

Wednesday 10th February 2010



Republic of Portugal
EUR 3bn 4.8% OT due 15th June 2020
Issue price: 99.841%, Reoffer yield: 4.823%

Press Release

The Republic of Portugal (Aa2/A+/AA) today launched its first syndicated Obrigações do Tesouro (OT) of 2010. The new EUR 3 billion benchmark matures on 15 June 2020, pays a coupon of 4.8%, and was priced at a spread of mid-swap +140 bp (equivalent to +163.7 bp over the 3.25% BUND due 4 January 2020). Joint lead managers were Banco Espírito Santo, Barclays Capital, Crédit Agricole CIB, Goldman Sachs and Société Générale CIB.

Background/rationale

- The guidelines for the first quarter of 2010 financing for the Republic of Portugal anticipated a new benchmark issue of Obrigações do Tesouro – OT.
- A 10-year bond due 2020 was the choice for this new syndicated OT, being the core benchmark tenor for the market.

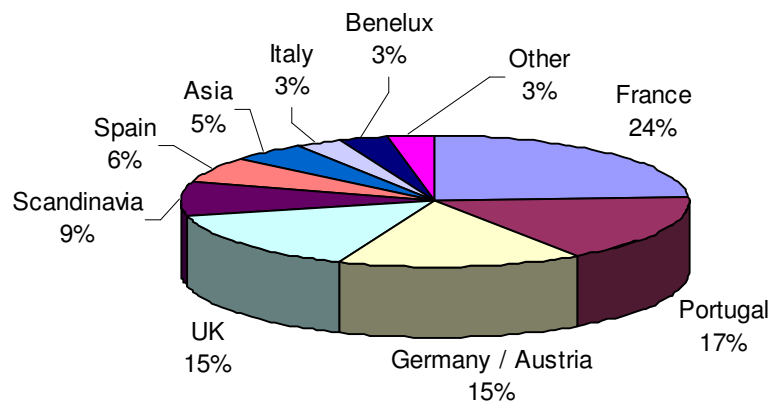
Transaction execution

- The mandate was announced on Tuesday 9th February. Trading conditions in recent days had demonstrated a period of relative stability after the volatility of past weeks. This provided the issuer confidence in announcing a new deal.
- On Wednesday 10th February, the orderbook was opened at a re-offer spread guidance of MS+145 to 150bp. Historically, the issuer has targeted a €3bn size transaction and from the outset, this was again the aim here.
- The new issue attracted strong interest from investors from the outset, with EUR 7 bn of orders gathered in the first hour of bookbuilding. This provided a firm foundation to tighten price guidance to MS+140bp.
- The books continued to grow during the morning and closed at 10:30 am Lisbon time on the same day. The final order book size was close to EUR 13bn, with the majority of distribution to real money investors.
- A EUR 3bn transaction finally priced at 4pm on Wednesday 10th of February, at a spread of +140 bp over the relevant referenced mid-swap rate, equivalent to 163.7 bp over the 3.25% Bund due January 2020.
- In line with the established strategy, the IGCP intends to bring the final size of this new OT benchmark to at least EUR 6 billion via auctions over the next 12 months, thus enhancing liquidity of the OT yield curve (source: www.igcp.pt).
- The new 2020 OT bonds will be traded on MTS Portugal, EuroMTS, TradeWeb and BondVision as of tomorrow, 11th of February.

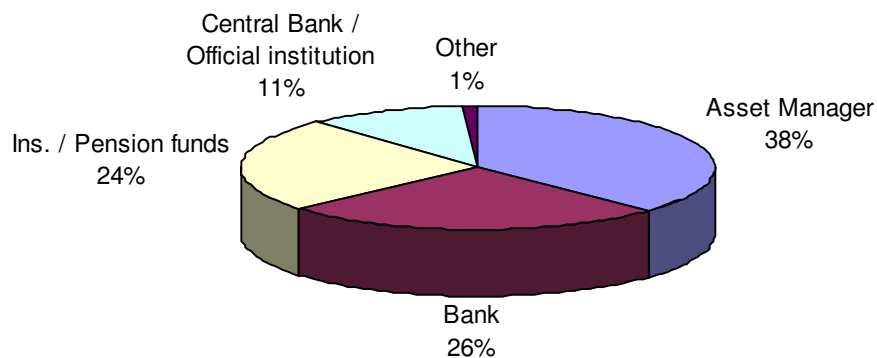
Distribution

- There were over 280 separate orders in the deal.
- The transaction saw a balanced distribution across Europe, consistent with Portuguese transactions in the past. Leading regions for distribution included the UK, Germany, France and Scandinavia. Demand was highly international, but also supported by 17% placement to the domestic investor base. This is roughly comparable with previous deals, the Jun-19 OT in February 2009 also attracted 13% domestic placement.
- The distribution was broadly diversified also in terms of investor type, with a clear majority placed to real money buyers. Asset managers led the placement statistics, with 38% of the deal, in addition to a notable 24% to pension and insurance companies, together with 11% to Central Banks / Official Institutions.

Geographical breakdown



Investor Type Breakdown



REPUBLIC OF PORTUGAL 4.8% OT BENCHMARK DUE 15 JUNE 2020

FINAL TERMS AND CONDITIONS

Issuer:	Republic of Portugal (Aa2/A+/AA)
Issue Amount:	EUR 3,000,000,000
Launch Date:	10 February 2010
Pricing Date:	10 February 2010
Payment Date:	17 February 2010
First Coupon Date:	15 June 2010, short first coupon
Maturity Date:	15 June 2020
Annual Coupon (Act/Act):	4.8%
Issue/Re-offer Price:	99.841%
Re-offer Spread over midswaps:	+140 bps
Re-offer Yield:	4.823%
Government Benchmark:	3.25% DBR Jan 4, 2020
Re-offer Spread over benchmark:	163.7 bps
ISIN Code:	PTOTECOE0029
Listing:	MEDIP/MTS Portugal
Denominations	EUR 0.01
Law:	Portuguese
Joint Bookrunners:	Banco Espirito Santo S.A., Barclays, Crédit Agricole CIB, Goldman Sachs, Société Générale CIB



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