UBS Mens Sana Advisors

Confidential

Bondholder Group Proposal

June 17, 2020

The Value Proposition

The Proposal

- The ACC, Gramercy, Fintech & Oaktree's Proposal (the "Bondholder Group" or "BG" Proposal) is compliant with Argentina's debt sustainability framework and published guidelines
- The proposal uses the same exit bonds as in Argentina's proposal
- The proposal keeps the same tendering groups as well as the original indentures (2005 and 2016)
- The proposal reduces haircut to 1% on Global bonds and sets payment dates on January and July each year for all bond categories
- 100% of PDI + accrued interest to be paid with new 2030 bond to early bird tendering bondholders - significant concession at Argentina's request
- An incentive package to early participants including:
  - All eligible bonds early participant of all classes having the right to exchange into the 2030 exit bond within the existing cap
  - The full notional of the VRI to be allocated pro rata amongst early bird participants only
  - An additional Incentive Fee (TBD) to be allocated pro rata in full amongst early bird participants only
- VRI key characteristics include:
  - Based on exports of goods, following a continuous coupon formula on a 5yr Moving Average
  - Notional Amount: USD 66.5bn
  - Coupon levels are set as follows for each payment year
    - 1% maximum coupon from 0% to 10% excess exports to the Moving Average
    - 1% minimum – 2.5% maximum coupon from 10% to 15% excess exports to the Moving Average
    - 2.5% coupon over 15% excess exports to the Moving Average
  - Payment period: 2024-2043
  - Backstop floor: USD 47bn[1] exports in 2020, then increased at 1% per annum
- The Bondholder Group is willing to agree in principle with Argentina under the terms and conditions expressed in this counter proposal and publicly support such a deal when it is launched

What does our Proposal deliver?

- US$40bn of cash flow relief (Global and Exchange) until 2028
- Stays within the boundaries of GFN average (1.86% Arg /1.69% IMF for 2020-2030)
- No bond with coupon above 5%, no PIK
- Weighted average coupon over the life of the package of 3.91% (vs. Argentina's 3.86%)
- Financing until 2046, longer than any other source of financing available
- Proposal asks for an additional annual fiscal effort of 0.02%/0.02% (Arg/IMF) vs. Argentina's proposal during 2020-2030
- No debt amortization during the current presidential mandate

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Notes:
1. $47bn is the implied export of goods number based on Argentina's nominal GDP base case for 2020 and taking the historical export/gdp avg ratio

BG Counter Proposal – Summary Terms[1]

	Modified Offer											
	2030 PDI		2030		2035		2038 DISCO		2041 PAR		2046	
	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR
Accrued (expressed in USD like principal)	NA	NA	0.27B$	0.04B$	0.53B$	0.04B$	0.18B$	0.20B$	0.03B$	0.03B$	0.28B$	0.03B$
Amortization Start Date	15-Jul-26		15-Jan-25		15-Jan-31		15-Jan-28		15-Jan-27		15-Jan-25	
Maturity Date	15-Jan-30		15-Jul-30		15-Jul-35		15-Jul-38		15-Jul-41		15-Jul-46	
Amortization Frequency	Semiannual											
Coupon Payment Frequency	Semiannual											
Capitalization of Interests	No											
Interest Accrual Date	15-Jul-20											
Max Coupon	1.000%	1.000%	1.750%	0.125%	5.000%	4.000%	5.000%	4.250%	4.875%	4.500%	5.000%	4.125%
Nominal (BL USD)	1.29B$	0.34B$	9.50B$	2.90B$	17.25B$	2.48B$	5.58B$	6.38B$	5.39B$	7.13B$	8.50B$	0.83B$
Nominal Haircut	0%	0%	1%	1%	1%	1%	0%	0%	0%	0%	1%	1%
NPV	51.76	51.76	51.87	51.96	50.50	50.06	54.05	53.68	49.90	50.09	49.66	49.18
Weighted Average Coupon	3.91%											

Memo: Coupon Summary

	2030 PDI		2030		2035		2038 DISCO		2041 PAR[2]		2046	
	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR
Year	CASH	CASH	CASH	CASH	CASH	CASH	CASH	CASH	CASH	CASH	CASH	CASH
2020	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2021	1.000%	1.000%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%
2022	1.000%	1.000%	0.500%	0.125%	1.125%	0.750%	1.625%	0.875%	1.625%	0.875%	1.125%	0.750%
2023	1.000%	1.000%	0.500%	0.125%	1.500%	0.875%	3.125%	2.250%	3.000%	2.000%	1.500%	0.875%
2024	1.000%	1.000%	0.750%	0.125%	3.625%	2.500%	3.750%	3.250%	3.500%	3.000%	3.625%	2.500%
2025	1.000%	1.000%	0.750%	0.125%	4.375%	3.750%	4.500%	4.000%	3.500%	3.000%	4.375%	3.750%
2026	1.000%	1.000%	0.750%	0.125%	4.375%	4.000%	4.500%	4.000%	3.500%	3.000%	4.375%	4.000%
2027	1.000%	1.000%	0.750%	0.125%	4.375%	4.000%	5.000%	4.250%	3.500%	3.000%	4.375%	4.125%
2028	1.000%	1.000%	1.750%	0.125%	4.375%	4.000%	5.000%	4.250%	3.500%	3.000%	4.375%	4.125%
2029	1.000%	1.000%	1.750%	0.125%	5.000%	4.000%	5.000%	4.250%	4.875%	4.500%	5.000%	4.125%
2030+	1.000%	1.000%	1.750%	0.125%	5.000%	4.000%	5.000%	4.250%	4.875%	4.500%	5.000%	4.125%

Source: UBS Global Banking, Market Research, IMF, Republic of Argentina

Notes:

1. Excludes Argentinean Law Instruments. Assumes valuation date of May 22nd, 2020
2. 2041 USD Par Instrument pays a 3.5% coupon between 2024- H1 2029 and a 4.875% coupon between H2 2029 and thereafter. 2041 EUR Par Instrument pays a 3.0% coupon between 2024- H1 2029 and a 4.5% coupon between H2 2029 and thereafter

Key Considerations

1. Suggested Aggregation: Single Limb per Series for 2005 Indenture, Aggregated Single Limb for 2016 Indenture
2. Maintain 2005 Indenture for exit bonds offered to 2005/2010 Eligible Bonds, use of targeted exit consents
3. VRI, Consent Fee and PDI bond should be fully allocated to early participants of all target bonds
4. Option to switch currency of choice (EUR to USD, USD to EUR, CHF to USD)
5. Bonds are callable at Par
6. The Exchange's effectiveness should be conditioned on meeting the Collective Action Clauses Thresholds (the "CAC Thresholds") applicable to each series of Eligible Bonds, and subject to ROA disclosing potential litigation risk in the offering documents, ROA shall reserve the right to:

    Option 1: Re-designate Eligible Bonds in order to meet CAC Thresholds of the "redesignated" Eligible bonds; or

    Option 2: Waive this condition if holders of Eligible Bonds representing more than 2/3 of the aggregate face value tender into the Exchange

7. RUFO if not all CAC thresholds are achieved, with sunset once all bonds are modified
8. The revised Argentina offer should be preceded by an Agreement in Principle ("AIP") documenting investor support and de-risking transaction execution
9. In accordance with best practices, IIF and ICMA Principles, fees and Expenses for Creditor Committees and other relevant creditors should be recognized and reimbursed (by investors through a waterfall)
10. New instruments should be ICMA compliant, including the latest form of creditor engagement provisions

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