

***BRAZIL OPENS A NEW 10-YEAR BENCHMARK BOND IN THE EXTERNAL MARKET***

The National Treasury issued, on April 15th 2010, its new 10-year benchmark bond, the Global 2021, amounting USD 787.5 million, of which USD 750 million were issued in the US and European markets, while USD 37.5 million were channeled to the Asian market¹. This issuance, jointly managed by JP Morgan and Citibank, with the contribution of Banco do Brasil Securities and Santander as co-managers, is in line with the 2010 Annual Borrowing Plan guidelines, more precisely, the improvement of the external debt profile, by consolidating the US dollar yield curve.

The bond was sold at 98.978% of its face value, yielding 5.00% p.y.. The semi-annual coupon interest remained at 4.875% p.y., to be paid every January 22th and July 22th up to maturity in 01/22/2021. The deal was settled on April 22th.

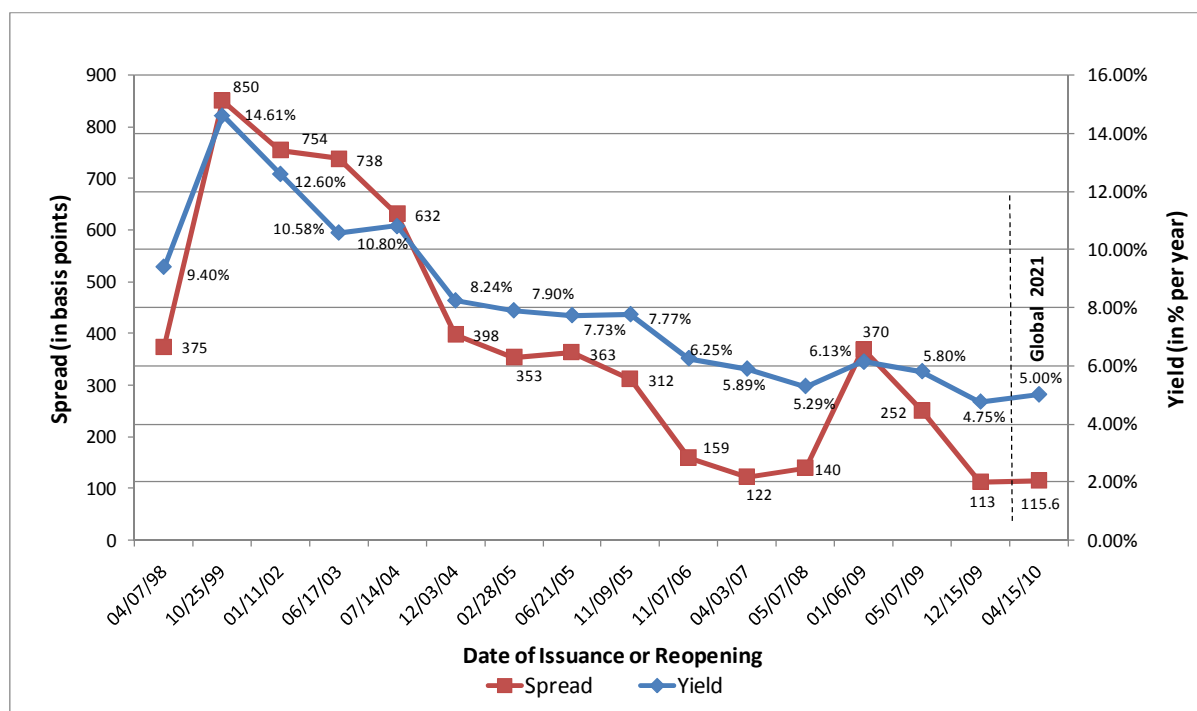
This operation, which had the participation of a diversified investor base, showed a 115.6 basis spread over its equivalent US Treasury², the smallest difference ever reached by a Brazilian Government security in its first issuance in the external market. It's worthy to mention that the lowest spread ever reached by a Brazilian Treasury's security was the 113.9 basis points obtained by the Global 2019N second reopening (third issuance), in December 2009, a value quite close of the spread observed in the Global 2021.

The 5.00% p.y. yield at the issuance also corresponds to the lowest rate of a 10-year Brazilian bond while debuting in the US dollar market. Besides, the Global 2021 coupon will be the lowest ever paid by a Brazilian sovereign security. It is important to mention that the yields at issuance achieved by the Government bonds have been showing a clear downward trend over time, as indicated in the graph below. That fact is due to the increase in the country's credibility and the positive outlook regarding the domestic economy.

¹ 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 markets in compatible timing and has the right to subsequently extend it to the Asian market under pre-defined conditions. That strategy has been usually adopted in Brazilian sovereign issuances in order to increase the investors' base.

² Treasury maturing at February 2020.

Evolution of Spreads and Yields at Issuance of 10-year Bonds



Characteristics of the Global 2021, on 04/15/2010

Term	10 years
Maturity	22/01/2021
Interest coupon	4.875% per year
Issuance price	98.978% of face value
Yield	5.00% per year
Spread	115.6 bps over the February-2020 US Treasury
Principal payment	single payment, at maturity
Coupon	semi-annual payments

Source: National Treasury

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