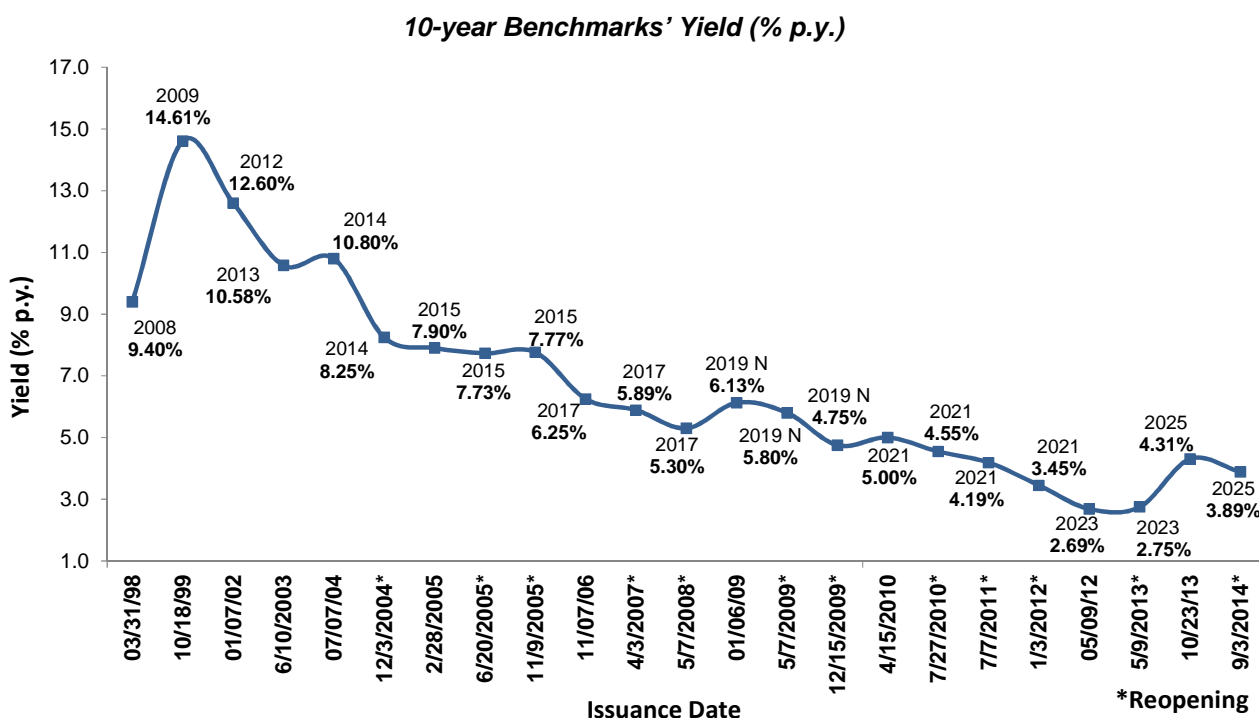


BRAZIL REOPENS ITS 10-YEAR BENCHMARK BOND IN THE EXTERNAL MARKET

The National Treasury carried out, on September 3rd, the reopening of its ten-year benchmark bond denominated in US Dollars, the Global 2025, reaching USD 1.05 billion (USD 1 billion in European and North-American markets and USD 50 million in the Asian market) ¹.

The bond, which bears a coupon of 4.25% p.y., paid semi-annually every January and July 07th, up to its maturity in January 2025, was priced at 103.05 to yield 3.888 percent, 147 bps above the comparable US Treasury. The issuance was managed by *BTG Pactual, Citigroup and Morgan Stanley*.

This yield was lower than that of the initial issuance of this 10-year benchmark and represented the fourth lowest in Brazilian history for a bond denominated in USD dollars with this maturity. It demonstrates the country's ability to issue and refinance long-term debt at low cost.

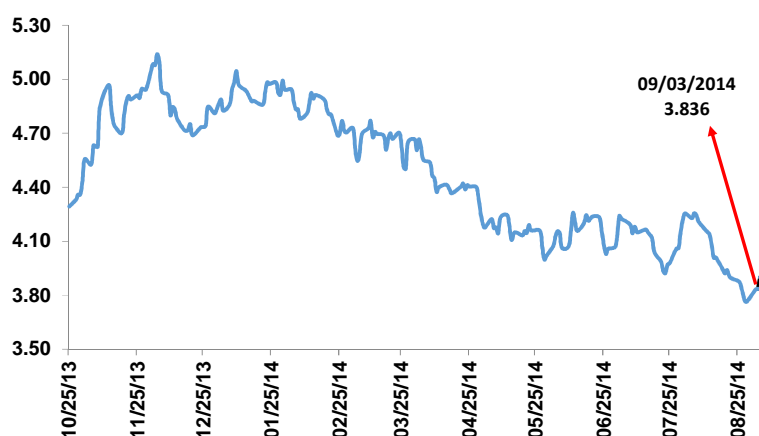


Source: National Treasury

¹ The so-called green shoe mechanism was used. According to this strategy, the Brazilian National Treasury, after launching the operation on a schedule compatible with the North American and European markets, can extend the issuance in the Asian market under predetermined conditions.

It is also worth noting that the issuance occurred at a time when the Global 2025 was trading with a yield close to its lowest level, ensuring the success of the reopening at a competitive cost to the country.

Global 2025 Yield (% p.y.)



Source: Bloomberg

The first Global 2025 issuance occurred in October 2013, when USD 3.25 billion were issued at a 4.305% p.y. rate. With the reopening, the outstanding volume of the Global 2025 reached a total of USD 4.3 billion, an amount considered adequate to ensure liquidity for benchmark bonds in the international market.

This issuance follows the guidelines taken by the National Treasury regarding the improvement of the external debt profile through the consolidation of the external yield curve in US Dollars by maintaining reference points (benchmarks). Besides improving the sovereign bonds curve, the creation and maintenance of well-priced liquid securities serve as a reference for external operations for Brazilian private companies, increasing their possibilities of obtaining long-term funds at lower costs.

Characteristics of the Global 2025 Issuance

Issuance date	10/23/2013	09/03/2014
Term	11 years	10 years
Maturity	01/07/2025	01/07/2025
Interest coupon	4.25% p.y.	4.25% p.y.
Issuance price	99.521% of face value	103.050% of face value
Yield	4.305% p.y.	3.888% p.y.
Spread over US Treasury	180 bps	147 bps
Principal payment	Single payment, at maturity	Single payment, at maturity
Interest payment	Semi-annual payments	Semi-annual payments
Issued at Global Market	USD 3.2 bn	USD 1 bn
Issued at Asian Market	USD 50 mn	USD 50 mn
Total Issued	USD 3.25 bn	USD 1.05 bn

Source: National Treasury

National Treasury: <http://www.stn.fazenda.gov.br/en/homeen>

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