

# CFE ANNOUNCES COMMENCEMENT OF CASH TENDER OFFER

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NEWS PROVIDED BY

**Comisión Federal de Electricidad →**

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MEXICO CITY, Aug. 28, 2023 /PRNewswire/ -- Comisión Federal de Electricidad ("**CFE**", the "**Company**" or "**us**"), a productive state enterprise of the Federal Government of the United Mexican States ("**Mexico**") announced today that it commenced a tender offer (the "**Offer**") to purchase for cash its 4.875% Notes due 2024 (the "**2024 Notes**"), 4.75% Notes due 2027 (the "**2027 Notes**"), 6.125% Notes due 2045 (the "**2045 Notes**") and 5.750% Notes due 2042 (the "**2042 Notes**" and, together with the 2024 Notes, the 2027 Notes, and the 2045 Notes, the "**Notes**") for an aggregate purchase price, excluding accrued and unpaid interest ("**Aggregate Purchase Price**"), of up to US\$1,000,000,000 (the "**Maximum Consideration**"), upon the terms and subject to the conditions set forth in the offer to purchase dated August 28, 2023 (as it may be amended or supplemented from time to time, the "**Offer to Purchase**") and subject to (1) the acceptance priority level of each series of Notes (the "**Acceptance Priority Level**") and (2) possible proration, each as described herein and in the Offer to Purchase.

The following table sets forth certain information relating to the Offer:

| Title of Security     | CUSIPs                          | ISINs                         | Principal Amount Outstanding | Early Tender Premium <sup>(1)</sup> (2) | Reference U.S. Treasury Security  | Bloomberg Reference Page | Fixed Spread (basis points) (3) | Acceptance Priority Level |
|-----------------------|---------------------------------|-------------------------------|------------------------------|-----------------------------------------|-----------------------------------|--------------------------|---------------------------------|---------------------------|
| 4.875% Notes due 2024 | 200447<br>AD2;<br>P30179<br>AM0 | US200447AD28;<br>USP30179AM09 | US\$869,688,000              | US\$50.00                               | 0.125% due<br>January 15,<br>2024 | FIT3                     | +0                              | 1                         |
| 4.750% Notes due 2027 | 200447<br>AF7;<br>P29595<br>AB4 | US200447AF75;<br>USP29595AB42 | US\$814,968,000              | US\$50.00                               | 4.125% due<br>July 31, 2028       | FIT1                     | +120                            | 2                         |
| 6.125% Notes due 2045 | 200447<br>AE0;<br>P30179<br>AR9 | US200447AE01;<br>USP30179AR95 | US\$618,308,000              | US\$50.00                               | 4.375% due<br>August 15,<br>2043  | FIT1                     | +280                            | 3                         |
| 5.750% Notes due 2042 | 200447<br>AC4;<br>P30179<br>AK4 | US200447AC45;<br>USP30179AK43 | US\$563,710,000              | US\$50.00                               | 4.375% due<br>August 15,<br>2043  | FIT1                     | +265                            | 4                         |

(1) Per each US\$1,000 principal amount of Notes. Holders who validly tender Notes and whose Notes are accepted for purchase will also receive accrued and unpaid interest ("**Accrued Interest**") up to, but excluding, the applicable Settlement Date (as defined herein). CFE has agreed, subject to specified exceptions and limitations, to pay additional interest to participants in the Offer to cover Mexican withholding taxes on interest payments.

(2) Holders who validly tender Notes on or prior to the Early Tender Date (as defined below) will be eligible to receive the Early Tender Consideration (as defined below), which includes the applicable early tender premium for each series of Notes specified in the table above (the "**Early Tender Premium**"). Holders who validly tender Notes after the Early Tender Date, but at or prior to the Expiration Date (as defined below), will be eligible to receive a tender consideration equal to the Early Tender Consideration *minus* the applicable Early Tender Premium (the "**Late Tender Consideration**").

(3) The tender consideration payable per each US\$1,000 principal amount of each series of Notes validly tendered and not validly withdrawn on or prior to the Early Tender Date (the "**Early Tender Consideration**") will be determined in accordance with standard market practice, as described in the Offer to Purchase, to result in a price that equates to a yield to the maturity date in accordance with the formula set forth in Annex A to the Offer to Purchase, for the applicable series of Notes, equal to the sum of (i) the yield corresponding to the bid side price of the applicable Reference U.S. Treasury Security (as defined below) for such series of Notes at 10:00 a.m. (New York City time) on September 12, 2023, unless

extended by CFE in its sole discretion (such date and time, as the same may be extended, the "**Price Determination Date**") quoted on the applicable Bloomberg reference page *plus* (ii) the applicable fixed spread specified in the table above (the "**Fixed Spread**") for such series of Notes; *provided*, that the Early Tender Consideration for the 2024 Notes will not exceed a price of US\$1,000 per each US\$1,000 principal amount of the 2024 Notes validly tendered and not validly withdrawn on or prior to the Early Tender Date.


### **Early Tender Consideration and Late Tender Consideration**

Holders who validly tender their Notes on or prior to 5:00 p.m. (New York City time) on September 11, 2023 (the "**Early Tender Date**") and do not validly withdraw their Notes on or prior to 5:00 p.m. (New York City time) on September 11, 2023 (the "**Withdrawal Date**") will be eligible to receive the applicable Early Tender Consideration. The applicable Early Tender Consideration includes the applicable Early Tender Premium. Accrued Interest will be payable, in cash, in addition to the Early Tender Consideration.

Holders who validly tender their Notes after the Early Tender Date but on or prior to 5:00 p.m. on September 26, 2023 (the "**Expiration Date**") will be eligible to receive the applicable Late Tender Consideration, which will be equal to the applicable Early Tender Consideration *minus* the applicable Early Tender Premium. Accrued Interest will be payable, in cash, in addition to the Late Tender Consideration.

CFE has agreed, subject to specified exceptions and limitations, to pay additional interest to participants in the Offer to cover Mexican withholding taxes on interest payments (including gains treated as interest with respect to the sale of the Notes tendered in the Offer and the applicable Accrued Interest), such that the amount received by such holders after deduction of the withholding tax on interest payments (including gains treated as interest with respect to the sale of the Notes tendered in the Offer and the applicable Accrued Interest) will equal the Early Tender Consideration or Late Tender Consideration, as applicable, and the Accrued Interest.

### **Determination of Consideration**

The Early Tender Consideration payable by CFE for each US\$1,000 principal amount of each series of Notes validly tendered at or prior to the Early Tender Date and accepted by us pursuant to the Offer, will be calculated in accordance with standard market practice, as 

described in the Offer to Purchase, using the applicable yield to maturity (the "*Offer Yield*"), which will be equal to the sum of:

- the yield (the "*Reference Yield*"), as calculated by the Dealer Managers (as defined below), that equates to the bid-side price of the applicable Reference U.S. Treasury Security specified on the table above for such series of Notes at the Price Determination Date quoted on the applicable Bloomberg reference page (or any other recognized quotation source selected by the Dealer Managers in their sole discretion if such quotation report is not available or is manifestly erroneous), *plus*
- the applicable Fixed Spread specified on the table above for such series of Notes;

*provided*, that the Early Tender Consideration for the 2024 Notes will not exceed a price of 100%.

Accordingly, the applicable Early Tender Consideration (which includes the applicable Early Tender Premium) payable by us for each US\$1,000 principal amount of each series of Notes accepted by us will equal:

- the present value on the Early Settlement Date or, if there is no Early Settlement Date with respect to such series of Notes, the Final Settlement Date, as determined at the Price Determination Date, of US\$1,000 principal amount of such series of Notes due on the maturity date of such Notes and all scheduled interest payments on such principal amount of Notes to be made from (but excluding) the applicable Settlement Date, up to and including such maturity date, discounted to the applicable Settlement Date in accordance with standard market practice as described by the formula set forth in Annex A to the Offer to Purchase, at a discount rate equal to the applicable Offer Yield; *provided*, that if such calculation would equal a price of more than US\$1,000 per each US\$1,000 principal amount of the 2024 Notes, the Early Tender Consideration for each US\$1,000 principal amount of 2024 Notes shall equal US\$1,000, *minus*
- the applicable Accrued Interest per US\$1,000 principal amount of such Notes, such price being rounded to the nearest cent per US\$1,000 principal amount of such Notes.

The Late Tender Consideration payable by us for each US\$1,000 principal amount of each series of Notes validly tendered and accepted by us, will be equal to the applicable Early Tender Consideration for such series of Notes *minus* the Early Tender Premium for such series of Notes.

Promptly after the Price Determination Date, CFE will issue a press release specifying the Offer Yield and Early Tender Consideration for each series of Notes.

### **Early Settlement and Final Settlement**

Following the Early Tender Date and prior to the Expiration Date, CFE may, but is not required to, accept the Notes validly tendered at or prior to the Early Tender Date (the "**Early Settlement Right**"), *provided* that all conditions set forth in the Offer to Purchase have been satisfied or waived by CFE (the date of such acceptance, the "**Early Acceptance Date**"). Notes accepted on an Early Acceptance Date, if any, will be settled promptly thereafter, currently expected to be on or about the third business day following the Early Tender Date (the "**Early Settlement Date**"). The "**Final Settlement Date**" is the date that CFE settles all Notes not previously settled on the Early Settlement Date, if any, and CFE expects such date to be promptly following the Expiration Date, but in any case on or prior to the second business day following the Expiration Date (any references to "**Settlement Date**" are to each of the Early Settlement Date and the Final Settlement Date as context may require).

Subject to applicable law, the Offer may be amended, extended or terminated. If CFE determines, in its sole discretion, to extend the Offer beyond the Expiration Date, there will be a new Final Settlement Date. During any extension of the Offer, all Notes previously tendered and not accepted for purchase pursuant to the Offer will remain subject to the Offer and may, subject to the terms and conditions of the Offer, be accepted for purchase by us. No extension of either the Early Tender Date or the Expiration Date will require the extension of withdrawal rights, unless required by applicable law.

### **Maximum Consideration; Acceptance Priority Procedures**

Subject to the terms and conditions set forth in the Offer to Purchase CFE, is offering to purchase its outstanding Notes for cash for an Aggregate Purchase Price up to the Maximum Consideration.

CFE expressly reserves its right, but is not required, to increase the Maximum Consideration in its sole discretion, without extending the Withdrawal Date, the Early Tender Date, the Expiration Date or any Settlement Date or otherwise reinstating withdrawal rights.

Subject to the satisfaction or waiver of the conditions of the Offer, the Notes will be purchased in accordance with their Acceptance Priority Level pursuant to the following acceptance priority procedures:

- *first*, if the Aggregate Purchase Price of all Notes validly tendered at or prior to the Early Tender Date by holders does not exceed the Maximum Consideration, then CFE will accept all such Notes validly tendered. However, if the Aggregate Purchase Price of all Notes validly tendered at or prior to the Early Tender Date by holders exceeds the Maximum Consideration, then CFE will (i) accept for purchase all validly tendered Notes of each series starting at the highest Acceptance Priority Level (level 1) and moving sequentially to Notes of each series having a lower Acceptance Priority Level (the lowest of which is level 4) until the Aggregate Purchase Price of all validly tendered Notes of a series, combined with the Aggregate Purchase Price of all accepted Notes of series with higher Acceptance Priority Levels, is as close as possible to, but does not exceed, the Maximum Consideration, (ii) accept on a prorated basis validly tendered Notes of the series with the next lower Acceptance Priority Level and (iii) not accept for purchase (x) any Notes of a series with an Acceptance Priority Level below the series prorated in accordance with (ii) hereof or (y) any Notes validly tendered after the applicable Early Tender Date; and
- *second*, if the Maximum Consideration is not exceeded at the Early Tender Date, CFE will repeat the steps described in the prior bullet using the Aggregate Purchase Price with respect to Notes validly tendered after the Early Tender Date, but at or prior to the Expiration Date, in order to determine the aggregate principal amount of such Notes that CFE will accept for purchase. All Notes, regardless of Acceptance Priority Level, that are validly tendered at or prior to the Early Tender Date will have priority over any Notes validly tendered after the Early Tender Date.

All Notes not accepted as a result of proration or otherwise will be rejected from the Offer and will be promptly returned to the tendering Holder.

CFE's obligation to accept for purchase, and to pay for, any Notes validly tendered pursuant to the Offer, is conditioned upon the satisfaction of certain customary conditions as described in the Offer to Purchase. CFE reserves the right, in its sole discretion, to waive any and all conditions of the Offer. The Offer is not conditioned on any minimum amount of Notes being tendered.

## The Dealer Managers

CFE has retained BNP Paribas Securities Corp., Citigroup Global Markets Inc., Morgan Stanley & Co. LLC and SMBC Nikko Securities America, Inc. to act as dealer managers in connection with the Offer (the "**Dealer Managers**"). Any questions or requests for assistance regarding the Offer may be directed to the Dealer Managers at their contact information set forth below.

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| BNP Paribas Securities Corp.<br>787 Seventh Avenue<br>New York, New York 10019<br>United States of America<br>Attn: Liability Management Group<br>Email: <a href="mailto:dl.us.liability.management@us.bnpparibas.com">dl.us.liability.management@us.bnpparibas.com</a><br>Toll Free: +1 888-210-4358<br>Collect: +1 212-841-3059 | Citigroup Global Markets Inc.<br>388 Greenwich Street, Trading 4th Floor<br>New York, New York 10013<br>United States of America<br>Attn: Liability Management Group<br>Email: <a href="mailto:ny.liabilitymanagement@citi.com">ny.liabilitymanagement@citi.com</a><br>Toll-Free: +1 800-558-3745<br>Collect: +1 212-723-6106 |
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| Morgan Stanley & Co. LLC<br>1585 Broadway, 6 <sup>th</sup> Floor<br>New York, New York 10019<br>United States of America<br>Attn: Global Debt Advisory Group<br>Toll-Free: +1 800-624-1808<br>Collect: +1 212-761-1057 | SMBC Nikko Securities America, Inc.<br>277 Park Avenue<br>New York, New York 10172<br>United States of America<br>Email: <a href="mailto:liabilitymanagement@smbcnikko-si.com">liabilitymanagement@smbcnikko-si.com</a><br>Attn: Debt Capital Markets – Liability Management<br>Toll-Free: +1 888-284-9760<br>Collect: +1 212-224-5163 |
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## The Tender Agent and the Information Agent

Copies of the Offer to Purchase may be obtained from Global Bondholder Services Corporation, the tender agent and the information agent for the Offer, at +1 (855) 654-2015 (toll-free) or +1 (212) 430-3774 (collect).

## Disclaimer

This press release must be read in conjunction with the Offer to Purchase. This announcement and the Offer to Purchase contain important information which must be read carefully before any decision is made with respect to the Offer. If any holder of Notes is in any doubt as to the action it should take, it is recommended to seek its own legal, tax, accounting and financial advice, including as to any tax consequences, immediately from its stockbroker, bank manager, attorney, accountant or other independent financial or legal adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to participate in the Offer. None of the Company, the Dealer Managers, the Tender Agent and the Information Agent and any person who controls, or is a director, officer, employee or agent of any such person, or any affiliate of any such person, makes any recommendation as to whether holders of Notes should participate in the Offer.

The Offer to Purchase has not been filed with the U.S. Securities and Exchange Commission, nor has it been filed with or reviewed by any federal or state securities commission or regulatory authority of any country. No authority has passed upon the accuracy or adequacy of the Offer to Purchase, and it is unlawful and may be a criminal offense to make any representation to the contrary.

**THE INFORMATION CONTAINED HEREIN AND IN THE OFFER TO PURCHASE IS EXCLUSIVELY CFE'S RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*, OR THE "CNBV"). CFE HAS NOT FILED AND WILL NOT FILE WITH THE CNBV A REQUEST FOR AUTHORIZATION OF THE OFFER. THE OFFER DOES NOT CONSTITUTE A PUBLIC OFFERING (*OFERTA PÚBLICA*) OF ANY KIND (INCLUDING AN *OFERTA PÚBLICA DE ADQUISICIÓN*) IN MEXICO AND IT MAY NOT BE PUBLICLY DISTRIBUTED IN MEXICO. THE OFFER MAY ONLY BE MADE AVAILABLE IN MEXICO TO INVESTORS THAT QUALIFY AS INSTITUTIONAL OR ACCREDITED INVESTORS (*INVERSIONISTAS INSTITUCIONALES* OR *INVERSIONISTAS CALIFICADOS*), SOLELY PURSUANT TO THE PRIVATE OFFERING EXEMPTION SET FORTH IN NUMERAL I. OF ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*). IN MAKING A DECISION AS TO WHETHER TO TENDER ANY OF THEIR NOTES, ALL HOLDERS MUST RELY ON THEIR OWN REVIEW AND EXAMINATION OF THE TERMS OF THE OFFER. CFE WILL NOTIFY THE CNBV OF THE RESULTS OF THE OFFER FOR INFORMATIONAL AND STATISTICAL PURPOSES ONLY, AND THE FILING OR RECEIPT OF SUCH NOTICE BY THE**



**CNBV DOES NOT IMPLY ANY CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES, CFE'S SOLVENCY, LIQUIDITY OR CREDIT QUALITY OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH HEREIN.**

The Offer is being made solely on the terms and conditions set forth in the Offer to Purchase. Under no circumstances shall this press release constitute an offer to buy or the solicitation of an offer to sell the Notes or any other securities of the Company or any of its subsidiaries. The Offer is not being made to, nor will the Company accept tenders of Notes from, holders in any jurisdiction in which the Offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of such jurisdiction.

**Forward-Looking Statements**

Statements in this press release may be forward-looking statements. Forward-looking statements are information of a non-historical nature or which relate to future events and are subject to risks and uncertainties. No assurance can be given that the transactions described herein will be consummated or as to the ultimate terms of any such transactions. CFE undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.

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