

New Issue

\$10,000,000 State of Rio Grande do Sul

(UNITED STATES OF BRAZIL) Twenty-five Year 8% Sinking Fund Gold Bonds External Loan of 1921 Due October 1, 1946

Repayable, through Sinking Fund or at maturity, at 105 and accrued interest

Interest payable April 1 and October 1. Coupon bonds in denominations of \$1,000 and \$500; registrable as to principal. Not callable prior to October 1, 1931

After October 1, 1931, callable for the Sinking Fund or redeemable at the option of the State of Rio Grande do Sul, as a whole or as to the larger portion outstanding on October 1, 1931, on any interest date at 105 and accrued interest.

Principal, Sinking Fund, premium and interest payable in United States gold coin of the present standard of weight and fineness, without deduction for any present or future Brazilian Government taxes or any State or Municipal taxes, present or future, of the State of Rio Grande do Sul. Principal and interest payable at the office of Ladenburg, Thalmann & Co., Fiscal Agents, in New York, interest also payable at the offices of Lee, Higginson & Co., in New York, Boston and Chicago.

As a Sinking Fund the State of Rio Grande do Sul covenants to deposit \$400,000 annually in quarterly payments until September 1, 1931, to be applied to the purchase of the bonds in the open market at not exceeding 105 and interest, and to add not exceeding \$20,000 annually as required from time to time to pay premium, if necessary, in purchasing bonds. After October 1, 1931, the State covenants to redeem by lot at 105 and interest on April 1 and October 1 of each year thereafter until maturity, one-thirtieth of the amount outstanding on October 1, 1931. Any bonds outstanding at maturity are to be paid at 105 and accrued interest.

FINANCES: Revenues of the State of Rio Grande do Sul for the last fifteen years have in every year shown a surplus over expenditures.

CREDIT: There is no record of default on any funded debt obligation, either internal or external, of the State of Rio Grande do Sul.

RIO GRANDE DO SUL: Area more than twice that of the State of Pennsylvania. Population over 2,000,000. Principal cattle, sheep and stock raising state of Brazil. Because of its temperate climate, it has the most diversified agricultural production of the country. One of the first three states in Brazil in manufacturing and in the value of its imports and exports. Packing house products, meats, agricultural products, hides and wool constitute its most important exports.

SECURITY: These Bonds are issued as the direct and general obligation of the State of Rio Grande do Sul. They are specifically secured by a first hypothecation mortgage or charge on all taxes imposed by the State on the transmission of property, on inheritances and legacies and on the net annual revenues of the port of Porto Alegre. These taxes and revenues are estimated by the State to amount to over \$1,220,000 per annum—the maximum annual requirement for interest and sinking fund of this issue—and the State agrees to mortgage such additional taxes or revenues as may be necessary to fulfill such requirement should the income from the taxes and the port revenues now mortgaged be insufficient therefor.

SINKING FUND: The Sinking Fund provides for the retirement of the entire issue at or before maturity as more specifically stated above.

DEBT: Total direct debt of State, including this issue, at par of exchange is \$37,701,513 or about \$18 per capita. Contingent obligations, consisting of guaranteed city bonds, at par of exchange \$5,012,981.

PURPOSE OF ISSUE: In accordance with Law 272, November 1, 1921, the proceeds of this issue are to be used for the improvement of transportation facilities of the State through construction in connection with the wharf work of Porto Alegre, channel improvement, the installation of equipment for coal properties, and for the retirement of funded debt of the State.

We Recommend these Bonds for Investment

Price 99 1/2 and accrued interest, yielding over 8.10% on repayment at or before maturity at 105 and accrued interest

Bonds offered for delivery when, as and if issued and received by us, subject to the approval of all legal matters by our counsel Messrs. Van Vorst, Marshall & Smith of New York, and Messrs. Rogers, Gray, Boyden & Perkins of Boston.

LEE, HIGGINSON & CO. LADENBURG, THALMANN & CO.

The statements contained in this advertisement are based on information obtained, partly by cable and, from official and other sources, which we believe to be reliable but do not guarantee.

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