

### *Celebrating the New Year with the Reopening of the Euro 2015*

The successful reopening of the Euro 2015 Brazilian Sovereign bond was settled by the weekend of February 3, 2006. *Barclays Capital* and *Dresdner Kleinwort Wasserstein* led the € 300 million issue, which took place on January 30, the date the Chinese New Year was celebrated in many places.<sup>1</sup>

The issuance was a milestone and brought fresh possibilities for the Republic. First, the issue was priced with a *spread* of 185 basis points relative to the 9-year *mid-swap* – referenced to the Euro. The original bond, issued in January 2005 was priced with a 391 b.p. spread. The overall yield of the bond also dropped from 7,55% one year ago to 5,45%. That means that the price rose from the original issue from 98,8% of face value to 113,428% of face value.

The reopening brought fresh possibilities also because it allowed the Euro 2015 to qualify to be listed at the Euro-MTS electronic platform for trading Euro-denominated bond. Indeed, the reopening rose the original volume of the issue from € 500 million to above the € 750 threshold established by the Euro-MTS.

Trading the Euro 2015 at the EuroMTS creates a new benchmark for this bond, because it helps increase its liquidity,

improve its pricing, and broaden the Republic's investor base. The bond has also satisfied another requirement to be listed, i.e., the existence of at least seven financial institutions willing to serve as "market makers".

Two other Brazilian bonds have already been traded at EuroMTS since July 2005: the Euro 2011 and the Euro 2012.

In the second half of 2005, trading on those two bonds accounted for about 41% of total trading at the *emerging market* window at EuroMTS. Indeed, the success of those bonds helped motivate EuroMTS to lower the original listing threshold of € 1 billion of outstanding stock per issue, to the current € 750 million threshold.

The reopening raised the volume issued by the Republic under the umbrella of the 2006-2007 external financing program to US\$ 4,86 billion. This amounts to 54% of the US\$ 9,00 billion target established in that program and providing a good start to other initiatives envisaged in the 2006 Annual Borrowing Plan.

## 可靠的綠色巨人

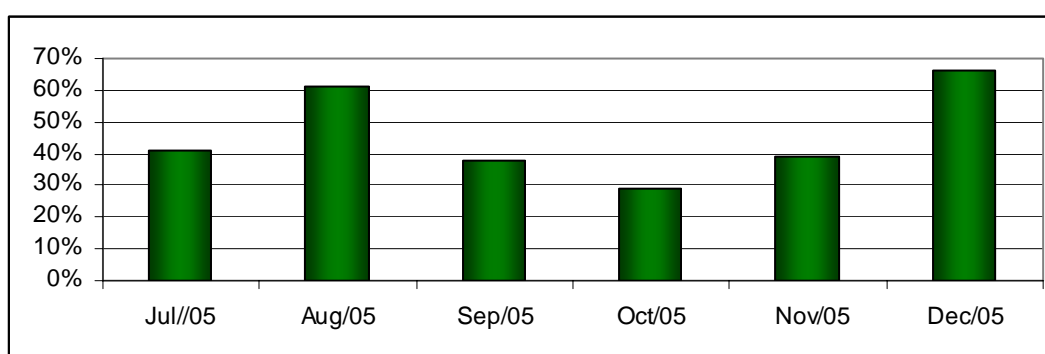
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<sup>1</sup> The Chinese New Year was on January 29, although holidays were often observed on the 30<sup>th</sup>.

Trading Share at the EuroMTS Platform							
	Jul//05	Aug/05	Sep/05	Oct/05	Nov/05	Dec/05	Total
<b>Brasil</b>	<b>41%</b>	<b>61%</b>	<b>38%</b>	<b>29%</b>	<b>39%</b>	<b>66%</b>	<b>41%</b>
Bulgaria	16%	10%	10%	32%	10%	3%	18%
Rumania	4%	6%	24%	12%	21%	11%	14%
Croacia	24%	12%	11%	13%	10%	4%	12%
Trurkey	10%	10%	15%	6%	1%	7%	8%
Venezuela	0%	0%	0%	1%	13%	4%	3%
México	0%	0%	0%	3%	4%	4%	2%
South Africa	4%	0%	2%	3%	1%	0%	2%

Source: EuroMTS

**% of Brazilian Bonds Trade in EuroMTS**



Source: EuroMTS

### Euro 2015, in 02/03/2005

Currency	Euro ( € )
Tenure	9 years
Maturity	03/02/2015
Coupon	7,375% a.a.
Issuance Price	113,428% of face value
<i>Yield</i>	5,448% a.a.
<i>Spread</i>	185 bps over the 9-year <i>mid-swap</i>
Underwriting Fee	0,25%
Payment of principal	Bullet at maturity
Payment of interest	Annual payments

Source: STN/CODIP

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