



BRAZIL REOPENS ITS 30-YEAR BENCHMARK BOND: THE COST REACHES ITS LOWEST LEVEL

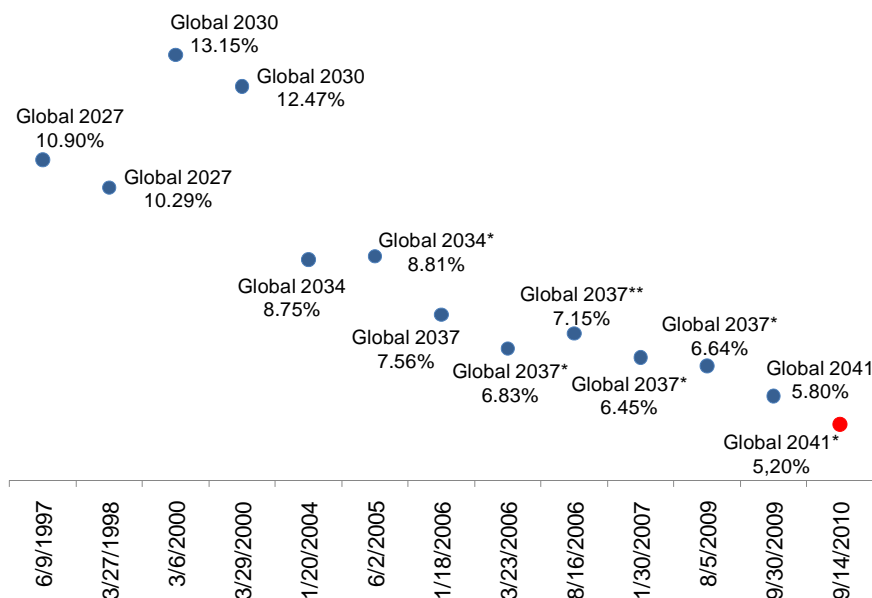
The Brazilian National Treasury carried out, on September 14<sup>th</sup>, 2010, the first reopening of its current thirty-year benchmark, the Global 2041, amounting USD 550 million, of which, USD 500 million in the European and North American markets and extra USD 50 million in the Asian market. This issuance was managed by HSBC and Banco Itaú with Banco do Brasil Securities and BNP Paribas as co-managers.

The thirty-year bond was priced at 106.407% of its face value, with a 5.202% p.y. yield. Coupon payments reaching 5.625% p.y. will be paid semi-annually every January 7<sup>th</sup> and July 7<sup>th</sup>, up to its maturity in January 2041. The transaction was settled on September 21<sup>st</sup>. This operation had a 142 bps spread over the equivalent reference US Treasury Bond (August 2040).

Aiming at enlarging the investor base, the Brazilian National Treasury adopted, once again, the so called green shoe mechanism. According to this strategy, the Brazilian National Treasury launches the operation in the North American and European markets and chooses whether to extend the issuance in the Asian market at predetermined conditions, as a percentage of the initial amount<sup>1</sup>.

This was the first reopening performed by the Republic of its current thirty-year benchmark and was characterized as the one with the lowest cost among thirty-year bond issuances made by the country. This event reflects the credibility of the Brazilian Government among the market participants and the positive expectations about the economy.

Yield (% p.y.) at the issuance of 30-year Brazilian bonds



Source: National Treasury  
\* Reopening  
\*\* Exchange Offer

<sup>1</sup> In this issuance, the percentage was set in 10%.

It should be highlighted that the strong demand and the conditions of this issuance can be seen as an evidence of pronounced interest from the investors' community in Brazilian assets and, eventually, represent an opportunity for potential issuances of the corporate sector, once government bonds are often used as reference to companies that are keen in accessing the external capital market.

This operation is part of the National Treasury's strategy of qualitative issuances, since it aims at improving the external debt profile and consolidating the US Dollar-denominated curve.

<b>Characteristics of the Global 2041, on 09/14/2010</b>	
Term	30 years
Maturity	01/07/2041
Interest cupom	5.625% per year
Issuance price	106.407% of face value
Yield	5.202% per year
Spread	142 bps over the Aug-2040 US Treasury
Principal payment	single payment, at maturity
Interest payment	semi-annual payments

Source: National Treasury

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