

Argentina

Consultative Groups

July 2003

Secretariat of Finance
Ministry of Economy and Production



Objective of the Groups

- Facilitate communication between Argentina and its bondholders
 - Open and transparent process for all bondholders
- Analyse with Argentina its medium term macroeconomic projections
 - Argentina's payment capacity
- Consultation, not negotiation
- Assist Argentina in reaching its goal of giving equitable treatment to its various categories of creditors
- Feedback regarding the menu of alternatives to offer bondholders and other aspects of exchange offer

Selection criteria

- Highly representative
- Reputation in the financial community
- Oriented towards a constructive dialogue

Communication channels

- Permanent contact with Group members and constituents
- Periodic press releases
- Mecon Web Page:
 - www.mecon.gov.ar/finanzas
- Argentine financial representative in US
 - www.infoarg.org

Restructuring objectives

- Allocate Argentina's limited resources in most efficient and equitable way
- Restore debt sustainability and preserve economic and fiscal viability of Argentina
- Assure a high degree of participation in exchange offer

Public Debt Stock – Estimated as of December 31, 2003

Millions of US\$

DEBT IN DEFAULT	Residual	Arrears		Total	% of the
	Value	Interest	Principal		Total
International Law	45,201	9,054	10,101	64,357	36,3%
Domestic Law	1,995	192	3,204	5,392	3,0%
Treasury Bills	0	33	1,827	1,860	1,1%
Bilaterals	3,532	348	1,237	5,118	2,9%
Commercial Banks	908	86	451	1,446	0,8%
Other Creditors	94	5	126	225	0,1%
Total	51,731	9,718	16,947	78,396	44.3%
PERFORMING DEBT					
Guaranteed Loans	28,831	0	0	28,831	16,3%
Guaranteed Provincial Bonds	10,290	0	0	10,290	5,8%
BODENs	26,674	0	0	26,674	15,1%
Exception Bonds	199	0	0	199	0,1%
Multilaterals	15,599	1,217	15,845	32,662	18,4%
Total	81,593	1,217	15,845	95,843	55.7%
Total	133,324	10,936	32,792	177,052	100.0%

Estimated exchange rate as of December 31st, 2003; ARG 2.8 = US\$ 1

Default experiences in the '90

	Russia	Ukraine	Ecuador	Pakistan	Uruguay	Argentina (*)
Bond issues to be restructured	3	5	5	3	66	152
New Issues	2	2	2	1	31	—
Amount restructured (US\$ MM)	31.600	2.600	6.600	610	4.900	—
Applicable Law	1	3	2	1	6	8
Default Duration	18 months	0 month	10 months	0 month	0	—
Official Debt / Total Debt	45%	75%	50%	88%	45%	21%
Principal Reduction	36%	0%	60% to 0%	0%	0%	—
Maturity Extensions	Yes	Yes	Yes	Yes	Yes	—
Interest Reductions	No	Yes	No	Yes	No	—
Prior Restructuring of Domestic Debt ?	Yes	Yes	Yes	Yes	Jointly	Yes
Prior Agreement w/IMF f/restructuring ?	Yes	Yes	Yes	Yes	Yes	—

(*) Estimated

IMF Negotiations

- Mission to BA on July 28th until August 18th
- Agreement on macro scenario with the IMF staff expected by mid-August
- Board meeting expected by early September
- Goal of a 3-year Agreement

Tentative Timetable

Mid-August:

- Argentina payment capacity scenario agreed with IMF

September:

- Medium Term Agreement with IMF/WB/IADB
- Second round of meetings with Consultative Groups
- Outline of Exchange Menu of Options

Note: Future contacts or meetings to be led either by the Secretary of Finance or the Undersecretary of Financing