



Local Bonds Issuance and Exchange

**Central Bank of Uruguay
Ministry of Economy and Finance**

JULY 2015

Objectives of the Offering:

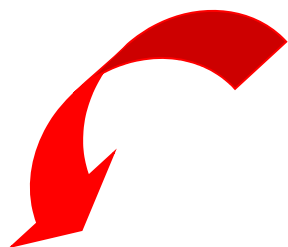
- ✓ Continue the prefinancing policy of the Government.
- ✓ Underpin the dedollarization process of the Central Government debt.
- ✓ Extend the average maturity of domestic public sector securities.
- ✓ Develop the domestic market of public securities:
 - Increase the outstanding of *on-the-run* securities, thus improving its liquidity.
 - Extend the reference points in the nominal pesos yield curve.
 - Establish new benchmarks in the domestic market, giving the investors the opportunity to switch from several securities with small outstanding into consolidated and more liquid securities.

The Offering:

Securities to be offered:

Treasury Notes issued by the Central Government (CG)

- 3-Year Nominal Pesos Treasury Notes
- 5-Year Nominal Pesos Treasury Notes
- 10-Year CPI-linked Treasury Notes



Notes shall be settled in:

- Uruguayan Pesos (cash)
- U.S. Dollars (cash)
- Central Bank (CB) securities with a remaining maturity of up to 3 years
- CG securities with a remaining maturity of up to 5.5 years

Key Terms and Conditions of Bonds Issued

	Nominal Pesos Treasury Note (Series 7)	Nominal Pesos Treasury Note (New Series 8)	CPI-linked Treasury Note (Series 21)
Term	3-Year	5-Year	10-Year
Amount to be auctioned	\$ 5.500: (around USD 200 mill.)	\$ 8.250: (around USD 300 mill.)	UI 1.300: (around USD 150 mill.)
Coupon	<i>13.25% annual (6.625% semiannual)</i>	<i>13.90% annual (6.95% semiannual)</i>	<i>4.0% annual (2.0% semiannual)</i>
Coupon Payments	10/08 & 04/08	07/29 & 01/29	05/26 & 11/26
Amortization	2018/04/08 (Bullet)	2020/07/29 (Bullet)	2025/11/26 (Bullet)
Options for Settlement	<ul style="list-style-type: none"> •CB and CG securities with remaining maturity up to 360 days •Uruguayan Pesos •U.S Dollars 	<ul style="list-style-type: none"> •CB and CG securities with remaining maturity up to 720 days •Uruguayan Pesos •U.S Dollars 	<ul style="list-style-type: none"> •CB securities with remaining maturity up to 3 years •CG securities with remaining maturity up to 5.5 years •Uruguayan Pesos •U.S Dollars

Universe of Eligible Securities Outstanding that can be Exchanged

Remaining Maturity	Amount (in USD million)
Up to 1Y	6,473
Between 1Y and 2Y	2,733
Between 2Y and 3Y	401
Between 3Y and 5.5Y	1,389
TOTAL	10,996

Eligible Securities according to maturity of Notes issued

Exit Bond	Amount Auctioned (in USD million) *	Total Outstanding of Eligible Securities (in USD million)
Nominal Pesos 3-Year (Series 7)	200	6,473
Nominal Pesos 5-Year (Series 8)	300	9,206
CPI-linked 10-Year (Series 21)	150	10,996
TOTAL	650	

(*) The Republic is authorized to adjudicate proposals up to 200% of the amount auctioned

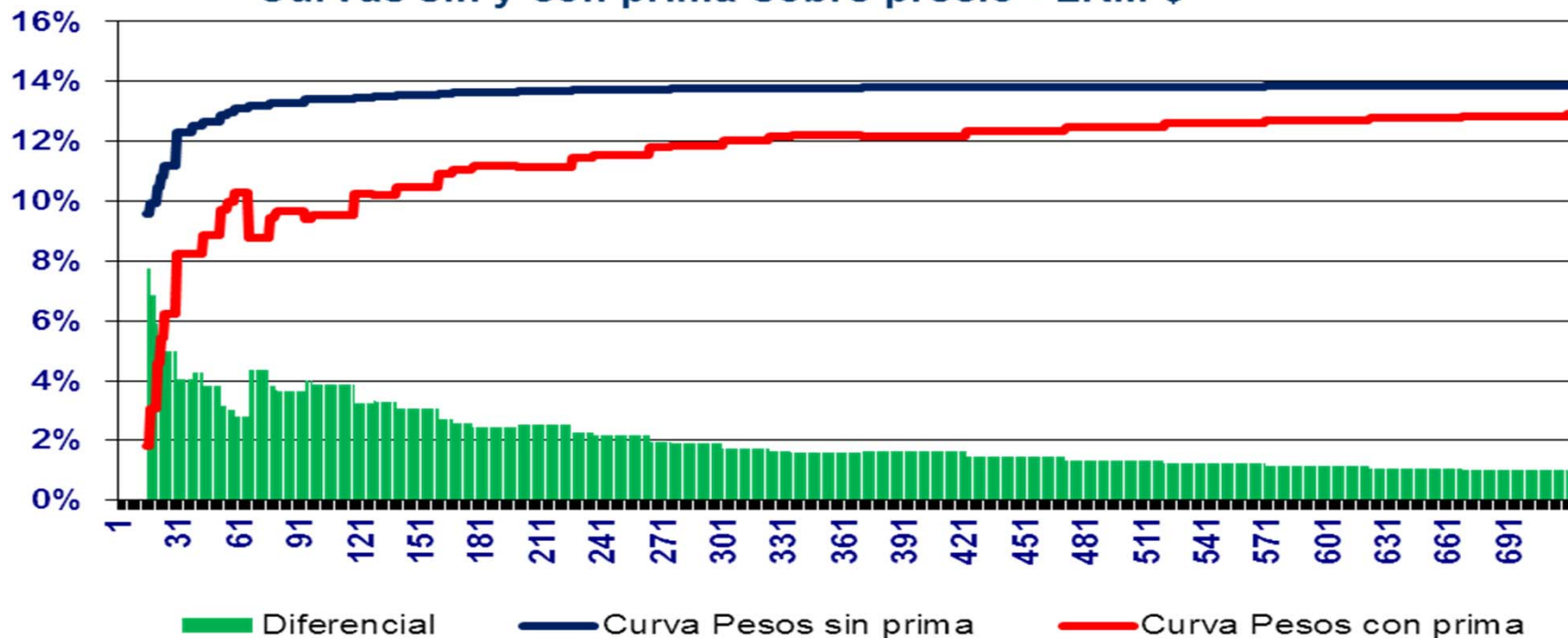
Eligible Securities – Nominal Pesos

Premium added to price of bond exchanged, according to its remaining maturity:

Premium

0.30%	up to 30 days
0.40%	between 30-60 days
0.70%	between 60-90 days
0.90%	between 90-120 days
1.00%	between 120-180 days
1.15%	between 180-360 days
1.30%	more than 360 days

Curvas sin y con prima sobre precio - LRM \$

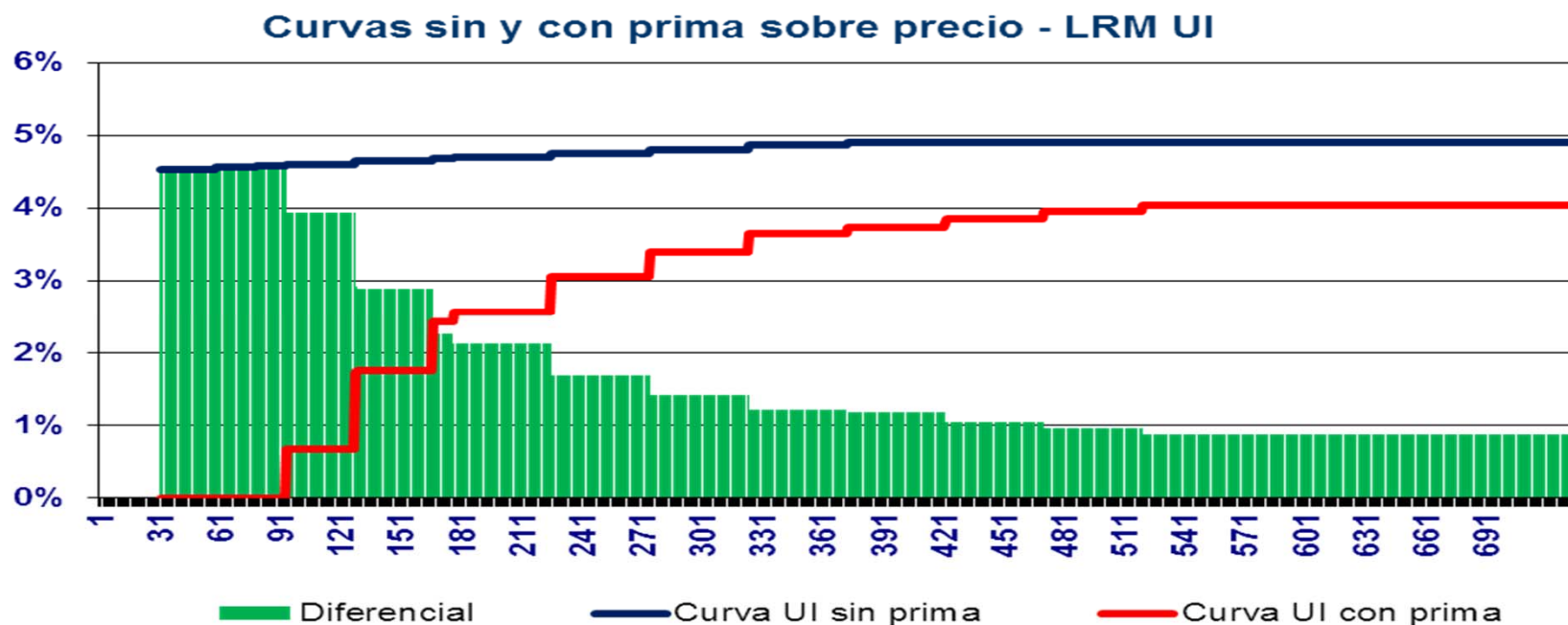


Eligible Securities – CPI linked

Premium added to price of bond exchanged, according to its remaining maturity:

Premium

1,00%	<i>up to 0.5Y</i>
1,00%	<i>between 0.5Y - 1Y</i>
1,10%	<i>between 1Y - 1,5Y</i>
1,10%	<i>between 1,5Y - 2Y</i>
1,20%	<i>between 2Y - 2,5Y</i>
1,20%	<i>between 2,5Y – 3Y</i>
1,30%	<i>between 3Y - 3,5Y</i>
1,30%	<i>between 3,5Y – 4Y</i>
1,40%	<i>between 4Y - 4,5Y</i>
1,40%	<i>more than 4,5Y</i>



Operational Details

Dutch Auctions through **VALNET electronic system**, as set forth:

Bond Issued	Receipt of Proposals	Announcement of results
Nominal Pesos 3-Year (Series 7)	From 07/22 at 10:30 to 07/27 up to 13:00 (MVD Time / UTC/GMT - 3 hours) Settlement Date: 07/28	14:00 hs.
Nominal Pesos 5-Year (Series 8)	From 07/22 at 10:30 to 07/28 up to 13:00 (MVD Time / UTC/GMT - 3 hours) Settlement Date: 07/29	14:00 hs.
CPI-linked 10-Year (Series 21)	From 07/22 at 10:30 to 07/29 up to 13:00 (MVD Time / UTC/GMT - 3 hours) Settlement Date: 07/30	14:00 hs.

When using eligible bonds, order of priority of choice must be selected in AGATA system

Such will be considered up to the cash of the effective value awarded. (If selected titles shall not covered such value, CB will complete the settlement with the other instruments hold by the institution empowered to select those which less remaining maturity to achieve full effective value).

For further questions, please contact:

- ***Central Government Issuances***, please refer to:
Debt Management Unit (MEF): 1712 2957
Monetary Operations (CB): 1967 ints. 2411 y 2412.
- ***Submit of Valnet Proposals***, please refer to:
Monetary Operations Department (CB): 1967 ints. 2411 y 2412.
- ***Submit of eligible securities in AGATA***, please refer to :
Payment System Department(CB): 1967 ints. 2426 y 2427.

For more information regarding operational issues, please refer to Central Bank Communication [here](#).