



BRAZIL RECEIVES THE BEST SOVEREIGN ISSUER IN 2005
AWARD FROM LatinFinance



Treasury Secretary Joaquim Levy (center) and Treasury Deputy Secretary José Antonio Gragnani (left) receive the awards from Mr. Christopher Garnett, President of the Euromoney Conferences, at the event in Miami, February 17, 2006.

LatinFinance awarded Brazil with the prize of **Best Sovereign Issuer of the Year in 2005**. The National Treasury also won the award for **Best Sovereign Issue Denominated in US Dollar** and **Best Sovereign Issue Denominated in Local Currency**. The awards were received by the Secretary of the National Treasury and the Deputy Secretary of the Treasury in Charge of Debt Management at The Latin American Borrowers and Investors Forum (LABIF), held in Miami on February 16-17, 2006.

Brazil was also well represented among the award winners by Brazilian corporates, which received another 7 awards among the 20 given by Latin Finance. The awards are named Deal of the Year and are given annually by the magazine across a variety of

categories. Governments and corporates from all Latin American and other 100 countries were eligible to those awards, which have been given by LatinFinance for a decade.

In the event, LatinFinance highlighted the important changes undergone by Brazil's external debt in 2005. A major achievement in this area was the exchange of C-Bonds for A-Bonds, which helped retire this restructuring (Brady) bond from the market. Such a move helped make the Brazilian yield curve and EMBI figures more readable. These implications and the success of the very large operation (US\$ 4.5 billion) led LatinFinance to pick the exchange as the **Best Sovereign Issue Denominated in US Dollar**.

Another milestone for Brazil was the issuance of the BRL 2016 real-denominated bond in September 2005. This bond opened the Real market to a new class of international investors, achieving remarkable liquidity and enjoying very low transaction costs in the secondary market. Albeit being a sovereign bond, it was an important part of the Treasury strategy to further facilitate the access of international investors to the domestic market of the Brazilian local-currency public debt. According with LatinFinance, the issue was also remarkable

for its volume (R\$ 3.4 billion) and maturity (10 years). The magazine thus considered the features of the bond and its role in the Treasury strategy as warranting the award for **Best Sovereign Issue Denominated in Local Currency**.

More generally, the National Treasury has followed a sophisticated approach to sovereign issues, including the reopening of benchmark issues and steps to enhance the value of the outstanding stock of bonds issued by the Republic. The increased liquidity of *benchmark* issues have helped improve the Brazilian sovereign yield curve.

LatinFinance also noted the broadening of the investors base sought by the National Treasury, in Europe and Asia. An example of the efforts made in this area is the introduction of the “Hong Kong” time for the issuance of global bonds, i.e., the opening of the book for these issues at morning hours in Asia and its closing at afternoon hours in New York. Such a practice grants ample time to European and Asian investors to be

accessed and make their decisions. The practice was well received and has found followers among other emerging market issuers.

These factors help explain LatinFinance choice of Brazil as **Best Sovereign Issuer in 2005**.

The Brazilian corporate sector also put out a good show, winning the following awards: **Best Corporate Issuer, Best Financial Institution Bond, Best Corporate Bond, Best Secondary Equity Offering, Best Domestic Merger & Acquisition Deal, Best Corporate Restructuring, and Best Asset-Backed Transaction**. These awards certainly reinforce the view that fiscal responsibility and commitment to price stability have helped the private sector to buttress its financial standing and expand its access to new markets. Having received 10 out of 20 LatinFinance awards, Brazil is being recognized for its recent advances in debt management and in the overall economy.

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