Good Evening,

Please see below English translation of an official press release issued by the Republic of Argentina this evening. The Spanish version is available here: https://www.argentina.gob.ar/noticias/guzman-aceptar-lo-que-piden-los-acreedores-seria-someter-la-sociedad-argentina-mas-angustia

Guzmán: "Accepting what the creditors ask for would mean putting the Argentine society into more anguish and we are not going to do that"

The Minister of the Economy, Martín Guzmán, ratified today that Argentina’s proposal to restructure its external public debt constitutes "a final offer that included our maximum effort", while warning that there is "a lack of understanding about the constraints the country faces" by a group of bondholders.

"We see a lack of understanding by said group of creditors about the constraints that Argentina faces," Guzmán said, after a statement was released this afternoon, in which the Ad Hoc Argentine Bondholder Group, the Argentina Creditor Committee and the Exchange Bondholder Group presented a joint counterproposal.

Likewise, Mr. Minister reaffirmed that from the Government “we are not going to confront our creditors. We did not come to fight with anyone but to solve a huge problem in which Argentina was left. We want to solve the problem. It was with that vocation that we made a final offer that included our maximum effort”.

"We are talking about a whole country. There are families here. There are people. Accepting what some creditors ask for would mean putting the Argentine society into more anguish, it would imply, for example, adjusting pensions, and we are not going to do that. We continue to expect good faith from creditors to prevail," Guzmán said.

Lastly, he said: "We believe that the majority of our creditors will accept the offer."

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Good evening,

I wanted to highlight the below quotes (translated from Spanish) from Argentine President Alberto Fernández regarding the government’s July 5 debt restructuring offer during a virtual meeting today hosted by the Americas Society/Council of the Americas. The livestream is linked here.

- “We’ve made an enormous effort to find a solution...We'll do everything we can. But we can't do more than this. This isn't capricious. It's sensible. We don't want to defraud our creditors.”
- “What we're proposing here is frankly what we can do. I'm sure the creditors understand that we're making an enormous effort with the offer we made—and it's the last one we'll make.”
- “Let us begin to look to the future, because in the future there are many more opportunities than this, and Argentina is not going to end in a debate on the value of the bonds.”
- “So much lies ahead. Help us achieve that future, which will surely be the best for creditors as well.”

If I can be of any help in your reporting, please let me know.

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Good afternoon,

I wanted to pass along the below recent quotes from commentators and leading experts regarding the joint counterproposal by the Ad Hoc Argentine Bondholder Group, the Argentina Creditor Committee and the Exchange Bondholder Group.

- **Susan Segal, President of Americas Society/Council of the Americas:** I have a lot of experience with agreements of this type. The Government and the bondholders are very close. The President has said that this is the last offer and I think that the bondholders have to take it seriously. Also, my experience is that there is no perfect agreement for either creditors or the government. If there is a perfect agreement, someone is losing. An agreement has to be balanced and fair, and I think the government’s offer is balanced and fair. *(Radio Con Vos, translated from Spanish, July 22, 2020)*

- **Hans Humes, CEO, Greylock Capital:** If the Argentine offer is not accepted when there is such a small difference, it will cause a hard default in which the only ones who are going to win are the lawyers...We do not have so much time to negotiate two or three more points in the midst of so much difficulty in other countries in a crisis to which we do not see the solution yet. The global economy is in serious trouble and the debt situation is going to get worse rather than better. *(Clarin, translated from Spanish, July 22, 2020)*

- **Kevin P. Gallagher, Professor and Director, Global Development Policy Center, Pardee School of Global Studies at Boston University:** “Argentina bondholders go rogue, need to be reigned in by IMF” *(Twitter, July 21, 2020)*

- **Brad Setser, Senior Fellow at Council on Foreign Relations:** “And in Argentina, no deal – A critical mass of bond holders has apparently agreed to join forces and reject the government’s deal. I don’t have the economic terms of the creditors’ offer – if they are available, a link would be appreciated. I certainly hope creditors aren’t pushing (still) for a terminal coupon on the step up bonds above 5% (in what world will Argentina’s exports grow more than 5%?) A reminder of the deal economics here – the bonds trade (generally) in the low 40s. The Argentine offer is worth 52-53 cents on average at a 10% discount rate (over 900 bp spread, which is a high exit spread) and could easily trade up to 60 with a successful deal Argentina obviously would like a deal, but if creditors walk over a couple of pennies (at 10% discount rate, which means it is nickel or more of future Argentine payments if not in the next few years) they also stand to lose a lot – if the talks break down the bonds trade down” *(Twitter, July 20, 2020)*

If I can be of any assistance in your reporting, please let me know.

This material is distributed by the Glover Park Group on behalf of the Government of Argentina. For more information visit [www.fara.gov](http://www.fara.gov).
Good afternoon –

I thought I’d share some recent commentary associated with Argentina’s debt restructuring.

Ámbito (July 24, 2020)
CEO of J.P. Morgan willing to lose $ 500 million so that "Argentina grows again" (in Spanish)
https://www.ambito.com/economia/jpmorgan/ceo-del-dispuesto-perder-us500-millones-que-argentina-vuelva-crecer-n5119784

Infobae Económico (July 25, 2020)
Kevin Gallagher, the Boston University professor who defends the country and attacks the bondholders: "The world is looking at Argentina" (in Spanish)

Please don’t hesitate to reach out if I can be of assistance in your reporting.

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Hello –

I’m writing to share with you a press release issued today by Argentina’s Ministry of Economy. The link is available here:

Full text is below.

Republic of Argentina’s press release on the process to restore the sustainability of public debt issued in foreign currency
Saturday, July 25, 2020

In light of recent developments associated with Argentina’s debt restructuring efforts, the Republic would like to clarify the steps that led to the current situation and the importance of achieving an equitable resolution that fulfills its responsibility to the Argentine people.

On April 21, 2020, Argentina published its offer to holders of outstanding foreign-law governed bonds issued under the 2005 indenture and 2016 indenture. The offer sought to adjust the terms of those bonds to sustainable levels, in light of Argentina’s macroeconomic prospects, as well as its track record. The offer would also allow Argentina to embark on a realistic path toward economic growth.

Throughout the process that ensued, Argentina has remained engaged in good faith with its international creditors. During the ten weeks that followed its initial offer, Argentina conducted numerous rounds of discussions and communications with different investor groups. That dialogue, in spite of its shortcomings, served both investors and Argentina well. Investors were able to identify improvements to Argentina’s offer that would enhance recoveries and remain compatible with the Republic’s and the IMF’s analysis of the sustainability of Argentina’s public debt. Argentina was able to explain its concerns as to the ability of the Argentine people to take on additional efforts, while COVID-19 reached Argentina and the impact on its economy became tangible.

Investors expected Argentina to amend the terms of the initial offer in numerous respects. In an effort to incorporate feedback from a diverse body of creditors and reach consensus, Argentina extended numerous deadlines and discussed increasingly generous restructuring terms and other incentives. However, some of the creditors’ requests would have compromised the likelihood of short-term economic recovery, and mortgaged the prospects of Argentina’s current and future generations. A debt restructuring that is short sighted in its objectives benefits nobody, debtor or creditors alike. If Argentina’s recent financial history teaches us something, it is that the short-term goal of attracting creditor support should not override the discipline of committing only to obligations that can be honored in the long term.
On July 6, 2020, Argentina published its amended offer, reflecting its good faith effort to incorporate the feedback from the ten weeks of engagement with its creditor community. Argentina’s amended proposal improved creditor recoveries and addressed several documentation issues raised by creditors while adhering to Argentina’s debt sustainability constraints. It also introduced a minimum participation threshold, denoting Argentina’s willingness to proceed only if there is a broad consensus for its proposed restructuring.

On July 16, 2020, the government submitted to the Argentine Congress a draft bill that sets forth the terms of its intended restructuring of the local law bonds denominated in US dollars. As previously announced, mindful of inter-creditor equities, Argentina will offer holders of local bonds terms that are equitable in light of the terms offered to holders of foreign law governed bonds.

On July 20, 2020, representatives of various investor groups submitted a counterproposal to Argentina’s amended invitation of July 6, 2020. In substance, the counterproposal calls for yet more generous financial terms for the creditors compared to Argentina’s current offer and further adjustments to certain contractual terms. It also requested that Argentina cover the fees and expenses of some of the creditors’ advisors.

The creditors made this new submission hoping that Argentina “takes the proposal in constructive spirit”. They also acknowledged the continued good faith engagement with Argentina and its advisors. A press release published on July 20, 2020, referred to a “cooperation agreement” among the creditor groups that authored the counterproposal. However, instead of committing to cooperating with Argentina in overcoming its difficulties and creating growth opportunities, the release spoke of an agreement among investors that claim to hold more than one third of Argentina’s bonds to reject Argentina’s offer.

Notwithstanding this unfortunate step backwards, Argentina has reviewed these new requests constructively and in good faith. Those aspects of the counterproposal that seek to impose additional burdens on an economy that is choking in the midst of the COVID-19 crisis, where an enormous effort has been made to preserve human life at the cost of the immediate well-being of the entire population, cannot be accommodated. It would not only be irresponsible, but also would be unfair. With over 50% of Argentina’s children living in poverty, we cannot further improve creditor short-term recoveries by diverting resources needed to give our children at least a chance of a better future. Argentina and the creditor community have a common interest: sustainable long-term growth. That is the only true path to value recovery on equitable terms. We cannot, and Argentina will not, lose sight of that objective. No deal is worth such a price.

By the same token, Argentina wishes to and will contribute to the development of contractual instruments that enhance the success of sovereign restructuring initiatives when they enjoy
meaningful creditor support. Adjustments to the contractual forms developed by the International Capital Market Association (ICMA), which were adopted by Argentina in 2016, that enjoy widespread support, will also be supported by Argentina.

Argentina has full intention of reaching a sustainable agreement that does not impose on its people further suffering and anxiety. Based on this premise, Argentina’s government has expressed that the July 6 proposal is Argentina’s definitive offer to its creditors, and represents the largest and last effort that the country can sustain. With this conviction, our country encourages the community of bondholders to accept it, knowing that if that were not the case all future negotiation will be more complex because Argentina’s circumstances will be more difficult.

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