

BRAZIL RESUMES ISSUE IN THE GLOBAL MARKET OF BONDS WITH MATURITY DATE IN 2019

On May 10, the Republic carried out a new raising of resources overseas for 2005 through the reopening of Global 2019, which had originally been issued as early as October 2004, in anticipation of issues scheduled for the current year. Differently from the first issue of the Global 2019, when approximated USD 1 billion were attracted, this latest offer managed to attract USD 500 million, thus allowing the continuation of the external financing program.

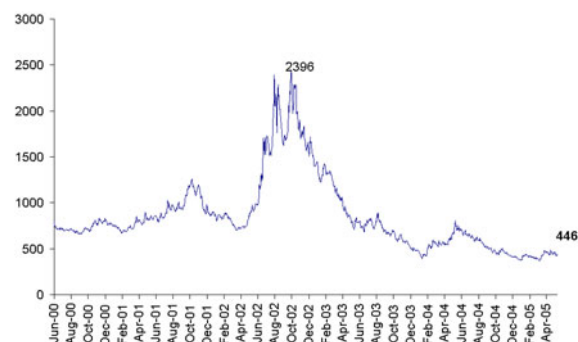
The most recent operation is the fourth carried out under the exclusive coordination of the National Treasury, which since early this year has unified the management of external and internal debts. That procedure is in line with the best international debt management practices.

The recognition by the market of the progress achieved by the Brazilian economy, mainly the exceptional performance of the external sector in 2004, the robust fiscal results and the institutional changes that ought to sustain the favourable environment conducive to economic growth continuity, was reflected in the operation's results, headed by Merrill Lynch e Goldman Sachs. The bond, which will pay semi-annual coupons of 8.875% a year, was issued at 100.375% of its face value, thus resulting in a profitability of

8.83% a year. The spread was 458 base points above the US Treasury reference bond maturing in ten years. The current positive context of Brazil's economy enabled the reopening of this 14 and a half years bond were carried out at profitability levels for the investor of 32 base points below the yield observed for the first Global 2019 operation.

The volume attracted contributed toward the financing program scheduled for 2005, which contemplates external operations of up to USD 6.0 billion. With this issue, the National Treasury still expects to raise USD 1.1 billion in the external market. Investors demand for this security has exceeded several times the issue offer, having become another indicator of the success of this operation, at a moment when risk, as measured by the EMBI, is decreasing.

Graph 1 - EMBI Brazil



Source: Bloomberg

Characteristics of the Issue on May 10, 2005

Maturity	14 years
Liquidation date	October 14, 2019
Interest coupon	8.875% per annum
Issue price	100.375% of face value
Yield	8.83% per annum
Spread	458 bpts above the US Treasury reference bond Maturity date in 10 years
Placement commission	0.30%
Principal payment	one sole payment at maturity date
Interest payment	in semi-annual instalments

Source: STN/CODIP.

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