

BRAZIL REEDEMS IN WHOLE THE OUTSTANDING PRINCIPAL AMOUNT OF ITS 5.875% GLOBAL BONDS DUE 2019

On November 14th, 2017, the National Treasury of Brazil will redeem in whole the outstanding principal amount of its 5.875% Global Bonds due 2019 (the “Notes”), pursuant to the terms and conditions of the Notes. The bond issued on the 6th of January, 2009, will be redeemed at a price equal to 104.373% of its face value.

The 5.875% Global Bonds due 2019 is one of the pioneer Brazilian issuances in the international markets to include the Make-Whole Call. The inclusion of this option does not represent additional costs to the bond issuances, while allowing for more flexibility in liability management. This was the very first time the Republic elected to execute the Make-Whole call, a decision that relies upon economic benefits for the country. The Make-Whole Call is an optional redemption described in the terms of the Notes. The option allows the issuer to redeem the global bonds before maturity, at a price equal to par plus the sum of the present values of each remaining scheduled payment of principal and interest on the global bonds, discounted at the Treasury Rate¹ plus 50 basis points.

Payments in terms of face value sum \$ 1,710,832,000.00. In turn, the entire principal amount of the Notes at the aforementioned price plus accrued interest of \$ 33,224,595.06 represents a total of \$ 1,818,871,278.42.

The retirement of the off-the-run bonds, which no longer serve as an external reference for the Republic, is in line with the Annual Borrowing Plan (PAF)², by consolidating the external yield curve in US Dollars and maintaining reference points (benchmarks) for Brazilian private companies, increasing their possibilities of obtaining long-term funds at lower costs. The redemption of the entire outstanding principal amount of its 5.875% Global Bonds due 2019 also significantly reduces short-term maturities, minimizing the refinancing risk.



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¹ Deutsche Bank was chosen by the Republic to act as the Independent Investment Banker, i.e., the institution responsible for selecting the United States Treasury security (1.125% US Treasury due January 15, 2019), as having a maturity comparable to the remaining term of the global bonds to be redeemed (5.875% Global 2019 due January 15, 2018). The yield of the reference Treasury was calculated as the average of five treasury dealers' quotations (Goldman Sachs, Merrill Lynch, Deutsche Bank, Citigroup and Morgan Stanley), after excluding the highest and lowest values of the sample.

² http://www.tesouro.fazenda.gov.br/documents/10180/269391/PAF_2017_ingles_en.PDF/28a13307-77ab-4e85-abd5-aafafb0e2dc3