

BRAZIL REOPENS 20-YEAR BOND IN LOCAL CURRENCY ON EXTERNAL MARKET

On March 20, the National Treasury reopened the Global BRL 2028, in the amount of R\$ 750 million or approximately US\$ 361 million. The operation generated considerable market demand and was managed by Barclays and Citigroup, with the collaboration of Itaú Europa and BB Securities as co-managers.

The 20 year bond was sold at 99.75% of face value, resulting in yield of 10.28% p.y.. Investors will receive an interest coupon of 10.25% p.y. paid half-yearly on January 10 and July 10 of each year until maturity on January 10, 2028. Payment will be effected in dollars according to the average exchange rate (PTAX). The operation was settled on March 27.

downward trajectory continued as yield on Global BRL 2028 set a new record of 10.28% per year, as shown in the previous table.

This reopening, just slightly over one month after first issuance in February of this year, took advantage of the positive moment for Brazilian bonds on the international market. The volatility of world markets at the end of February, triggered by the drop in the Chinese stock market and the blooming crisis in the United States sub-prime mortgage market, had no significant impact on Brazil. Among the emerging countries, Brazil came through the period of rising risk aversion in various markets relatively unscathed, as evidenced by the operation's outcome. Clearly, this is a demonstration of the solidity of the fundamentals of the Brazilian economy.

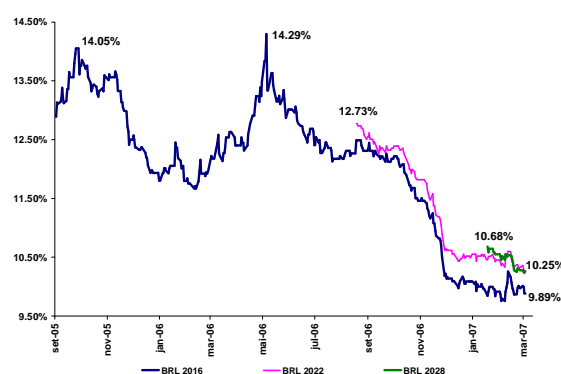
Issuances of the Republic in BRL abroad

Operation	Issuance Date	Volume Issued (R\$ million)	Benchmark maturity (years)	Yield
BRL 2016 (Issuance)	9/19/2005	3.400,0	10	12,750%
BRL 2022 (Issuance)	9/6/2006	1.600,0	15	12,875%
BRL 2022 (1st Reopening)	10/5/2006	650,0	15	12,466%
BRL 2022 (2nd Reopening)	12/4/2006	750,0	15	11,633%
BRL 2028 (Issuance)	2/7/2007	1.500,0	20	10,680%
BRL 2028 (2nd Reopening)	2/20/07	750,0	20	10,280%

Source: National Treasury

Since the Global BRL 2016 issuance, the first of its kind back in September 2005, the yield (at issuance) of these bonds in local currency has been declining. In last week's reopening, the

Global BRL performance



Source: National Treasury

With the new reopening, the outstanding of this bond on the market came to R\$ 2.25 billion, including R\$ 1.5 billion in the February opening.

As a result, this bond was given more liquidity on the secondary market, improving the nation's external debt profile and consolidating the position of Global BRL 2028 as the

benchmark in the 20 year curve in local currency.

Characteristics of the Global 2028 Reopening, on 03/20/2007

Term	20 years
Maturity	01/10/2028
Interest coupon	10.25% per year
Issuance price	99.75% of face value
<i>Yield</i>	10.28% per year
Principal payment	single payment, at maturity
Interest payment	half-yearly payments

Source: National Treasury

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