Quito, July 6th 2020

Press release

THE REPUBLIC OF ECUADOR REACHES AN AGREEMENT IN PRINCIPLE WITH A GROUP OF SUBSTANTIAL INTERNATIONAL INVESTORS OF ITS INTERNATIONAL BONDS

The Republic of Ecuador (the "Republic" or "Ecuador") reached an agreement in principle with an ad hoc group of major institutional holders of Ecuador's external international bonds including but not limited to funds managed or advised by AllianceBernstein, Ashmore Investment Management Limited and Ashmore Investment Advisors Limited, BlackRock Financial Management, Inc. and its affiliates, BlueBay Asset Management LLP and Wellington Management Company LLP (the "Group"). The Republic and the Group have agreed in principle on indicative commercial terms for the restructuring of all series of Ecuador's approximately c.$17.4 billion in outstanding sovereign bonds as set forth in the indicative term sheet attached to this press release. Discussions are continuing with other bondholder groups. The indicative terms contemplate a consent solicitation process to amend the foregoing series of bonds and an exchange offer for three new series.

The consent solicitation and exchange is expected to constitute the second and final step in a process that began on March 24th, 2020 when the Republic announced that its liquidity constraints prevented it from honoring its forthcoming debt payments and subsequently launched a consent solicitation to defer interest payments falling due between March 27th and July 15th, 2020 to August 15th, 2020.

The formal launch of the consent solicitation is expected to occur in the short term, subject to agreement on definitive documentation and the preparation of an Invitation Memorandum. It is expected that the documentation will include certain modifications to the Republic's bond documentation, including its covenants and certain technical changes to the approval process for modifications.

In accordance with the terms of the existing bond documentation, the Republic will seek the required approvals and support of the broader bondholder community in order to successfully consummate this final step.

If the consent solicitation is approved and the exchange successfully consummated the terms of the new and amended bonds are expected to provide Ecuador with significant liquidity relief to recover from the current crisis. The transaction will make a substantial contribution to ensure the sustainability of Ecuador's external debt in the medium term and pave the way for strong and long-lasting economic growth.

If the consent solicitation is approved and the exchange successfully consummated in accordance with the indicative terms, it is further expected that the transactions will result in: 1) substantial debt relief exceeding US$10bn over the next 4 years and US$6bn more between 2025 and 2030; 2) a 42% reduction of Ecuador's average contractual coupon rate to 5.3%; 3) a doubling of the length of the yield curve from 10 to 20 years; and 4) a nominal haircut of 9%.

This agreement would be a key input into the discussion of a potential successor program with the International Monetary Fund.

The terms of the agreement are reflected in the following pages.

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This announcement is for informational purposes only and is not a solicitation of consents of any holders of securities or an offer to exchange any securities of the Republic. Any securities offered by the Republic will not be registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

NONE OF THE REPUBLIC OR ITS ADVISORS NOR ANY OF THEIR RESPECTIVE DIRECTORS, EMPLOYEES, AFFILIATES, AGENTS OR REPRESENTATIVES HAVE MADE ANY RECOMMENDATION AS TO WHETHER HOLDERS SHOULD PARTICIPATE IN ANY CONSENT SOLICITATION AND EXCHANGE OFFER THAT MAY BE ANNOUNCED BY THE REPUBLIC.

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RESTRUCTURING OF THE BONDS OF THE REPUBLIC OF ECUADOR

HEADS OF TERMS – TERM SHEET

Further to our recent discussions, these heads of terms set out the main terms and conditions on and subject to which the Republic of Ecuador (the "Republic" or "Ecuador") and Ecuador Ad Hoc Bondholder Group are willing, in principle, to restructure the applicable bonds issued by the Republic (the "Debt Restructuring"), subject to their agreement. This term sheet does not constitute or imply a commitment to restructuring transactions nor is it a binding agreement, and any such commitment is subject to applicable approvals and execution of definitive documentation.

These heads of terms are not exhaustive nor are they intended to be legally binding between the Republic and Ecuador Ad Hoc Bondholder Group. It is expected that this restructuring proposal will be consummated through a consent solicitation process to amend the Republic's existing series of bonds as set forth in Schedule I (the "Existing Bonds") and will include an exchange offer for three new series of bonds.

Principal Amount of New Bonds	Each US$1,000 in principal amount of Existing Bonds will be exchanged for a package of new series of bonds as set forth in Schedule II (the "New Bonds"), with an aggregate principal amount of US$911. Holders of Existing Bonds who participate in the exchange offer will receive, for each US$1,000 in principal amount of Existing Bonds, a combination of New Discount 2030 Bonds, New Discount 2035 Bonds, and New Par 2040 Bonds, in accordance with the New Bond Allocations in Schedule III.
Maturity Dates	The New Bonds will reflect an extension of existing maturities, with the earliest final maturity date in 2030 and an average maturity of 12.7 years. Please refer to Schedule II for a detailed maturity schedule.
Amortization	The New Bonds will be subject to amortization, with principal to be repaid in semi-annual installments in accordance with Schedule II. Amortization will begin in 2026.
Treatment of Accrued Interest	Accrued and unpaid interest on Existing Bonds as of the settlement date will be compensated through the issuance to consenting bondholders only of a zero-coupon New PDI 2030 Bond in accordance with Schedule II.
Interest Rate for New Bonds	Interest shall be payable in cash semi-annually in arrears for each series of New Bonds at the respective annual rates as provided in Schedule II.
Total Cash Flow Relief	The above treatment of Existing Bonds will provide aggregate cash flow relief exceeding US$10bn over the next 4 years and US$6bn more between 2025 and 2030.

Average Coupon Reduction	The proposal implies a weighted average coupon reduction of 42%, taking the average coupon to a rate of 5.30%.
Approval of New IMF Program	Completion of the restructuring of the Existing Bonds in accordance with the terms hereof to be conditional on the conclusion of an IMF staff level agreement on a new funded program for Ecuador.
Legal Documentation	It is expected that the documentation will include certain modifications to the Republic's bond documentation, including covenants, rights of holders and certain technical changes to the approval process for modifications, such as the following: (1) right of individual bondholders to sue for overdue interest to be clarified; (2) limitations to be placed on the ability of issuer to aggregate bonds issued in certain exchange and other transactions when conducting consent solicitations; (3) issuer to be required to provide notice to bondholders if voting structure of a consent solicitation is altered; (4) list of reserved matters to be expanded; (5) beneficial owners of bonds to be able to exercise certain rights under the applicable indenture that are available to holders while the bonds are in global form; (6) the Republic to publish annual data on public debt stock; and (7) new event of default tied to information disclosure undertaking.

Schedule I: The Existing Bonds

Title of Security	ISIN / Common Code
10.750% Notes due March 28, 2022	XS1458516967; XS1458514673 / 145851696; 145851467
8.750% Notes due June 2, 2023	XS1626768656; XS1626768730 / 162676865; 162676873
7.950% Notes due 2024	XS1080331181; XS1080330704 / 108033118; 108033070
7.875% Notes due March 27, 2025	XS2058848826; XS2058845210 / 205884882; 205884521
9.650% Notes due December 13, 2026	XS1535072109; XS1535071986 / 153507210; 153507198
9.625% Notes due June 2, 2027	XS1626529157; XS1626530320 / 162652915; 162653032
8.875% Notes due October 23, 2027	XS1707041429; XS1707041262 / 170704142; 170704126
7.875% Notes due January 23, 2028	XS1755432363; XS1755429732 / 175543236; 175542973
10.750% Notes due January 31, 2029	XS1929377015; XS1929376710 / 192937701; 192937671
9.500% Notes due March 27, 2030	XS2058866307; XS2058864948 / 205886630; 205886494

Schedule II: Specific Terms of Each Series of New Bonds

The New Discount 2030 Bonds will:

- Be issued in the amount of US$3,768 million;
- Mature in July 2030;
- Pay interest on a semi-annual basis in arrears, in January and July of each year commencing January 2021, at the following annual rates:

Interest Payment Dates falling in	Cash
2021	0.500%
2022	5.000%
2023	5.500%
2024	6.000%
2025 -2030	6.900%

- Pay principal in USD in 10 equal semi-annual installments beginning in January 2026.

The New Discount 2035 Bonds will:

- Be issued in the amount of US$8,606 million;
- Mature in July 2035;
- Pay interest on a semi-annual basis in arrears, in January and July of each year commencing January 2021, at the following annual rates:

Interest Payment Dates falling in	Cash
2021	0.500%
2022	1.000%
2023	2.500%
2024	3.500%
2025	5.500%
2026-2035	6.900%

- Pay principal in USD in 10 equal semi-annual installments starting in January 2031.

The New Par 2040 Bonds will:

- Be issued in the amount of US$3,460 million;
- Mature in July 2040;
- Pay interest on a semi-annual basis in arrears, in January and July of each year commencing January 2021, at the following annual rates:

Interest Payment Dates falling in	Cash
2021	0.500%
2022	0.500%
2023	1.500%
2024	2.500%
2025 - 2026	5.000%
2027	5.500%
2028	6.000%
2029	6.500%
2030 - 2040	6.900%

- Pay principal in USD in 10 equal semi-annual installments starting in January 2036.

The New PDI 2030 Bond will:

- Be issued in a nominal amount equal to 86% of all accrued and unpaid interest outstanding as of the settlement date, subject to adjustment;
- Mature in July 2030;
- Pay zero interest;
- Pay principal in 10 semi-annual installments, in January and July of each year, starting in January 2026.

Schedule III: Allocation of New Bonds

Existing Bonds	New Bond Allocation
Ecuador 2022	30.00% exchanged into New Discount 2030 Bond 49.53% exchanged into New Discount 2035 Bond 11.60% exchanged into New Par 2040 Bond
Ecuador 2023	22.90% exchanged into New Discount 2030 Bond 49.53% exchanged into New Discount 2035 Bond 18.70% exchanged into New Par 2040 Bond
Ecuador 2024	30.00% exchanged into New Discount 2030 Bond 49.53% exchanged into New Discount 2035 Bond 11.60% exchanged into New Par 2040 Bond
Ecuador 2025 Ecuador 2026 Ecuador 2027 (i) Ecuador 2027 (ii) Ecuador 2028 Ecuador 2029 Ecuador 2030	For each series: 18.90% exchanged into New Discount 2030 Bond 49.53% exchanged into New Discount 2035 Bond 22.70% exchanged into New Par 2040 Bond