

## **BRAZIL REOPENS GLOBAL 2034**

On May 25, Brazil promoted the reopening of Global 2034, the second longest Brazilian external-debt bond on the market. USD 500 million was offered at the reopening of that security that had originally been issued in January 2004. That was the fifth issue carried out under the exclusive coordination of the National Treasury, which since early this year has unified the management of the internal and external debts. That procedure is coherent with the best international debt management practices.

Once more, the market's leading agents were aware of the significant progresses made by the Brazilian economy, which were reflected as a demand that often exceeded the Global 2034 reopening offer. Those improvements were based on the exceptional performance that the external sector has been showing and on the robust fiscal results, which have reinforced the government's determination as to fiscal austerity and expenditure control.

The country's track record and the effort underway to expand and diversify its investor base were reflected in the final issue allocation. The bond was distributed to 143 investors, mainly in the United States and Europe, which characterized it as a rather pulverized issue and which fosters a good performance in the secondary market.

Global 2034, which will pay a semi-annual coupon of 8.25% a year, was issued at 94.125% of its face value, therefore resulting in a profitability of 8.814% a year to the investor. The spread was 440 base points above the US Treasury reference bond maturing in 2031. At the opportunity, banks Bears Stearns and Deutsche Bank led the operation.

The volume attracted contributed to the 2005 financing that began in October 2004 and that forecasts external offers of up to USD 6.0 billion. To complete the program contemplated, the National Treasury must attract USD 600 million in the external market in 2005.

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**Characteristics of the Issue on May 25, 2005**

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Maturity	29 years
Maturity date	January 20, 2034
Interest coupon	8.25%
Issue price	94.125% of face value
Yield	8.814% per annum
Spread	440 bpts above the US Treasury reference bond maturity date in 2031
Placement commission	0.30%
Principal payment	one sole payment at maturity date
Interest payment	in semi-annual instalments

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Source: STN/CODIP.

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