



***BRAZIL REOPENS 10-YEAR BOND IN THE EXTERNAL MARKET:  
YIELD AND SPREAD REACH HISTORICAL MINIMUM***

The National Treasury made a second reopening, as of December 15<sup>th</sup> 2009, of its 10-year benchmark, the Global 2019N, in the amount of USD 525 million, of which USD 500 million were issued in US and European markets, while USD 25 million were channeled to the Asian market<sup>1</sup>. This tap, jointly managed by Goldman Sachs and Morgan Stanley, are in line with the Annual Borrowing Plan 2009, seeking to improve the external debt profile, aiming at consolidating the yield curve in US dollars by maintaining benchmark points in the external market. At the end of the operation, the stock of the Global 2019N in the market reached USD 2.3 billion.

The bond was sold at 108.204% of its face value, yielding 4.75% p.y.. The semi-annual coupon interest remained at 5.875% p.y., to be paid every January 15<sup>th</sup> and July 15<sup>th</sup> up to final maturity at 01/15/2019. The financial settlement took place on December 22<sup>nd</sup>.

The operation had the participation of over 100 accounts of diverse profiles, reaching a demand several times larger than the offer. In this third offering of the Global 2019N the bond was issued with a spread of 113.9 basis points over the equivalent bond of the US Treasury<sup>2</sup>, the smallest difference ever reached in external 10-year bond issuances by the Country. It is worth to mention that in the first issuance of the Global 2019N, in January 2009, the spread in relation to the equivalent Treasury was of 370 bps, and, in the first reopening – in May, the spread was of 252 bps.

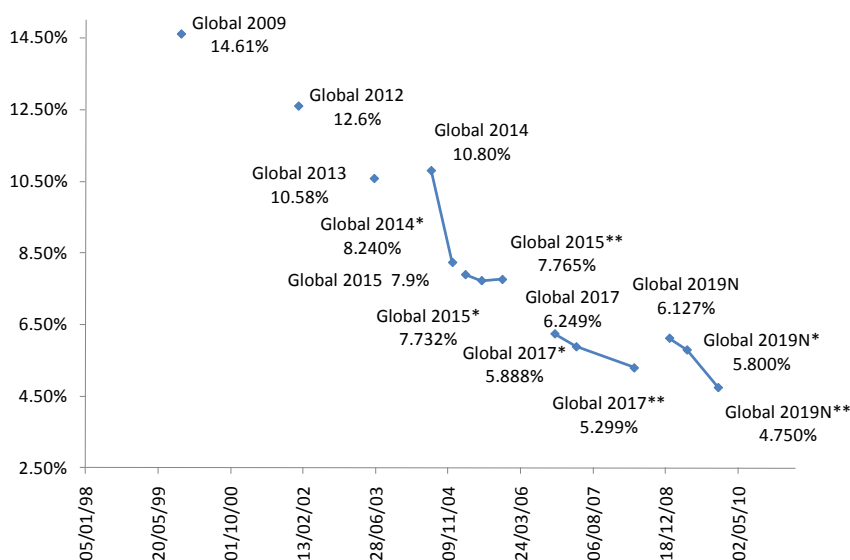
The yield of 4.75% p.y. achieved in the issuance corresponds to the lowest yield of a 10-year Brazilian bond and to the lowest yield in the US dollar market of the Brazilian history. It is important to mention that the issuances of the Republic have been consistently achieving lower yields across time, as shown in the graph below. That fact is due to the increase in the Brazilian Government's credibility with the foreign market through time and the positive expectancy in relation to the Brazilian economy.

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<sup>1</sup> Treasury maturing at November 2019.

<sup>2</sup> At that time the Republic used, once again, the extension known as "Green Shoe". In this fashion, the National Treasury launches the operation in the US and European compatible timing and chooses whether tapping the Asian Market under pre-defined conditions. That strategy is especially interesting in order to increase the investors' base.

## Yield (% p.y.) at Issuance of 10-year Bonds



Source: National Treasury

\* Reopening

\*\* 2<sup>nd</sup> Reopening

### Characteristics of the Global 2019N Reopening, on 12/15/2009

Term	10 years
Maturity	1/15/2019
Interest coupon	5.875% per year
Issuance price	108.204% of face value
Yield	4.75% per year
Spread	113,9 bps over the November-2019 US Treasury
Principal payment	single payment, at maturity
Interest payment	half-yearly payments

Source: National Treasury

## Staff

### Public Debt Strategic Planning Department

#### Investor Relations

Manager: André Proite  
 Deputy: Flávia Fernandes Rodrigues Barbosa  
 David Rebelo Athayde  
 Fabio Guelfi Pereira  
 Karla de Lima Rocha  
 Leandro Gonçalves de Brito  
 Leonardo Tavares Lameiro da Costa  
 Mathias Lenz Neto

E-mail: [brazildebt@fazenda.gov.br](mailto:brazildebt@fazenda.gov.br)

Fax: ++ 55 61 3412-1565