

Gerdau S.A. Announces Commencement Of Cash Tender Offer For Certain Of The Outstanding 7.000% Bonds Due 2020, 5.750% Bonds Due 2021 And 5.893% Bonds Due 2024

NEWS PROVIDED BY

Gerdau S.A. →
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PORTO ALEGRE, Brazil, Oct. 4, 2017 /PRNewswire/ -- Gerdau S.A. (Bovespa: GGBR, NYSE: GGB, Latibex: XGGB) ("Gerdau" or the "Company"), Citigroup Global Markets Inc. and Santander Investment Securities Inc. (collectively, the "Offerors" or "Dealer Managers") today announced the commencement of an offer by the Offerors on behalf of Gerdau to purchase for cash (the "Tender Offer") up to a maximum amount of U.S.\$500,000,000 (the "Aggregate Maximum Tender Consideration") (including the Early Tender Payment, if applicable) of the outstanding 7.000% Bonds due 2020 (the "2020 Bonds") issued by Gerdau Holdings Inc. (the "2020 Bonds Issuer"), 5.750% Bonds due 2021 (the "2021 Bonds") issued by Gerdau Trade Inc. (the "2021 Bonds Issuer") and 5.893% Bonds due 2024 (the "2024 Bonds, and together with the 2020 Bonds and the 2021 Bonds, the "Bonds" and each, a "series" of Bonds) issued jointly by Gerdau Holdings Inc. and CTL Trade Finance Inc. (the "2024 Bonds Issuers", and together with the 2020 Bonds Issuer and the 2021 Bonds Issuer, the "Issuers").

The Tender Offer is being made pursuant to the offer to purchase dated October 4, 2017 (the "Offer to Purchase"). The principal purpose of the Tender Offer is for the Issuers to manage their liabilities.

The table below summarizes certain payment terms for the Tender Offer:

Description of Bonds	CUSIP / ISIN Nos.	Outstanding Principal Amount	Tender Offer Consideration (1)(2)	Early Tender Payment (1)	Total Consideration (1)(2)	Tender Cap	Acceptance Priority Level
5.750% Bonds due 2021	G3925DAA8 / USG3925DAA84 37373WAA8 / US37373WAA80	U.S.\$1,250,000,000	U.S.\$1,060.00	U.S.\$30.00	U.S.\$1,090.00	N/A	1
7.000% Bonds due 2020	U37405AA2 / USU37405AA20 37373UAA2 / US37373UAA25	U.S.\$638,603,000	U.S.\$1,066.25	U.S.\$30.00	U.S.\$1,096.25	N/A	2
5.893% Bonds due 2024	G24422AA8 / USG24422AA83 36249SAA1 / US36249SAA15	U.S.\$1,165,629,000	U.S.\$1,046.25	U.S.\$30.00	U.S.\$1,076.25	U.S.\$75,000,000	3

(1) Per U.S. \$1,000 principal amount of Bonds.

(2) Excludes accrued interest, which will be paid in addition to the Tender Offer Consideration or the Total Consideration, as applicable.

The Tender Offer will expire at 11:59 p.m. New York City time, on November 1, 2017, unless extended or earlier terminated (such date and time, including as extended or earlier terminated, the "Expiration Date"). The early tender deadline for the Tender Offer will be 5:00 p.m., New York City time, on October 18, 2017 (such date and time, including as extended or earlier terminated, the "Early Tender Date"). Registered holders (each, a "Holder" and, collectively, the "Holders") of the Bonds must validly tender their Bonds at or before the Early Tender Date in order to be eligible to receive the Early Tender Payment (as defined below) in addition to the Tender Offer Consideration (as defined below). Bonds tendered may be withdrawn prior to 5:00 p.m., New York City time, on October 18, 2017 (such date and time, the "Withdrawal Deadline"), but not thereafter, except as required by applicable law.

The Bonds will be purchased in accordance with the "Acceptance Priority Level" (in numerical priority order) as set forth in the table above (the "Acceptance Priority Level"), with Acceptance Priority Level 1 being the highest priority, and possible proration of the Bonds on the Early Settlement Date (as defined below) or the Final Settlement Date (as defined below) will be determined in accordance with the terms of the Tender Offer. The 2024 Bonds are subject to a limit of U.S.\$75,000,000 on the aggregate total consideration (including the Early Tender Payment, if applicable) of that series that will be purchased in the Tender Offer (such aggregate total consideration, subject to increase by the Offerors, the "2024 Tender Cap") Accordingly, 2021 Bonds validly tendered will be accepted before any 2020 Bonds or 2024 Bonds validly tendered are accepted, and 2020 Bonds validly tendered will be accepted before any 2024 Bonds validly tendered are accepted. However, Bonds validly tendered on or prior to the Early Tender Date will be accepted for purchase in priority to other Bonds tendered after the Early Tender Date, even if such Bonds tendered after the Early Tender Date have a higher Acceptance Priority Level than Bonds tendered on or prior to the Early Tender Date. If the aggregate total consideration payable (including the Early Tender Payment, if applicable) for the Bonds validly tendered exceeds the Aggregate Maximum Tender Consideration and/or the 2024 Tender Cap (with respect to the 2024 Bonds), only an amount of Bonds up to the Aggregate Maximum Tender Consideration and/or the 2024 Tender Cap (with respect to the 2024 Bonds) validly tendered will be accepted for purchase. Accordingly, if the aggregate total consideration payable for the Bonds validly tendered and not validly withdrawn on or prior to the Early Tender Date exceeds the Aggregate Maximum Tender Consideration, Holders who validly tender Bonds after the Early Tender Date will not have any such Bonds accepted for payment regardless of the Acceptance Priority Level of such Bonds.

If, on the Early Settlement Date or Final Settlement Date, as applicable, only a portion of a series of Bonds may be accepted for purchase, the aggregate principal amount of such series of Bonds accepted for purchase will be prorated based upon the aggregate principal amount of that series of Bonds that have been validly tendered and not yet accepted for purchase in the Tender Offer, such that the Aggregate Maximum Tender Consideration and the 2024 Tender Cap will not be exceeded.

The total consideration for the Bonds of each series (the "Total Consideration") is: (i) U.S.\$1,096.25 for each U.S.\$1,000 principal amount of the 2020 Bonds, (ii) U.S.\$1,090.00 for each U.S.\$1,000 principal amount of the 2021 Bonds, and (iii) U.S.\$1,076.25 for each U.S.\$1,000 principal amount of the 2024 Bonds, which includes, in each case, an early tender payment (the "Early Tender Payment") of U.S.\$30.00 per U.S.\$1,000 principal amount of the Bonds, and in addition, in each case, the applicable Tender Offer Consideration (as defined below). Subject to purchase in accordance with the Acceptance Priority Level, the Aggregate Maximum Consideration, the 2024 Tender Cap (with respect to the 2024 Bonds) and possible proration, Holders validly tendering and not withdrawing Bonds at or before the Early Tender Date will be eligible to receive the Total Consideration (including the Early Tender Payment) on a date promptly following the Early Tender Date (the "Early Settlement Date") (which date is expected to be the third business day after the Early Tender Date, but which may change without notice).

Subject to purchase in accordance with the Acceptance Priority Level, the Aggregate Maximum Consideration, the 2024 Tender Cap and possible proration, Holders validly tendering their Bonds after the Early Tender Date and prior to or at the Expiration Date will be eligible to receive (the "Tender Offer Consideration"): (i) U.S.\$1,066.25 per U.S.\$1,000 principal amount of the 2020 Bonds, (ii) U.S.\$1,060.00 per U.S.\$1,000 principal amount of the 2021 Bonds and (iii) U.S.\$1,046.25 per U.S.\$1,000 principal amount of the 2024 Bonds, namely an amount, in each case, equal to the applicable Total Consideration less the Early Tender Payment, on a date promptly following the Expiration Date (the "Final Settlement Date") (which date is expected to be the third business day after the Expiration Date, but which may change without notice).

In addition, Holders whose Bonds are purchased in the Tender Offer will receive accrued and unpaid interest in respect of their purchased Bonds from the last interest payment date to, but not including, (i) in the case of any Bonds tendered at or before the Early Tender Date, the Early Settlement Date and (ii) in the case of any remaining Bonds tendered after the Early Tender Date, the Final Settlement Date, as the case may be.

The Issuers have consented to the Offerors making the Tender Offer. It is intended that the Bonds validly tendered at or prior to the Early Tender Date and purchased by the Offerors in the Tender Offer will be exchanged by the Offerors with Gerda Trade Inc. for a decrease in the proceeds of certain new bonds to be issued in a new offering proposed to be launched by Gerda Trade Inc. (the "New Offering").

The obligation of the Offerors to accept for purchase, and to pay for, Bonds validly tendered pursuant to the Tender Offer is subject to, and conditioned upon, the satisfaction or waiver of certain conditions as set forth in the Offer to Purchase, in the sole discretion of the Offerors, including pricing of the New Offering in terms satisfactory to Gerda Trade Inc. and the New Offering being likely to close on the business day after the Early Settlement Date.

The Information and Tender Agent for the Tender Offer is Global Bondholder Services Corporation. To contact the Information and Tender Agent, banks and brokers may call (212) 430-3774, and others may call U.S. toll-free: (866) 470-4200.

The Dealer Managers for the Tender Offer are Citigroup Global Markets Inc. and Santander Investment Securities Inc. Any questions or requests for assistance may be directed to Citigroup Global Markets Inc. at Collect: (212) 723-6106 or U.S. Toll-Free: (800) 558-3745 or Santander Investment Securities Inc. at Collect: (212) 940-1442 or U.S. Toll-Free: (855) 404-3636. In addition, Holders may contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Tender Offer.

This notice does not constitute or form part of any offer or invitation to purchase, or any solicitation of any offer to sell, the Bonds or any other securities in the United States or any other country, nor shall it or any part of it, or the fact of its release, form the basis of, or be relied on or in connection with, any contract therefor. The Tender Offer is made only by and pursuant to the terms of the Offer to Purchase and the information in this notice is qualified by reference to the Offer to Purchase. None of the Offerors, the Issuers or the Information and Tender Agent make any recommendations as to whether Holders should tender their Bonds pursuant to the Tender Offer.

This notice to the market does not represent an offer to sell securities or a solicitation to buy securities in the United States or in any other country. The New Offering was not and will not be registered under the U.S. Securities Act of 1933 ("Securities Act"), as amended. Consequently, the bonds issued in the New Offering are prohibited from being offered or sold in the United States or to U.S. citizens without the applicable registration or exemption from registration required under the Securities Act or applicable laws of other jurisdictions.

This notice to the market is released for disclosure purposes only, in accordance with applicable legislation. It does not constitute marketing material, and should not be interpreted as advertising an offer to sell or soliciting any offer to buy securities issued by any of the Issuers. This notice to the market is not for distribution in or into or to any person located or resident in the United States, its territories and possessions, any state of the United States or the District of Columbia or in any jurisdiction where it is unlawful to release, publish or distribute this announcement, other than any exemption thereunder.

Forward-Looking Statements

This notice includes and references "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may relate to, among other things, the Issuers' business strategy, goals and expectations concerning its market position, future operations, margins and profitability.

Although the Issuers believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect.

The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and trends to differ materially from those made, projected, or implied in or by the forward-looking statements depending on a variety of uncertainties or other factors.

The Issuers undertake no obligation to update any of their forward-looking statements.

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