see "Republic of Colombia—Monetary System—Appreciation of the Colombian Peso and measures taken by the Government". These or other governmental actions could affect the exchange rate and could impact the yield on the Notes in U.S. dollars and the amount payable in U.S. dollars to you at maturity.

Even in the absence of governmental action directly affecting currency exchange rates, political or economic developments in Colombia or elsewhere could affect the international foreign exchange market and could lead to significant and sudden changes in the exchange rate between the peso and the U.S. dollar.

There is no existing market for the Notes and we cannot assure you that an active trading market will develop.

The Notes are a new issuance of securities and there is no active market for the Notes. Although we plan to apply to list the Notes on the LSE and to trade them on the Euro MTF Market of that exchange, there is no guarantee that we will be able to list the Notes on the LSE or any other exchange. Even if the Notes are listed, there may be little or no secondary market for the Notes. Even if a secondary market for the Notes does develop, it may not provide significant liquidity and we expect transaction costs would be high.

The Initial Purchasers have informed us that they intend to make a market in the Notes after this offering is completed. The Initial Purchasers, however, may not initiate such market-making and, even if they do so, may cease their market-making at any time without notice. The price at which the Notes may trade will depend on many factors, including, but not limited to, prevailing interest rates, general economic conditions, the revenues and expenditures of the District and whether such revenues and expenditures expect the levels anticipated in our annual budget and market for similar securities. Historically, the market for debt such as the Notes has been subject to disruptions that have caused substantial volatility in their prices. The market, if any, for the Notes may be subject to similar disruptions which may have an adverse effect on the holders of the Notes.

Transferability of the Notes may be limited by restrictions on transfers under applicable securities laws.

The Notes have not been registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. Unless so registered, the Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state securities laws or the laws of any other jurisdiction. See "Plan of Distribution" and "Transfer Restrictions." If the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities and other factors, including general economic conditions and the financial condition and operations of the District.

There are no restrictive covenants in the Fiscal Agency Agreement for the Notes limiting our ability to incur future indebtedness or complete other transactions that may not be in the interest of the Noteholders.

The Fiscal Agency Agreement governing the Notes does not contain any financial or operating covenants or restrictions on the incurrence of indebtedness, incurrence of liens or the issuance or repurchase of securities by us. The District therefore may incur additional indebtedness, including indebtedness that is ranked equally with the Notes, and engage in other transactions that may not be in the interests of the noteholders.

The ratings of the Notes may be downgraded or withdrawn depending on various factors, including the rating agency's assessments of our financial strength and Colombian sovereign risk.

One or more independent credit rating agencies are expected to assign credit ratings to the Notes. Ratings address the timely payment of interest on each payment date. The ratings of the Notes are not a recommendation to purchase, hold or sell the Notes, may be changed, suspended or withdrawn by the rating agency at any time and the ratings do not comment on market price or suitability of the Notes as an investment for a particular investor. The District's current ratings and the rating outlooks currently assigned to the District are, and any ratings attributed to the Notes will be, dependent upon economic conditions and other factors affecting credit risk that are outside the control of the District. Each rating should be evaluated independently of the others. Detailed explanations of the ratings may be obtained from the rating agencies.

Payment of judgments entered against us in Colombia may be made in Colombian pesos, which may expose you to exchange rate risks.

In the event that proceedings are brought against the District in Colombia, either to enforce a judgment rendered outside Colombia or as a result of an original action brought in Colombia, the District may not be required to discharge these obligations in a currency other than pesos. Under Colombian law, an obligation denominated in any currency other than pesos may be satisfied in pesos at the rate of exchange in effect on the date on which such payments are made to the extent that the Central Bank has restricted availability of U.S. dollars or other foreign currencies. As a result, you may suffer a U.S. dollar shortfall if you obtain a judgment or a distribution pursuant to proceedings in Colombia.

Risk Factors Related to the District

The District's budget contains and is based on estimates and assumptions of future events that are uncertain and are subject to certain risks.

The District's annual budget is based on a series of projections and estimates regarding the District's economy, revenues, expenditures, the performance of the Colombian economy, policies of the Central Government and inflation. Potential risks and uncertainties include lower than anticipated growth in the District's economy, higher than expected levels of inflation, lower revenues produced by reduced tax collections, the level of compliance with tax laws, the ability of the District's administration to control expenditures in line with its budget, the occurrence of unusual political, legislative or Constitutional events which disrupt the District's ability to manage its finances, and the occurrence of certain other events. As a result of any such risks or uncertainties, the District's actual revenues for any year could be materially less than the revenues projected in the budget for such year. In addition, economic, social or legislative initiatives or political events could increase the level of expenditures we are required to make for healthcare and social services and/or could reduce the District's financial resources which could adversely affect our ability to repay the Notes.

Central Government transfers to the District may be reduced which could result in a reduction in the revenues of the District.

In 2006 approximately Ps. 1,488,456 million or 21.9% of the District's total revenues for 2006, consisted of transfers from the Central Government which represent the District's share of the Central Government's current revenues. A decrease in the Central Government's current revenues as a result of deteriorating economic conditions or lower tax collections may cause the transfers received by the District to decrease. A decrease in the transfers from the Central Government to the District may have an impact on the District's finances. In addition, legislative or regulatory amendments to the current system of transfers or changes in the policies of the Central Government also could reduce the level of transfers from the Central Government to the District. If any of these conditions were to arise or if reductions (or a reduction in the rate of increases) in the amount of transfers to the District from the Central Government were to occur that was not compensated for by an increase in other revenues, the ability of the District to meet its objectives under the Development Plan or to service its existing indebtedness, including the Notes, could be negatively affected.

It may be difficult or impossible for you to enforce judgments of courts of the United States and other jurisdictions against the District.

The District is a territorial entity under the laws of Colombia. All of the District's assets are located outside of the United States. We expect to appoint Corporation Service Company, 1133 Avenue of the Americas, Suite 3100, New York, New York, 10036, as our agent for service of process in New York. However, it may be difficult or impossible for you to effect service of process on the District, based on the civil liability provisions of the U.S. federal securities laws. Further, it may be difficult or impossible for you to enforce judgments of U.S. courts against the District. Under Article 177 of the *Código Contencioso Administrativo* (Code of Administrative Procedure), which does not override Articles 336 and 684 and Article 513 of the *Código de Procedimiento Civil* (Civil Procedure Code), and Article 11(h) of the *Acuerdo* No. 24 of 1995 of the *Consejo Distrital de Bogotá* ("District Council"), the revenues, assets and property of Bogotá located in Colombia are not subject to set-off or attachment. See "Enforcement of Civil Liabilities".

Risk Factors Relating to Colombia

Certain economic risks are inherent in any investment in an emerging market country such as Colombia.

Investing in an emerging market country such as Colombia carries economic risks, including political and economic instability that may affect Colombia's economic results. Economic instability in Colombia and in other Latin American and emerging market countries has been caused by many different factors, including, but not limited to:

- high interest rates;
- changes in currency values;
- high levels of inflation;
- exchange controls;
- wage and price controls;
- changes in economic or tax policies;
- the imposition of trade barriers; and
- internal security issues.

Any of these factors, as well as volatility in the markets for securities similar to the Notes, may adversely affect the liquidity of, and trading markets for, the Notes. See "Republic of Colombia". For further information on internal security, see "Republic of Colombia—Internal Security."

Colombia's economy remains vulnerable to external shocks that could be caused by significant economic difficulties of its major regional trading partners or by more general "contagion" effects, which could have a material adverse effect on Colombia's economic growth and its ability to service its debt.

Economies in the developing world are more susceptible to destabilization resulting from domestic and international developments than are those of developed countries. A significant decline in the economic growth of any of Colombia's major trading partners, such as the United States, could have a material adverse impact on Colombia's balance of trade and adversely affect Colombia's economic growth. The United States is Colombia's largest export market. A decline in United States demand for imports could have a material adverse effect on Colombian exports and Colombia's economic growth. In addition, in the past, Colombia has been adversely affected by contagion effects of developments in the economics of other emerging market countries on a number of occasions, including following the 1997 Asian financial crisis, the 1998 Russian financial crisis, the 1999 devaluation of the Brazilian real and the 2001 Argentine financial crisis. Similar developments could affect the Colombian economy in the future and could negatively impact the economy of the District and Colombia, as a whole. There can be no assurance that similar events will not negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Colombia and, thereby, the District.

Colombia has experienced several periods of violence and instability and such instability could affect the economy and the District.

Colombia has experienced several periods of criminal violence over the past four decades, primarily due to the activities of guerilla, paramilitary groups and drug cartels. In response, the Colombian government has implemented various security measures and has strengthened its military and police forces, including the creation of specialized units. Despite these efforts, drug-related crime and guerrilla and paramilitary activity continue to exist in Colombia. These activities, their possible escalation and the violence associated with them, may have a negative impact on the Colombian economy or on the District in the future. In the context of the political instability, allegations have been made against members of the Colombian government for possible ties with paramilitaries. This situation may have a negative impact on the Colombian government's credibility, which could in turn have a negative impact on the Colombian economy or on the District in the future.

Despite Colombia's current growth and stabilization, other factors such as its growing public debt and fluctuating exchange rates could adversely affect the economy.

Colombia's fiscal deficit and growing public debt could adversely affect the economy. The 2006 Colombian fiscal deficit was 0.8% of GDP, reaching a total amount of Ps. 2.7 trillion (approximately US$1.3 billion). The U.S. dollar/Colombian peso exchange rate has shown some instability in the last four years, particularly with the Colombian peso experiencing significant revaluation with respect to the U.S. dollar during the last 12 months. There is no assurance that measures recently taken by the Colombian government and the Central Bank will suffice to control this instability. In spite of the recovery of Colombia's economy over the past four years, there is no assurance as to whether current growth and relative stability will be sustained.

USE OF PROCEEDS

The net proceeds from the sale of the Notes are expected to be approximately US$300,000,000. We will use the net proceeds from the sale of the Notes to finance capital investments and public services included in our development and public works plan.

BOGOTÁ

Introduction

Bogotá, the capital city of Colombia, is located on a plateau in the eastern Andes Mountain Range, at approximately 8,600 feet above sea level. Today, Bogotá occupies an area of 1,732 square kilometers (approximately 668 square miles) and is the city with the largest population in Colombia. According to population projections based upon the last official census data (1993 census), Bogotá has 7.3 million inhabitants representing approximately 15.7% of the total population of Colombia. However, according to projections based upon a census conducted in 2005, which results are still unofficial since a law approving them has not been enacted, Bogotá has 6.7 million inhabitants representing approximately 16.1% of the total population of Colombia. Bogotá's population growth rate decreased from 3.0% in 1995 to 1.9% in 2006. Since 2003, the District's population has grown at an average rate of 1.8%, largely as a result of, among others, low mortality rates and internal migrations from other regions in Colombia primarily due to economic conditions, education opportunities and internal conflicts.

Bogotá is also the capital of the Department of Cundinamarca, one of the most populous of Colombia's 32 departments. At December 31, 2006, according to projections based on the 2005 census, the Department of Cundinamarca had a population of approximately 2.2 million (excluding the population of the District), or about 5.29% of Colombia's total inhabitants.

Originally called Santa Fe de Bogotá (named after *Bacatá*, a leader of the indigenous population of the area) when it was founded by Gonzalo Jiménez de Quesada on August 6, 1538, the District has undergone a number of name changes. Since 2000, it has been known as Bogotá Distrito Capital, or Bogotá D.C. The District's legal framework is set forth in the Colombian Constitution and in certain laws, decrees and city ordinances, including, among others, the Bogotá Statute (Decree Law 1421, 1993, known as *Estatuto Orgánico de Bogotá*), the Contracting Statute (Law 80, 1993, as amended), the Indebtedness Statute (Law 358, 1997), the Law on Transfers (Law 715, 2001), the Development Plan (City Ordinance No. 119, 2004), the Budget Statute (District's Decree 714, 1996), and the Tax Statute (District's Decree 807, 1993 and 352, 2002).

Bogotá is the political and financial center of Colombia. The Presidency, the Colombian Congress, the Supreme Court of Justice, as well as all of the main offices of the Colombian Central Government are located in the District. Also, the Colombian Stock Exchange and most of the biggest industrial, financial and services companies in Colombia have their headquarters or branch offices in Bogotá.

In the early 1990's, the District's financial condition improved after overcoming financial difficulties in the 1980s, which were largely attributable to the high levels of debt incurred by *Empresa de Energía de Bogotá S.A.* or EEB*,* the District owned energy utility, to finance the *Guavio* hydroelectric power project. Numerous delays and related cost overruns of this project, compounded by the devaluation of the Colombian peso during the 1980's seriously limited the District's ability to undertake other public works necessary to meet its significant infrastructure needs. The improvement of its financial condition was primarily due to the reform of the tax sharing arrangements with the Central Government enacted in 1991, which increased the amount of transfers from the Central Government to local governments, and to a decree law issued by Colombia's President, the *Estatuto Orgánico de Santa Fe de Bogotá*, that changed the tax, fiscal and administrative framework within which the District operates. During this period, the District also implemented measures to improve tax collections which also contributed to an improvement of its overall financial condition.

The current administration continues to implement measures to improve tax collections and lower the level of tax evasion. These measures have increased revenues without increasing tax rates. In addition, the District's increased revenues are also the result of its actions to reduce its expenditures and efficiently manage its assets and liabilities. The District has successfully implemented policies for managing and controlling financial risks including a liability management program initiated in 2003. These policies have been an important factor in stabilizing debt service costs.

During the 2001-2006 period, the District made significant social welfare expenditures as a result of which between 97.0% to 100.0% of the District's population has access to public utilities, the number of places available at public schools has significantly increased, a large portion of its population has benefited from nutritional and social development programs, and the District's economic growth rate has been continuously increasing.

The success of the District's economic programs has permitted considerable improvements in the level of capital investment and public services since 1993, which have grown in the aggregate from 30.0% of the District's total expenditures in 1992 to approximately 74.5% of total expenditures in 2006. Notable capital investments and public service projects initiated since 1997 have included the following:

- development of a network of modern public libraries;
- development of the *Transmilenio* mass transportation system, which currently has 45 routes running through exclusive roads and 71 feeder routes;
- improvement of the public education system, which has involved significant investments in the development of educational infrastructure (school construction and renovation);
- improvement of depressed boroughs through the construction and development of parks, recreational facilities and community centers; and
- improvement of the public administration infrastructure, which has involved, among other things, improvements in the infrastructure of public offices and the construction and operation of integrated service centers for collecting payments, processing requests and attending claims related to the services provided by the District.

At December 31, 2006, the District had 15,408 Km (9,574 miles) of roads and highways, a mass transportation system (*Transmilenio*) capable of transporting 152,419 passengers at rush hours and 1,300,000 daily, an airport that handles over 7,000 passengers per day, 100% coverage of electricity services, and 99.4% coverage of water supply.

The headquarters of the District government are located at Palacio Liévano, Carrera 8 No. 10-05, Bogotá D.C., Colombia. The principal financial and administrative offices of the District are located at Carrera 30 No. 24-90, Bogotá D.C., Colombia.

Governance of the District

Relationship between the Central Government and Local Governments

Colombia has one of the longest and most stable democratic traditions in Latin America, and has had regular transitions of power between successive administrations chosen through popular elections. Despite high levels of internal conflict and violence due to the activities of guerilla organizations, narcotics traffickers and paramilitary groups, Colombia has continued to be a democratic nation. In 1991, a popularly elected Constitutional Assembly approved a new Constitution, replacing the existing Constitution of 1886. The main features of the Constitution of 1991 include expanded governmental decentralization, an extensive bill of rights and mechanisms for guaranteeing them, autonomy of the central bank, increased Congressional powers and the creation of several public agencies and three new judicial institutions, the Constitutional Court, the National Attorney General's Office and the Supreme Council of the Judiciary.

Colombia is divided into 32 departments, each of which is divided into municipalities. There are currently a total of 1,098 municipalities in Colombia. In addition, Colombia has five districts and various indigenous territories.

The Central Government has exclusive authority to act in areas of national concern, such as international relations, foreign trade, economic, monetary and energy policy, and defense, the armed forces and national security. Departmental governments, in turn, administer the resources transferred to them by the Central Government, carry out planning functions related to the provision of healthcare and education services within their jurisdiction, advise and support in the areas of technology, administration and finance, and coordinate, evaluate and supervise the provision of municipal services.

Municipalities are responsible for carrying out social policies and providing local services under the coordination and planning of the departments. Municipalities provide education and healthcare services, build infrastructure necessary for social progress and promote community participation and cultural and social improvements.

Districts, including Bogotá, have financial and administrative autonomy from the departments in which they are located and, therefore, exercise both departmental and municipal functions. In addition to planning and providing education and healthcare services, Bogotá is also responsible for local transportation infrastructure and services (construction and maintenance of local roads, mass transit, etc.), water and sewage services, solid waste collection and disposal, street cleaning and lighting, urban planning, maintenance and control of public spaces, support of public housing programs, local land use and zoning, maintenance of municipal cultural and educational institutions, and promotion of the participation of private, community and not-for-profit entities in the provision of social services. Districts do not have their own judicial systems and police forces, both of which are provided by the Central Government, although the District funds a portion of the costs of police services that the Central Government provides to the District through its *Fondo de Vigilancia y Seguridad* (Surveillance and Security Fund).

Various initiatives to decentralize the Central Government have been adopted since 1967, many of which were adopted in the Constitution and Law No. 60 of 1993, as amended. Under the Constitution, the Central Government collects national taxes (such as income tax and value-added tax) and transfers a portion of its collections to the departments, municipalities and districts to fund healthcare and education services, which were previously the responsibility of the Central Government. As the provision of these services has shifted to the local governments, local government current expenditures and capital expenditures on new facilities, such as schools, libraries and hospitals, have increased significantly. See "Financial Information—Revenues and Transfers—Transfers".

Municipalities and districts have the right to directly collect certain other taxes, such as the commerce, industry and advertisements tax, and real estate tax and are free to set the tax rates within ranges specified by national laws.

Administration of the District

Bogotá is divided into 20 localities, or boroughs, that together cover the entire District. The District is governed by a Mayor (*Alcalde Mayor*), a District Council (*Concejo Distrital*), local administrative boards (*Juntas Administradoras Locales*), local mayors of each of the 20 localities and other local authorities. In addition, the District has a decentralized sector, which includes public entities (*Establecimientos Públicos*) and District-owned and District-controlled companies that provide public services.

The District Council is the principal authority of the District. It is comprised of 45 members elected by popular vote for four-year terms. The last elections were held in 2003 and the current term is from January 1, 2004 to December 31, 2007. The District Council is responsible for setting policies and for overseeing the management of Bogotá, including those functions conducted by other institutions. Among others, its powers and duties include the responsibility to:

- adopt regulations applicable to the administration of the District and its services;
- study and approve plans for economic and social development and public works;
- establish, modify or rescind taxes, surcharges, fees and levies, and establish tax exemptions pursuant to applicable laws;
- establish or modify the rules governing the formulation of the District budget;

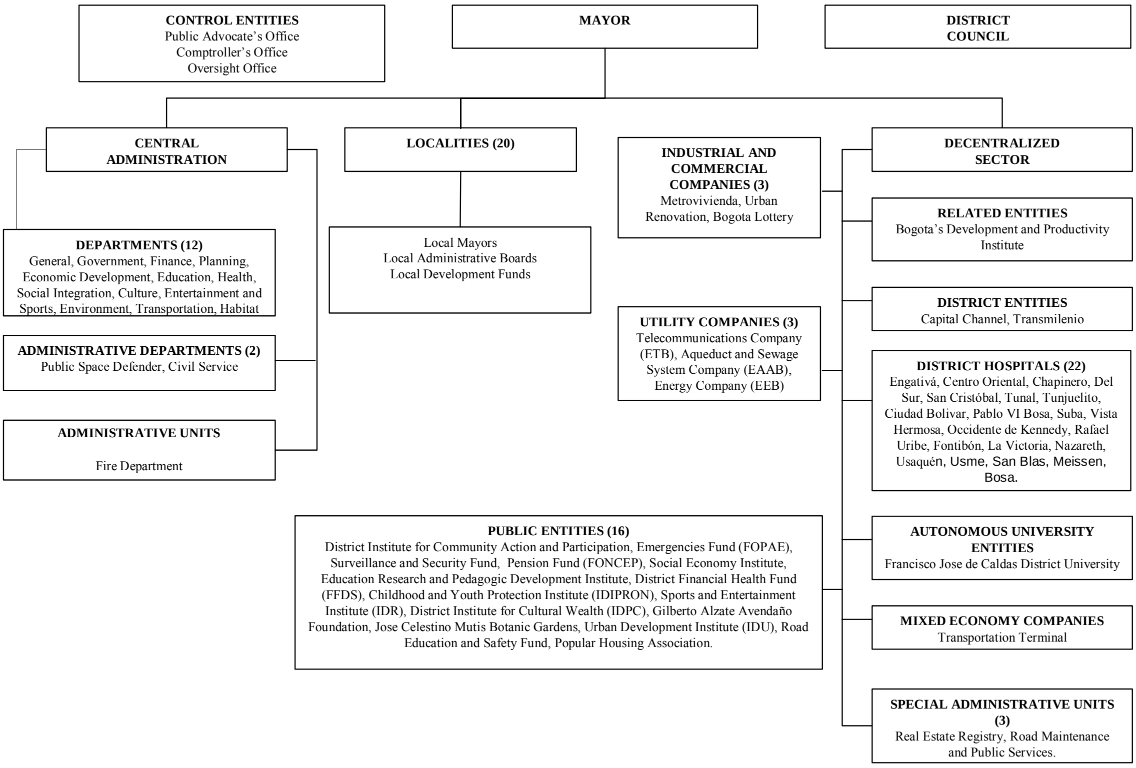
- approve annually the revenue and expenditure budget;
- regulate land use, including development in both urban and rural areas;
- organize the central administration of the District government, assign duties to various entities and adopt salary scales applicable to District employees;
- create, dissolve and merge public entities and District-owned and District-controlled industrial and commercial companies; and
- establish a global ceiling on the debt that can be incurred by the District and its decentralized entities.

The Mayor is elected directly by popular vote for a four-year term. The current Mayor, Mr. Luis Eduardo Garzón, is a member of the *Polo Democrático Alternativo* political party. He began his term on January 1, 2004, and will lead the District until December 31, 2007. By law, the Mayor may be reelected but may not serve consecutive terms. The next mayoralty elections will be held on October 28, 2007 and there is no assurance that the Mayor to be elected for the 2008-2011 term will continue or discontinue the programs initiated or continued by the current Mayor or that will follow the same policies.

The Mayor is the head of the District government. He submits his overall development plan, as well as specific projects for economic and social development and public works to the District Council *("Concejo Municipal")* for approval. The Mayor's administration must also prepare the revenue and expenditure budget that is submitted annually for the District Council's approval. If the District Council does not approve the annual budget by specified dates, the proposal submitted by the Mayor will come into effect, subject to modifications previously approved by the District Council.

The diagram below shows the structure of the District government. The heads of most of the departments, administrative departments and agencies report directly to the Mayor. The most recent restructuring to the administration of the District's government took place in 2006 and consisted in the creation of five entities, reorganization of eleven and the organization by sectors of entities with shared responsibilities as to the provision of certain services.

STRUCTURE OF THE DISTRICT´S GOVERNMENT



The District has several entities to oversee operations and expenditures: the *Contraloría Distrital* (District Comptroller's Office), the *Personería Distrital* (Public Advocate's Office) and the *Veeduria Distrital* (Oversight Office). In addition, each public entity within the municipal government must establish its own internal controls through management and performance evaluations intended to promote lawful and efficient administrative management.

The District Comptroller's Office audits the accounts of the District and its decentralized entities, as well as the execution of public works projects carried out in the District to ensure that all transactions and projects are carried out consistent with budgetary approvals and regulations. This office also reviews the internal controls of each District entity to ensure that they are effective. The District Comptroller's Office has administrative and budgetary autonomy and is financed with transfers from the District government.

The Public Advocate's Office, which is headed by the *Personero Distrital* (Public Advocate), is the agent of the national *Ministerio Público* (Public Ministry) at the District level. The Public Advocate's Office represents the interests of the citizens of Bogotá before the District's administrative and judicial authorities, in order to ensure that the District and its employees respect human rights, act in accordance with the public interest and comply with the Colombian Constitution and applicable laws, judicial decrees and agreements. The Public Advocate's Office, like the District Comptroller's Office, has administrative and budgetary autonomy and follows procedures adopted by the *Procuraduría General de la Nación* (National Attorney General's Office). The Public Advocate's office is financed with transfers from the District government.

The Oversight Office is responsible, among other functions, for improving the management of District government, eliminating dishonest practices and ensuring transparency in the award of District contracts. The Oversight Office, unlike the District Comptroller's Office or the Public Advocate's Office, does not have the power to impose sanctions, but only receives and investigates complaints filed by the general public against the District and its officials. The Oversight Office is financed with transfers from the District government.

In connection with the issue of bonds in the domestic markets, in 2005 the District adopted a "Governance Code" that reflects applicable regulations with respect to the District's duties, internal controls, conflicts of interest, use of privileged information, management of financial risks, risk disclosure and accounting policies. In accordance with Resolution 1208 and 1669 of 2002 issued by the District's Finance Department, the Governance Code provides that investors have the right to conduct, at their own cost and expense, audits of the District's finances if: (i) a rating downgrade occurs; (ii) the District's financial condition is substantially affected; and (iii) more than 10% of the investors holding securities issued by the District so require. The Governance Code of the District is in the process of being amended in order to reflect changes in the District's organization.

Political Parties

Historically, the politics of Colombia on local and national levels have been characterized by a bipartisan system controlled by the Liberal Party (*Partido Liberal Colombiano*) and the Conservative Party (*Partido Conservador Colombiano*). However, over the last ten years dozens of new independent political parties have been formed and today play an important role in Colombian politics by holding office at the local level in significant numbers. Specifically, the Constitution promotes the formation and participation of new political parties by, for example, providing for greater participation of ethnic groups and minority parties in both houses of the Colombian Congress. The political affiliations of Bogotá's politicians are an example of this process—the largest party represented in the District Council, the *Partido Liberal*, currently holds only 20% of the District Council or 9 seats, while the *Partido Conservador* and *Polo Democrático* each hold 17.8% or 8 seats. Due to the fragmentation of party membership and the fact that the Mayor's party has 17.8% seats on the District Council, political consensus and decision making in Bogotá depends on frequently changing coalitions and alliances.

The District's Development Plan

By law, Bogotá's mayor is required to adopt a development plan outlining the goals of its administration. The development plan of the current administration, which is in effect from 2004 through 2008, is called "*Bogotá Sin Indiferencia*. *Un Compromiso Social contra la Pobreza y la Exclusión*" ("Bogotá Cares. A Commitment Against Poverty and Social Exclusion"). The development plan's main goal is to make Bogotá a more inclusive District by progressively meeting the needs of unserved segments of its population.

The development plan contemplates a total of approximately Ps. 21,892,725 million of capital expenditures during the 2004-2008 period. Throughout this offering memorandum, unless otherwise indicated, the term "capital expenditures" includes both spending on (i) facilities and equipment, and (ii) operating expenses of budgeted programs, excluding expenses related to the District's administration. These capital expenditures were expected to be allocated among the four following areas: (i) Social Development, which is focused on implementing programs aimed at solving problems affecting the most vulnerable sectors of the population, including children, young people and women. These programs include, among others, *"Bogotá Sin Hambre"* ("Bogotá Without Hunger") whose main focus is to reduce nutrition problems of the District's population; "*Más y Mejor Educación"* ("More and Better Education"), whose main focus is to increase the education coverage in the District; and *"Salud para la Vida Digna"*, whose main focus is to increase the health coverage in the District; (ii) Urban Development, whose main focus is urban planning, transportation infrastructure development, productivity and competitiveness; (iii) Social Reconciliation, whose main focus is the District's improvement in areas such as security, justice, decentralization, human rights, risk prevention and emergencies; and (iv) Public Management, which seeks to improve the District's organization and management in order to increase the efficiency of the public administration. The development plan allocates capital expenditures to each of above mentioned areas as shown in the table below:

Bogotá's Development Plan Expenditures (2004-2008)
(in constant 2004 Ps. millions)

Program	Budgeted Capital Expenditures	Percentage of Allocated Funds
Social Development	Ps. 13,061,137	60.0%
Urban Development	Ps. 7,371,466	34.0%
Social Reconciliation	Ps. 759,728	3.0%
Public Management	Ps. 700,394	3.0%
Total	Ps. 21,892,725	100.0%

As of March 31, 2007, 68.0% of the funds allocated to the current development plan have been expended.

The development plan of the previous administration, which was in effect from 2001 to 2004, was known as *"Bogotá: Para Vivir Todos del Mismo Lado"* ("Bogotá: Let's All Be on the Same Side"). This program was focused on urban development and competitiveness and had seven objectives related to improvements in urban culture, productivity, social justice, education, family and children, environment and public administration. The program contemplated capital expenditures of Ps. 9,561,730 million which were fully expended. The major achievements under the 2001-2004 development plan were the creation of 110,000 places in the public education system, construction of 96.62 Km. (60.0 miles) of local roads, development of 282.7 Km. (175.6 miles) of water distribution networks and 407.58 Km. (253.2 miles) of sewage networks, and the substantial completion of the first phase of the *Transmilenio* mass transportation system.

The major achievements under the District's development plans during the 2002-2006 period were:

(i) improvements in the health sector, made through the renovation or construction of hospitals and the development of social health programs, have produced a significant decrease of certain mortality rates, and the coverage of the social security system has increased from 69.7% in 2002 to 72.7% in 2005;

(ii) the coverage of public utilities services increased to 99.4% for water services, 97.0% for sewage services and 100.0% for electricity supply;

(iii) investments in the District's security infrastructure produced a significant decrease in criminality, including, an average decrease of 34.0% in murder rates per 100,000 inhabitants from 2002 (28.5 homicides per 100,000 inhabitants) to 2006 (18.8 homicides per 100,000 inhabitants);

(iv) 285,785 new places were made available in public schools during the 2002-2006 period;

(v) poverty rates decreased from 38.3% in 2002 to 23.8% in 2006, which makes Bogotá the Colombian city with the lowest poverty levels compared to other major cities; and

(vi) an overall improvement in the District's macroeconomic indicators. See "The Economy".

The District's Urban Development Plan *("Plan de Ordenamiento Territorial")*

The District's urban development is subject to the *Plan de Ordenamiento Territorial* (District's Urban Development Plan) enacted by a Mayor's decree in 2000 pursuant to certain national laws and decrees. The Urban Development Plan is a 10-year urban planning instrument (2001-2010) that provides for the adequate use of urban and rural areas in the District by establishing policies and regulations for urban growth, conservation and renovation of existing urban infrastructure, development of new infrastructure, social housing programs and environmental protection. The development of urban infrastructure (roads, public zones, parks, housing units) is conditioned upon compliance with the District's Urban Development Plan.

The District's Roads and Transportation Infrastructure

The Urban Development Institute (*Instituto de Desarrollo Urbano – "IDU"*) is the District's entity responsible for implementing the public works and urban development projects provided for in the District's Urban Development and Zoning Plan (*Plan de Ordenamiento Territorial* or *POT*). IDU is also responsible for allocating and collecting the fees paid by those residents and businesses who benefit from public infrastructure works.

Roads Network

The District's road development plan, pursuant to Decree 190, 2004, is subject to the Urban Development and Zoning Plan and all road infrastructure developments must comply with the guidelines set forth therein. The District's road network has two principal components, the main road network and the *Transmilenio* network. The main road network comprises four road subsystems : (i) the principal road network, which is the backbone of the District's transportation system, (ii) the complementary road system, which facilitates transportation to the principal road network and provides medium and long-distance transport routes within the District, (iii) the intermediate road network, which include alternative routes to the principal and intermediate networks, and (iv) the local road network, which provides access to housing units. The *Transmilenio* network comprises main roads exclusively devoted to the *Transmilenio* mass transportation system and local routes which act as feeders to the main system.

At December 31, 2006, the District's road network had 15,408 Km. (9,574 miles) of which 95.0% was devoted to the main road's network and 5.0% to the *Transmilenio's* network. Currently, 54.0% of the road system is considered to be in bad condition, 14.0% in poor condition and 32.0% in good condition. In 2006, the District's expenditures in construction and maintenance of the road's network totaled Ps. 51,584 million and the current condition of the road system may require a significant increase of such expenditures in the near term. At December 31, 2006 it was estimated that the investments required to repair the portions of the District's road network in bad or poor condition amounted to Ps. 5,483,143 million, out of which Ps. 560,571 million were invested in the first five months of 2007. It is expected that the remaining investments will be partially financed with the proceeds of this offering.

Transmilenio

The *Empresa de Transporte de Tercer Milenio - Transmilenio S.A.* is a commercial corporation that was formed in 1999 by several public entities of the District. The company is responsible for developing and planning the vehicular mass transit system of the District and its outlying areas. The company runs the District's bus system, *Transmilenio*, through third-party concession holders, which uses a system of roads that are designated exclusively for mass transit, as well as an extended network of feeder routes that reach all major points in Bogotá, transporting approximately 1,300,000 passengers per day. The District directly holds 70.1% of the outstanding shares of the company and the remaining shares are held indirectly by certain District's entities, including, *IDU*, *FONDATT*, the Sports and Entertainment Department (*Secretaría Distrital de Recreación y Deporte*) and *Metrovivienda*.

At March 31, 2007, *Transmilenio* consisted of 84 kilometers (52.2 miles) of main routes on nine avenues. Two additional phases of the project are scheduled to be completed by 2016. These phases contemplate the construction of *Transmilenio* routes on several additional main avenues, including, among others, *Calle 26 and Carrera Décima,* for which the design phase has been completed and the District expects to contract the construction phase in 2007, and *Carrera Séptima,* for which the design phase is expected to be completed by the end of 2007. When finished, the total network is expected to consist of 388 kilometers (241 miles) over 22 avenues. The total cost of this project is estimated to be US$2,046.7 million (in constant 2000 U.S. dollars), without including costs incurred in connection with additional works. There is no assurance that future administrations of the District will implement phases for which construction works are not contracted before the end of 2007, that completion of the project will not be subject to significant changes, or that implementation of new phases will not be definitively cancelled and/or replaced by other mass transportation systems.

Financing for the development and maintenance of the *Transmilenio* system is derived from revenues resulting from the gasoline surcharge in Bogotá and specific transfers from the Central Government. The Central Government finances 63.3% of the costs related to the construction and development of the system's infrastructure, while the remainder is being funded by the District (including 100.0% of the maintenance costs).

The gasoline surcharge is imposed on all gasoline consumption in Bogotá at the point of sale, at a rate equal to 25.0% of the total sale price. The revenues resulting from the gasoline surcharge will be allocated until 2020 in accordance with city ordinances as follows: 50% to the financing of the *Transmilenio* system, 25% to the maintenance and repair of the existing road network, 15% to the expansion of the existing network and 10% to the development of local roads. As a result of increases in the international price of oil, local prices of gasoline have increased and this has led to lower consumption. For the time being, lower consumption of gasoline has been offset by price increases. If gasoline consumption continues to contract, the *Transmilenio* system may not be able to obtain required levels of financing from this source and the District may have to allocate other revenues to finance the operation and maintenance of the system. No assurance can be given that the District's Council will not lower or increase the gasoline surcharge rates over time or that the gasoline surcharge will continue in effect after a certain period of time.

In order to finance the remaining phases of the *Transmilenio* project the Central Government and the District are evaluating different alternatives, including a securitization of the future cash flows resulting from transfers of the Central Government and the District for developing the *Transmilenio* infrastructure. While the *Transmilenio* generates revenues by receiving a portion of the fees and charges collected by private sector operators from their customers, the system also receives significant transfers from the District.

THE ECONOMY

Background

The Bogotá Metropolitan Area

During the past few decades, the population of Bogotá has expanded beyond the formal boundaries of the city. The greater metropolitan area of Bogotá now occupies an area of 1,732 square kilometers (approximately 668 square miles), while the metropolitan area of Bogotá occupies an area of 320 square kilometers (approximately 124 square miles). The area, population and economy of the Bogotá metropolitan region have expanded over the past several years due to several factors, requiring increased expenditures on services, infrastructure improvements and education.

At the local level, the economic integration of Bogotá and the neighboring municipalities has led to a gradual transformation of the area immediately surrounding the District limits, with residents of surrounding communities commuting daily to the District to work or study there. In addition, along with other Colombian cities, Bogotá's metropolitan area has become the home of an increasing numbers of individuals who have migrated from rural areas in search of better employment or education opportunities.

The District's regional development plan for 2004-2008 has, among other goals, increasing the District's spending on social development projects in order to satisfy the basic needs of the District's population, in particular those who suffer from poverty and social exclusion. The plan contemplates expenditures for social welfare, urban development and security programs.

Gross Domestic Product

In 2006, Bogotá's GDP represented an estimated 23.5% of the nation's total GDP. The District's economy has followed to a large extent the performance of the national economy, although Bogotá's rates of real GDP growth (or contraction) have tended to be more volatile than those of Colombia as a whole, primarily because a relatively small proportion of Colombia's total exports are produced in the District, therefore depriving it of a stabilizing factor when internal demand falls. Since 2002, Bogotá's real GDP has grown at an average annual rate of 4.9%, in line with the favorable macroeconomic conditions in Colombia. In 2006, Bogotá's real GDP grew approximately 6.9%, slightly higher than Colombia's real GDP of 6.8% for the same period and the second highest real GDP growth since 1994 when real GDP growth reached 12.5%. Bogotá's real GDP growth in recent years is mainly attributable to increased investment and personal consumption by households with high liquidity due to low interest rates and credit availability.

Bogotá had an estimated per capita GDP of approximately US$4,359 in 2006 which was 33.9% higher than Colombia's estimated per capita GDP of approximately US$3,255. Since 2002, Bogotá's GDP per capita has increased at an average annual rate of 12.2%. The main contributing factor to the increase in per capita GDP was the increase in Bogotá's GDP at a rate higher than Bogotá's population growth rate. Colombia's GDP per capita in U.S. dollar terms increased at an average annual rate of 15.7% over the 2002-2006 period.

Selected Economic Statistics
At December 31,

	2002	2003	2004	2005	2006[1]
GDP (in millions of 1994 constant pesos)					
Bogotá	17,792,531	18,625,186	19,520,949*	20,569,833*	21,984,698*
Colombia	76,917,222	79,884,490	83,772,433	87,727,925*	93,692,185*
GDP (in millions of nominal pesos)					
Bogotá	46,252,222	51,312,055	56,673,222*	62,608,708*	69,678,751
Colombia	203,451,414	228,516,603	257,746,373	285,991,165	316,544,495
GDP (in millions of U.S. dollars)					
Bogotá	18,442	17,830	21,580*	26,978*	29,550*
Colombia	81,122	79,407	98,143	123,231	134,244
Real GDP Growth					
Bogotá	2.74%	4.68%*	4.81%*	5.37%*	6.9%*
Colombia	1.93%	3.86%*	4.79%*	5.20%*	6.8%*
GDP per Capita (in U.S. dollars)[2]					
Bogotá	2,748	2,597	3,070*	3,754*	4,359*
Colombia	1,851	1,781	2,165	2,677	3,255
Bogotá's percentage participation in National GDP[3]	23.1%	23.3%*	23.3%*	23.4%*	23.5%*
Inflation					
Bogotá	6.93%	5.98%	5.38%	4.84%	4.13%
Colombia	6.99%	6.49%	5.50%	4.85%	4.48%

1 Estimated.
2 U.S. dollar translations derived using nominal GDP figures and the average exchange rate for each year. See "Currency Translation" elsewhere in this offering memorandum.
3 Based on GDP in constant 1994 pesos.
(*) Preliminary
Sources: DANE; District's Finance Department.

The District's GDP is diversified among a number of economic sectors, the largest of which were the financial, real estate and corporate services sector, followed by the greater services sector (which includes public utilities, government services, personal and household services) and the manufacturing sector. Financial, real estate and corporate services comprised approximately 30.0% of Bogotá's GDP in 2006. Services (which includes services other than those already indicated) comprised 20.6% of Bogotá's GDP in 2006. Manufacturing represented 15.5%, commerce represented 13.2%, transportation and telecommunications represented 9.0%, construction represented 7.5% and other activities, including agriculture and mining, represented 4.3% of the District's GDP in 2006.

The following tables set forth the percentage represented by each economic sector in Bogotá's GDP and the percentage change in real terms for each sector from 2002-2006.

Bogotá's GDP by Sector

Sector	2002	2003	2004[1]	2005[1]	2006[1]
	(as a percentage of Bogotá's GDP)				
Financial, Real Estate and Corporate Services	32.3%	31.9%	31.7%	31.2%	29.9%
Services[2]	23.3	22.6	22.2	21.6	20.6
Manufacturing	15.2	15.0	15.1	14.8	15.5
Commerce	11.9	11.6	12.0	12.5	13.2
Transportation and Communications	9.4	9.4	9.2	9.1	9.0
Construction	6.2	6.8	6.8	7.2	7.5
Agriculture, Mining and Others[3]	1.7	2.7	3.0	3.6	4.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%

1 Estimated.
2 Include public utilities, government services, personal and household services.
3 Includes agriculture, mining and financial intermediation services indirectly measured and taxes net of subsidies.
Sources: DANE; District's Finance Department.

Bogotá's Real GDP Growth by Sector

Sector	At December 31, 2002	2003	2004[1]	2005[1]	2006[1]
Financial, Real Estate and Corporate Services	2.6%	3.3%	4.2%	3.6%	2.5%
Services[2]	3.1	1.6	2.9	2.5	1.8
Manufacturing	1.2	3.7	5.0	3.8	11.5
Commerce	2.1	2.1	8.4	9.8	12.9
Transportation and Communications	2.9	4.3	3.5	4.2	5.1
Construction	10.8	13.7	5.3	11.3	12.4
Agriculture, Mining and Others[2]	2.8	10.0	9.6	9.3	6.9
Total GDP Growth	2.7%	4.7%	4.8%	5.4%	6.9%

1 Estimated.
2 Includes agriculture, mining and financial intermediation indirectly measured and taxes net of subsidies.
3 Include public utilities, government services, personal and household services.
Sources: DANE; District's Finance Department.

Financial, Real Estate and Corporate Services

Bogotá is Colombia's most important financial center, with the principal commercial banks and securities firms having their headquarters in the District. Bogotá is home to over 50 financial institutions (commercial banks, savings and loan institutions and finance companies). At December 31, 2006, financial institutions in Bogotá accounted for approximately 58.0% of all retail and commercial deposits and 49.0% of all loans outstanding in Colombia at March 31, 2007. Financial services contributed 10.5% of the District's GDP in 2006. GDP growth rates for this sector were (0.9%), 4.8%, 8.9%, 7.0% and 2.0% in 2002, 2003, 2004, 2005 and 2006, respectively. In 2006 contraction in the GDP growth rate was primarily due to losses resulting from a price decline of the TES (Treasury Bonds issued by the Republic of Colombia).

The real estate sector has grown since March 2004 as a result, among others, of increased investment for improving or developing industrial facilities, warehouses and schools, which was primarily due to the overall recovery of the Colombian economy. The real estate sector also grew as a result of actions taken by the Central Government's and the private sector to increase the availability of subsidies for the purchase of social housing units. Between 2004 to 2006, the offering of housing units for sale increased at a 7.7% annual average rate, mainly as a result of increased demand for social housing units. Between 2002 to 2004 the District's real estate sector contracted, mainly because of a reduction in the offering of social housing units and the effects of the slowdown in the Colombian by the end of the past decade.

The corporate services sector includes, among others, legal, accounting, auditing, consulting, advertising and private security services.

Real GDP growth for the financial, real estate and corporate services sectors has since 2004 decreased at an average annual rate of 0.9%, from 4.2% in 2004 to 2.5% in 2006 after increases from 2.6% in 2002 to 3.3% in 2003 and to 4.2% in 2004. The lower rates of growth between 2004 to 2006 were primarily due to the losses experienced by the financial sector between 2005 and 2006 due to higher allowances for doubtful accounts and a decline in TES prices.

Services

The services sector (which includes the sectors shown in the table below) has become one of the most important sectors of the District's economy and decreased in real terms from representing 23.3% of Bogotá's GDP in 2002 to 20.6% in 2006. Within this sector, Government Services is the largest component, representing 10.8% of

Bogotá's GDP in 2002 and 9.8% in 2006. The District expects growth in this sector to remain modest, at least during the short- and medium-term, as both the national and District administrations have adopted measures to reduce personnel and other current expenditures.

The following table shows the main components of the District's services sector as a percentage of Bogotá's total GDP in the 2002-2006 period.

Composition of the Services Sector

Sector	At December 31,				
	2002	**2003**	**2004**	**2005**	**2006**[1]
	(as a percentage of Bogotá's GDP)				
Government Services	10.8%	10.5%	10.4%	10.3%	9.8%
Social and Healthcare Services	3.4	3.1	3.0	2.9	2.8
Electricity, gas, water and sewage	2.5	2.3	2.3	2.1	2.0
Public Education	1.4	1.4	1.4	1.4	1.4
Private Education	2.1	2.0	1.9	1.8	1.6
Other Community, Social and Personal Services	2.7	2.8	2.8	2.7	2.6
Domestic Household Services	0.4	0.4	0.4	0.4	0.3
Total Services	23.3%	22.6%	22.2%	21.6%	20.6%

1 Estimated.
Sources: DANE; District's Finance Department.

All the components of the Services Sector decreased as a percentage of Bogotá's GDP, during the 2002-2006 period. Social and healthcare services (including services provided by the public and private sectors) have decreased slightly from 3.4% of the District's GDP in 2002 to 2.8% in 2006. Public education and domestic household services have remained relatively constant. Private education decreased from 2.1% in 2002 to 1.6% in 2006. Electricity, gas, water and sewage decreased from 2.5% in 2002 to 2.0% in 2006. Other community, social and personal services (comprising a wide range of activities ranging from solid waste collection and disposal to leisure and entertainment) also remained relatively constant during the 2002-2006 period.

The following table shows the real growth or contraction of the main components of Bogotá's services sector during the 2002-2006 period.

Real Growth (Contraction) of the Services Sector

Sector	At December 31,				
	2002	**2003**	**2004**	**2005**	**2006**[1]
Government Services	2.8%	2.3%	3.8%	3.7%	2.0%
Social and Healthcare Services	2.2	(5.0)	2.0	2.5	2.0
Electricity, gas, water and sewage	(2.1)	(0.4)	0.7	(2.6)	1.0
Public Education	5.7	5.3	4.8	3.8	3.0
Private Education	(1.0)	(1.8)	(0.4)	(1.1)	(0.3)
Other Community, Social and Personal Services	13.3	9.3	3.7	3.6	2.0
Domestic Household Services	2.1	2.3	2.4	2.2	2.0
Total Services Sector Growth	3.1%	1.6%	2.9%	2.5%	1.8%

1 Estimated.
Sources. DANE; District's Finance Department.

Government services are services provided in Bogotá by the District's entities and the Central Government. This subsector decreased in real terms having growth rates of 2.8% in 2002 and 2.3% in 2003. Between 2003-2005 the real growth rate of Government services increased from 2.3% to 3.7% mainly due to higher operating expenditures of the national and District government. In 2006, the growth of Government services slowed to 2.0% from 3.7% in 2005, as a result of the fiscal adjustment measures undertaken by the Central Government during that year.

Social and Healthcare Services declined by 5.0% in 2003 due to a decrease in the number of medical appointments and hospital expenditures and increased by 2.0%, 2.5% and 2.0% in 2004, 2005 and 2006 respectively, as a consequence of a higher number of individuals affiliated to the social security system. Electricity, gas, water and sewage contracted by 2.1% and by 0.4% in 2002 and 2003, respectively, primarily due to reductions in water and power consumption as a result of the economic recession experienced by Colombia during the beginning of the decade. Between 2004-2006, the electricity, gas, water and sewage sectors had increasing growth rates from 0.7% in 2004 to 1.0% in 2006 after declining by 2.6% in 2005. The contraction in 2005 was due to the reduction of water consumption while the increase in 2006 was due to an overall economic recovery in Colombia and the District which also led to an increase in income.

Private education contracted by 1.0% in 2002 and further declined by 1.8% in 2003, 0.4% in 2004, 1.1% in 2005 and 0.3% in 2006. This contraction was primarily due to the higher increase in available educational openings in public schools (which is less expensive for parents than private education) as compared to private schools. Public education growth rate has decreased from 5.7% in 2002 to 3.0% in 2006 due to the fact that higher coverage in public education implies that its growth rate tends to be lower as it reaches natural levels. Other community, social and personal services had lower growth rates from 13.3% in 2002 to 2.0% in 2006, primarily because they reached their natural growth rate.

The greater services sector decreased from 3.1% in 2002 to 1.8% in 2006. This decrease was primarily due to a reduction in water, power and gas consumption, a contraction in the private education sector and a decrease in government expenditures.

Manufacturing

Manufacturing activity increased slightly as a percentage of Bogotá's total GDP, from 15.2% in 2002 to 15.5% in 2006. During the 2002-2006 period the sector grew at an annual average rate of 5%. This growth has been primarily due to increased exports to Venezuela and Ecuador, as well as to an increased internal demand for manufactured products. Within the manufacturing sector, the production of chemicals, petroleum derivatives, rubber and plastic accounted for the highest percentage of total output of the sector, representing 24.4% in 2004. Food and beverages slightly decreased from 23.5% of total manufacturing in 2002 to 22.2% in 2004, while metal products, machinery and equipment increased from 18.3% to 20.4% over the same period.

The following table sets forth the main components of Bogotá's manufacturing sector (as a percentage of the total GDP of the sector) for the 2002-2006 period.

Manufacturing Production of Bogotá by Activity 2002-2004[1]

Sector	At December 31[1], 2002	2003	2004
	(as a percentage of total manufacturing production)		
Chemicals, Petroleum Derivatives, Rubber and Plastic	27.1%	25.8%	24.4%
Food and Beverages	23.5	23.6	22.2
Textiles, Clothing and Leather Products	11.8	12.6	12.8
Metal Products, Machinery and Equipment	18.3	17.1	20.4
Paper Milling, Printing and Publishing	10.4	10.7	10.0
Non-metal Mineral Products	1.9	2.1	2.3
Wood Industry	1.3	1.5	1.6
Basic Metals Industry	1.8	2.1	2.3
Other Manufacturing	3.8	4.4	4.1
Total Manufacturing	100.0%	100.0%	100.0%

1 Official data for years 2005 and 2006 is unavailable
Sources: DANE (Annual Manufacturing Survey); *Banco de la República*; District's Finance Department.

Commerce

During the 2002-2006 period, real GDP for the commerce sector increased at an annual growth average rate of 7.0%. This increase was primarily due to a reduction in unemployment rates, an increase in household income which resulted in higher personal spending for consumer goods and higher levels of liquidity in the national economy, which also contributed to a reduction in interest rates and increased credit availability.

Transportation and Communications

Real GDP growth for the transportation and communications sector increased from 2.9% in 2002 to 5.1% in 2006. This increase was primarily due to improved overall economic conditions, resulting in increased needs for transporting cargo and passengers, and to the expansion of telecommunication services due to increased demand for new services (such as value added services, including, among others, teleconferencing and voice messaging services and Internet related services) and the introduction of new mobile and value added service operators.

Construction

During the 2002-2006 period, real GDP for the construction sector increased at an average annual rate of 10.7%. However, between years 2003-2004 the growth rate decreased from 13.7% to 5.3% due to a contraction of approximately 20.0% in the public works sector, which was offset by the increase in privately funded construction projects. The real GDP increase between 2004 and 2006 was primarily due to the incentives granted by the District for the construction of social housing units. Construction and public works growth rates tend to contract or increase at slower rates at the beginning of each government's term.

Agriculture, Mining and Others.

Real GDP growth in the agriculture and mining sector decreased at an average annual rate of 1.0% during the 2003-2006 period after a significant increase of 2.8% in 2002 and 10.0% in 2003. The factors contributing to this decrease were, among others, the closing of quarries for environmental protection reasons.

Employment

Bogotá accounts for approximately 18.1% of Colombia's total workforce and accounted for approximately 18.2% and 17.4% of total employment and unemployment, respectively, nationwide at December 31, 2006. During the 2002-2006 period the unemployment rate decreased at an average annual rate of 1.7%, from 18.2% in 2002 to 11.5% in 2006. Among the factors contributing to this decrease were the creation of approximately 238,000 new jobs as a result of the increased activity levels in the transport, commerce, construction and real estate sectors. At December 31, 2006, 70.1% of the District's total employed workforce worked in the services, commerce and manufacturing sectors.

The current District administration intends to continue to promote programs designed to create new jobs, primarily in the private sector to improve the quality of the workforce through better education and skills training and to encourage students to remain in school longer by granting special subsidies to families for this purpose and by improving access to higher education.

The following table sets forth selected employment statistics for the District for the periods indicated.

Selected Employment Statistics for Bogotá

	At December 31,				
	2002[1]	**2003**[1]	**2004**[1]	**2005**[1]	**2006**[1]
	(thousands of persons, except %)				
Total Population	6,698	6,851	7,013	7,167	7,306
Working Age Population[2]	5,182	5,318	5,461	5,602	5,729
Economically Active Population[3]	3,423	3,558	3,551	3,671	3,683
Employed[4]	2,799	2,965	3,024	3,191	3,258
Unemployed[5]	624	593	527	479	425
Underemployed[6]	1,178	1,178	1,116	1,240	1,204
Participation Rate[7]	66.0%	66.9%	65.0%	65.5%	64.3%
Occupation Rate[8]	54.0%	55.7%	55.4%	57.0%	56.9%
Unemployment Rate[9]	18.2%	16.7%	14.8%	13.1%	11.5%
Underemployment Rate[10]	34.4%	33.1%	31.4%	33.8%	32.7%

1 Information obtained from DANE.
2 "Working age population" means those persons who are at least 12 years old and live in urban areas and those who are at least 10 years old and live in rural areas. According to Colombian law, 12-year old individuals may legally work under certain circumstances and with the approval from the Ministry of Labor.
3 "Economically active population" means those persons who are members of the working age population and are employed or seeking employment.
4 "Employed" means those persons that (i) during the week of the survey worked at least one hour for payment, (ii) did not work during the week of the survey due to holidays, sick days or leave, but were employed or (iii) worked as a "family assistant" for at least one hour during the week of the survey without being paid.
5 "Unemployed" means those persons willing to work, but unable to find a job. A person is considered unemployed if (i) during the week of the survey he or she did not have a job, (ii) he or she was actively seeking employment during the immediate previous month and (iii) he or she would he able to start working immediately.
6 "Underemployed" means those employed workers who can perform and are seeking additional employment., either because they work fewer than 8 hours per day and seek to work more hours, because they consider their income insufficient, or are employed in a position unrelated to their profession or training.
7 Participation rate is the economically active population divided by the working age population.
8 Occupation rate is the total employed population divided by the working age population.
9 Unemployment rate is the total unemployed population divided by the economically active population.
10 Underemployment rate is the total underemployed population divided by the economically active population.
Sources: DANE; District's Finance Department.

Inflation

Bogotá's inflation rate, as measured by the percentage change in the CPI, has declined over the last decade, in line with the national trend, and has remained below 10% since 1999. The rate of inflation in Bogotá for the year ended December 31, 2006 was 4.13%, slightly lower than the nationwide rate of 4.48% for the same period.

The table below compares annual inflation rates in Bogotá and Colombia as a whole for the periods indicated.

Changes in Consumer Price Index

	At December 31,					
	2002	**2003**	**2004**	**2005**	**2006**	**2007 (May)** [1]
Bogotá	6.93%	5.98%	5.38%	4.84%	4.13%	5.64%
Colombia	6.99%	6.49%	5.50%	4.85%	4.48%	6.23%

1 Data for the period commencing on May 31, 2006 and ending on May 31, 2007.
Source: DANE.

The decline in inflation rates from 2002 to 2006 was primarily due to improved overall economic conditions and to the adoption of the target inflation rate system established by the Central Bank. This system basically consists of setting an inflation target and adjusting, among others, interest rates in order to achieve it. This decrease in inflation levels has led to increased confidence in Bogotá's economy. From January 2007 to April 2007, inflation rates have increased both at the District and the national level. This increase of the inflation rate was primarily due to Colombia's economic growth and inflows of foreign direct investment, which has triggered increases in the CPI reflecting price increases for goods and services used as a reference for the CPI's calculation.

FINANCIAL INFORMATION

Overview

The fiscal relationship between the District, the Central Government and the Department of Cundinamarca is governed by Articles 338, 356 and 357 of Colombia's Constitution. Under Article 338, the District Council has the power to levy certain direct and indirect taxes (other than income taxes and value-added taxes) and to assess fees and other charges for services provided in the District. In addition to the proceeds from these taxes, the District derives a part of its revenues from transfers, primarily from the Central Government. Bogotá, as the capital city of Colombia, is granted autonomy to manage its affairs within the limits set forth in the Constitution and applicable law.

The administrative structure of the District is divided into three main sectors: the central administration, the decentralized sector and the localities. The central administration consists of the office of the Mayor, the *Secretarías* (Departments), the *Departamentos Administrativos* (Administrative Departments) and the *Unidades Administrativas Especiales* (Special Administrative Units). The decentralized sector is composed of public entities, District-owned and -controlled companies, District entities, District hospitals and the District's university. Local mayors, local administrative boards and local development funds comprise the localities' sector. The financial information in this section, unless otherwise noted, includes only the accounts of the central administration of the District.

The head of the District's Finance Department is Pedro Arturo Rodriguez, who took office in January 1, 2004 and whose term ends on December 31, 2007.

Budget Process

The Mayor of Bogotá and his cabinet are responsible for the management of Bogotá's finances. The District's budget is prepared by the Mayor's office and submitted to the District Council for its approval in accordance with the *Estatuto de Presupuesto del Distrito Capital* (Budgetary Statute of the Capital District), which is designed to make the budget process an ongoing exercise and to ensure that the budget is consistent with the Mayor's development plan for the District. In addition, the Budgetary Statute of the District requires that each District entity, when preparing its annual budget, provide for the payment of existing debt service and payroll before any other expenditures are included in its budget.

The budget process has several steps, including the following:

- the Mayor establishes budgetary policy guidelines that project revenues and expenses for the upcoming year after consulting the *Consejo Distrital de Política Económica y Fiscal* (District's Board of Economic and Fiscal Policy, or "CONFIS"). The CONFIS is a committee composed of the Mayor, the District's Secretary of Finance, the head of the *Secretaría Distrital de Planeación* (District's Department of Planning) and three public officials appointed by the Mayor.

- the District's Finance Department, in coordination with the District's Planning Department and based upon the medium-term fiscal framework set forth in Law 819 of 2003 (which is a financial projection of 10 years and influences the development plan) develops a financial plan consistent with the District's development plan. The financial plan is a planning and management tool used to collect information on the expenditure requirements under the District's development plan, the expected revenues and budget surpluses available to accomplish the objectives of the development plan and the sources of financing available to fund any shortfall in the capital and operating budget developed to achieve the development plan's goals. This plan is then approved by the CONFIS.

- the District's Finance Department establishes operational, debt service and investment spending limits for the upcoming year applicable to each covered entity under the budget, based on the information contained in the financial plan. Aggregate expenditure limits may be adjusted for an expenditure that has been justified by an entity, provided that sufficient revenues are available to cover the increased expenditure. Any such modification must be analyzed and approved by the *Dirección Distrital de Presupuesto* (District Budget Office), which is a part of the District's Finance Department.

- the District's Finance Department and the District's Department of Planning, together with legal representatives and officers of each entity of the District that is covered under the budgets and based upon the District's development plan, develop a *Plan Operativo Anual de Inversiones* (Annual Operating Investment Plan), which lists the District's proposed investment projects, categorized by sectors, programs and subprograms, detailing the costs of each and ranking them in order of priority. This plan is then approved by the CONFIS.

- legal representatives and officers responsible for the budget of each of the decentralized entities, prepare a draft annual budget with the District's Finance Department, in accordance with the District's established development plan, policy guidelines and spending limits. This draft is then submitted to the CONFIS for its approval.

- after approval by the CONFIS, the Mayor submits the draft budget to the District Council for its consideration and approval at its regular meetings in the November preceding the beginning of the related fiscal year. The draft budget must be approved by the District Council by the following December 10. If the District Council does not approve the annual budget on or before that date, the draft submitted by the Mayor will come into effect, subject to any modifications previously approved by the District Council.

Budget Revenues– Calculation

The District's revenues are composed of current revenues, transfers and capital revenues. Current revenues result from the collection of taxes, special contributions, fees and sanctions. Transfers consist of revenues received by the District from the Central Government or from certain other entities, including the National Royalties Fund, or in connection with the tax sharing regime. Capital revenues result from income on financial investments, dividends from the District's owned or affiliated companies and credit transactions, among others.

The District's Finance Department estimates the current revenues to be included in the District's budget by analyzing macroeconomic assumptions of the Central Government, medium and long-term economic prospects, and the relationship between tax collection and certain economic activities, among others. Revenues from transfers are estimated based upon the current tax sharing regime and are allocated as required to specific purposes in the education, health and social welfare sectors.

When estimating current revenues, the District is required to allocate certain revenues in accordance with applicable law and regulations. Currently, certain revenues derived from specific taxes and fees are specifically allocated for specific purposes such as local development, which are allocated 10% of total current revenues, environment conservation, which is allocated 15% of revenues from real estate taxes, sports and entertainment, which is allocated 1% of revenues from the industry and commerce tax, and expansion and maintenance of the District's transportation network, which is allocated 100% of the revenues from the gasoline surcharge.

Budget Expenditures—Calculation

Budget expenditures include appropriations, debt service and capital investments. Operating expenditures are appropriations allocated to fund the operations of each of the District's entities. Debt service appropriations are allocated to service internal and external debt, as well as liability management transactions. Investment appropriations are allocated to social welfare programs.

The estimate of budget expenditures involve several factors, including, the District's current development plan, the District's expenditure rationalization policies in effect and certain restrictions provided by applicable law, such as the prohibition of allocating over 50% of the freely disposable revenues to the District's operating expenditures.

Budget Execution

Budget execution comprises collection of revenues and their allocation to specified purposes included in the District's budget within spending limits established by the City Council. All spending by the District or its entities must be preceded by the issuance of a certificate of budgetary availability evidencing that there are sufficient budgetary appropriations to cover the planned expenditures and by a budgetary registry to ensure that the committed funds will not be allocated for other purposes. A public officer who authorizes an expenditure without complying with these requirements may incur fiscal, administrative and criminal liabilities.

The *Dirección Distrital de Tesorería* (District Treasurer's Office), which is an office of the District's Finance Department, performs all the functions and duties relating to revenue collection, cash management, investment management, payment of the District's obligations and the administration of the *Programa Anual Mensualizado de Caja* (Annual Monthly Cash Flow Program), which includes the management of debt service payments. This program is designed to effect payments in accordance with the District's budget and to determine the maximum monthly amount of funds available to meet budgetary obligations.

General Financial Situation of the District

Decentralization and Fiscal Adjustment

Under the decentralization policies of the Central Government, the District is responsible for providing basic social services (including healthcare and education). The Constitution provides that any delegation of responsibilities to local governments in connection with decentralization must be accompanied by corresponding transfers of resources to completely cover the costs of the delegated services. However, transfers from the Central Government to the District have not increased sufficiently to cover the costs of providing new services and making the investments necessary to improve the education and healthcare system. In addition, the National Congress is considering reforms to the current transfer system that may have an impact, in the medium and the long-term, on the growth rate of the District's investments for the provision of basic social services.

In order to curb expenditure growth at the territorial and local levels, the *Ley de Saneamiento Fiscal* (Fiscal Adjustment Law) imposes limits on the operating expenditures of territorial, municipal and district entities. These expenditures may not exceed a specified percentage of unrestricted current revenues. Since 2004, the operating expenditures of Bogotá have been limited to 50% of these revenues. However, in 2005 and 2006, the operating expenditures of Bogotá did not exceed 38.9% and 35.9%, of such revenues, respectively.

Summary of Revenues and Expenditures

From 2002 to 2006, current revenues of the District grew at an annual average rate of 12.1% in real terms, while Central Government transfers and current expenditures grew in real terms at average annual rates of 4.3% and 2.1%, respectively. Capital revenues (excluding indebtedness) increased steadily at an annual average rate of 25.2% in real terms per year. The increase in capital revenues has been primarily due to two capital reductions undertaken at EEB, increased interest earned on the District's investment portfolio and dividends distributed by District-owned companies. The District's positive current balance grew at an average annual rate of 11.7% in real terms during the 2002-2006 period due to an increase in local tax revenues and shared tax and non-tax revenues.

During this same period, District capital expenditures grew at an annual average rate of 17.9% in real terms. This increase reflects the concentration of resources allocated to public investment projects primarily due to increased investments in public infrastructure, such as the expansion of the *Transmilenio* transportation system, the construction and operation of educational and health facilities and programs aimed at combating poverty.

The following table sets forth a summary of the District's revenues, expenditures and balances for the years ended December 31, 2002 to 2006.

District Central Administration
Summary Financial Information

	At December 31,					
	2002	**2003**	**2004**	**2005**	**2006**	**2006**
		(in millions of 2006 constant pesos)				**(in millions of U.S. dollars)**
1. Current Revenues	2	2,	2,	2,	3,	1,418.7
a. Local Tax Revenues.......	1	2,	2,	2,	3,	1,355.6
b. Shared Tax and Non-Tax Revenues	79	84,	96,	112,	141,	63.1
2. Transfers	1	1,	1,	1,	1,	664.8
3. Current Expenditures........	887	842,	871,	913,	966,	431.5
4. Primary Balance (1+2-3) ..	2	2,	3,	3,	3,	1,652.1
5. Financial Expenditures	295	272,	333,	359,	369,	165.0
6. Current Balance (4-5)	2	2,	2,	3,	3,	1,487.1
7. Capital Revenues	865	562,	477,	1,	2,	950.4
8. Capital Expenditures.........	2	3,	3,	4,	5,	2,317.4
9. Total Balance (6+7-8).......	263	65,	268,	533,	268,	120.0
10. Cash Available[1]	262	338,	779,	1,	2,	906.9
11. Revenues with Specific Destination and Other Commitments	(644	(744,	(1,	(835,	(1,	(768.4)
12. Balance (10-11)	(381	(405,	(284,	190,	310,	138.5
13. Income to be Received (Reserves).....................	381	405,	284,	0	0	0
14. Fiscal Situation (12+13)	1	0	0	190,	310,	138.5
15. Debt Amortization	276	233,	307,	238,	441,	197.3
16. Budgetary results without Debt (9+14-15)................................	(13	(167,	(39,	485,	137,	61.2
17. Debt Revenues	167	292,	306,	426,	484,	216.5
a. Disbursed	39	25,	16,	365,	167,	74.7
b. Non-Disbursed...............	128	266,	290,	60,	317,	141.8
18. Final Budgetary Situation (16+17)...........	154	124,	267,	911,	621,	277.7

1 Cash available in the District Treasurer's Office at January 1 of each year does not equal the sum of cash available at the beginning of the previous year plus the overall surplus for the previous year because resources from borrowings and other resources derived from annual adjustments are not included in this table.

Source: District's Finance Department.

Revenues and Transfers

From 2002 to 2006, the District increased its revenues at an average annual rate of 14.1% in real terms. This was primarily due to the implementation of more efficient tax collection programs, capital reductions from EEB and dividends received from District-owned and – controlled companies. The District's revenues can be classified into three general categories, each of which is discussed below:

- current revenues, including local tax revenues and shared tax and non-tax revenues;
- transfers from the Central Government and other entities; and

- capital revenues, such as investment income, financial income, dividends received from the District's public entities and District-owned and -controlled companies and privatization proceeds.

Current Revenues

The District has two primary sources of current revenues:

- local taxes assessed and collected by the District; and
- shared tax and non-tax revenues, which include the District's share of taxes that are assessed and collected at the departmental and national levels, such as a global tax on gasoline and diesel fuel and a national cigarette consumption tax, and certain fees charged by Colombia or the District in connection with services each of these provides in Bogotá, such as document registration.

The following table sets forth a breakdown of the District's current revenues for the periods indicated.

Current Revenues of Bogotá

	At December 31,				
	2002	**2003**	**2004**	**2005**	**2006**
	(in millions of 2006 pesos)[1]				
A. Local Tax Revenues					
Industry, Commerce and Advertisement Tax	852,853	1,162,519	1,284,546	1,399,164	1,556,200
Real Estate Tax	516,173	538,998	587,452	614,618	639,928
Gasoline Surcharge	213,886	249,923	279,800	291,969	278,430
Beer Consumption Tax	197,757	203,384	206,825	214,977	222,890
Motor Vehicle Tax	95,900	130,764	162,407	187,840	208,996
Imported Cigarette Tax	25,799	23,814	21,390	20,056	19,904
Urban Permits Tax	15,858	28,122	35,786	31,333	66,002
Sports[1]	0	0	0	0	30,208
Gaming and Entertainment Tax	9,056	6,452	2,670	3,654	4,557
Other Tax Revenues	2,781	13,534	10,255	685	7,805
Total Tax Revenues	1,930,063	2,357,511	2,591,131	2,764,296	3,034,920
B. Shared Tax and Non-Tax Revenues					
Registration Fees	32,760	35,891	40,337	40,710	56,905
Global Tax on Gasoline and Diesel	11,670	13,059	16,112	19,023	22,079
Transit Rights	12,667	10,659	11,397	11,531	12,310
National Cigarette Consumption Tax	9,757	9,608	10,086	8,980	13,504
Surplus	0	0	1,318	11,224	11,401
Other Non-Tax Revenues	12,837	15,259	17,047	21,025	25,055
Total Shared Tax and Non-Tax Revenues	79,690	84,475	96,298	112,493	141,254
Total Current Revenues (A + B)	2,009,753	2,441,987	2,687,428	2,876,789	3,176,174

1 On May 30, 2007, the Administrative Court of Cundinamarca declared the sports tax illegal. The District filed an appeal on June 13, 2007. No assurance can be given that the judgment of the Administrative Court of Cundinamarca will be reversed by a higher court. If the judgment is not reversed, the District may have to reimburse taxpayers all amounts collected in connection with such tax.

The steady increase in the District's total tax collection was primarily due to increases in tax rates implemented during 2002, automatic adjustments in real estate valuations and improvements in tax collection systems. In addition, improvements in the profitability of businesses, higher levels of investment and improved overall economic performance of Bogotá have significantly contributed to the increase in the District's total tax collections.

Local Tax Revenues

Local Tax Revenues consist of revenues received, directly or indirectly, by the District as a result of a law, regulation or ordinance. Local Tax Revenues represented 41.7% of the District's total revenues for 2006. Five local taxes, the industry, commerce and advertisement tax, the real estate tax, the gasoline surcharge, the beer consumption tax and the motor vehicle tax, contributed approximately 95.8% of the District's Local Tax Revenues in 2006. During the 2002-2006 period, Local Tax Revenues increased at an average annual rate of 12.0% in real terms. However, it is estimated that between 8% to 12% of Local Tax Revenues are not collected by the District due to tax evasion.

The industry, commerce and advertisement tax is levied on gross revenues generated in Bogotá by companies and individuals operating in the industrial, retail, financial and services sectors. This tax contributed Ps. 1,556,200 million to the District in 2006, accounting for 51.3% of the District's total local tax revenues for that year. From 2002 to 2006, the revenues from the industry, commerce and advertisement tax collected by the District averaged 49.0% of total Local Tax Revenues. Receipts from this tax increased in real terms by an average of 16.2% per year during the same period. While national legislation allows Bogotá to apply a maximum tax rate of 3.0%, the District's current rates for the industry, commerce and advertisement tax range between 0.4% and 1.1%. The bimonthly collection of the industry, commerce and advertisement tax from certain taxpayers introduced in 1993 has been a significant factor in the increase of revenues from this tax, along with the increase in the tax rates introduced in 2002. In addition, the withholding system implemented in 1998 and further developed in 2002 has contributed to a more efficient collection of this tax.

The real estate tax is based on the value of real estate located within the District. Real estate tax collections amounted to Ps. 639,928 million and accounted for 21.1% of the District's total local tax revenues in 2006. From 2002 to 2006, the District's revenues from the real estate tax increased in real terms by an average of 5.5% per year due to revaluations in the value of real estate property conducted by *Unidad Administrativa Especial de Catastro Distrital* (District's Real Estate Office), the implementation in 2001 of an automatic revaluation index, which is applied to real estate not reassessed by the District's Real Estate Office, and to reductions of discounts previously offered for early payment of real estate taxes.

Under Colombian law the District may set the real estate tax between 0.1% and 1 .6% (3.3% for certain properties) of the assessed value. Currently, the District's rates range between 0.2% and 1.6% (3.3% in the case of certain properties). In 2003, the District Council passed an ordinance that simplified the real estate tax structure, which gave taxpayers a better understanding of the real estate taxes payable. The real estate tax is payable between January and July of each year, with discounts of up to 10% for early payment.

In 2007, the District's Real Estate Office reversed the revaluations made in 2006 to be applied for 2007 due to corruption allegations and contractual breaches by the independent real estate assessors hired by the District. As a result, revaluations of 99.0% of real estate properties were made by using the automatic revaluation index, which resulted in revaluation increases ranging from 5.9% to 11% depending upon the property's value. The District does not expect this to have a material impact on its revenues.

The surcharge on gasoline consumption is levied at the pump on the sale of all gasoline within the District. In 2003, the surcharge on gasoline was increased to the current rate of 25% from 20% in 2002. The surcharge amounted to Ps.278,430 million and accounted for 9.2% of the District's total local tax revenues in 2006. Over the 2002-2006 period, receipts from this surcharge increased in real terms at an average rate of 6.8% per year. In 2006, the revenues collected from the surcharge decreased by 4.6%. This was due to a reduction in gasoline consumption caused by increasing international oil prices and the availability of cheaper energy resources. The District believes that the revenues generated by the surcharge may decrease further. Pursuant to a municipal ordinance, the District currently allocates 50%, or Ps. 170,000 million, of the revenues from this surcharge to the *Transmilenio* transportation system and 50% to road maintenance. In case the District, is unable to fund sufficiently the

Transmilenio transportation system out of the funds collected under the surcharge, then pursuant to an intergovernmental agreement, the District will be liable to the Central Government for the shortfall until 2016.

The beer consumption tax is collected from beer producers and importers operating within the District, based on the wholesale price of beer sales to distributors. The tax collected amounted to Ps. 222,890 million and accounted for 7.3% of the District's total local tax revenues in 2006. Receipts of this tax increased in real terms at an average of 3.0% per year over the 2002-2006 period. The tax rate is 48% for beer (of which 8% is transferred directly to the National Health Fund (*Fondo Nacional de Salud*)) and 20% for beer that is mixed with any non-alcoholic beverage.

The motor vehicle tax is collected from car owners. The tax contributed Ps. 208,996 million and accounted for 6.9% of the District's total local tax revenues in 2006. Receipts of this tax increased in real terms at an average of 21.5% per year over the 2002-2006 period. The tax rate is between 1.5% and 3.5%, depending on the value of the vehicle.

The District's Finance Department, through the District Office of Taxation, is responsible for supervising and enforcing the District's taxes.

Shared Tax and Non Tax Revenues

Shared Tax and Non-Tax Revenues consist of revenues from sources other than local taxes assessed by the District that in 2006 accounted for approximately 4.4% of the District's current revenues. They include, among others, the District's share of certain taxes levied by Colombia and the Department of Cundinamarca, such as a diesel fuel surcharge, Bogotá's share of the national cigarette consumption tax, the District's share in registration fees charged by the Central Government for the filing and registration of contracts, public documents and other items with the Bogotá chamber of commerce and the office of public documents and fees charged for services provided by the District.

These Shared Tax and Non-Tax Revenues increased steadily during the last five years due to the continuing improvement of the Colombian economy and new revenues like surplus and shared value-added tax implemented in 2004. During 2002-2006, the Shared tax and non-tax revenues increased at an average annual rate of 15.4%.

Transfers

Transfers are funds received by Bogotá from the Central Government and certain national entities. These transfers represent the District's share of the Central Government's current revenues, as well as other transfers, such as those from the National Royalties Fund (*Fondo de Regalías*) and cofinancings. During the 2002-2006 period, transfers from the Central Government have represented an average of 27.8% of the District's total revenues.

The transfers regime is set forth in the Constitution and has been amended in 1993, 2001 and 2007 by Constitutional amendments.

Since 2001, transfers are distributed to municipalities through the *Sistema General de Participaciones* (General System of Participations, or "GSP") that sets certain criteria for the ultimate use of the funds. For example, funds for education and healthcare are allocated based upon the number of people receiving and needing such services, the breakdown between urban and rural population in each locality, the relative administrative and fiscal efficiency of local governments and various equitable factors. Transfers for other purposes are allocated mainly based on the same factors, as well as the relative level of poverty in the applicable area. According to the GSP, 58.5% of the transfers must be allocated to education, 24.5% to health and 17.0% to general purposes. The funds allocated to general purposes have an internal distribution that could be changed if the District satisfies certain levels of coverage in the provision of social services or utilities where the transfers should be invested.

Historically, Bogotá receives on average 9.0% of the total transfers resulting from the GSP.

According to applicable law, transfers were expected to increase at a rate equal to Colombia's national rate of inflation plus 2.0% for each year from 2002 to 2005 and at a rate equal to Colombia's national rate of inflation plus 2.5% for each year from 2006 to 2008. In addition, in the event that the annual growth of Colombia's GDP exceeds 4.0% in real terms in any year, the rate applicable to the GSP transfers would be increased by such amount exceeding 4.0%, less any amount that the Central Government had to distribute when the real annual growth of Colombia's GDP was insufficient to finance the increases stipulated by the GSP during the transition period.

Congress recently passed a Constitutional Amendment reforming the current transfer system. This reform could lead, in the medium and long-term, to a decrease in the growth rate of the District's expenditures in basic social services such as health, education, safe drinking water and other basic needs. The Constitutional Amendment to the transfer system includes the following reforms: (i) at least 17.0% of the transfers to the GSP must be allocated to municipalities with a population not exceeding 25,000 inhabitants and focused on programs aimed at addressing the needs of impoverished people; (ii) territorial entities can change the allocation of transfers when they have achieved the coverage targets for public utilities and social welfare; (iii) transfers will increase in accordance to Colombia's CPI plus 4% from 2008 to 2009, 3.5% for 2010 and 3.0% from 2011 to 2016; (iv) if real GDP growth of the Colombian economy exceeds 4.0%, transfers to the GSP will be increased by the amount exceeding 4.0%. All amounts in excess of 4.0% will be allocated to programs aimed at addressing the needs of children; and (v) the education sector will receive additional transfers of 1.3% in 2008 and 2009, 1.6% in 2010 and 1.8% from 2011 to 2016. It is expected that President Uribe will enact the Constitutional amendment during the coming months.

When non-renewable natural resources such as oil and gas are exploited in Colombia, the Central Government collects royalties from the companies exploiting the relevant natural resource. A portion of those royalties is transferred by the Central Government to the department, district or municipality in which the natural resource was extracted, while the remainder is deposited in the National Royalties Fund. The resources of the National Royalties Fund are distributed to Bogotá, other departments, districts and municipalities to be used in connection with mining activity, protection of the environment and regional investment projects. Bogotá currently uses transfers received from the National Royalties Fund to finance projects such as the clean-up efforts of the Bogotá River and the construction of public libraries.

Bogotá obtains additional transfers by entering into cofinancing agreements with national entities to jointly fund certain social projects. For example, the District's Administrative Department of Social Welfare (currently known as the District's Department of Social Integration) entered into an agreement with Colombia's *Instituto Colombiano de Bienestar Familiar* (Colombian Institute of Family Welfare) under which the District and the *Red de Solidaridad Social* (Social Solidarity Net) will co-fund the Elderly Revival Program. The level of transfers received through these cofinancings has decreased in recent years, as national legislation has begun to discourage such arrangements.

The following table details the transfers to Bogotá from the Central Government and certain entities for the years indicated.

Transfers to Bogotá
2002-2006

	At December 31,				
	2002	2003	2004	2005	2006
	(in millions of pesos[1])				
1. Transfers from the Central Government	1,243,182	1,359,055	1,352,524	1,436,049	1,473,927
1.1. GSP	1,220,835	1,356,163	1,350,568	1,425,762	1,457,337
- Education	769,178	822,723	861,796	905,665	918,310
- Health	306,111	332,001	337,637	367,580	382,747
- General Purpose[2]	141,220	196,698	146,204	147,495	151,135
- School-subsidized Meals	4,326	4,741	4,931	5,021	5,145
1.2. National Royalties Fund	15,848	1,375	0	0	574
1.3. Cofinancing[3]	4,840	489	0	0	0
1.4. Other Transfers from the Central Government[4]	1,658	1,027	1,957	10,287	16,016
2. Transfers from District Entities	1,675	788	1,053	948	1,636
3. Other Transfers	12,848	24,739	13,344	11,919	12,893
Total Transfers (1+2+3)	1,257,704	1,384,583	1,366,921	1,448,916	1,488,456

1 In constant 2006 pesos.
2 General Purpose includes seventeen programs, among others, elderly housing, safe drinking water and drug rehabilitation.
3 Cofinancing includes social welfare programs receiving funds from the District and the Central Government.
4 Other Transfers from the Central Government include, among others, transfers resulting from intergovernmental agreements such as the agreement between the *Instituto Colombiano de Bienestar Familiar-ICBF* and the Administrative Department of Social Welfare and transfers for attending vulnerable population.
Source: District Treasurer's Office.

The transfers from the GSP represent the most significant transfers received by the District, representing 97.9% in 2006. During this period, the transfers from the GSP were allocated amongst the following sectors: education (63.0%), healthcare (26.3%), general purposes (10.4%) and school-subsidized meals (0.3%).

In 2006, Other Transfers from the Central Government amounted to Ps. 16,016 million, which were allocated as follows: Ps. 695 million to a program for childcare; Ps. 5,725 million for the construction of daycare centers; Ps. 3,000 million to an education program sponsored by the District's Department of Education and the Ministry of Education; and Ps. 6,597 million from the National Budget to a program directed at the needs of the most underprivileged.

During the 2002 and 2006 period, Other Transfers from the Central Government have significantly increased as a result of the Central Government's interest in the social welfare projects being developed in the District.

Expenditures

Since 2002, the District's total expenditures have increased at an average annual rate of 13.8% in real terms largely as a result of the increase in capital expenditures for social welfare programs.

In 2006, the total expenditures of the District increased to Ps. 6,965,425 million from Ps. 5,569,367 million in 2005, due to an increase in debt service (payment of the total principal on the external notes issued in 2001) and capital expenditures.

In 2006, capital expenditures represented 74.5% of the District's total expenses due to increased expenditures for implementing the District's educational, cultural and social welfare programs. Capital expenditures as a percentage of total expenses have increased at an annual average rate of 3.7% during the 2002-2006 period.

Capital Expenditures as a Percentage of Total Expenses
2002-2006

2002	2003	2004	2005	2006
64.8%	70.4%	66.9%	70.1%	74.5%

Source: District's Finance Department.

The following table sets forth the total expenditures of the District for the periods indicated.

Summary of Expenditures of Bogotá
2002-2006

	At December 31,				
	2002	2003	2004	2005	2006
	(in millions of pesos[1])				
Current Expenditures	887,871	842,283	871,146	913,347	966,018
Debt Service	572,394	505,754	641,066	597,524	811,124
Investments	2,686,149	3,209,473	3,058,237	4,058,495	5,188,283
Total Expenditures	4,146,414	4,557,510	4,570,449	5,569,367	6,965,425

1 In constant 2006 pesos.
Source: District's Finance Department.

Current Expenditures

Current expenditures include personnel costs, goods and services, District contributions to employee pension funds, provisions for severance payments and operating transfers from the central administration of the District to decentralized entities. Current expenditures also include certain other transfers, such as transfers to the *Fondo de Compensación Distrital* (District Compensation Fund) and the *Fondo de Pensiones Públicas* (Public Pension Fund), as well as to other public entities in the District for debt service purposes. Bogotá's current expenditures increased in real terms by an average of 2.1% per year from 2002 to 2006 due exclusively to significant growth in 2005 and 2006 under the current administration's investment program.

The following table sets forth the current expenditures of the District for the periods indicated.

Current Expenditures
2002-2006

	At December 31,				
	2002	2003	2004	2005	2006
	(in millions of pesos[1])				
A. Operating Expenditures	387,381	371,717	382,407	407,536	426,901
Personnel Costs[2]	251,908	235,077	242,925	253,696	263,279
General Expenditures	61,159	64,187	64,757	74,860	80,622
Employer Contributions[3]	74,314	72,453	74,724	78,980	83,000
B. Operating Transfers[4]	500,224	470,318	488,144	505,269	538,884
C. Payable Liabilities	266	248	596	542	233
Total Current Expenditures (A+B+C)	887,871	842,283	871,146	913,347	966,018

1 In constant 2006 millions of pesos.
2 Personnel costs include wages paid to District employees and other wage-related expenses, but do not include the wages and related expenses of the District's school and hospital employees, which are treated as capital expenditures in the 2002 to 2006 period.
3 Employer Contributions are contributions that the District is required by law to make on behalf of each employee.
4 Operating Transfers correspond to those funds transferred by the District to fund certain of its related entities and to pay liabilities assumed by the District after the liquidation of certain entities.

Source: District's Finance Department.

Total current expenditures grew at an annual average rate of 2.1% during the 2002-2006 period due to an annual average increase in general expenditures of 7.2%, an annual average increase in employer contributions of 2.8% and an annual average increase in personnel costs of 1.1%.

Employees

At March 31, 2007, the central administration of the District, together with its public entities (*Establecimientos Públicos*) (but excluding commercial and industrial companies owned and controlled by the District as well as the District's school and hospital employees) had 10,905 employees compared with 10,284 employees at December 31, 2006. From 2002 to 2006, the number of employees rose from 8,718 to 10,284, with employees of the Central Administration increasing from 7,279 to 8,029 and the number of other public employees increasing from 1,439 to 2,255.

The following table shows the employees of the District's central administration and its public entities as of the dates indicated.

Employees of Bogotá
2002-2006

	At December 31,					At March 31,
	2002	2003	2004	2005	2006	2007
Central Administration	7,279	8,061	8,055	8,025	8,029	8,021
Other Public Employees	1,439	2,263	2,265	2,262	2,255	2,884
Total	8,718	10,324	10,320	10,287	10,284	10,905

Source: District's Finance Department.

Most of the District's employees are classified as "administrative employees" and are hired through competitive exams, and their retention and promotion is based on their job performance. District executives and directors are appointed by the Mayor and may be dismissed at will. The District Council establishes general guidelines for wages and benefits of District employees based on job category, seniority and other factors. The Mayor determines the raises granted to central administration employees, subject to the limits set forth in applicable regulations. Additional wages and other benefits may be negotiated and agreed between the District and various labor unions in collective bargaining agreements on behalf of a very small number of District's employees in the construction and public works sector. Currently, a District's employee salary is composed by the basic wages, several premiums, extra time, weekend or holiday surcharges, and night surcharges, among others. Salary increases take place once a year.

In 2007, the salary increases for central administration employees was determined in accordance with the number of minimum monthly wages that compose the relevant salary of each employee. As a result, increases ranged from 4.5% for employees whose salary exceeded 4.5 times the minimum monthly wage to 7.0% for employees whose salary was less than 1.8 times the minimum monthly wage. The legal minimum monthly wage is determined by the Central Government by decree on a national basis. In 2007 the minimum monthly wage amounts to Ps.433,700.

As allowed by the District's budgetary principles, the wages and related expenses of Bogotá's school and hospital employees are not included in administrative employees but are accounted for as capital expenditures in the District's accounts. In 2006, 85.2% of these expenses were financed with Central Government transfers and the remaining 14.8% were funded with the District's own resources.

Approximately one-third of the District's employees are members of local or national labor unions, including, among others, the Union of District's Employees and unions formed by employees of different sectors such as healthcare and education services. The District's employees are prohibited by law from striking. If the District and a union fail to reach an agreement, both sides must submit to binding arbitration. The relationship between the District and the unions is governed by the *Acuerdo Colectivo Marco de Relaciones Laborales* (General Agreement on Labor Relationships), as amended, which provides for the rights and obligations of the District's employees.

By law, District employees are entitled to lump sum payments ("indemnities") in the event their employment is terminated by the employer without just cause, as well as pension benefits payable by the District to those employees who worked for the District prior to 1995 and who retire after at least 20 years of service after reaching a determined retirement age (for most employees, 55).

Pension Liabilities

In 1995, the District established the *Fondo de Pensiones Públicas de Bogotá D.C.* (Public Pension Fund), which replaced the District's former pension fund (*Caja de Prevision Social del Distrito*) which managed pension funds and the payment of pensions to the District's retirees. Under Colombian law, the District is not responsible for payment of pensions to the employees of its decentralized entities, such as EEB, *Empresa de Acueducto y Alcantarillado de Bogotá*, *Empresa de Telecomunicaciones de Bogotá S.A.*, the Botanic Garden and the District University, and the respective pension liabilities are not included in the District's central administration total pensions estimate. However, the District has assumed in certain cases the pension liabilities of entities that were liquidated.

Until January 1, 2007, the District's finance department was responsible for managing the District's pension system. Thereafter, the management of the pension system was assumed by the *Fondo de Prestaciones Económicas, Cesantías y Pensiones* – FONCEP, an independent entity which was formerly the *Fondo de Ahorro y Vivienda Distrital*.

In 2001, the Public Pension Fund created a trust to pay the pension liabilities and manage a reserve for future pension liabilities. In the same year, a consortium formed between the Colombian trust companies *Fiduciaria La Previsora S.A.* and *Fiduciaria Cafetera S.A.* was hired to manage the Public Pension Fund. Since 2005, *Fiducolombia* is also part of the consortium.

At May 31, 2007, the District's pension reserves in the Public Pension Fund was Ps. 580,307 million.

The *Fondo Nacional de Pensiones de las Entidades Territoriales,* established in 1999 (Territorial Pension Fund, or "FONPET"), is responsible for receiving the mandatory savings of each territorial entity of Colombia in order to cover its respective pension liabilities. According to the law that created the FONPET, each territorial entity must, over a 30-year period, fully fund its expected pension liabilities. The District is required to contribute to the FONPET 15% of the net proceeds of any sales (including capital stock sold by the District) of the District's assets and 20% of its collections of registration fees. The FONPET is administered by the Central Government and the District will only be able to withdraw funds from it to the extent its pension liabilities are fully funded.

At May 31, 2007, the total pension reserves of the District amounted to Ps. 1,121,722 million, including the reserves available in FONPET and those of the Public Pension Fund. The total pension reserves in the Bogotá Public Pension Fund amounted to 19.8% of the District's pension liability.

An important component of the District's pension liabilities are the pension bonds (*Bonos Pensionales*). The pension bonds are securities issued by the District, representing the pension contributions made by workers affiliated to the *Caja de Prevision Social,* the District's social security and pensions entity, before its liquidation in 1995. After the liquidation of *Caja de Prevision Social,* each of the workers affiliated with such entity had the option of enrolling in the national social security and pensions system *(Seguro Social*) or in the private system. In order to ensure that the funds that each District's employee had at the pension accounts in the *Caja de Prevision Social* could be transferred to the pension funds chosen by the District's workers formerly affiliated with *Caja de Prevision Social*, the District issued the pension bonds, which are securities representing those funds. These bonds are issued to the relevant pension fund as required for it to meet its pension payment obligations becoming due because the pensioner has complied with the pension requirements established by law. The pension bonds have four series with different features depending on the pension funds in which the relevant worker is enrolled (e.g. public or private) or of the nature of employment (e.g. Congressman or Ecopetrol worker). The series of pension bonds issuable to private funds are negotiable in case of early pension events.

The pension bonds accrue interest at a CPI- based floating rate plus a margin ranging from 3.0% to 4.0% per year. The pension bonds mature on the date in which pension payments are due to the relevant pensioner. They can also be redeemed early in case of permanent disability or death. The District estimates that at April 30, 2007 the value of the pension bonds was Ps. 3,104,509 million, which represented 55.4% of the total District's pension liabilities.

The District expects to fund 100% of its current pension liabilities by 2015. An actuarial study conducted in April 30, 2007 estimated the net present value of the District's pension liability to be Ps. 5,600,000 million.

Operating Transfers

Operating transfers include transfers from the central administration of the District to public entities and District-owned or -controlled companies to partially fund their operating deficits, as well as transfers to the District Compensation Fund and the Bogotá Public Pension Fund. In addition, although the District generally is not responsible for the payment of the debts of public entities or District-owned or -controlled companies, the District from time to time transfers resources to those entities or companies so that they may meet their debt service obligations. Operating transfers increased at an average annual rate of 1.9% over the period from 2002 to 2006, all of which increase occurred in 2005 and 2006.

The following table sets forth the operating transfers that the District's central administration has made to entities of the District's decentralized sector for the periods indicated.

Operating Transfers of Bogotá
2002-2006

	At December 31,				
	2002	**2003**	**2004**	**2005**	**2006**
	(in millions of pesos[1])				
Public Pension Fund	193,448	187,785	210,292	219,137	220,982
Public Lighting Service	107,481	89,554	82,355	89,607	99,230
District Comptroller's Office	52,159	49,299	50,960	51,932	56,462
Francisco José de Caldas District University	75,254	79,682	84,636	82,104	82,620
Urban Development Institute – IDU	5,765	25,082	27,463	28,909	28,796
Institute for the Protection of Children and Youth IDIPRON	5,765	5,518	6,076	5,877	6,575
District Institute for Culture and Tourism IDCT	8,187	7,912	7,294	7,662	8,729
Philharmonic Orchestra of Bogotá	10,249	8,852	8,090	8,203	11,480
Health Financial Fund	817	0	0	0	380
Surveillance and Security Fund	0	0	756	1,089	1,401
Other entities	41,099	16,633	10,221	10,750	22,230
Total Operating Transfers	**500,224**	**470,318**	**488,144**	**505,269**	**538,884**

[1] In constant 2006 millions of pesos
Source: District's Finance Department.

Financial expenditures

Financial expenditures include interest payments, commissions and other expenses related to the District's debt service.

The following table sets forth the financial expenditures of the District for the periods indicated.

Financial Expenditures of Bogotá 2002-2006

	2002	2003	2004	2005	2006
	At December 31, (in millions of pesos[1])				
1. Financial Expenditures	213,043	195,204	223,465	248,436	245,734
Internal Debt	150,134	133,028	141,528	146,923	149,909
External Debt	62,909	62,177	81,936	101,513	95,825
2. Other Financial Expenditures	82,636	76,991	109,742	110,674	123,675
Transfers to *Fondo Nacional de Pensiones Territoriales –Fonpet*	6,224	7,316	7,860	7,978	9,576
Debt Service Transfers, Public and Other Entities	24,500	20,903	16,984	7,254	11,246
Pension Bonds	51,912	48,772	84,898	95,442	102,852
Contingent Liabilities	0	0	0	0	0
Total Financial Expenditures (1+2)	295,679	272,195	333,207	359,110	369,409

1 In constant 2006 pesos.
Source: District's Finance Department.

Total financial expenditures increased steadily during the 2002-2006 period, at an annual average rate of 5.7% in real terms. This increase was primarily due to an 11.1% increase in real terms in external debt expenditures due to the repayment of the notes issued by the District in 2001 and a 18.6% increase in real terms in pension bond expenditures during the 2002-2006 period.

Capital Revenues and Capital Expenditures

Capital revenues consist of revenues that the District receives from investment income, financial income and dividends received from the District's public entities and District-owned or -controlled companies and privatization proceeds. The following table sets forth the capital revenues of the District for the periods indicated.

Capital Revenues of Bogotá 2002-2006

	2002	2003	2004	2005	2006
	At December 31, (in millions of pesos[1])				
A- Budget Surplus[2]	5,096	3,003	33,516	210,297	948,163
Fiscal Surplus[3]	0	0	0	190,538	310,020
Accounts Payable	5,096	3,003	33,516	19,759	638,143
B- Financial Income	57,454	86,529	86,412	159,405	172,502
C- Financial Income and Dividends from Public Entities and Companies	572,451	258,906	329,692	358,814	362,209
D- Capital Reduction	172,615	0	0	445,197	388,362
E- Other Capital Revenues[4]	57,764	214,536	27,447	365,209	256,585
Total Capital Revenues (A+B+C+D+E)	865,381	562,974	477,067	1,538,921	2,127,821

1 In constant 2006 pesos.
2 Budget Surplus corresponds to the difference between the amount the District budgeted and the actual amount expended.
3 Fiscal Surplus corresponds to the year end balance resulting from subtracting accounts payable, income with specific destination and budgetary reserves from cash available at treasury at year end.
4 Other Capital Revenues include: revenues from asset auctions, dividends, contract liquidation, bond placement premiums, judicial awards, and budgetary adjustments resulting from differences between budgeted income and collected income.
Source: District's Finance Department.

In 2006, the budget surplus increased 351.0% in real terms when compared to 2005. Other capital revenues also increased from Ps. 27,447 million in 2004 to Ps. 365,209 million in 2005. These increases were primarily due to a reclassification as other capital revenues of amounts classified as budgetary reserves in order to comply with the requirements set forth by Law 819, 2003, which provided for the implementation of certain measures aimed at improving the fiscal management of the Central Government and territorial entities, including the District. In 2006, the amounts initially reclassified as other capital revenues were again reclassified as accounts payable which resulted in a significant variation in such account from Ps. 19,759 million in 2005 to Ps. 638,143 million in 2006. This reclassification as accounts payable of certain amounts classified as other capital revenues was due to a reinterpretation of Law 819, 2003 made in order to comply with the accounting rules applicable to the District. In 2006, other capital revenues did not include budgetary reserves but included certain revenues received from the Central Government as income with specific destination.

During the period from 2002 to 2006, financial income increased at an annual average rate of 31.6% almost all of which was attributable to an increase in 2005 and 2006. In 2005, the investment income increased significantly to 84.5% compared to 2004. In 2006, investment income increased 8.2% in real terms compared to 2005. These increases were primarily due to the increase in the District's investment portfolio.

In 2003, Financial Income and Dividends from Public Entities and Companies decreased 54.8% compared to 2002. This decrease was primarily due to a decrease in the dividends received from public entities, mainly ETB. Since 2003, the amounts received for financial income and dividends from public entities and companies have been primarily attributable to dividends paid by EEB and ETB.

At December 31, 2006, the District recorded revenue of Ps. 157.971 million resulting from a capital reduction in the EEB. These capital reductions from the EEB were also recorded in 2002 and 2005. In 2006, the budget expended included Ps. 230.391 million, which were received in 2005 but were included in expenditures in 2006. In 2006, other capital revenues decreased 29.7% compared to 2005 as a result of the reclassification of budgetary reserves. Other capital revenues increased in 2004 compared to 2003, also as a result of the reclassification of budgetary reserves.

Capital expenditures

Capital expenditures are those investment expenditures that the District incurs for the social, cultural and economic development of Bogotá.

The following table sets forth the capital expenditures of the District for the periods indicated.

Capital Expenditures 2002-2006
At December 31,

	2002	2003	2004	2005	2006
			(in millions of pesos[1])		
Education	1,083,786	1,121,433	1,204,799	1,441,699	1,677,756
Health	483,638	482,324	489,042	682,795	741,326
Transportation	253,624	319,387	239,237	308,451	582,680
Social Integration	167,640	198,544	222,048	281,876	361,003
Entertainment	41,112	61,638	71,421	68,803	106,202
Other Sectors	263,456	595,087	321,337	468,295	572,043
1. Direct Investments and Investment Transfers[2]	2,293,256	2,778,413	2,547,884	3,251,919	4,041,012
2. Other Investments[3]	392,893	431,060	510,353	806,577	1,147,271
Total Investments (1+2)	2,686,149	3,209,473	3,058,237	4,058,495	5,188,283

1. In constant 2006 pesos.
2. Includes direct capital expenditures of the central administration, and aggregate capital expenditures made by the District's decentralized entities with funds transferred by the central administration of the District.
3. Transfers to companies, *Fondos de Desarrollo Local*, *Corporación Autonóma Regional* and budget reserves, among others.

The majority of capital expenditures made by the District have been in the education, health and social welfare areas. The District's major capital projects include:

- improvements to the public administration infrastructure (amounting to Ps. 434,554 million during the 2004-2006 period);

- transportation infrastructure and related improvements to the District's mass transit system (*Transmilenio*) (amounting to Ps. 1,088,419 million during the 2004-2006 period). See "—Services Provided by the District—Other Services Provided by the District's Decentralized Sector—Transportation":

- the expansion of the District's educational system, especially in economically marginal areas (amounting to Ps. 341,394 million during the 2004-2006 period). See "—Services Provided by the District—Education" below;

- construction and improvements to parks and cultural infrastructure (amounting to Ps. 136,802 million); and

- construction and improvements to water distribution and sewage systems (amounting to Ps. 622,139 million).

The District's development plan contemplates capital expenditures amounting to approximately Ps. 21,892,725 million during the 2004-2008 period. These expenditures are expected to be allocated among the four following areas: (i) social development, which is focused on implementing programs aimed at dealing with problems affecting the most vulnerable sectors of the population, including children, young people and women. These programs include, among others, *"Bogotá Sin Hambre"* ("Bogotá Without Hunger") which focuses on reducing nutrition problems of the District's population; "*Más y Mejor Educación"* ("More and Better Education"), the main focus of which is to increase the education coverage in the District; and *"Salud para la Vida Digna"* ("Healthcare for a Dignified Life"), the main focus of which is to increase the health coverage in the District; (ii) urban development, the main focus of which is urban planning, infrastructure development, productivity and competitiveness; (iii) social reconciliation, which the focus is on improvement in areas such as security, justice, decentralization, human rights, risk prevention and emergencies; and (iv) public management, which seeks to improve the District's organization and management in order to increase the efficiency of the public administration. The development plan allocates the capital expenditures in each of the above mentioned areas as shown in the table below:

Program	**Expected Capital Expenditures[1]**	**Percentage of Allocated Funds**
Social Development..............................	Ps. 13,061,137	60.0%
Urban Development..............................	Ps. 7,371,466	34.0%
Social Reconciliation............................	Ps. 759,728	3.0%
Public Management	Ps. 700,394	3.0%
Total	Ps. 21,892,725	100%

1 In constant 2006 millions of pesos.

Services Provided by the District

The District is responsible for local services such as electricity, transportation, water, sewage and solid waste collection and disposal, and local public transportation services. In recent years, as government decentralization has progressed, the District has concentrated on improving the education sector, providing healthcare and other social services, improving the transportation infrastructure and managing public housing programs. Bogotá conducts a number of these services through public agencies, District-owned and -controlled companies, private companies and companies owned or controlled in part by the District and in part by the private sector.

Education

The Department of Education is responsible for pre-school, primary and middle-school education in the District. Its responsibilities include monitoring and improving the quality and coverage of education in the District and setting the District's educational policy and development plan. In addition, the Department of Education organizes and supervises educational services provided by public and private entities and approves the creation and operation of private preschools and primary and middle schools in the District. The District has approximately 15.0% of the total student enrollment of Colombia (approximately 11.0% of the public school enrollment and 36.0% of the private school enrollment). In the District, of those residents age 15 or older, the average number of years of education received is 10.5, compared to the national average of 7.8 years.

At December 31, 2006, Bogotá had 2,722 primary and secondary schools, 362 of which were operated by the Department of Education. In addition, Bogotá had 108 post-secondary institutions, including 29 universities. Of the 29 universities, 6 were public institutions (5 of which were operated by the national government and one of which was operated by the District) and 23 were private. The District also has a public library system comprised of 3 strategically located major libraries, 6 local libraries and 10 neighborhood libraries.

The following tables detail the educational institutions in Bogotá at December 31, 2006.

Educational Institutions in Bogotá
at December 31, 2006

Type of Institution	Public	Private	Total
Primary and Secondary Schools............	362	2,360	2,722
Higher Education	17	91	108
Total	379	2,451	2,830

Source: District Department of Education

The District's administration recognizes that improvement of educational standards is a prerequisite to achieving sustained economic growth and increases in productivity and achieving greater equality in the distribution of wealth. The principal challenge in the District's education sector, in addition to obtaining resources to invest in education infrastructure, is to effectively allocate those resources in order to improve the quality and effectiveness of the educational system and to prepare students adequately for the demands of the workplace.

Capital expenditures on education totaled Ps.6,529,473 million, in constant 2006 pesos, during the 2002-2006 period. These expenditures increased from Ps.1,083,786 million in 2002 to Ps.1,677,756 million in 2006 at an annual average rate of 11.5% in real terms.

The District's capital expenditures on education infrastructure, together with an expanded system of subsidies, have resulted in 147,164 additional students receiving publicly funded education in 2006 as compared to 2002.

The District's education plan for the 2004-2008 period contemplates capital expenditures amounting to approximately Ps. 6,400,000 million in order to improve the education system by, among others, constructing new facilities, improving existing facilities, increasing education coverage, training teachers, and developing school nutrition programs. At December 31, 2006, the District had accomplished the following objectives:

- construction of 38 schools in neighborhoods with high demand for education;

- improvement and remodeling of 600 school facilities;
- development of school nutritional programs in 48 schools;
- having 1,800 school teachers with English proficiency;
- a total of 3,265 students who received tuition subsidies and university scholarships;
- 28,800 new places in public schools and 124,425 new places in private schools pursuant to agreements with the District; and
- 5,000 new school places for handicapped people.

Notwithstanding the advances made during the past few years, approximately 119,673 impoverished school age children and adolescents in Bogotá remain in need of schooling. The District's Department of Education plans to create 178,900 additional places in the educational system during the 2004-2008 period, directed towards the lower income population, to meet the District's goal to have 60.3% of the school age population in Bogotá be enrolled in school by 2008. The District has 25 schools operated under concession agreements by private non-profit organizations specializing in education. These organizations are required to meet strict standards and qualifying institutions receive a fixed sum per student from the District.

The *Universidad Distrital Francisco José de Caldas* is an independent, publicly financed university located in the District. At December 31, 2006, the university had a total enrollment of 24,980 students. The university's principal revenues are derived from tuition, transfers from the District and from other sources, such as the Central Government grants. Because the university is intended to provide affordable college and graduate education to low-income students, tuition revenues are minor compared to the District's transfers. In 2006, Ps. 93,761 million (73.8%) of the university's funding consisted of transfers from the District's central administration, Ps. 10,466 million (8.2%) consisted of transfers from the Central Government, Ps. 22,882 million (18.0%) consisted of tuition fees, and the remainder consisted of capital resources and other income.

Healthcare Services

The District provides three categories of healthcare services: healthcare services provided to low-income residents affiliated with the *Sistema de Identificación de Beneficiarios de Servicios Sociales* (System for the Identification of Beneficiaries of Social Programs, or "Sisben"), healthcare services provided to low-income residents not affiliated with Sisben and public healthcare services. The District has a hospital system supervised by the *Secretaría Distrital de Salud* (Department of Health) comprised of 22 hospitals with a total of 1400 beds at December 31, 2006. In addition, the District has numerous primary care units in charge of providing basic health services. The District's health system includes the following entities: *Promotoras de Salud* (Health Promoters), which are public and private entities that manage the contributory regime; *Instituciones Prestadoras de Servicios de Salud* (Providers of Health Services), which are public and private hospitals and clinics that provide health services; *Administradoras de Régimen Subsidiado* (Subsidized Regime Managers), which are private entities that manage subsidized healthcare services, i.e., services to residents affiliated with Sisben; and the *Fondo Financiero Distrital de Salud* (District Health Financial Fund), a District public entity in charge of managing the financial resources invested by the District in healthcare services.

Social Welfare

Bogotá runs a number of social welfare programs through the Department of Social Integration of the District (*Secretaría Distrital de Integracion Social*). These programs assist the underprivileged, with particular focus on children, pregnant women, the handicapped population, the homeless population and the elderly. Assistance is provided through many different forms, including programs for sectors of the population that besides living under poverty conditions are exposed to social risks such as prostitution, drug abuse, domestic violence, malnutrition (e.g. community restaurants) and homelessness. In 2006, approximately 202,290 people received some form of assistance through the District's social welfare system.

Other Services Provided by the District's Decentralized Sector

Transportation. Bogotá has extensive land and air transportation infrastructure and continues to invest significant resources in the transportation of passengers and cargo. The *Empresa de Transporte de Tercer Milenio - Transmilenio S.A.* is a commercial corporation formed in 1999 by several public entities of the District. *Transmilenio* is responsible for developing and planning the District's vehicular mass transit system and its outlying areas. The company runs the District's bus system, *Transmilenio*, through third-party concession holders, which uses a system of roads that are designated exclusively for mass transit, as well as an extended network of feeder routes that reach all major points in Bogotá, transporting approximately 1,300,000 passengers per day. The District currently directly holds 70.1% of the outstanding shares of the company, while it indirectly holds the remaining 29.9% through certain entities including *IDU, FONDATT,* Sports and Recreation Department *(Secretaría Distrital de Recreación y Deporte)* and Metrovivienda.

At March 31, 2007, *Transmilenio* consisted of 84 kilometers (52.2 miles) of main routes on nine avenues. Two additional phases of the project are scheduled to be completed by 2016. When finished, the total network will consist of 388 kilometers (241 miles) over 22 avenues. The total cost of this project is estimated to be US$2,046.7 million (in 2000 constant U.S. dollars), without including costs related to additional works. The Central Government is financing 63.3% of the costs related to the construction and development of the system's infrastructure, while the remainder is being funded by the District (including 100.0% of the maintenance costs). In order to finance the remaining phases of the *Transmilenio* project the Central Government and the District are evaluating different alternatives, including a securitization of the future cash flows resulting from transfers of the Central Government and the District for developing the infrastructure for the *Transmilenio* system. While *Transmilenio* generates revenues by receiving a portion of the fees and charges collected by private operators from their customers, the system also receives significant transfers from the District.

The District has also developed an extensive urban bicycle path network (*ciclorutas*) which, at July 31, 2006, covered 337 kilometers (209.4 miles). It is estimated that by December 2007, these paths will total 350.0 kilometers (217.5 miles). However, since priorities for the development of urban infrastructure may change, there can be no assurance that this goal will be reached.

The *El Dorado* International Airport is Colombia's largest airport. A daily average of 68.5 international flights departed from the airport in 2006. Currently, approximately 63.6% of the airline passengers arriving in or departing from Colombia pass through the El Dorado International Airport, which maintains two full service runways. Until 2006, the Central Government operated the airport through the *Aeronáutica Civil.* In August 2006, the *Aeronáutica Civil* awarded a 20-year term concession to a private company for the operation of the airport. Under the concession agreement, the operator will transfer to the *Aeronáutica Civil* 46.2% of the airport's gross revenues.

Telecommunications. During the last years, telecommunication services in the District have expanded and modernized as a result of a competitive environment in the industry and the introduction of new telecommunication services. In 2006, telephone density in the District was 37 lines per 100 inhabitants. *Empresa de Telecomunicaciones de Bogotá S.A. -ESP-*, or ETB, the District-controlled telephone company, provided 79.5% of the local telephone service in Bogotá at December 31, 2006 and also provides data communication and value-added services and national and international long-distance telephone service. ETB holds one of the two licenses issued by the Central Government for long distance telephone service. ETB competes in the District with *Colombia Telecomunicaciones* and *Empresas Públicas de Medellin* or EPM. Bogotá directly owns 86.6% of ETB's shares. The remaining 61,313 shareholders who acquired shares in the 2003 initial public offering that yielded Ps. 245,000 million. At May 31, 2007, ETB had 3,762 employees.

In 2003 ETB and EPM formed Colombia Móvil S.A. in order to provide mobile telephone services and compete with the established operators. ETB owned 50% of the shares of Colombia Móvil S.A until 2006 when 50% plus one share of the company's shares were sold to an international telecommunications operator, Millicom International. At March 31, 2007, ETB owned 24.9% of the company's shares and the net value of its investment amounted to approximately Ps. 116,000 million. ETB also has minority interests in several other companies.

In 2006, the District received dividends amounting to Ps. 60,440 million from ETB. The District received Ps. 73,169 million in dividends from ETB by June 27, 2007.

The District has considered and in the future may consider opportunities to divest its participation or introduce private sector participation in the ownership or management of ETB.

Electricity. EEB is a stock corporation (*sociedad anónima*) organized as a public services company (*Empresa de Servicios Públicos*) under the laws of Colombia. The District currently owns 81.5% of the capital stock of EEB. The minority shareholders are *Empresa Colombiana de Petróleos* (*Ecopetrol*) (7.3%), *Grupo Endesa* (7,4%) and *Corficolombiana* 3.8%. At march 31, 2007, EEB had 124 employees.

EEB is primarily engaged, directly and through its subsidiaries and affiliates, in electricity generation, transmission and distribution and in natural gas transportation and distribution. At March 31, 2007, EEB held ownership interests in Codensa S.A. (51.5%) the largest distributor of electricity in Colombia, with approximately two million clients in the District and surrounding municipalities, Emgesa S.A. (51.5%) the second largest power generator in Colombia, Red de Energía del Perú (40%) the largest electricity transmission company in Peru, Consorcio Transmantaro (40%), Transportadora de Gas del Interior S.A. or TGI (97.5%) one of the largest natural gas transportation companies in Colombia in terms of infrastructure size, and Transcogas S.A. (72%). EEB also holds minority interests in other companies such as Gas Natural S.A. (25%), Interconexión Eléctrica S.A. – ISA (2%), among others.

On March 2, 2007, EEB acquired through TGI all the assets of Empresa Colombiana de Gas-ECOGAS. The transaction amounted to Ps. 3,250,000 million and was financed through a US$1,460 million bridge loan. In order to repay the bridge loan, EEB expects to issue debt in the international capital markets during the coming months.

In 2002, Red Energía del Perú S.A., a joint venture among EEB, Transelca S.A. and ISA S.A., was awarded a concession by the Peruvian government for developing, operating and maintaining certain power transmission infrastructure in Peru. At the end of 2006, EEB acquired a 40% interest in Consorcio Transmantaro S.A.

During the 2002-2006 period, EEB completed several capital reductions and at March 31, 2007, the District had received Ps. 1,006,173 million from EEB's capital reductions. EEB may conduct further capital reductions in the future due to its low debt to equity ratio. In 2006, the District received dividends of Ps. 275,809 million from EEB.

Water and Sewage Services. The *Empresa de Acueducto y Alcantarillado de Bogotá -ESP-* or EAAB, a public utility company that is 100% owned by the District, provides water and sewage systems services in Bogotá. The Central Government, through the *Superintendencia de Servicios Públicos* (Superintendency of Public Utilities), supervises EAAB. Through fees charged to its customers, EAAB generates sufficient revenues to cover its operating expenses. Given the District's infrastructure needs, EAAB maintains a very high level of investment. At December 31, 2006, EAAB's direct investment as a percentage of its current revenues was 47.4%. At December 31, 2006, EAAB had 1,810 employees.

At December 31, 2006, 99.4% of residences in the District had access to water services. According to the EAAB's estimates, at the end of 2006 the sewage system covered approximately 98.5% of the District's residences. EAAB is working to expand its sewage and water infrastructure to serve the entire population. In 2006, capital investments of EAAB amounted to Ps. 728,177 million and it is expected that in 2007 the investments will amount to Ps. 840,873 million.

The District may, from time to time, analyze alternatives to introduce private sector participation in the provision of water and sewage services with the aims of improving efficiency and expanding coverage.

Garbage Collection and Disposal. In 2003, the District through its special administrative unit for public services, awarded four concession contracts to private companies for the collection and disposal of solid waste.

These concessions will expire in July 2010. Prior to the expiration of the concession contracts, the District will conduct a process for awarding the relevant concessions in order to ensure the continued provision of services. The *Interventoria de Servicios Públicos* company, a private company, supervises invoicing and other commercial activities of the concessionaires. The *Unidad Administrativa Especial de Servicios Públicos* (Special Administrative Unit of Public Services, or "UAESP"), a District agency, is responsible for the planning, coordination, supervision and control of garbage collection and solid waste disposal activities, as well as the cleaning of streets and other public areas, street lighting, cemeteries, crematoriums and marketplaces owned by the District. UAESP is a legal entity and has financial autonomy and is overseen by the *Secretaría del Habitat* (District's Habitat Direction). Currently the UAESP is leading the development of recycling projects and it is expected that in 2007 several recycling facilities will enter into operation.

Housing and Urban Infrastructure. The *Instituto de Desarrollo Urbano* (Urban Development Institute, or IDU) is the public agency responsible for the District's development of urban public works. The IDU plans and implements new projects, and serves an integral role in developing a new institutional framework related to public transportation and the use of public space. The IDU works in conjunction with the District's Department of Planning and other entities of the District administration. In addition to transfers from the central administration of the District, the IDU charges fees to entities benefiting from the projects it carries out.

The District develops its housing programs through several entities including the *Caja de Vivienda Popular,* which is an urban development entity that, among others, is responsible for improving urban housing conditions, the *Unidad Administrativa Especial de Servicios Públicos, Metrovivienda,* which is the District's entity responsible for, among others, planning and promoting social housing projects, and *Empresa de Renovación Urbana*. The objective of these entities is to reduce the shortage of housing for the poor in the District and to provide integrated solutions for the urban development of Bogotá. Metrovivienda has a portfolio of land it has purchased on which through subcontractors (such as the IDU) it builds the infrastructure necessary for urban development, such as public roads and sewage services. When the infrastructure works are completed, Metrovivienda sells the land to private sector developers who construct apartment buildings and sell the finished apartments to the public at prices controlled by Metrovivienda.

The following table sets forth selected financial information for certain decentralized entities as of and for the year ended December 31, 2006.

Summary Financial Information of Principal Decentralized Entities as of December 31, 2006 (in millions of pesos[1])

	Assets	Liabilities	Shareholders' Equity	Income (Loss) for the Year	Transfers Received from the District	Dividends Paid to the District[1]
Empresa de Energía de Bogotá S.A	5,802,031	668,106	5,133,925	422,479	0.0	275,809
Empresa de Telecomunicaciones de Bogotá S.A.	4,645,923	2,466,975	2,178,948	185,706	0.0	86,400
Empresa de Acueducto y Alcantarillado de Bogotá	6,433,749	2,734,141	3,699,608	184,588	51,794	0.0
Instituto de Desarrollo Urbano	4,591,522	132,585	4,458,937	318,178	600,387	0.0
District University	136,491	41,439	95,052	(4,499)	93,761	0.0
Transmilenio S.A.	149,772	96,719	53,053	6,095	114,955	0.0
Canal Capital	12,125	1,749	10,377	(7,977)	0.0	0.0
Empresa de Renovación Urbana	21,863	420	21,443	(1,376)	0.0	0.0
Empresa Distrital Metrovivienda S.A.	120,609	20,796	99,813	(2,499)	37,620	0.0
Lotería de Bogotá	49,102	43,391	5,712	140	0.0	0.0
Terminal de Transporte de Bogotá.........................	84,599	12,095	72,503	3,814	0.0	0.0

1 In constant 2006 pesos.
2 The source of Dividends Paid to the District is the Budget Office.
Source: District's Finance Department.

2007 Finances

The District's 2007 budget allocates sufficient funding for the District to complete its goals set forth in the development plan.

The 2007 budget incorporates various aspects set forth in Law 617, 2000 and Law 819, 2003. These laws require the District, among other things, to take into account adequate projections of revenues, the impact of current reserves derived from 2006 on the 2007 budget, the District's indebtedness and other obligations in the 2007 budget to ensure the efficient and responsible management of the District's finances.

The 2007 budget anticipates current revenues of Ps. 3,213,632 million, capital revenues (including debt) of Ps. 2,855,118 million and transfers of Ps. 1,635,605 million representing 42%, 37% and 21%, respectively of the projected income covered by the 2007 budget.

The District's projections for the 2007 budget account for a 1.2% increase of current revenues as compared to the same period in 2006, an increase of 9.9% of transfers and of 9.3% for capital revenues as compared to the District's 2006 accounts as of December 31, 2006.

With respect to expenditures, current expenditures for the 2007 budget, represent 15.5% of the total expenditures compared to 13.9% in 2006. Financial expenditures represent 9.5% of total expenditures for the 2007 budget compared to 11.6% in 2006. Capital expenditures continue to be the primary expenditure in the 2007 budget, representing 75% of the total anticipated expenditures in 2007. The projected current, financial and capital expenditures are expected to increase by 23.7%, 13.8% and 11.4%, respectively, in comparison to the corresponding expenditures in 2006.

2007 First Quarter

The District's revenues totaled Ps. 1,373,963 million for the three months ended March 31, 2007, which represented 18.0% of the expected revenues pursuant to the 2007 budget and a 37.0% decrease when compared to the same period in 2006. This reduction was primarily due to a decrease in capital revenues that resulted from the non-recording of fiscal surplus and reserve cancellations and a capital reduction of EEB in 2006 that did not occur in 2007. At March 31, 2007, fiscal surplus, reserve cancellations and capital reductions amounted to 55% of the revenues for the same period in 2006.

Current revenues for the three months ended March 31, 2007, increased 25.0% from Ps. 572,373 million to Ps. 716,644 million. The current revenues at March 31, 2007 represented 22% of the expected current revenues pursuant to the 2007 budget. Tax revenues increased 24.0% from Ps. 538,556 in 2006 to Ps. 667,994 for the first quarter of 2007. This increase was primarily due to higher collections of real estate, industry and commerce, motor vehicles and building permits taxes. At March 31, 2007, Tax Revenues represented 93% of Current Revenues.

Transfers from the Central Government increased 13% from Ps. 336,264 in 2006 to Ps. 379,461 in the three months ended March 31, 2007 and represented 23% of the expected transfers pursuant to the 2007 budget. This increase was primarily due to higher transfers from the Central Government in 2007 as compared to 2006.

Total expenditures in the three months ended March 31, 2007, increased 22% from Ps. 1,697,588 million in 2006 to Ps. 2,067,589 million in 2007. This increase was primarily due to higher capital investments in the first quarter of 2006 as compared to the first quarter of 2007. Total expenditures represented 27% of the expected expenditures pursuant the 2007 budget. With respect to total expenditures, operating expenditures represented 16%, debt service payments represented 13% and investments represented 71% for the three months ended March 31, 2007.

Operating expenditures increased 4.4% from Ps. 326,281 million in 2006 to Ps. 340,744 million in 2007 and represented 29% of the total operating expenditures accounted for in the 2007 budget. This decrease was primarily due to decreases in General Expenditures and Operating Transfers as a result of the implementation of Law 996, 2005, which amended certain aspects of the District's contracting process making it more expedite.

Another factor that contributed to the decrease was the obligation of the District's entities to preferentially allocate resources out of their budgets for purposes of debt service. Also, an additional factor contributing to this decrease was the District's entities first taking into account budget reserves, which made the current budget appear to contract during the first quarter of 2007.

Debt service requirements increased 159.0% from Ps. 100,227 million in 2006 to Ps. 259,341 million in 2007. Debt service accounts for 35% of the expected debt services expenditures pursuant to the 2007 budget.

The increase in the debt service payments during the first quarter of 2007 was primarily due to two factors. First, in respect of public debt, a tranche of Ps. 150,000 million issued under the Note Program matured and therefore the District had to complete the repayment of the outstanding aggregate principal amount. Second, the District transferred to FONCEP pension bonds for Ps. 51,754 million to cover existing pension liabilities. By contrast, debt service payment to IDU decreased by 54.0% from Ps. 1,786 million to Ps. 829 million in the corresponding period in 2006.

The investments of the District, including transfers, increased 15% from Ps. 1,271,080 million in 2006 to Ps. 1,467,505 million in 2007. Investments during the period represented 25% of the total investments expected pursuant to the 2007 budget. This increase reflects the increased level of investments provided for in the District's development plan.

The following table summarizes the District's revenues, expenditures and balances for the first three months of 2006 and 2007.

Summary Financial Information for Bogotá
(in millions of 2006 pesos[1])

	At December 31,		
	2006	**2007 Budget**	**Variation**
1. Current Revenues	3,176,175	3,213,632	1.2%
a. Tax Revenues	3,034,920	3,028,737	(0.2%)
b. Non-Tax Revenues	141,254	184,894	30.9%
2. Transfers	1,488,456	1,635,605	9.9%
3. Current Expenditures	966,018	1,194,854	23.7%
4. Primary Balance (1+2-3)	3,698,613	3,654,383	(1.2%)
5. Financial Expenditures	369,409	420,480	13.8%
6. Current Balance (4-5)	3,329,204	3,233,903	(2.9%)
7. Capital Revenues	2,127,821	1,747,466	(17.9%)
8. Capital Expenditures	5,188,283	5,777,501	11.4%
9. Total Balance (6+7-8)	268,742	(796,132)	(396.2%)
10. Cash Available	2,030,337	1,802,532	(11.2%)
11. Revenues with Specific Destination and Other Commitments	(1,720,317)	(1,759,371)	2.3%
12. Balance (10-11)	310,020	43,161	(86.1%)
13. Income to be Received (Reserves)	0	0	N/A
14. Fiscal Situation (12+13)	310,020	43,161	(86.1%)
15. Debt Amortization	441,715	311,519	(29.5%)
16. Budgetary results without Debt (9+14-15)	137,047	(1,064,491)	(876.7%)
17. Debt Revenues	484,640	1,107,652	128.6%
a. Disbursed	167,289	1,107,652	562.1%
b. Non-Disbursed	317,351	0	(100.0%)
18. Final Budgetary Situation (16+17)	621,687	43,161	(93.1%)

1 In constant 2006 pesos.
Sources: District's Finance Department.

DEBT OF THE DISTRICT

Background

Incurrence of indebtedness by the District is strictly regulated under Colombian law. The District requires several approvals to incur indebtedness to finance its development plan. Among other things, the District's council has to approve the District's debt ceiling or "*cupo de endeudamiento*", the CONFIS has to approve the debt strategy prepared by the District's Department of Finance and each of the financing transactions proposed as part of the debt strategy has to have the District's Planning Department's consent and be endorsed by the Risk Committee of the District's Finance Department. If the proposed transaction is an international financing, the consent of the National Planning Department is required and the Ministry of Finance has to authorize the transaction.

To issue Notes payable in a foreign currency, the District requires (i) the approval of the *Departamento Nacional de Planeación* (National Planning Department), (ii) a resolution issued by the *Ministerio de Hacienda y Crédito Público* (Ministry of Finance) authorizing the District to commence arrangements for the issuance of the Notes and (iii) a resolution issued by the Ministry of Finance authorizing the District to issue and place the Notes and to execute the agreements related thereto.

Under Decree 714, 1996 *(Estatuto Orgánico del Presupuesto Distrital)*, each of the District's entities, when preparing their budget, must provide the necessary funding for debt service payments. In case the public officers responsible for preparing the relevant budgets do not provide for sufficient debt service payment, such officers are subject to sanctions, fines and criminal liability.

During the 1990's, the District began to access the domestic capital markets by issuing bonds to individual and institutional investors, and also obtained loans from local commercial banks. In addition, the District continued to rely on foreign sources of financing, such as syndicated loans from commercial banks and loans from multilateral entities. On December 10, 2001, Bogotá accessed the international capital markets for the first time by issuing US$100 million 9 ½% Notes due 2006 (the "2006 Notes"). The net proceeds of the sale of the 2006 Notes were used to finance investment projects provided for in the 2001-2004 development plan. The 2006 Notes were fully repaid in 2006 in accordance with their terms.

In light of increasing financing needs resulting from the implementation of new programs related to the District's development plan, Bogotá continued to issue debt in the domestic capital markets and entered into several financing transactions with multilateral entities including the International Bank for Reconstruction and Development (the "World Bank"), *Corporación Andina de Fomento* ("CAF") and the Inter-American Development Bank (the "IDB"), as well as financing arrangements with local commercial banks. In 2003, the District established a medium-term note program registered with the Colombia Stock Exchange that enables the District to raise funds in the domestic capital markets and which has become the District's main source of funding. At March 31, 2007, the District has Ps. 831,400 million outstanding of medium-term notes issued under the Note Program and Ps. 162,500 million outstanding of notes issued in 1999.

In 2003, the District implemented a risk management program for its debt portfolio. The purpose of the program is to establish indebtedness and risk management policies aimed at controlling interest rate, foreign exchange and liquidity risks. In accordance with these policies, the District began to enter into hedging arrangements, as well as other liability management transactions, including debt exchanges, in order to obtain better financing conditions and to reduce debt service costs. In 2003 and 2004, the District entered into four swap transactions that reduced the District's debt portfolio exposure to foreign currency exchange risks from 54.1% for the year ended December 31, 2002 to 10.6% for the year ended December 31, 2004. In February 2007, the District further reduced its debt portfolio exposure to foreign currency exchange risks by converting US$75.5 million of World Bank debt into peso-denominated debt. At March 31, 2007, the District's total exposure to U.S. dollar denominated debt was 5.6% of its total debt.

Most of the District's existing internal debt benefits from arrangements giving creditors priority for payment over other creditors with respect to specific sources of the District's revenue. With the exception of certain multilateral and bilateral (*i.e.*, government-to-government) loans and a loan from BBVA, a Spanish commercial bank, the District's indebtedness is not guaranteed by the Central Government. Whenever the Central Government guarantees an obligation of the District, the District grants the Central Government a counterguarantee to secure compliance of its obligations.

The amounts set forth in this section include only the District's debt. In general, the District is not legally responsible for, and has not guaranteed, the debt of its decentralized entities or District-owned or -controlled companies, although the District has from time to time transferred funds to them in order to assist them in servicing their debt. However, the District is jointly and severally liable with EAAB to reimburse the Central Government for any amounts that the Central Government disburses under the guarantee it granted in respect of a loan by the Overseas Economic Cooperation Fund of Japan to EEAB in 1991, in respect of which a principal amount of Ps. 31,908 million (US$14.6 million) was outstanding at March 31, 2007.

Debt Approval Process

The District Council establishes a global debt ceiling, which limits the maximum amount of indebtedness (*i.e.* new borrowings) that may be incurred by the District, each of its public entities, each of its industrial and commercial companies and companies in which the District owns 90% or more of the share capital for such year. All new borrowings by the District must fall within this debt ceiling. The current debt ceiling was established by the District Council on December 23, 2004 pursuant to municipal ordinance No. 134 of 2004, for a total amount of Ps. 1,740,157 million (calculated in constant 2004 pesos) (US$730.8 million). This limit was increased by the District Council in 2007 by Ps. 362,000 million (US$162.3 million). At March 31, 2007, the amount of borrowings available to the District is Ps. 1,486,215 million (US$678.5 million). Internal borrowings by the District must be approved by the Risk Committee of the District's Finance Department and by the CONFIS and must obtain the consent of the District's Administrative Department of Planning. External borrowings by the District must receive the same approvals as required for internal borrowings, but must also obtain the consent of the National Planning Department and be approved by the Ministry of Finance. Moreover, domestic securities offerings require the authorization of the Superintendency of Finance.

In addition to the specific approvals mentioned above, Law No. 358 of 1997 and Law 819 of 2003, limit the ability of territorial entities (such as the District) to incur new indebtedness unless certain financial ratios are met. Specifically:

- The ratio of interest to operating savings must be equal to or less than 40.0%. Operating savings are defined as the difference between current revenues and the sum of operational expenditures and transfers paid by the District to third parties. Current revenues are defined as revenues derived from local tax, shared tax and non-tax revenues, transfers from the Central Government, investment income and fiscal surplus. For purposes of calculating this ratio, current revenues for a given year are calculated using actual current revenues for the immediately preceding year, adjusted for inflation based on the CPI.

- Debt sustainability: The ratio of outstanding debt to current revenues must be less than or equal to 80.0%.

- If the projected interest expense for the current fiscal year on the District's debt is greater than 40.0%, but less than or equal to 60.0%, of the District's operational savings for the immediately preceding fiscal year, adjusted by the projected inflation rate for the current year, then the District may only increase its debt by a percentage up to, but not greater than, the projected inflation rate for the current year.

- If the projected interest expense for the current fiscal year on the District's debt exceeds 60.0% of its operating savings or if the District's outstanding debt at the date of the proposed borrowing exceeds 80.0% of its current revenues for the immediately preceding fiscal year, adjusted by the projected inflation rate for the current year, no further borrowings by the District are permitted without the prior authorization of the Ministry of Finance.

Since Law No. 358 came into effect in 1997, the District has been in compliance with these limits. At March 31, 2007, the District's projected interest expense for the year ending December 31, 2007 represented 7.6%

of its inflation adjusted operating savings for the year ended December 31, 2006 and its total outstanding debt at that date represented 33.2% of its inflation adjusted current revenues for the year ended December 31, 2006.

Description of Existing Debt

The following table sets forth the outstanding debt of the District, as well as the District's interest coverage and debt ratios described above at the dates indicated.

Outstanding Debt and Ratios of Bogotá

	At December 31, (in millions of U.S. dollars[1] except %)					At March 31,
	2002	2003	2004	2005	2006	2007
Internal Debt	298.8	330.6	397.3	572.5	599.9	542.9
External Debt	352.5	330.4	334.4	351.4	241.6	245.0
Total Debt	651.3	661.0	731.7	924.0	841.5	787.8
Internal Debt/GDP	1.9%	1.8%	1.7%	2.1%	1.9%	N.A.
External Debt/GDP	2.2%	1.8%	1.3%	1.3%	0.8%	N.A.
Total Debt/GDP	4.0%	3.6%	2.9%	3.4%	2.7%	N.A.
Total Debt/Current Revenues[2]	75.8%	63.5%	44.9%	53.2%	39.1%	33.2%
Interest/Operating Savings[3]	23.6%	12.0%	10.0%	10.4%	7.9%	7.6%

1 Internal debt figures are translated into U.S. dollars using the exchange rates at December 31 of each year.
2 "Current Revenues" are revenues derived from local tax, shared tax and non-tax revenues, transfers from the Central Government, investment income and any fiscal surplus. For purposes of calculating this ratio, current revenues for a given year are calculated using actual current revenues for the immediately preceding year, adjusted for inflation using such year's CPI.
3 "Operating Savings" are current revenues less the sum of operating expenditures and transfers by the District to third parties. Fees, social security expenses and certain salary expenses in the healthcare and education sectors are included as operating expenditures in the calculations set forth above, although for purposes of the figures set forth under "Financial Information" in this offering memorandum, these expenses are treated as capital expenditures.
Source: District's Finance Department.

The total outstanding debt of the District at December 31, 2006 was Ps. 1,883,929 million (US$841.5 million), or 2.7% of the District's GDP for 2006. At March 31, 2007, the outstanding internal debt of the District was Ps. 1,189,039 million (US$542.9 million), while the outstanding external debt was US$245.0 million. In 2007, 4.9% of the District's debt will mature.

The following table sets forth the changes in the outstanding debt of the District during the periods indicated.

Annual Changes in the Debt of Bogotá

	At December 31,					At March 31,
	2002[1]	2003	2004	2005	2006	2007
	(in millions of U.S. dollars[2])					
Outstanding Balance at Beginning of Period[3]	774.0	651.3	661.0	731.7	924.0	841.5
New Borrowings	36.4	98.0	185.3	261.7	167.4	0.0
Swaps	0.0	(0.1)	(3.9)	(1.9)	(120.4)	(0.4)
Debt Repayments	84.3	99.4	202.2	103.9	143.8	69.3
Foreign Exchange Adjustments	74.8	(11.1)	(91.5)	(36.4)	(14.3)	(16.1)
Outstanding Balance at End of Period	651.3	661.0	731.7	924.0	841.5	787.8

1 2002 figures do not include a budgetary loan granted by the Central Government in the amount of Ps. 130.177 million (US$45.4 million) to cover a shortfall in transfers from the Central Government to fund education expenditures. This credit was completely forgiven (i.e., no interest or principal was paid) because the District met the conditions for the use of the funds.
2 All internal debt figures (other than the outstanding balance at the beginning of each period) are translated into U.S. dollars using the end-of-period exchange rate for the applicable period. Internal debt figures included in "Outstanding Balance at Beginning of Period" are translated into U.S. dollars using the end-of-period exchange rate for the preceding period.
3 Figures for all years exclude accrued interest.
Source: District Office of Public Credit.

Internal Debt

The following table details the outstanding internal debt of the District at March 31, 2007.

Internal Debt of the District, at March 31, 2007

	Outstanding Balance (in millions of pesos)	Interest Rate[1,2] (rate per annum)	Final Maturity	Special Arrangements Benefiting Creditors[3]
Bonds				
Note Program				
PEC 09	150,000.0	9.00%	2009	NO
PEC 10	221,400.0	CPI+7%	2010	NO
PEC 12	160,000.0	9.00%	2012	NO
PEC 15	300,000.0	CPI+5.5%	2015	NO
Total Note Program	831,400.0			
99 Bonds	162,500.0	CPI + 9.0% / DTF + 3.1%[4]	2007, 2009, 2010	NO
Total Outstanding Bonds	993,900.0			
Bank Loans				
Banco Ganadero	17,954.6	DTF + 2.0%	2012	YES
Banco de Crédito	930.4	DTF + 2.95%	2007	YES
Banco Colpatria	979.3	DTF + 2.95%	2007	YES
Banco de Occidente	384.7	DTF + 2.95%	2007	YES
Banco de Crédito	10,000.0	DTF + 4.075%	2011	YES
2004 Syndicate Loan	164,890.3	DTF + 4.5%	2009[5]	YES
Total Bank Loans	195,139.3			
Total Internal Debt	1,189,039.3			

1 DTF is a floating interest rate announced on a weekly basis by *Banco de la República*, (the central bank of Colombia), based on the weighted average of 90-day rates on certificates of deposit offered by banks, financial institutions, finance companies and savings and loan entities in the Colombian market.
2 CPI is a statistical measure of inflation, based on the national consumer price index of Colombia, as calculated by DANE.
3 See "—Special Arrangements Benefiting Certain Creditors" below.
4 Weighted average of interest rates payable on the entire issue (including all tranches).
5 Initial maturity under this loan was 2011. However, it has been reduced as a result of certain prepayments.
Source: District Office of Public Credit.

At March 31, 2007, the District's internal debt totaled Ps. 1,189,039 million (US$542.9 million) or 68.9% of the District's total indebtedness at that date. Total bank loans comprised approximately 16.4% of District's internal debt and domestic bond issues comprised the remaining 83.6%.

Commercial Bank Loans

At March 31, 2007, the District had Ps. 195,139 million (US$89.1 million) of debt outstanding with various domestic banks, including a syndicated loan having an aggregate principal amount outstanding of Ps. 164,890 million (US$75.3 million) (84.5% of the District's total domestic bank debt as of that date).

The District's indebtedness with commercial banks is comprised of five commercial bank loans and one syndicated loan. At March 31, 2007 the loans with domestic commercial banks had a principal amount outstanding of Ps. 30,249 million (US$13.8 million) (or 15.5% of the District's total domestic bank debt at that date). These loans had initial maturities ranging from 7 to 15 years, are repayable through semi-annual principal payments that begin after a grace period and accrue interest at the DTF rate plus a margin ranging from 2.0% to 4.0% per year which are also payable quarterly or semi-annually. The loans also provide for penalties in case of prepayment of 1.5% of the amounts prepaid and may be accelerated under certain circumstances, including a material change in the

District's financial condition. Amounts due under the loans are evidenced by promissory notes and guaranteed by first-priority liens on certain income of the District, including income related to taxes on motor vehicles, industry and commerce, for amounts ranging from 130% to 150% of the annual value required for servicing debt under the relevant loan. At March 31, 2007, 2.9% of the District's tax revenues were subject to these liens.

The syndicated loan with 12 local major financial institutions had an initial maturity of seven years, is repayable through semi-annual principal payments that begin after a 3 year grace period, and accrues interest at the DTF rate plus 4.5%. Amounts due under the syndicated loan are evidenced by promissory notes and guaranteed by a first priority lien on certain income of the District for an amount equal to 130% of the annual value required for servicing debt under the syndicated loan. The syndicated loan was prepaid without penalties in June 2007 with the proceeds of a Ps.164,890 million loan obtained from BBVA. As a result of this liability management transaction the applicable interest rate was reduced from DTF plus 4.5% to DTF plus 2.95%. Repayment of this loan will be made through semi-annual payments from December 2007 until June 2010.

The proceeds from these loans were used in liability management transactions and in the development of certain programs of the District.

Bond Issues

Since 1988, the District has been issuing and selling peso-denominated bonds to investors in Colombia. The issuance of debt in the domestic capital markets became the District's main source of financing in 2003 as a consequence of the implementation of a medium-term note program for the public offering of bonds listed in the Colombia Stock Exchange (the "Note Program"). The Note Program, as initially approved in 2003, enabled the District to issue up to Ps. 600,000 million (US$216.0 million) of debt in several tranches. This amount was increased in 2005 to Ps. 2,000,000 million. Out of the proceeds of issues under the Note Program 72.5% must be used to finance the District's investment programs and 27.5% must be used to finance liability management transactions. The bonds issued under the Note Program have a local risk rating of "AAA" from Duff and Phelps de Colombia S.A and BRC Investor Services.

At March 31, 2007, the District had only issued peso-denominated bonds, although under the Note Program the bonds may be peso or U.S. dollar-denominated. The original maturities of these bonds range from 2 to 10 years and payments of principal are due upon maturity. The interest rate on the bonds may be fixed or floating. Under the Note Program the reference rates for the floating interest rates may be DTF, which is a floating interest rate announced on a weekly basis by the Central Bank of Colombia, based on the weighted average of 90-day rates on certificates of deposit offered by banks, financial institutions, finance companies and savings and loan entities in the Colombian market, the CPI, and the UVR which is an index that reflects the value of money as a reference to CPI variation. Of the outstanding bonds, some accrue interest at the CPI rate plus a margin ranging from 5.5% to 7.0% per year and others accrue interest at a fixed rate of 9.0% per year. Interest payments may be made quarterly, semi-annually or annually depending on the terms of the relevant tranche.

Under the Note Program, the District may repurchase bonds and re-sell them in secondary market transactions.

At March 31, 2007, an aggregate principal amount of Ps. 831,400 million (US$379.6 million) of bonds issued under the Note Program was outstanding.

Besides the Note Program, the District has also an outstanding balance of debt under bonds issued in 1999. The issue had an original aggregate principal amount of Ps. 250,000 million and at March 31, 2007, Ps. 162,500 million were outstanding (the "1999 Notes"). The 1999 Notes have several tranches. The initial maturities of the 1999 Notes range from 7 to 10 years and payments of principal are due upon maturity. The 1999 Notes accrue interest at a DTF or CPI based floating rate plus margins ranging from 2.9% to 3.3% for DTF based interest payments and from 8.50% to 9.25% for CPI based interest payments. Interest is payable quarterly or semi-annually and payment dates may vary, depending on the tranche. The proceeds of the 1999 Notes offering were allocated as follows: (i) Ps. 100,000 million was used to prepay debt other than debt resulting from local bond issues, and (ii) Ps. 150,000 million was used for liability management transactions related to the local bond issues. The 1999 Notes are listed in the Colombia Stock Exchange. The District may repurchase the 1999 Notes and re-sell them in secondary market transactions.

External Debt

The District has external loans outstanding from the International Bank for Reconstruction and Development (the "World Bank"), the Inter-American Development Bank (the "IDB"), the *Corporación Andina de Fomento* ("CAF"), the Kingdom of Spain's *lnstituto de Crédito Oficial* ("ICO") and Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA").

The following table sets forth details regarding the outstanding external debt of the District at March 31, 2007 (without including amounts under the District's current hedging arrangements).

	Currency	**Outstanding Balance**		**Pending Disbursements (millions of US$)**	**Interest Rate (rate per annum)**	**Final Maturity**
		US$ (millions)	Ps. (millions)[3]			
Multilateral Loans						
IDB 744	US$	3.2	6,938.2	0.0	2.00%	2014
IDB 1086	US$	7.9	17,371.3	0.0	SCF[1]	2018
IDB 1385	US$	15.0	32,831.6	0.0	SCF[1]	2022
IDB 1759	US$	0.0	0.0	10.0	SCF[1]	2031
IDB 1812	US$	0.0	0.0	60.0	SCF[1]	2031
World Bank - IBRD 4021A	US$	32.3	70,660.4	0.0	VSL[2]	2013
World Bank - IBRD 7162	Ps.	76.7	168,109.1	0.0	9.38%	2020
World Bank - IBRD 7162	US$	0.0	0.0	24.5	6M LIBOR+0.5%	2020
World Bank - IBRD 7365	US$	0.0	0.0	80.0	6M LIBOR+0.5%	2022
CAF 1880	US$	71.4	156,450.0	0.0	6M LIBOR+3.1%	2011
Total Multilateral Loans		206.5	452,360.6	174.5		
Bilateral – ICO	US$	9.5	20,807.8	0.0	1.00%	2029
Bank Loan – BBVA	US$	2.7	5,945.1	0.0	6.27%	2008
Total External Debt		218.7	479,113.5	174.5		

1 "SCF" is a floating rate determined by the IDB and linked to the IDB's cost of debt portfolio.
2 "VSL" is a six-month LIBOR rate plus a margin determined by the World Bank and linked to the World Bank's cost of debt portfolio.
3 Amounts under this column are currency translations from the U.S. dollar outstanding amounts, except when the relevant credit is denominated in Colombian pesos, in which case the amount in the U.S. dollar outstanding amount column is a currency translation into U.S. dollars from the Colombian peso amount in the corresponding column.

Source: District Office of Public Credit.

At March 31, 2007, the District's total outstanding external debt was Ps.479,113 million (US$218.7 million). All of the District's external debt is guaranteed by the Central Government. If the Central Government is called upon to make a payment under its guarantees, it has the right to receive reimbursement out of certain tax receipts from the District, as well as the right to withhold payment of certain transfers that it would otherwise be obligated to make to the District.

Corporación Andina de Fomento Loan

One of the District's largest loans from multilateral entities is a US$100 million loan granted by *Corporación Andina de Fomento-CAF* on November 14, 2001. The loan had a 10-year initial maturity and principal on this loan is repayable in semi-annual installments due from May 2005 through May 2011. The loan accrues interest at a floating rate equivalent to six-month LIBOR plus an annual 3.10% margin, which may be converted into a fixed rate upon the District's request. The outstanding amounts under the loan may become automatically due and payable under certain circumstances, including, among others, the allocation of the loan proceeds to purposes different from those provided for in the loan, non-payment of amounts due under the loan, cross defaults with CAF loans and violations of applicable environmental regulations. Proceeds from the CAF loan have been used to finance transportation infrastructure in accordance with the loan terms. At March 31, 2007, the amount of US$71.4 million was outstanding under this loan. In connection with the loan granted by the CAF, the District has entered into two currency swaps to cover the foreign exchange risk inherent cash disbursements related to payments under this loan.

On June 26, 2007, CAF granted the District a US$50.0 million loan. The loan has an 18-year initial maturity and principal on the loan is repayable in semi-annual installments commencing in 2011 after a grace period elapses. The loan accrues interest at a floating rate equivalent to LIBOR plus 1.45%. Disbursements on this loan will commence in the second semester of 2007. Proceeds of this loan will be used to implement an education program in the District.

World Bank Loans

The District obtained three dollar-denominated loans from the World Bank on July 16, 1996 (the IBRD 4021A loan), June 4, 2003 (the IBRD 7162 loan), and September 5, 2006 (the IBRD 7365). The initial principal amounts under these loans was US$65.0 million, US$100.0 million, and US$80.0 million, respectively.

At March 31, 2007, the IBRD 4021A loan had an aggregate outstanding principal amount of Ps.70,660 million (US$32.3 million) and there were no pending disbursements. This loan will mature in 2013 and is repayable through semi-annual payments beginning on October 15, 2001 and ending on April 15, 2013. The loan accrues interest at a six-month LIBOR rate plus a margin determined by the World Bank in the period before the interest payment period and linked to the World Bank's cost of debt portfolio. The loan provides for penalties in case of early payment. In connection with this loan, the District has entered into a currency swap to cover the foreign exchange risk inherent in cash disbursements related to payments under this loan. The proceeds of this loan have been used to finance transportation infrastructure.

At March 31, 2007, the IBRD 7162 loan had an aggregate outstanding principal amount of Ps.168,109 million (US$76.8 million) and there were US$25.4 million that had not been disbursed. This loan will mature in 2020 and is repayable through semi-annual payments beginning on August 15, 2008 and ending on February 15, 2020. The loan is subject to commitment fees in respect of unused portions of the loan which are payable semi-annually and provides for penalties in case of early payment. Under the loan, the District has the right to (i) convert the currency of all or part of the loan, withdrawn or unwithdrawn, to another currency, (ii) change the interest rate basis applicable to all or any portion of the principal amount of the loan from a variable rate to a fixed rate, or vice versa, and (iii) set limits on the variable rates applicable to all or any portion of the principal amount of the loan withdrawn and outstanding by establishing an interest rate cap or an interest rate collar on the variable rate. As a result of this right provided for in the loan, in February 2007, the District converted the full U.S dollar-denominated amount of disbursed amounts into Colombian pesos. The converted amounts accrue interest at a fixed rate of 9.38% and the U.S. dollar denominated amounts will accrue interest at a floating rate of six-month LIBOR plus 0.5%, which is also expected to be converted into a fixed rate. The proceeds of this loan have been used to improve the District's urban living conditions by increasing access, coverage, quality, reliability and inter-agency coordination in the provision of public transportation, sanitation services and potable water.

At March 31, 2007, the IBRD 7365 loan had not been disbursed and disbursements are expected to begin at the end of 2007. Principal on this loan is repayable in installments due from February 15, 2011 through August 15, 2022. The loan will accrue interest at six-month LIBOR plus 0.5%. The loan is subject to commitment fees in respect of unused portions of the loan which are payable semi-annually and provides for penalties for early payment. Under certain circumstances the loan may automatically become due and payable, including cross defaults with other World Bank loans. This loan is subject to conversion and liability management provisions similar to those applicable to the IBRD 7162 loan. Proceeds from this loan will be used to finance projects to mitigate the District's vulnerability to natural disasters.

Interamerican Development Bank Loans

The District obtained five dollar-denominated loans from the Interamerican Development Bank (IDB) in February 1984 (the IDB744 loan), August 12, 1998 (the IDB1086 loan), April 5, 2002 (the IDB1385 loan) and December 22, 2006 (the IDB1812 loan and the IDB1759 loan). The initial principal amount under these loans was US$10.0 million, US$10.0 million, US$16.0 million, US$60.0 million, and US$10.0 million, respectively.

At March 31, 2007, the outstanding amounts under the IDB loans were US$3.2 million for the IDB744 loan, US$7.9 million for the IDB1086 loan, and US$15.0 million for the IDB1385 loan. The IDB1812 and IDB1759 loans have not been disbursed and therefore there are no outstanding amounts under such loans. Disbursements under these loan agreements are expected to begin at the end of 2007.

The IDB loans have maturities ranging from 20 to 30 years, are repayable through semi-annual principal payments and accrue interest at floating rates (SCF rates) determined pursuant to an specified IDB method which relates interest rates to the average cost of IDB´s debt portfolio (except for the IDB744 loan which accrues interest at a fixed rate of 2.0%). Interest under these loans is payable semi-annually. The IDB loans may be accelerated under certain circumstances, including a material change in the District's financial condition or a cross default with other IDB loans. In most of the cases, the loans provide for a commitment fee of 0.75% payable annually on non-disbursed amounts. Also, in most of the cases, the loans are conditioned on the District contributing amounts to the development of the project that the loan is aimed at financing, usually infrastructure projects and social development programs. In respect of the IDB1385 loan, the District entered into a currency swap transaction to cover the foreign exchange risk inherent cash disbursements related to payments under this loan.

Kingdom of Spain and BBVA loans

As part of a cooperation program entered into between the Republic of Colombia and the Kingdom of Spain on October 29, 1998, the District entered into a loan agreement with the Kingdom of Spain (acting through its Credit Institute –*Instituto de Crédito Oficial del Reino de España*- and into a loan agreement with Banco Bilbao Viscaya Argentaria (BBVA, f/k/a Argentaria, Caja Postal y Banco Hipotecario S.A.).

The initial principal amount of the loan granted by the Kingdom of Spain was US$9.5 million. At March 31, 2007, the amount of US$9.5 million was outstanding under this loan. The loan accrues interest at a 1% rate payable semi-annually. The loan has a maturity of 30 years and the District may prepay the full amount of the loan without being subject to early payment penalties. The loan may become automatically due and payable under certain circumstances, including, among others, a cross default with other loans granted by the Kingdom of Spain, a misuse of the proceeds or non-compliance with certain anti-corruption practices.

The initial principal amount of the loan granted by BBVA was US$9.5 million. At March 31, 2007, the amount of US$2.7 million was outstanding under this loan. The loan accrues interest at a 6.27% rate payable semi-annually. The loan has a maturity of 7 years and the District may prepay the full amount of the loan without being subject to early payment penalties. The loan may become automatically due and payable under certain circumstances.

Proceeds from these loans are being used to finance educational projects.

Debt Strategy

The District's general financing strategy is to access credit markets through different debt instruments in order to provide adequate funding for the development plans of the District, while maintaining sound finances. Following this strategy, the District diversifies its methods of financing on the national and international level, maintaining a balance between cost, maturity profile and risk that is consistent with the ability of the District to service its obligations.

The District's main sources of financing for the 2004-2007 period have been debt securities placed in the domestic markets through the Note Program and loans from multilateral entities. In 2007, the District expects to complete only this offering of Notes in the international capital markets. After 2007, it is expected that the District will continue to access the capital markets at terms favorable to the District indebtedness policies.

In 2003, the District's Department of Finance implemented a program for the effective management of assets and liabilities. This program became a risk management policy which compliance is supervised by two internal risk committees (the "Debt Policy"). The Debt Policy provides for certain benchmarks of annual amortization, average life of debt portfolio, foreign currency limits and certain ratios for the interest rates of the District´s debt portfolio. The Debt Policy has enabled the District to effectively control the risks that may have a negative impact over its debt portfolio since they provide for a balance between financing costs and risks associated to it. The main terms of the Debt Policy are the following:

Liquidity Risk

In order to reduce the District's exposure to liquidity risks, the policy provides for maximum amount of principal payments per year in order to reduce the District's vulnerability to market illiquidity or high interest rates. In this respect, the risk committee of the District's Finance Department approved that debt amortizations should not exceed 15% of the total debt portfolio on a yearly basis or 18% under certain conditions. In order to achieve this goal, the average life of the debt portfolio must be equal to or higher than 4.15 years for purposes of avoiding debt concentrations in the following years that may increase the refinancing risk. At December 31, 2006, all maturities per year were below the 15% threshold, except for years 2009, 2010 and 2015 which presented ratios of 15.44%, 15.19% and 15.12%, respectively.

Foreign Exchange Risk

In order to reduce the District's exposure to foreign exchange risks, the Debt Policy provides for a maximum amount of foreign currency denominated debt. For 2007 the District's foreign currency indebtedness should not exceed 20% of its total debt portfolio. At December 31, 2006, 14.32% of the debt portfolio was denominated in U.S. dollars. At March 31, 2007, 5.64% of the District's debt portfolio was denominated in U.S. dollars after a debt currency exchange with the World Bank that took place in February 2007.

In order to cover the foreign exchange risk inherent in the actual cash disbursements related to amortizations of certain foreign currency denominated debt, the District has entered into currency swap transactions. At March 31, 2007, the District had outstanding currency swaps with notional amounts of U.S. dollars to hedge certain firm and anticipated debt payments denominated in U.S. dollars under the loans with CAF, the World Bank and the IDB. These currency swaps have helped to reduce the District's debt portfolio exposure to foreign currency exchange risks from 54.1% in December 2002 to 10.6% in December 2004. At March 31, 2007 the District's net position under the swap arrangements in place amounted to Ps. 54,450 million (US$26.2 million) which the District has to pay to its counterparties as a result of fluctuations in the peso-U.S. dollar exchange rates. The amounts due under the swap arrangements increase the District's external debt from Ps. 479,113 million (US$218.7 million) to Ps. 536,563 million (US$245.0 million).

Interest Rate Risk

In order to reduce the District's exposure to interest rates and the budgeting risk related to debt service, the policy provides a method to measure the debt portfolio's interest rate proportions of variable to fixed interest rates. According to this policy, whenever the debt portfolio has a high composition of liabilities accruing interest at fixed rates, there will be less debt service volatility and therefore the interest rate risk will be lower. This measure also contemplates a ratio cost-to-risk that the District considers adequate for its needs.

In light of the Debt Policy, the District conducts certain liability management transactions in order to maintain its debt ratios within certain limits. The District's goal is to obtain financing for longer terms, denominated in local currency and with fixed interest rates.

Liability Management Transactions

The District has implemented several liability management transactions, which mainly include various currency swap transactions entered into in 2003 and 2004 and various debt exchanges completed to improve the District's debt profile.

Since 2003, the District has completed various debt exchanges to align its debt portfolio with the Debt Policy. During 2003, the District entered into debt exchange transactions amounting to Ps. 80,000 million, with the proceeds obtained from the placement of notes due 2010 under the existing Note Program, which substituted loans with local banks with maturities in 2007 and 2008.

During 2004 and 2005, the District entered into four debt exchange transactions allowing the District to prepay two syndicated loans and three loans with local banks with the proceeds from the issue of notes due 2010 under the Note Program and with proceeds of a syndicated loan in 2004. These transactions improved the debt maturity profile and reduced the cost of servicing the debt.

In 2006, the District completed a partial debt substitution of its syndicated loan with the proceeds resulting from the placement of notes due 2012 under the Note Program changing liabilities with variable interest rates to fixed rates in order to reduce interest rate risk exposure. In February 2007, the District completed the conversion of its U.S. dollar-denominated debt under a loan with the World Bank to peso-denominated debt.

Amortization Schedule of Outstanding Debt

The following table sets forth the amortization schedule of the District's outstanding debt at March 31, 2007.

	Outstanding Balance at March 31, 2007[1]	Last Three Quarters 2007	2008	2009	2010	2011	2012	2013	2014	2015 and Later Years
	(in millions of pesos)									
Bonds	993,900	82,000	0	190,500	261,400	0	160,000	0	0	300,000
Multilateral	891,973	52,852	68,436	78,968	78,414	107,646	56,223	49,038	43,181	357,214
Bank Loans	201,084	6,899	99,460	80,432	4,264	6,764	3,264	0	0	0
Bilateral	20,808	0	0	1,015	1,015	1,015	1,015	1,015	1,015	14,718
Total Debt	2,107,765	141,751	167,896	350,915	345,093	115,426	220,503	50,053	44,196	671,932

1 Outstanding amounts include disbursed and non-disbursed funds under the current District's credit facilities.
Source: District Office of Public Credit.

Special Arrangements Benefiting Certain Creditors

Substantially all of the District's commercial bank creditors benefit from liens or other arrangements that grant these creditors priority of payment over other creditors with respect to specific sources of the District's revenues, such as the *Impuesto de Industria, Comercio, Avisos y Tableros* (Industry, Commerce and Advertisement Tax), *Impuesto al Consumo de Cervezas* (Beer Consumption Tax), *Impuesto Unificado de Vehiculos* (Motor Vehicle Tax) and certain transfers from the Central Government. In most cases, these arrangements earmark an amount of specified revenues ranging from approximately 100.0% to 130.0% of one year's debt service payments on the related debt. To the extent the District does not default on the debt secured by liens over specific sources of its revenues, those revenues continue to be available to the District. In the event the District defaults on the loans secured by such liens, it has to allocate the revenues subject to the liens to the payment of any amounts due under the terms of the defaulted loans. Also, the District has the obligation to prevent other unsecured creditors from obtaining payments out of the revenues subject to liens.

In addition, the Central Government benefits from counterguarantees granted by the District with respect to the guarantees it has extended in respect of loans obtained by the District from multilateral and bilateral creditors.

In the event that the District were to enter into a restructuring with its creditors, Law 550 of 1999 specifies that no priority of payment (including the special lien arrangements described above) shall be given effect in any resulting restructuring agreement. Additionally, this law states that any such arrangement or guarantee shall be unenforceable during the period in which the restructuring is pending and while any restructuring agreement is in force.

Approximately 2.9% of the District's projected total revenues for fiscal year 2007 (including transfers received from the Central Government) are directed towards payments on debt benefiting from these arrangements, as detailed in the following table.

Revenues Subject to Preferential Arrangements

	Budgeted Revenues for 2007	Amount Subject to Preferential Arrangements	Percentage Subject to Preferential Arrangements
	(in millions of pesos)		
Industry, Commerce and Advertisement Tax	1,523,848	43,038	2.8%
Real Estate Tax	661260	0	0.0%
Beer Consumption Tax	225,012	86,350	38.4%
Registry Taxes	48,273	0	0.0%
Building Permits	49,443	0	0.0%
Motor Vehicle Tax	207,434	6,823	3.3%
Participation in Central Government's Revenues	162,153	4,348	2.7%
Tobacco Tax	13,242	0	0.0%
Gambling and Entertainment Tax	1,499	0	0.0%
Gasoline Surcharge	292,535	0	0.0%
Others	1,664,538	0	0.0%
TOTAL	4,849,237	140,559	2.9%

Source: District Office of Public Credit.

Debt Record

Bogotá has not defaulted on the principal or interest on any of its external or internal debt within the last 50 years.

REPUBLIC OF COLOMBIA

The information below is intended to provide a brief overview of certain information about Colombia. This information has been based on Colombia's filings with the SEC. For further information on the Republic of Colombia, see "General Information—Where Can You Find More Information" which discusses how you can access these filings with the SEC. None of these filings is incorporated by reference in this offering memorandum.

Geography and Population

Colombia is the fourth largest country in South America, with a territory of 441,020 square miles (1,141,748 square kilometers). Located on the northwestern corner of the South American continent, Colombia borders Panama and the Caribbean Sea on the north, Peru and Ecuador on the south, Venezuela and Brazil on the east and the Pacific Ocean on the west. According to the DANE's 2005 census, Colombia's population was approximately 41.2 million, up from the 37.1 million according to the 1993 census. Colombia has a population density of approximately 94 people per square mile (37 people per square kilometer).

Colombia is divided into 32 departments. Each department is divided into municipalities. Both governors of the departments and mayors of the municipalities are elected by popular vote.

Colombia is generally classified as a middle-income developing country.

Government and Political Parties

The Constitution provides for three independent branches of government: an executive branch headed by the President, who is elected for a four-year term and may be reelected for an additional four-year term; a legislative branch consisting of a bicameral Congress, composed of the Chamber of Representatives and the Senate; and a judicial branch consisting of the *Corte Constitucional* (Constitutional Court), the *Corte Suprema de Justicia* (Supreme Court of Justice, or "Supreme Court"), the *Consejo de Estado* (Council of State), the *Consejo Superior de la Judicatura* (Supreme Judicial Council), the *Físcalia General de la Nación* (National Prosecutor General) and such lower courts as may be established by law.

Under the Constitution, the President is elected by direct vote. On May 26, 2002, Mr. Alvaro Uribe was elected president of Colombia for 2002-2006 and reelected on May 28, 2006 for 2006-2010. President Uribe, a former member of the Liberal Party who ran as an independent, obtained approximately 53.0% of the popular vote in 2002 and 62.2% of the votes in 2006. Carlos Gaviria, from the Alternative Democratic Pole Party, finished second with 22.0% and Horacio Serpa, from the Liberal Party, was third with 11.8% of the votes.

Internal Security

Guerrillas and Paramilitaries

Guerilla organizations have had a long standing presence in Colombia. The principal active guerilla organizations are the *Fuerzas Armadas Revolucionarias Colombianas* (Colombian Revolutionary Armed Forces, or "FARC") and the *Ejército de Liberación Nacional* (National Liberation Army, or "ELN"). In many remote regions of the country that have traditionally lacked an effective government presence, the guerillas have exerted influence over the local population. In recent years, many of the guerillas have funded their activities through kidnappings and protection and other services rendered to narcotics organizations. Guerilla organizations have increased their violence and terrorism in recent years, largely, the Government believes, in response to the Government's efforts to eradicate illicit crops and destroy drug processing and distribution centers. The emergence of so-called "paramilitary" organizations has added to the violence in the country. The principal group of paramilitaries is the *Autodefensas Unidas de Colombia* (Colombian United Self-Defense Group, or "AUC").

Over the past fifteen years, the Government has implemented various measures to address the violence associated with the guerilla movements and, more recently, with the paramilitaries. Internal security issues continue to be a leading challenge faced by Colombia. There can be no assurance that the downward trend in criminal activity will continue in the future.

Drug Trafficking

The Government has taken various steps to combat the activities of producing, processing and trafficking in narcotics and the violence and terrorism that have become associated with such activities since the mid-1980s. The Central Government has implemented anti-drug programs aimed at eradicating illicit crops, controlling the raw materials necessary to process illicit drugs, providing an alternative livelihood for small coca growers through subsidies and other means, destroying drug processing and distribution operations, and arresting and prosecuting drug traffickers. The Government anticipates that continued large expenditures on security and justice will be necessary over the medium-term to fight narcotics-related crime..

Foreign Affairs and International Organizations

Colombia has established diplomatic relationships with 183 countries. Colombia is a member of the United Nations, the International Monetary Fund or IMF and the International Bank for Reconstruction and Development (the "World Bank"). On a regional level, Colombia is a member of the Organization of American States, the Organization of Caribbean States, the Inter-American Development Bank ("IADB"), the Caribbean Development Bank, the Latin American Economic System, the Association of Caribbean States, the Economic Commission for Latin America and the Caribbean, *Corporación Andina de Fomento*, a multilateral development bank referred to as CAF, the Andean Parliament and the Andean Development Bank. Colombia is also party to several trade and commodity agreements, including the Andean Community of Nations (formerly known as the Andean Pact), the Latin American Integration Association, the Union of Banana Exporting Countries, the International Sugar Association and the World Trade Organization.

On February 27, 2006, the United States and Colombia concluded negotiations on a free trade agreement that seeks to eliminate tariffs and other barriers to goods and services and expand trade between the two countries. The trade agreement will become effective upon approval by their respective legislatures. There is no assurance that the free trade agreement will be approved by the U.S. Congress or that it will remain in its current form.

Economy

From the mid-1990s to the present, the Colombian economy has experienced considerable growth. In 1999, however, the Colombian economy contracted by 4.2% due to adverse climatic conditions, the negative effects of the financial crises in Asia and Russia, higher domestic interest rates and the significant decline in international crude oil and other commodity prices. In more recent years, the Colombian economy has returned to positive real growth with real GDP growing 1.5% in 2001, 1.9% in 2002, 3.9% in 2003, 4.8% in 2004, and according to preliminary figures, 4.7% in 2005 and 6.8% in 2006. The Government currently estimates that real GDP growth for 2007 will be approximately 5.0%. Inflation has been declining to an average of 7.0% in 2002, 6.5% in 2003, 5.5% in 2004, 4.9% in 2005 and 4.5% in 2006. For the twelve months ended January 2007, inflation was 4.7%. Real GDP grew in 2006 mainly due to increased consumption and investment as a result of greater consumer and investor confidence in the economy. Inflation decreased in 2006 mainly due to higher productivity, the appreciation of the peso and lower expectations of inflation.

Unlike other major Latin American countries, Colombia avoided hyperinflation and involuntary debt restructurings during the 1980s, although it faced the same external conditions (including lower export prices, economic recession in Colombia's key trading partners, a reduction in foreign capital inflows and high interest rates) that negatively affected other Latin American countries during that period. During the 1980's, Colombia did, however, enter into voluntarily syndicated loan agreements to refinance certain maturities of its commercial bank debt, and maintained access to new borrowings through multilateral and bilateral credits. Since 1993, Colombia has obtained access to the international capital markets through the issuance of bonds in the United States, Europe and Japan and through borrowings from commercial bank syndicates. Colombia has regularly met all principal and interest obligations on its external debt for over 60 years.

The Government believes that both changes in internal policy and international assistance will be required in order to improve the current economic situation and to further reduce the fiscal deficit. Other factors, such as increases in inflation, exchange rate fluctuations, increases in interest rates, declines in foreign direct and portfolio investment, adverse conditions in the international capital markets, changes in international commodity prices, violence and disruption associated with the guerilla groups and narcotics organizations and other political, economic and diplomatic developments in or affecting Colombia could have a material adverse effect on the country's economy.

Appreciation of the Peso and measures taken by the Government

From September 2006 to April 2007, the Colombian peso appreciated 12.0% against the U.S. dollar. For the first four months of 2007, the peso appreciated against the U.S. dollar by an additional 6.01%. As the peso appreciated against the U.S. dollar, the Central Bank intervened the foreign exchange markets to control currency appreciation. As of June 4, 2007, the Colombian peso had appreciated against the U.S. dollar by 15.8% year-to-date and had appreciated against the U.S. dollar by 23.1% year-on-year.

Concerned that the inflation target of between 3.5% and 4.5% for full year 2007 might not be attainable, the Central Bank decided to increase overnight interest rates from 8.5% on April 30, 2007 to 8.75% on May 18, 2007. On May 6, 2007, the Central Bank introduced a new package of measures that are intended to tighten monetary policy and control the strengthening of the peso. The package included: (i) an increase in the reserve requirement on current accounts from 13% to 27%, on savings accounts from 6% to 12.5% and on time deposits up to eighteen months from 2.5% to 5% (although the reserve requirement would only apply to accounts and deposits in excess of the level that banks had as of May 4, 2007 and the Central Bank will not pay any interest on the new reserve requirement); (ii) the establishment of a 40% reserve requirement on any disbursement of external loans for a six-month period at the Central Bank with no interest; and (iii) the establishment of a ceiling for financial sector institutions' derivative operations of 500% of their technical equity. "Technical equity" refers to the sum of the most easily realizable equity accounts of a financial institution that is calculated to evaluate the strength of such institution and its capacity to respond to financial difficulties.

On May 23, 2007, the Central Government announced through Decree 1801 an additional measure to control the inflow of short-term portfolio investments. The measure included the requiring the making of an interest free deposit at the Central Bank equal to 40% of short-term portfolio investments for a period of six months. On June 15, 2007, the Central Bank increased the overnight interest rate from 8.75% to 9.0% and increased to 27.0% the mandatory reserves for savings accounts.

During the first four months of 2007, inflation has increased amounting to 4.1% for this period.

DESCRIPTION OF THE NOTES

We will issue Ps. 578,577,000,000 of our 9.75% Colombian Peso-Denominated Notes due 2028 (the "Notes") offered hereby under that certain fiscal agency agreement (the "Fiscal Agency Agreement") between us and Deutsche Bank Trust Company Americas (the "Fiscal Agent"), registrar (the "Registrar"), paying agent and calculation agent (the "Calculation Agent") with respect to amounts payable in U.S. dollars under the Notes. The terms of the Notes include those set forth in the Fiscal Agency Agreement.

The following description is a summary of the material terms of the Notes and the Fiscal Agency Agreement. It does not, however, restate the Notes and the Fiscal Agency Agreement in their entirety, and where reference is made to particular provisions of the Notes or the Fiscal Agency Agreement, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of the Notes and the Fiscal Agency Agreement. You should read the Notes and the Fiscal Agency Agreement because they contain additional information and because they and not this description define your rights as a holder of the Notes. Copies of the forms of the Notes and the Fiscal Agency Agreement may be obtained by requesting them from the Fiscal Agent at the address indicated under "Listing and General Information—Where You Can Find Other Information" or, if and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, from Deutsche Bank Luxembourg S.A., at the specified office of the special paying agent in Luxembourg. We will apply to list the Notes on the Official List of the Luxembourg Stock Exchange and to trade the Notes on the Euro MTF market of the Luxembourg Stock Exchange. We cannot assure you that the application will be accepted. If and so long as the Notes are listed on the Luxembourg Stock Exchange, we will maintain a paying agent and a listing agent in Luxembourg.

General

Basic Terms

The Notes will:

- be general, direct, unconditional, unsubordinated and unsecured obligations of Bogotá and will be backed by the full faith and credit of Bogotá;
- be initially issued in an aggregate principal amount of Ps. 578,577,000,000;
- be amortized in the following amounts on; July 26, 2026, Ps. 192,859,000,000; July 26, 2027, Ps. 192,859,000,000; and July 26, 2028, Ps. 192,859,000,000.
- mature on July 26, 2028;
- not be redeemable, except under limited circumstances, before maturity at the option of Bogotá or repayable at the option of the holder and not be entitled to the benefit of any sinking fund. Bogotá may at any time, however, purchase Notes in the open market or otherwise and may hold them or surrender them to the Fiscal Agent for cancellation;
- all amounts due in respect of principal or interest, including redemption amounts specified above, will be payable in an amount of U.S. dollars, equal to the amount of Colombian pesos payable by Bogota as calculated by the Calculation Agent by translating the Colombian peso amounts into U.S. dollars at the Average Representative Market Rate on the applicable Rate Calculation Date.
- be issued in in registered global form in minimum denominations of Ps. 200,000,000 and integral multiples of Ps.1,000,000 in excess thereof;
- be eligible for settlement through the facilities of The Depositary Trust Company ("DTC");
- be represented by one or more registered Notes in global form, but in certain limited circumstances may be represented by Notes in definitive, certificated form. See "Registration and Book-Entry System"; and

- rank equal in right of payment with all of Bogotá's existing and future unsecured and unsubordinated External Indebtedness (as defined below).

Interest

Interest on the Notes will:

- accrue at the rate of 9.75% per annum;
- accrue from the date of issuance or the most recent interest payment date;
- be payable once a year in arrears on July 26, commencing on July 26, 2008. If any date for payment in respect of a Note is not a Business Day, such payment shall be made on the next following Business Day. No interest on the Notes will accrue as a result of this delay in payment;
- be payable to the holders of record on the fifteenth calendar day immediately preceding the related interest payment date; and
- be computed on the actual number of days during the period in respect of which interest is being paid, not to exceed 365 divided by 365.

For purpose of all payments of interest, principal or other amounts contemplated herein:

- "Average Representative Market Rate" means, for any Rate Calculation Date, the average of the Representative Market Rates for each business day in the five business day period ending on that Rate Calculation Date.
- "Business Day" means a day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets are open, or not authorized to close, in The City of New York; provided, however, that solely for the purposes of determining the Average Representative Market Rate, "business day" means a day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets are open, or not authorized to close, in Bogotá D.C., Colombia. "Rate Calculation Date" means the third business day preceding each scheduled interest or principal payment date or any other date on which principal or interest shall become payable as a result of an acceleration of the maturity of the Notes.
- "Representative Market Rate" means, for any business day, the weighted average of the buy and sell foreign exchange rates for transactions completed on the previous business day by certain commercial banks and financial entities in Bogotá, Cali, Barranquilla, Medellín, Bucaramanga and Cartagena, as calculated and published by the Superintendencia Financiera de Colombia (Superintendency of Finance of Colombia), and which is available on Bloomberg by typing "TRM<INDEX>HP<GO>" or at the Central Bank's website at http://www.banrep.gov.co. If such exchange rate is not reported by the Superintendency of Finance for any business day, then the Representative Market Rate shall be determined by the calculation agent by polling Citibank-Colombia, Banco Bilbao Vizcaya Argentaria S.A., Bancolombia S.A., ABN Amro Bank Colombia and Banco Santander Colombia S.A., all of which have head offices or branches in Bogotá D.C., Colombia (collectively, the "Reference Banks") at 1:00 P.M., Bogotá time, for the exchange rate for the professional market, by taking the arithmetic mean of the polled exchange rates (such mean, the "Alternative Rate"). In the event that any of the Reference Banks cease to operate in Colombia, they shall be replaced by the District, for the purpose of determining the Alternative Rate, with subsidiaries or branches of other foreign banks having similar characteristics and having head offices or branches in Bogotá D.C.

Payment

Bogotá will pay the principal of and interest on Notes in global form registered in the name of or held by DTC or its nominee by wire transfer of immediately available funds to DTC or its nominee, as the case may be, as the registered holder of the global Notes. If any of the Notes are no longer represented by global Notes, Bogotá may, at its option, pay interest on the Notes in definitive, certificated form by check mailed directly to the registered holders at their registered addresses or by wire transfers of inmediately available funds to an account specified by registered holders. At maturity, principal of and interest on Notes in definitive, certificated form will be payable only upon presentation of such Notes at the offices of the paying agents specified on the inside back cover page of this offering memorandum.

Until the Notes are paid, Bogotá will maintain a principal paying agent, a transfer agent, a calculation agent and a registrar in New York City or London. Bogotá has initially appointed Deutsche Bank Trust Company Americas to serve as its paying agent, transfer agent, calculation agent and registrar. In addition, if and for so long as the Notes are listed on the Luxembourg Stock Exchange ("LSE") and the rules of the Exchange so require, Bogotá will maintain a paying agent and transfer agent in Luxembourg. Bogotá has initially appointed Deutsche Bank Luxembourg S.A. to serve as its Luxembourg paying and transfer agent. Bogotá will also give prompt notice in accordance with "Notices" below to all holders of Notes of any future appointment or any resignation or removal of any paying agent, transfer agent or registrar or of any change by any paying agent, transfer agent or registrar in any of its specified offices.

Any money that Bogotá pays to the Fiscal Agent for payment on any Note that remains unclaimed for two years will be returned to Bogotá. Afterwards, the holder of such Note may look only to Bogotá for payment. Claims against Bogotá for the payment of principal, interest or other amounts will become time barred unless made within five years after the date on which the payment first became due, or a shorter period if provided by law.

The registered holder of a Note will be treated as its owner for all purposes.

Form, Transfer, Exchange and Replacement of Notes

The Notes are being offered and sold to non-U.S. persons outside of the United States in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). Notes are being offered and sold in the United States in reliance on the exemption from registration under Rule 144A under the Securities Act ("Rule 144A") to qualified institutional buyers, as defined in Rule 144A ("Qualified Institutional Buyers" or "QIBs").

Notes in definitive, certificated form may be transferred or exchanged in accordance with the terms of the Fiscal Agency Agreement, at the offices or agencies maintained by Bogotá for that purpose, which initially will be the offices of the transfer agents (including the transfer agent in Luxembourg) specified on the inside back cover page of this offering memorandum. The Registrar and the Fiscal Agent may require a holder, among other things, to furnish appropriate endorsements and transfer documents. Bogotá is not required to transfer or exchange any Note to be redeemed. Additionally, Bogotá is not required to transfer or exchange any Note for any period of 15 business days before Notes are to be redeemed. Upon due presentation for registration or transfer or exchange of any Note, the Fiscal Agent shall authenticate and deliver, in exchange for such Note, a Note or Notes of the appropriate form and denomination and of an equal principal amount.

No service charge will be made for any registration of transfer or exchange of Notes, but Bogotá may require payment of an amount sufficient to cover any transfer tax or other similar governmental charge or any other fee payable in connection therewith.

If a Note becomes mutilated, defaced, destroyed, lost or stolen, Bogotá may issue, and the Fiscal Agent will authenticate and deliver, a substitute Note. In each case, the applicant for a substitute Note will be required to furnish to Bogotá and to the Fiscal Agent (or to any paying agent at whose offices the applicant present the Notes for exchange) an indemnity under which it will agree to pay Bogotá, the Fiscal Agent and any other agent for any losses they may suffer relating to the Note that was mutilated, defaced, destroyed, lost or stolen. Bogotá and the Fiscal Agent may also require that the applicant present other documents or proof. The applicant will be required to pay all expenses and reasonable charges associated with the replacement of the mutilated, defaced, destroyed, lost or stolen Note.

Registration and Book-Entry System

Bogotá will issue the Notes in the form of one or more permanent global Notes (each a "Global Note") in definitive, fully registered form without interest coupons and will be deposited with the Fiscal Agent as custodian for DTC, and registered in the name of Cede & Co., as nominee for DTC.

You may hold your beneficial interest in a Global Note directly through DTC, if you are a participant in such clearing system, or indirectly through organizations that are participants in such system, including Euroclear and Clearstream, Luxembourg, through their New York depositaries. Indirect participants are securities brokers and dealers, banks and trust companies that do not have an account with DTC, but that clear through or maintain a custodial relationship with a direct participant. Thus, indirect participants have access to the DTC system through direct participants. If you so choose, you may hold your beneficial interests in the global security through Euroclear or Clearstream, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold their participants' beneficial interests in the global security in their customers' securities accounts with their depositaries. These depositaries of Euroclear and Clearstream in turn will hold such interests in their customers' securities accounts with DTC. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC, or its nominee (with respect to interests of participants), and the records of participants (with respect to interests of persons other than participants).

So long as DTC or its nominee is the registered owner or holder of a Global Note, DTC, or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Fiscal Agency Agreement. No beneficial owner of an interest in a global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Fiscal Agency Agreement. Payments made with respect to a Global Note will be made to DTC or its nominee, as the registered owner thereof. Neither Bogotá, the Fiscal Agent, nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Transfers between DTC participants will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. The laws of some states require that certain persons take physical delivery of securities in certificated form. Consequently, the ability to transfer beneficial interests in a Global Note to such persons may be limited. Because DTC can act only on behalf of DTC participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate representing such interest. Transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described above and under "Transfer Restrictions" cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in a Regulation S Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream, Luxembourg participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream, Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global Note from a DTC participant will be credited during the securities settlement processing day, which must be a business day for Euroclear or Clearstream, Luxembourg, as the case may be, immediately following the DTC delivery date, and such credit of any transactions in interests in a Global Note settled during such processing day will be reported to the relevant Euroclear or Clearstream, Luxembourg participant on such day. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream, Luxembourg participant to a DTC participant will be received with value on the DTC delivery date, but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day following settlement in DTC.

DTC has advised us that it will take any action permitted to be taken by a holder of Notes, including the presentation of Notes for exchange as described below, only at the direction of one or more participants to whose account with DTC interests in the Global Notes are credited, and only in respect of such portion of the aggregate principal amount of such Notes as to which such participant or participants has or have given such direction.

However, if any Event of Default under such Notes has occurred and is continuing, DTC will exchange the Global Notes for Notes in certificated form, which it will distribute to its participants and which, if representing interests in a restricted global note, will bear the legend set forth under "Notice to Investors."

DTC has advised us as follows. DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. DTC participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly, to whom we refer as indirect participants.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in a Regulation S Global Note and in a restricted Global Note among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the Fiscal Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Further Issues

Bogotá may from time to time, without the consent of Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects, except for issue date, issue price and the first payment of interest thereon. Additional notes issued in this manner may be consolidated with and form a single series with the outstanding Notes.

Ranking

The Notes will be general, direct, unconditional, unsubordinated and unsecured obligations of Bogotá and will be backed by the full faith and credit of Bogotá. The Notes will be External Indebtedness (as defined under "Negative Pledge" below) of Bogotá. The Notes will rank equally in right of payment with all of Bogotá's other existing and future unsubordinated and unsecured External Indebtedness of Bogotá.

Additional Amounts

Bogotá will make payments in respect of the Notes without withholding or deduction for any present or future taxes, duties, assessments or governmental charges imposed or levied by Colombia or any other jurisdiction from or through which payments are made, or any political subdivisions or taxing authorities of any of the foregoing, unless otherwise required by applicable law. If applicable law requires Bogotá to deduct or withhold taxes, Bogotá will make the required deduction or withholdings, remit the amounts deducted and withheld to the relevant taxing jurisdiction on a proper and timely basis and pay the Noteholders the additional amounts necessary to ensure that they receive the same amount as they would have received without such withholding or deduction.

Bogotá will not, however, pay any additional amounts if the holder of a Note is subject to such withholding or deduction due to one of the following reasons:

- the holder or beneficial owner of the Note has some connection with Colombia other than merely owning or enforcing rights under the Note or the receipt of principal of or interest on the Note;
- the holder or beneficial owner of the Note fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the relevant taxing jurisdiction of the holder or beneficial owner, if compliance is required by, as a precondition to exemption from such withholding or deduction; provided that at least 30 days prior to the first payment date with respect to such requirements shall apply, Bogota shall have notified all of the holders that

they will be required to comply with these requirements; and provided further that the requirements are not materially more onerous than those required by U.S. federal income tax law for payments of Interest;

- the holder of the Note fails to present the Note (where such presentation is required by the terms of the Notes) within 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to additional amounts upon presentation of the same for payment on any day during such 30-day period; or
- if presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another paying agent in a Member State of the European Union.

"Relevant Date" means, in respect of any Note, the date on which a payment first becomes due or (if the full amount of the funds payable has not been received by the Fiscal Agent on or prior to such due date) the date on which notice is duly given to the holders of the Notes that such funds have been so received and are available for payment.

All references in this offering memorandum to principal of or interest on the Notes will include any additional amounts payable by Bogota in respect of such principal or interest.

Amortization, Redemption and Repurchase

The Notes will be amortized in the following amounts; on July 26, 2026, Ps. 192,859,000,000, July 26, 2027, Ps. 192,859,000,000, and July 26, 2028, Ps. 192,859,000,000.

Except as provided in the following paragraph, the Notes will not be redeemable prior to maturity at the option of Bogotá or repayable before maturity at the option of the holders. Nevertheless, Bogotá may at any time purchase Notes in the open market or otherwise and may hold them or surrender them to the Fiscal Agent for cancellation.

The Notes may be redeemed at the option of Bogotá in whole, but not in part, at any time, at par, together with interest accrued to but excluding the date fixed for redemption, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders in accordance with "-Notices" below, if (1) Bogotá certifies to the Fiscal Agent that it has or will become obliged to pay additional amounts in respect of the Notes, as a result of any change in, or amendment to, or lapse of, the laws, rules or regulations of Colombia or any political subdivision or any taxing authority thereof or therein (other than Bogotá) affecting taxation, which becomes effective after the issue date, or any change in, or amendment to, an official interpretation or application of such laws, rules or regulations, which change or amendment becomes effective on or after the issue date and any other action taken by any taxing authority or court of competent jurisdiction (i) in Colombia (or any department or subdivision thereof other than Bogotá) or (ii) by any relevant taxing jurisdiction (other than Colombia) from which Bogotá must make a payment under the Notes, which occurs after the issue date; and (2) prior to the publication of any notice of redemption, Bogotá delivers to the Fiscal Agent an opinion of nationally recognized tax counsel to the effect that the payment of additional amounts will be required as a result of such a change or amendment, and a certificate stating that the obligation referred to in (1) (ii) above cannot be avoided by Bogotá taking reasonable measures available to it. For the avoidance of doubt, reasonable measures shall include a change of the jurisdiction of the paying agents. However, any notice of redemption may be given no earlier than 90 days prior to the earliest date on which Bogotá would be obligated but for such redemption to pay such additional amounts were a payment in respect of the Notes then due and, at the time such notice is given, the obligation to pay such additional amounts must remain in effect.

Negative Pledge

Bogotá has agreed that, for so long as any of the Notes remain outstanding, it will not create or permit to exist any Lien, other than a Permitted Lien, on its present or future revenues, properties or assets to secure its External Indebtedness, unless the Notes are secured equally and ratably with that External Indebtedness. As used in this offering memorandum:

- "Internal Indebtedness" means all actual and contingent obligations of Bogota that are payable to Colombian residents in Colombian currency.

- "External Indebtedness" means all actual and contingent obligations of Bogota other than Internal Indebtedness.
- "Lien" means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or preferential arrangement which has the practical effect of constituting a security interest.
- "Permitted Lien" means any:
    1. Lien on any asset or property, and related revenues, to secure External Indebtedness incurred for the purpose of financing the acquisition, development or construction of that asset or property;

    2. Lien on any asset or property, and related revenues, existing at the time of the acquisition of that asset or property and not created in anticipation of that acquisition;

    3. any renewal or extension of a Lien described in clause 1 or 2 above that is limited to the same asset or property and related revenues, and that secures a renewal or extension of the original secured financing; and

    4. Existing or future Liens on any property, revenues or assets of Bogotá for purposes of securing Internal Indebtedness issued or incurred by Bogotá from time to time.

For purposes of this negative pledge only, External Indebtedness shall include only External Indebtedness that is in the form of bonds, debentures, notes or other securities that are or were intended by Bogotá to be quoted, listed or traded on any securities exchange, automated trading system, over-the-counter or other securities market, including securities eligible for resale pursuant to Rule 144A under the Securities Act of 1933.

Events of Default

Each of the following is an event of default with respect to the Notes (each an "Event of Default"):

1. *Non-Payment of Principal:* Bogotá fails to pay any principal of any Note within 20 days of when the payment was due: or

2. *Non-Payment of Interest:* Bogotá fails to pay any interest on any Note within 30 days of when the payment was due; or

3. *Breach of Other Obligations:* Bogotá fails to perform any other material covenant or agreement contained in the Notes or, to the extent adversely affecting the Notes, the Fiscal Agency Agreement and that failure continues for 45 days after any holder of the Notes gives written notice to Bogotá to remedy the failure and gives a copy of that notice to the Fiscal Agent; or

4. *Cross Default on Direct Obligations:* Bogotá fails to pay when due any External Indebtedness in an aggregate principal amount greater than $20,000,000 or the equivalent, and that failure continues beyond any applicable grace period; or

5. *Validity:*

    - Bogotá contests the validity of the Notes in a formal administrative, legislative or judicial proceeding before any legislative, executive or judicial body of Bogotá or Colombia which is authorized by law and has the legal power and authority to declare the Notes invalid.
    - Bogotá denies any of its obligations under the Notes, or (A) any constitutional provision, law, regulation, ordinance or decree necessary to enable Bogotá to perform its obligations under the Notes or the Fiscal Agency Agreement, or for the validity or enforceability thereof, shall expire, is withheld, revoked or terminated or otherwise ceases to remain in full force and effect, or is modified in a manner which materially and adversely affects, or would reasonably be expected to materially and adversely affect, any right or claim of any holder of the Notes, or (B) any final decision by any court in Colombia having jurisdiction from which no appeal may be or is taken shall purport to render any material

provision of the Notes or any material provision of the Fiscal Agency Agreement invalid or unenforceable or prevents or delays the performance or observance by Bogotá of its obligations under the Notes or under the Fiscal Agency Agreement, and, in each case, such expiration, withholding, revocation, termination, cessation, invalidity, unenforceability or delay shall continue in effect for a period of 90 days.

6. *Moratorium:* Bogotá declares a general suspension of payments or a moratorium on the payment of Bogotá's debt which does not expressly exclude the Notes.

If any of the above events of default occurs and is continuing, the holders of at least 25% in principal amount of the outstanding Notes may, by written notice to Bogotá with a copy to the Fiscal Agent, declare all the Notes then outstanding to be immediately due and payable. Upon any declaration of acceleration, the principal, interest and all other amounts payable on the Notes will become immediately due and payable on the date Bogotá receives written notice of the declaration, unless Bogotá has remedied the event or events of default prior to receiving the notice.

The holders of more than 50% of the aggregate principal amount of the Notes may rescind a declaration of acceleration if Bogotá remedies the event or events of default giving rise to the declaration after it is made.

Meetings, Amendments and Waivers

Bogotá may call a meeting of the holders of Notes at any time and from time to time. Bogotá will determine the time and place of the meeting and will notify the holders of the time, place, purpose and requirements to attend the meeting not fewer than 30 or no more than 60 days prior to the date fixed for the meeting. The notice will state (i) the time and place of the meeting, (ii) the action proposed to be taken at the meeting, and (iii) the record date for determining the holders entitled to vote at the meeting.

If an Event of Default relating to the Notes has occurred and is continuing, the holders of at least 10% in aggregate principal amount of outstanding Notes may request that the Fiscal Agent call a meeting of holders. This request must be in writing and set forth in reasonable detail the action proposed to be taken at the meeting. To be entitled to vote at any meeting, a person must be (i) a holder of outstanding Notes, or (ii) a person duly appointed in writing as a proxy for a holder.

The Fiscal Agent may make any reasonable and customary regulations governing conduct of any meeting. For purposes of the Fiscal Agency Agreement and the Notes, "outstanding Notes" does not include (i) previously cancelled Notes, (ii) Notes called for redemption, (iii) Notes that have become due and payable and for which sufficient funds to pay amounts owed under these Notes have been paid or provided for, (iv) Notes of that series, which have been substituted with another series of Notes, and (v) Notes owned by Bogotá.

Bogotá and the Fiscal Agent may, without the vote or consent of any holder of the Notes, modify, amend or supplement the Notes or the Fiscal Agency agreement insofar as it affects the Notes for any of the following purposes:

- to add to Bogotá's covenants for the benefit of the holders of the Notes;
- to surrender any of Bogotá's rights or powers;
- to provide security or collateral for the Notes;
- to modify the restrictions on, and procedures for, resale and other transfers of the Notes to the extent required by any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resale or transfer of restricted securities generally;
- to cure any ambiguity or correct or supplement any defective provision contained in the Notes or the Fiscal Agency Agreement; or
- to change the terms and conditions of the Notes or the Fiscal Agency Agreement in any manner in which Bogotá and the Fiscal Agent may determine, so long as such change does not, and will not, adversely affect the interests of the holders of the Notes.

The persons entitled to vote more than 50% of the aggregate principal amount of the outstanding Notes normally will constitute a quorum. However, if a meeting is adjourned for lack of a quorum, then the presence at a duly convened meeting of Noteholders, in person or by proxy, of holders of not less than 25% of the aggregate outstanding Notes will constitute a quorum when the convened meeting is rescheduled. For purposes of a meeting of holders that proposes to discuss reserved matters, which are specified below, holders or proxies representing not less than 75% of the aggregate principal amount of Notes outstanding will constitute a quorum. The Fiscal Agent may make any reasonable and customary regulations governing the conduct of the meeting.

Bogotá and the Fiscal Agent may modify, amend or supplement the Notes and the Fiscal Agency Agreement, or the holders may take any action provided by the Fiscal Agency Agreement or the terms of their Notes, with:

- the approval of the holders of not less than 66⅔% in aggregate outstanding principal amount of the Notes that are present or represented by proxies at a meeting of holders; or
- the written consent of the holders of not less than 66⅔% in aggregate outstanding principal amount of the Notes .

However, the holders of not less than 75% in aggregate principal amount of the Notes, voting at a meeting or by written consent, must consent to any amendment, modification, change or waiver with respect to the Notes that would:

- change the due date for the payment of principal, any premium or any interest on the Notes;
- reduce the principal amount of the Notes;
- reduce the portion of the principal amount of the Notes that is payable upon acceleration of the maturity date;
- reduce the interest rate on the Notes;
- change the currency or place of payment of principal of or any premium or interest on the Notes;
- permit Bogotá to redeem the Notes other than as provided under "Redemption and Repurchase";
- reduce the percentage of principal amount of the holders of the Notes whose vote or consent is needed to modify, amend or supplement the Fiscal Agency Agreement or the terms and conditions of the Notes or the principal amount of the holders of the Notes or change the definition of "outstanding" with respect to the Notes;
- change Bogotá's obligation to pay additional amounts;
- change the governing law provision of the Notes;
- change the courts to the jurisdiction of which Bogotá has submitted, Bogotá's obligation to appoint and maintain an agent for the service of The City of New York or Bogotá's waiver of immunity in respect of actions or proceedings brought by any holder based upon the Notes;
- in connection with an exchange offer for the Notes, amend any event of default under the Notes; or
- change the status of the Notes, as described under "—Ranking" above.

Bogotá refers to the above subjects as "reserved matters". A change to a reserved matter, including the payment terms of the Notes can be made without the consent of all of the holders, as long as the holders of at least 75% of the aggregate principal amount of the outstanding Notes agree to the change.

For purposes of determining whether the required percentage of holders of the Notes has approved any amendment, modification or change to, or waiver of, the Notes or the Fiscal Agency Agreement, or whether the required percentage of holders has delivered a notice of acceleration of the Notes, Notes owned, directly or indirectly, by Bogotá or any public sector instrumentality of Bogotá will be disregarded and deemed not to be outstanding, except that in determining whether the Fiscal Agent shall be protected in relying upon any amendment, modification, change or waiver, or any notice from holders, only Notes that the Fiscal Agent knows to be so owned shall be so disregarded. As used in this paragraph, "public sector instrumentality" means Bogotá, any administrative department, descentralized entity or agency of Bogotá or any company, trust, financial institution or other entity owned or controlled by Bogotá or any of the foregoing, and "control" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a company, trust, financial institution or other descentralized entity.

Notices

Bogotá will mail any notices to the holders of the Notes at the addresses appearing in the security register maintained by the Fiscal Agent. Bogotá will consider a notice to be given at the time it is mailed. If and so long as the Notes are listed on the Luxembourg Stock Exchange and if the rules and regulations of the exchange so require, Bogotá will also publish notices to the holders in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or on the website of the Luxembourg Stock Exchange at http://www.bourse.lu., such notices being deemed given on the date of publication. If publication in a leading newspaper in Luxembourg or on the website of the Luxembourg Stock Exchange at http://www.bourse.lu is not practicable, Bogotá will give notices in another way consistent with the rules of the Luxembourg Stock Exchange.

Governing Law

The Fiscal Agency Agreement and the Notes will be governed by, and construed in accordance with, the law of the State of New York. However, the laws of Colombia will govern all matters relating to authorization and execution of the Fiscal Agency Agreement and the Notes by Bogotá.

Submission to Jurisdiction; Enforceability of Judgments

Bogotá is a foreign municipality. Consequently, it may be difficult for investors in the Notes to obtain or realize upon judgments of courts in the United States or elsewhere against Bogotá. Bogotá will irrevocably submit to the non-exclusive jurisdiction of any federal or state court in the Borough of Manhattan, The City of New York, and to the jurisdiction of the courts of Colombia in Bogotá, D.C., in respect of any action arising out of or based upon the Notes or the Fiscal Agency Agreement that may be brought by the holder of any Notes, irrevocably waive any objection which it may have to the venue of any such court in respect of any such action and, to the fullest extent permitted by law, irrevocably waive and agree not to plead any immunity from the jurisdiction of such court to which it might otherwise be entitled (including immunity from prejudgment, attachment and post judgment attachment) in any such action; provided that, except as provided under Article 177 of the Código Contencioso Administrativo (Code of Administrative Procedure), which does not override Articles 336 and 684 and Article 513 of the Código de Procedimiento Civil (Civil Procedure Code), and Article 11(h) of the Acuerdo No. 24 of 1995 of the Consejo Distrital de Bogotá ("District Council"), the revenues, assets and property of Bogotá located in Colombia are not subject to set-off or attachment. Pursuant to such provisions, and in accordance with Colombian budgetary principles, when a public entity, such as the District, is subject to a monetary judgment or ruling against it by a court of competent jurisdiction, execution proceedings against the District's assets subject to execution are subject to a stay period of up to 18 months after the corresponding judgment is final. Holders of the Notes may be precluded from initiating actions based upon the Notes in courts other than those mentioned above. Bogotá reserves the right to plead sovereign immunity under the United States Foreign Sovereign Immunities Act of 1976 (the "Immunities Act") with respect to any action brought against it under the United States federal securities laws or any state securities laws. In the absence of a waiver of immunity by Bogotá with respect to such actions, it would not be possible to obtain a United States judgment in such an action against Bogotá unless a court were to determine that Bogotá is not entitled under the Immunities Act to sovereign immunity with respect to such action. However, even if a United States judgment could be obtained in any such action under the Immunities Act, it may not be possible to obtain in Colombia a judgment based on such a United States judgment. Pursuant to Articles 693 and 694 of the Civil Procedure Code, the courts of Colombia would give effect to and enforce a judgment obtained in a court outside Colombia without re-trial or re-examination of the merits of the case provided (a) that there exists a treaty or convention relating to recognition and enforcement of foreign judgments between Colombia and the country of origin of the judgment or, in the absence of such treaty, that proper evidence is provided to the Supreme Court of Colombia to the effect that the courts of the country of the subject judgment would recognize and enforce Colombian judgments, and (b) that the subject judgment fulfills the requirements listed below. In order to enforce a foreign judgment in Colombia, it must first be submitted to "Exequatur" proceedings in accordance with Article 695 of the Civil Procedure Code before the Supreme Court of Colombia which, in addition to the issue referred to in (a) above, must examine whether the following requirements have been fulfilled: (A) that the judgment does not refer to in rem rights over assets located in Colombia, which a money judgment would not, (B) that if the judgment has been rendered in a contentious matter, the requirement of due service of process to the defendant was complied with in accordance with the laws of the country of origin, which issue is presumed if the judgment is executory, (C) that the judgment is final and executory in accordance with the laws of the country of origin, and that a duly authenticated and legalized copy be filed with the plaintiff's request for "Exequatur", (D) that the judgment is not contrary to Colombian public order (mandatory) provisions, except for rules of procedure, (E) that the matter of the judgment is not subject to the exclusive jurisdiction of the courts of Colombia, (F) that there are no proceedings in course in Colombia or any final judgment rendered by Colombian Courts in connection with the same subject matter. In the opinion of the Acting Head of the Legal Affairs Group of the District's Finance Department, a judgment obtained in a foreign court ordering the payment of money by the District under the Notes would not conflict with public order laws of Colombia. Proceedings for execution of a money judgment by attachment or execution against any assets or property located in Colombia would be within the exclusive jurisdiction of Colombian courts. In the course of the "Exequatur" proceedings, both the plaintiff and the defendant are allowed the opportunity to request that evidence be collected in connection with the issues listed above; also, before the judgment is rendered, each party may file final allegations in support of such party's position.

Provision in Budget

Bogotá recognizes that amounts due under the Notes must be paid out of appropriations provided in the budget of Bogotá. Bogotá has, therefore, undertaken that it will annually take all necessary and appropriate actions to provide for the due inclusion of those amounts in its budget and to ensure timely payment of all amounts due.

Contracts with Bogotá

By purchasing the Notes, you will be deemed to have waived any right to petition for diplomatic claims to be asserted by your government against Bogotá with respect to your rights as a holder of the Notes under the Fiscal Agency Agreement and the Notes, except in the case of denial of justice.

Concerning the Fiscal Agent

The Fiscal Agency Agreement contains provisions relating to the obligations and duties of the Fiscal Agent, to the indemnification of the Fiscal Agent and to the Fiscal Agent's relief from responsibility for actions that it takes. The Fiscal Agent is entitled to enter into business transactions with Bogotá without accounting for any profit resulting from those transactions.

TRANSFER RESTRICTIONS

The Notes have not been registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except in accordance with an applicable exemption from the registration requirements thereof. Accordingly, the Notes are being offered and sold only to (a) Qualified Institutional Buyers ("QIBs") purchasing for their own account or for the account of QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or (b) purchasers that are not U.S. persons in "offshore transactions" (within the meaning of Regulation S) in reliance on Regulation S.

The Notes will be subject to the following restrictions on transfer. Holders of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of their Notes. By acquiring Notes, holders will be deemed to have made the following acknowledgements, representations to and agreements with the Distrito and the Initial Purchasers.

(1) You acknowledge that:

- the Notes have not been registered under the Securities Act or the securities laws of any other jurisdiction, are being offered for resale in transactions exempt from, or not subject to, the registration requirements of the Securities Act or the securities laws of any other applicable jurisdiction, including sales pursuant to Rule 144A; and

- unless so registered, the Notes may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law or pursuant to an exemption therefrom and, in each case, in compliance with the conditions for transfer set forth below and, provided further, in each case in a principal amount not less than the minimum denomination of such Notes;

(2) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of the Distrito and you are not acting on behalf of the Distrito, and that either:

- you are a QIB (as defined in Rule 144A under the Securities Act) and are acquiring the Notes for your own account or for the account of another QIB, and you are aware that the Initial Purchasers are selling the Notes to you in reliance on Rule 144A under the Securities Act; or

- you are purchasing the Notes in an offshore transaction in accordance with Regulation S under the Securities Act;

(3) You agree on your own behalf and on behalf of any investor account for which you are purchasing Notes, and each subsequent holder of Notes by its acceptance of the Notes will agree, that the Notes may be offered, sold or otherwise transferred prior to (x) the date which is two years (or such shorter period of time as permitted by Rule 144(k) under the Securities Act) after the later of the date of original issue and the last date on which the District was the owner of such Notes (or any predecessor thereto) and (y) such later date, if any, as may be required by any subsequent change in applicable law (the "U.S. Resale Restriction Termination Date") only:

- to the Distrito or the Initial Purchasers;

- in the United States, for so long as the Notes are eligible for resales pursuant to Rule 144A, to a person you reasonably believe is a QIB (as defined in Rule 144A) purchasing for its own account or for the account of another QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A;

- to a purchaser that is not a U.S. person in an offshore transaction within the meaning of Regulation S under the Securities Act;

- pursuant to the exemption from registration provided by Rule 144 under the Securities Act, if available, or under any other applicable exemption from the registration requirements of the Securities Act;

- pursuant to a registration statement that has been declared effective under the Securities Act; or

- in any other jurisdiction in compliance with local securities laws.

The foregoing restrictions on resale will not apply after the U.S. Resale Restriction Termination Date.

(4) You acknowledge that the Distrito and the Fiscal Agent reserves the right to require, in connection with any offer, sale or other transfer of Notes prior to the U.S. Resale Restriction Termination Date, the delivery of written certifications and/or other information satisfactory to the Distrito and the Fiscal Agent as to compliance with the transfer restrictions referred to above;

(5) You agree to deliver to each person to whom you transfer Notes, notice of any restrictions on transfer of such Notes;

(6) You acknowledge that each Rule 144A global note, prior to the U.S. Resale Restriction Termination Date, will bear a legend substantially to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, ENCUMBERED, PLEDGED, OR OTHERWISE TRANSFERRED OR DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS, ACKNOWLEDGES AND AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES THAT (1) IT IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT; (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE OR ANY INTEREST HEREIN, PRIOR TO THE DATE WHICH IS THE LATER OF (X) TWO YEARS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144(k) OF THE SECURITIES ACT) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE CITY OF BOGOTA DISTRITO CAPITAL (THE "DISTRICT") WAS THE OWNER OF THIS NOTE AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY ANY SUBSEQUENT CHANGE IN APPLICABLE LAW, ONLY (A) TO THE ISSUER OR THE INITIAL PURCHASERS, (B) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING THIS NOTE OR SUCH INTEREST FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 (IF AVAILABLE), (D) TO A PURCHASER THAT IS NOT A U.S. PERSON IN AN "OFFSHORE TRANSACTION" WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND WITH THE PROCEDURES SPECIFIED IN THE FISCAL AGENCY AGREEMENT. ANY OFFER, SALES OR TRANSFER PURSUANT TO (C) IS SUBJECT TO THE RIGHT OF THE DISTRICT AND THE

FISCAL AGENT TO REQUIRE DELIVERY OF AN OPINION OF COUNSEL CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THEM”

(7) If it is a non-U.S. purchaser acquiring a beneficial interest in a Regulation S global note offered pursuant to this offering memorandum, it acknowledges and agrees that, until the expiration of the 40-day “distribution compliance period” within the meaning of Regulation S, any offer, sale, pledge or other transfer shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a qualified institutional buyer taking delivery thereof in the form of a beneficial interest in a U.S. global note, and that each Regulation S global note will contain a legend to substantially the following effect:

“PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S (“REGULATION S”) UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”)), THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A PERSON REASONABLY BELIEVED TO BE A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A (“RULE 144A”) UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND THE FISCAL AGENCY AGREEMENT REFERRED TO HEREIN.”

Each purchaser of a Note, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Initial Purchasers and us as follows:

(1) It acknowledges that none of the District, the Initial Purchasers or any person representing the District or the Initial Purchasers have made any representation to it with respect to the District or the offering or sale of any Notes, other than the information contained in this offering memorandum, which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes.

(2) It acknowledges that the District, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the District and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

(3) It agrees that it will deliver to each person to whom it transfers a Note notice of any restrictions on transfer of such Note.

(4) It is purchasing one or more Notes in an amount of at least Ps. 200,000,000 and it understands that such Notes may be resold, pledged or otherwise transferred only in a minimum principal amount of Ps. 200,000,000.

(5) It (a) is able to fend for itself in the transactions contemplated by this offering memorandum; (b) has such knowledge and experience in financial business matters as to be capable of evaluating the merits and risks of its prospective investment in the Notes; and (c) has the ability to bear the economic risks of this prospective investment and can afford the complete loss of the investment.

TAXATION

The following discussion summarizes certain U.S. federal income and Colombian tax considerations that may be relevant to you if you invest in the Notes. This summary is based on laws, regulations, rulings and decisions now in effect in the United States and on laws and regulations in effect in Colombia and may change. Any change could apply retroactively and could affect the continued validity of this summary.

This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax adviser about the tax consequences of holding the Notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local or other tax laws.

Colombian Tax Considerations

Under current Colombian law payments of principal and interest on the Notes are not subject to Colombian income or withholding tax, provided that the holder of the Notes is not a Colombian resident and is not domiciled in Colombia. In addition, gains realized on the sale or other disposition of the Notes will not be subject to Colombian income or withholding tax, provided that the holder of the Notes is not a Colombian resident and is not domiciled in Colombia. So long as the holders of the Notes are not Colombian residents, there are no Colombian transfer, inheritance, gift or succession taxes applicable to the Notes.

U.S. Federal Income Tax Considerations

Circular 230

ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES SET FORTH IN THIS OFFERING MEMORANDUM WAS WRITTEN IN CONNECTION WITH THE PROMOTION AND MARKETING BY THE DISTRICT AND THE INITIAL PURCHASERS OF THE NOTES. SUCH DISCUSSION WAS NOT INTENDED OR WRITTEN TO BE LEGAL OR TAX ADVICE TO ANY PERSON AND WAS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING ANY U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON. EACH INVESTOR SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

General

The following is a summary of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a beneficial owner of Notes. This summary applies only to Notes held as capital assets and does not address U.S. federal income tax rules applicable to holders that are subject to special treatment under the U.S. federal income tax laws, including insurance companies, tax-exempt organizations, banks, dealers or traders in securities or currencies, partnerships and other pass-through entities, persons subject to the alternative minimum tax, persons that mark their securities to market, persons that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or persons that have a functional currency other than the U.S. dollar. Moreover, this summary does not address the U.S. federal income tax treatment of U.S. Holders (as defined below) that do not acquire Notes as part of the initial offering at the initial issue price or to U.S. Holders having a "tax home" (as determined for U.S. federal income tax purposes) outside of the United States.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions and existing, proposed and temporary U.S. Treasury Regulations currently in effect. These authorities are subject to changes and differing interpretations that could affect the tax consequences described in this U.S. federal income tax discussion.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes that, for U.S. federal income tax purposes, is:

(i) an individual who is a citizen or resident alien of the United States;

(ii) a corporation, including an entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any State thereof or the District of Columbia;

(iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

(iv) a trust (a) if a United States court is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a domestic trust.

For purposes of this summary, a "Non-U.S. Holder" is a beneficial owner of Notes (other than an entity treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder.

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partner of a partnership holding the Notes is urged to consult its own tax advisor.

PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES.

Taxation of Interest and Additional Amounts

The following discussion assumes that the Notes will not be issued with original issue discount for U.S. federal income tax purposes.

Subject to the discussion below regarding exchange gain or loss, the gross amount of interest (including Additional Amounts, if any) received by a U.S. Holder with respect to the Notes will be includible in taxable income as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. Such interest will constitute foreign source income for U.S. federal income tax purposes. For U.S. foreign tax credit limitation purposes, (i) for taxable years beginning before January 1, 2007, such interest will (with certain exceptions) generally be treated as "passive income" or, in the case of banks and other financial services entities, "financial services income," and (ii) for taxable years beginning after December 31, 2006, such interest will (with certain exceptions) generally be treated as "passive category income" or, in certain cases, "general category income." The rules governing the foreign tax credit are extremely complex. U.S. Holders should consult with their own tax advisors with regard to the availability of a foreign tax credit and the application of the foreign tax credit rules to their own tax situation.

Since the amount of interest (including Additional Amounts, if any) payable in U.S. dollars under the Notes is determined by reference to the U.S. dollar value of Colombian pesos at periodic intervals over the term of the Notes, U.S. Holders should consult their tax advisors regarding the application of the foreign currency exchange rules under applicable U.S. Treasury Regulations.

In general, under these rules, U.S. Holders that use the cash method of accounting for tax purposes will not realize any exchange gain or loss in respect of interest payments (including payments of Additional Amounts, if any) except to the extent the exchange rate used to determine the amount of interest (including Additional Amounts, if any) payable in U.S. dollars with respect to an interest payment differs from the "spot rate" in effect on the date such payment is received. Under applicable U.S. Treasury Regulations, the spot rate generally means a rate that reflects a fair market rate of exchange available to the public for currency under a "spot contract" in a free market and involving representative amounts. Any such exchange gain or loss will be generally treated as U.S. source ordinary income or loss. A spot contract is a contract to buy or sell a currency on the nearest conventional settlement date, generally two business days following the date of the execution of the contract. If such a spot rate cannot be demonstrated, the Internal Revenue Service (the "IRS") has the authority to determine the spot rate from a source of exchange rate information reflecting actual transactions conducted in a free market.

If a U.S. Holder uses the accrual method of accounting for tax purposes, such U.S. Holder may determine the amount of income that it recognizes with respect to the interest payments (including payments of Additional Amounts, if any) determined by reference to the U.S. dollar value of Colombian pesos by using one of two methods.

Under the first method, such U.S. Holder will determine the amount of income accrued in Colombian pesos based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the accrual period within the taxable year. The average rate of exchange for an interest accrual period (or partial period) is the simple average of the spot exchange rates for each business day of such period (or such other average that is reasonably derived and consistently applied by the holder). Alternatively, a U.S. Holder may elect to determine the amount of income accrued on the basis of the spot rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the spot rate in effect on the last day of the taxable year. Additionally, under this second method, if the U.S. Holder receives a payment of interest (including Additional Amounts, if any) within five business days of the last day of its accrual period, it may instead translate the interest accrued into U.S. dollars at the spot rate in effect on the day that it actually receives the interest payment. If such U.S. Holder elects the second method, that method must be applied consistently to all debt instruments from year to year, and such election cannot be revoked without the consent of the IRS.

A U.S. Holder that uses the accrual method of accounting for tax purposes will recognize exchange gain or loss, which will be treated as ordinary income or loss, with respect to accrued interest income equal to the U.S. dollar value of the difference, if any, between the spot rate in effect on the date such interest payment (or payment of Additional Amounts, if any) is received and the exchange rate that such U.S. Holder used to accrue interest income. Any exchange gain or loss recognized will generally be treated as U.S. source income or loss, and will generally not be treated as interest income or expense, except to the extent provided by administrative pronouncements of the IRS.

Taxation at Maturity of a Note

On the maturity date of a Note, a U.S. Holder will generally recognize exchange gain or loss, which will be treated as ordinary income or loss, in an amount equal to the difference between the U.S. dollar payment of principal received on the maturity date of the Note and the U.S. Holder's adjusted tax basis in the Note. Any such exchange gain or loss will generally be treated as U.S. source gain or loss.

A U.S. Holder's adjusted tax basis in a Note will generally be the U.S. dollar value of the Colombian peso amount paid for such Note determined on the date of purchase. However, if a U.S. Holder is a cash basis taxpayer, or an accrual basis taxpayer if it so elects, and the Note it holds is traded on an established securities market, as defined in applicable U.S. Treasury Regulations, the U.S. dollar cost of such Note will be the U.S. dollar value of the purchase price on the settlement date in respect of the Note purchased. A U.S. Holder who purchases a Note with previously owned Colombian pesos will recognize exchange gain or loss, which will be treated as ordinary income or loss, in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the previously owned Colombian pesos and the U.S. dollar fair market value of the Note on the date of purchase.

Taxation on the Sale, Exchange, Redemption or Other Taxable Disposition of a Note

A U.S. Holder will generally recognize gain or loss on the sale, exchange, redemption, or other taxable disposition (collectively, a "disposition") of a Note equal to the difference, if any, between (i) the amount realized on such disposition, including the U.S. dollar value of the amount realized in Colombian pesos at the spot rate on the date of the disposition (or, in the case of a Note that is traded on an established securities market as defined in applicable U.S. Treasury Regulations, on the settlement date if the holder is a cash basis taxpayer or an accrual basis taxpayer that so elects), except to the extent such amount is attributable to accrued but unpaid interest and/or Additional Amounts, if any, which will be taxable as such, and (ii) such U.S. Holder's adjusted tax basis in the Note. Except with respect to gains or losses attributable to changes in exchange rates (as described below), any such gain or loss will generally constitute capital gain or loss, and will be long-term capital gain or loss if the Note was held by such holder for more than one year. Certain non-corporate U.S. Holders (including individuals) may qualify for preferential rates of U.S. federal income taxation in respect of long-term capital gains. The deductibility of capital losses is subject to certain limitations.

Any gain or loss realized by a U.S. Holder on a disposition of the Notes will generally be treated as U.S. source gain or loss for foreign tax credit purposes, and any such gain or loss that is attributable to fluctuations in currency exchange rates will constitute exchange gain or loss and will be taxable as U.S. source ordinary income or loss which will not be treated as interest income or expense. Such exchange gain or loss will be recognized only to the extent of the total gain or loss realized by the U.S. Holder on the disposition of the Note.

Tax Return Disclosure Regulations

Pursuant to certain U.S. Treasury Regulations (the "Disclosure Regulations"), any taxpayer that has participated in a "reportable transaction" and that is required to file a U.S. federal income tax return must generally attach a disclosure statement disclosing such taxpayer's participation in the reportable transaction to the taxpayer's tax return for each taxable year for which the taxpayer participates in the reportable transaction. The Disclosure Regulations provide that, in addition to certain other transactions, a "loss transaction" constitutes a "reportable transaction." A "loss transaction" is any transaction resulting in the taxpayer claiming a loss under Section 165 of the Code in an amount equal to or in excess of certain threshold amounts. The Disclosure Regulations specifically provide that a loss resulting from a "Section 988 transaction," such as any exchange loss realized with respect to the Notes, will constitute a Section 165 loss. In the case of individuals or trusts, whether or not the loss flows through from an S corporation or partnership, if the loss arises with respect to a Section 988 transaction (as defined in Section 988(c)(1) of the Code relating to foreign currency transactions), the applicable loss threshold amount is $50,000 in any single taxable year. Higher loss threshold amounts apply depending upon the taxpayer's status as a corporation, partnership, or S corporation, as well as certain other factors. It is important to note, however, that the Disclosure Regulations provide that the fact that a transaction is a reportable transaction shall not affect the legal determination of whether the taxpayer's treatment of the transaction is proper. Persons considering the purchase of the Notes should consult their own tax advisors concerning the application of the rules contained in the Disclosure Regulations with respect to an investment in the Notes and to determine their own tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement), as well as any penalties which may be imposed as a result of a failure to comply with the Disclosure Regulations.

Tax Treatment of Non-U.S. Holders

A Non-U.S. Holder of Notes will be exempt from any U.S. federal income or withholding taxes with respect to gain derived from the disposition of, and interest payments received on, the Notes unless such gain or interest is effectively connected with a U.S. trade or business (or, if an income tax treaty applies, is attributable to a U.S. permanent establishment) of such Non-U.S. Holder or, in the case of gain, such non-U.S. Holder is a nonresident alien individual who is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met. A Non-U.S. Holder will not be considered to be engaged in a U.S. trade or business solely by reason of holding the Notes.

Information Reporting and Backup Withholding

Interest on the Notes (including Additional Amounts, if any) and payments of the proceeds of a sale of Notes that are paid within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding unless the holder is a corporation or other exempt recipient or, in the case of backup withholding, provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

"Noneffectively connected" gain realized or interest received by a Non-U.S. Holder on the Notes will not be subject to U.S. information reporting requirements or U.S. backup withholding, although such holders may be required to furnish a certificate attesting to their status as Non-U.S. Holders.

PLAN OF DISTRIBUTION

Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. are acting as Initial Purchasers of the offering.

Subject to the terms and conditions stated in the purchase agreement dated July 19, 2007, each of the Initial Purchasers named below has agreed to purchase, and we have agreed to sell to the Initial Purchasers, the principal amount of Notes set forth opposite the Initial Purchaser's name.

Manager	Principal Amount of Notes
Citigroup Global Markets Inc.	Ps. 289,288,000,000
Deutsche Bank Securities Inc..	Ps. 289,289,000,000
Total	Ps. 578,577,000,000

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes included in this offering are subject to approval of legal matters by counsel and to other conditions. The Initial Purchasers are obligated to purchase all the Notes if they purchase any of the Notes.

We have been advised that the Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this offering memorandum within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in reliance on Regulation S. The Notes may not be offered or sold in Colombia. See "Transfer Restrictions" The price at which the Notes are offered may be changed by representatives of the Initial Purchasers at any time without notice.

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirement of the Securities Act. See "Transfer Restrictions."

We expect that the delivery of the Notes will be made against payment therefore on or about the closing date specified on the cover of this offering memorandum, which will be the fifth business day following the date of pricing of the Notes (this settlement cycle being referred as to "T+5"). Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing of the Notes or the next succeeding two business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade Notes on the date of pricing of the Notes or the next succeeding business days until the closing of the offering should consult their own advisor.

Accordingly, in connection with sales outside the United States, each of the Initial Purchasers has agreed that, except as permitted by the purchase agreement and set forth in the "Transfer Restrictions" it will not offer or sell the Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of this offering and the closing date, an it will have sent to each dealer to which it sells Notes during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise that in accordance with Rule 144A.

We have agreed that, for a period of 60 days from the date of this offering memorandum, we will not, without the prior written consent of the Initial Purchasers, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities with a term of 365 days or more issued or guaranteed by us.

The Notes will constitute a new class of securities with no established trading market. We do not intend to list the Notes on any national securities exchange other than the Luxembourg Stock Exchange. The Notes are expected to be eligible for trading in the PORTAL Market, the National Association of Securities Dealers' screen-based automated market for trading of securities eligible for resale under Rule 144A. However, we cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will developed and continue after this offering. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activities will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you as to the liquidity of or the trading market for the Notes.

In connection with the offering, the Initial Purchasers may purchase and sell Notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves sales of Notes in excess of the principal amount of Notes to be purchased by the Initial Purchasers in the offering, which creates a short position for the Initial Purchasers. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress. The Initial Purchasers also may impose a penalty bid. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a syndicate member when the Initial Purchasers, in covering syndicate short positions or making stabilizing purchases, repurchase Notes originally sold by that syndicate member.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Initial Purchasers may conduct these transactions in the over-the-counter market or otherwise. If the Initial Purchasers commence any of these transactions, they may discontinue them at any time.

Other Relationships

The Initial Purchasers and its affiliates may have provided in the past, and may provide from time to time in the Future, certain financial advisory, investment banking and other services for the District for which they received, or will receive, customary fees. In addition, affiliates of the Initial Purchasers may have served, and in the future may serve, as lenders to the District.

Notice to Prospective Investors in the European Economic Area

In relation to each Relevant Member State, an offer to the public of any Notes which are the subject of the placement contemplated by this offering memorandum (the "Notes") may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Securities may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities shall require us or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Securities to be offered so as to enable an investor to decide to purchase any Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The EEA selling restriction is in addition to any other selling restrictions set out below.

Notice to Prospective Investors in the United Kingdom

This offering memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive ("Qualified Investors") that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Each of the Initial Purchasers have represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of the Notes which are the subject of the placement contemplated by this offering memorandum in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

In connection with the issue of the Notes, the Initial Purchasers (or persons acting on behalf of the Initial Purchasers) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Initial Purchasers (or persons acting on behalf of the Initial Purchasers) will undertake stabilization action. Such stabilizing, if commenced, may be discontinued at any time and, if begun, must be brought to an end after a limited period. Any stabilization action will be undertaken in accordance with applicable laws and regulations.

OFFICIAL STATEMENTS

Information in this offering memorandum whose source is identified as being derived from a publication of Bogotá or Colombia or one of the agencies or instrumentalities of either is included herein on the authority of such publication as a public official document. All other information in this offering memorandum is included as a public official statement made on the authority of Pedro Arturo Rodriguez Tobo, the Secretary of Finance of Bogotá.

VALIDITY OF THE NOTES

The validity of the Notes will be passed upon for Bogotá by Sidley Austin LLP, United States counsel to Bogotá, and by the Head of the Legal Directorate of the District's Finance Department of Bogotá, Colombian counsel to Bogotá, and for the Initial Purchasers by Shearman & Sterling LLP, counsel to the Initial Purchasers as to New York law and certain aspects of United States federal law, and Brigard & Urrutia Abogados S.A., Colombian counsel to the Initial Purchasers.

As to all matters of Colombian law, Sidley Austin LLP may assume the correctness of the opinion of the Head of the Legal Directorate of the Finance Department of Bogotá and Shearman & Sterling LLP may assume the correctness of the opinion of Brigard & Urrutia Abogados S.A. As to all matters of United States law, the Head of the Legal Directorate of the Finance Department of Bogotá may assume the correctness of the opinion of Sidley Austin LLP and Brigard & Urrutia Abogados S.A. may assume the correctness of the opinion of Shearman & Sterling LLP.

GENERAL INFORMATION

Clearing

The Notes have been accepted into DTC's book entry settlement system. The Notes have also been accepted for clearing through the Euroclear and Clearstream, Luxembourg clearance systems. The securities codes for the Notes are set forth in the following table.

	CUSIP Number	ISIN Number	Common Code
Rule 144A Global Note	097230 AB2	US097230 AB21	031324602
Regulation S Global Note.......................	P17460 AB5	USP17460 AB56	031324670

Litigation

The District is involved in several litigation proceedings that have arisen in the ordinary course of its operations and involve subjects ranging from alleged breach of contract to employment disputes. Between 2002 and 2006, 85.0% of the claims asserted against the central administration of the District were resolved in the District's favor. The total amount paid by the District's entities between 2002 and 2006 in respect of successful claims was Ps.45,211 million. The District does not expect that pending lawsuits would have a material adverse effect on its ability to repay the Notes described in this offering memorandum.

The District maintains reserves for attending contingent obligations in which the District believes there is a probability of loss. At March 31, 2007 these reserves totaled Ps. 10,061 million and the 2007 budget provides for an appropriation of Ps. 10,000 million to attend contingent liabilities.

Where You Can Find More Information

If and for so long as the Notes are listed on the Luxembourg Stock Exchange, you may inspect (or, in the case of annual financial statements of Bogotá (of which English translations are available) and the most recent annual report of Colombia, receive free of charge) copies of the following documents on any business day at the offices of the paying agent in Luxembourg:

- the Fiscal Agency Agreement including the form of the Notes; and

- English translations of the authorizations or opinions of the Ministry of Finance and Public Credit of Colombia dated April 25, 2007 and July 18, 2007, the National Planning Department dated April 17, 2007, the District Council dated June 25, 2007 and the CONFIS dated June 25, 2007 for the issuance of the Notes.

For more information on the Republic of Colombia you can access the Republic of Colombia's SEC filings available to the public in the SEC's website at http://www.sec.gov. Any filings made by the Republic of Colombia with the SEC are not incorporated by reference in this offering memorandum. You can request copies of these filings by writing to the SEC. You may also read and copy these filings at the SEC's public reference room in Washington D.C.:

SEC Public Reference
100 F Street, N.E., Room 1580
Washington, D.C. 20549

ISSUER

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Carrera 30 No. 24-90, Piso 1
Bogotá D.C., Colombia

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New York, New York 10005

LUXEMBOURG LISTING AGENT, PAYING AGENT AND TRANSFER AGENT

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