

BRAZIL REOPENS GLOBAL 2037 BOND

The Brazilian National Treasury reopened, as of July 29th, its Global 2037 bond, its 30-year benchmark. The operation raised USD 525 mn, of which USD 500 mn was issued in US and European markets, while USD 25 mn was channeled to the Asian market. This tap was jointly managed by Deutsche Bank Securities Inc. and J.P. Morgan Securities Inc. as well as BB Securities and Itaú Unibanco acting as co-managers.

The security was priced in 108.63% of its face value, yielding 6.45% p.y.. The semi-annual coupon interest remained at 7.125% p.y., to be paid every January 20th and July 20th up to final maturity at 01/20/2037. The spread over the May 2039 US Treasury reached 195 bps¹.

In order to further develop the Asian Market, 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.

The reopening was successful as more than 250 diversified investors demonstrated interested in the security, reaching a demand much higher than the offer. Note that this opportunity marked Brazil as the first emerging sovereign issuer to tap a 30-year bond in 2009. This fact demonstrated the international community’s confidence in the Brazilian economy during the crisis and poses positives perspectives for the forthcoming.

This issuance is in line with the 2009 Annual Borrowing Plan (ABP), where the External Federal Public Debt (EFPD) guidelines are stated. The external debt management seeks to improve the debt profile and reinforce liquidity in the Republic’s outstanding benchmarks, while consolidating the US dollar denominated yield curve, for example.

Characteristics of the Global 2037 Reopening, on 07/29/2009

Term	28 years
Maturity	1/20/2037
Interest coupon	7.125% p.y.
Issuance price	108.63% of face value
Yield	6.450% p.y.
Spread	195 bps over the US Treasury Bond 05/2039
Principal payment	single payment, at maturity
Interest payment	semi-annual payments

Source: STN/CODIP

¹ This report used the parameters provided by the Public Debt Operations Office (CODIP).

With the later operation, the Global 2037 reached around USD 3.0 billion. The table below shows this operation as the lowest yield for the same security, since the initial issuance. It was also the first time the National Treasury launched this bond after receiving the investment grade status in April 2008.

Global 2037 Bond Issuance

Operation	Date	Volume Issued (US\$)	Price (% of Face Value)	Spread	Yield (% p.y.)
Issuance	01.10.2006	1,000,000,000	94.856	295	7.557
Reopening	03.16.2006	500,000,000	103.747	204	6.831
Exchange Offer ¹	08.03.2006	500,043,000	99.680	205	7.150
2nd Reopening	01.21.2007	500,000,000	106.338	173	6.635
3rd Reopening	07.29.2009	525,000,000	108.630	195	6.450

(1) Bonds issued due to Exchange Offer Operations, which involve the exchange of the following

bonds: Global 2020, Global 2024, Global 2024 B, Global 2027 and Global 2030.

Source:

STN/CODIP

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