

ALLEN & OVERY

Sovereign

International Bond Offerings

June 2013

Overview

- Types of International Offerings
- Key Considerations
- Documentation
- Indicative Timeline

Types of International Offerings

- SEC Registered
- Rule 144A
- Regulation S (outside of the United States)

SEC-Registered Offerings

Advantages

- Broad access to capital
- Public status can provide favorable terms for alternative financing
- Facilitates future offerings through short-form or shelf registrations
- Enhanced corporate reputation
- Liquidity for investors
- Better incentives for executives and other employees

Disadvantages

- Obligation to provide detailed disclosure
- Time constraints of SEC review and comment process
- Increased liability and litigation risk
- Increased expenses – upfront and continuing

Resale Safe Harbor – Rule 144A

Rule 144A: permits resale of unregistered securities to an unlimited number of QIBs in the U.S.

Advantages

- Issuer can sell in the U.S. (in comparison to Regulation S)
- No SEC comment period (in comparison with registered deals)
- Flexibility in disclosure (in comparison to registered deals)
- Very liquid market

Disadvantages

- No public offering
- Secondary market restrictions
- Issuers are required to provide purchasers, at their request, with reasonably current information

Regulation S Only Deal Advantages & Disadvantages

Regulation S: permits the offer and sale of unregistered securities to non-U.S. persons.

Advantages

- Lower level of disclosure than 144A or SEC-registered transactions
- Lower transaction costs
- Shorter time to completion
- Reduced possibility of liability in U.S.
- Possibly less liquidity

Disadvantages

- Cannot offer directly to U.S. investors (more limited pool of investors)
- Restriction on “directed selling efforts” and “flowback” to U.S.
- Significant updated disclosure required to move up to a 144A or SEC-registered offering

Key Considerations

- Terms of Notes
 - Negative Pledge
 - Events of Defaults
 - Collective Action Clauses
 - Pari Passu provision- *NML vs Argentina case*
- Preparation of the Disclosure Document
 - Pulling together relevant economic information
 - Sourcing relevant information
- Governmental Approval process
 - Parliamentary?
 - Involving Attorney General or Solicitor General

Key Considerations

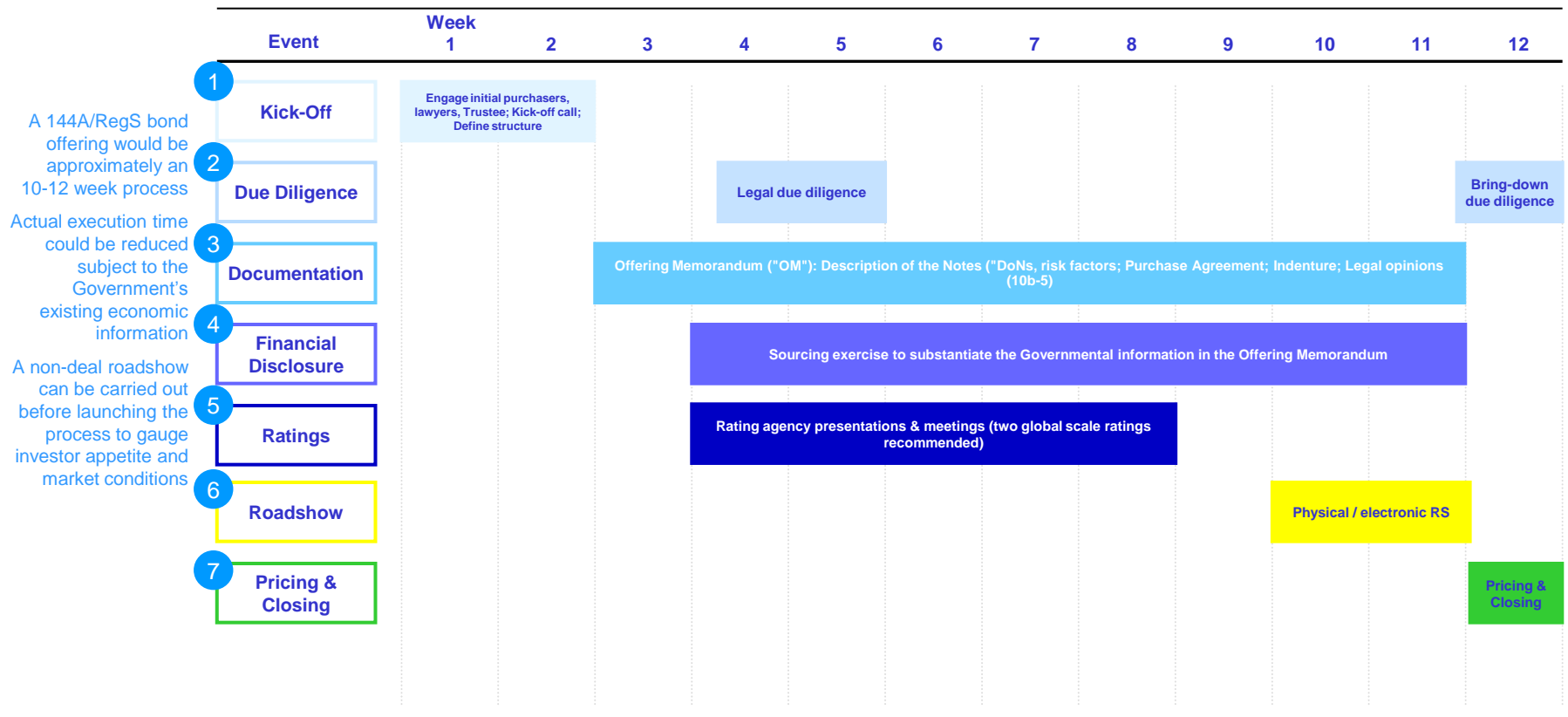
- Due diligence process with relevant Ministries
- Liability
 - Rule 10b-5 in the US
- Purchase Agreement
 - Representations and warranties
 - Indemnities
- Listing Requirements
 - Luxembourg
 - Ireland

Documents

- Disclosure Document
- Rating Agency presentation (if necessary)
- Fiscal Agency or Indenture
- Purchase Agreement/Underwriting Agreement
- Listing agreements
- Sourcing
- Road Show presentation
- Legal Opinions
- Closing documents

The preparation process for a debut international 144A/RegS bond typically takes between 10 & 12 weeks

There are main steps involved in the execution process



Note: Illustrative timeline only, actual execution timeline subject to existing disclosure and documentation among other factors

* The Offering Memorandum will generally contain 5 years of selected consolidated financial data, 2 years of audited consolidated balance sheets and 3 years of audited consolidated income statements and changes in financial position

Questions?

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