



BRAZIL OPENS NEW 10 YEAR BENCHMARK BOND

The Brazilian National Treasury issued, on Jan 6th, its new 10 year benchmark, the Global 2019, amounting USD 1.025 bn, being USD 1.0 bn in European and North America markets and USD 25 mn in the Asian market. This issuance was managed by *Goldman Sachs & Co.* and *Merrill Lynch* with the contribution of *Banco do Brasil Securities* as co-manager.

This ten-year bond was priced at 98.135% of its face value, with a 6.127% p.y. yield. Coupon payments reaching 5.875% p.y. are to be paid semi-annually every Jan-15th and Jul-15th up to maturity in January 2019. This operation had a 370 bps spread over the Nov-2018 US Treasury, which means a quite positive result in relation to other observed operations.

Aiming at enlarging access to the Asian market, the Republic adopted, once again, the so called green shoe mechanism. According to this strategy, the Brazilian National Treasury issues in a compatible time-framework within USA and EUR markets and can choose to extend the issuance in the Asian market at predetermined conditions.

Since conditions were favorable, the Asian market absorbed extra USD 25 mn to the issuance.

It can be highlighted that with this issuance Brazil was the second emerging country to access the external market, after the outbreak of the global crises, in late September. This fact was understood as a good signal of market confidence in the Brazilian economy and an important tip about the current market conditions, since this kind of operation can benefit

companies that wish to access the external market.

This issuance can also be remarked because of its qualitative purposes, in other words, it aimed at improving the external debt profile and consolidating the US Dollar-denominated curve. Again, this is also important to provide a reference curve for the private sector.

This was the first issuance performed by the Republic after having received the investment grade by two credit rating agencies¹. This fact helps to reinforce Brazil as member of a restricted group of countries whose economic policies are considered solid and responsible over time.

Characteristics of the Global 2019, on 01/06/2009

Term	10 years
Maturity	1/15/2019
Interest cupom	5.875% per year
Issuance price	98.14% of face value
Yield	6.127% per year
Principal payment	single payment, at maturity
Interest payment	half-yearly payments

Source: Nacional Treasury

Public Debt Strategic Planning Department

Investors Relations

Staff:

Manager: André Proite
Deputy: Flávia Fernandes R. Barbosa
Juliana Diniz Coelho Arruda
Leonardo Tavares Lameiro da Costa

¹ Standard & Poor's, and Fitch, respectively, in April and in May, 2008