Fitch Affs ‘C’ Rtg & Places on Negative Rating Watch Province of Mendoza US$250MM 10% Bds due 2007

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Fitch Ratings-New York/Buenos Aires-June 11, 2004: Fitch Ratings has affirmed the 'C' rating and placed on Negative Rating Watch the Province of Mendoza US$250 million 10% bonds due 2007, since the Province is in the process of restructuring this debt under the advisory of JP Morgan. The restructuring process is expected to end before the next coupon payment on September 4, 2004. Fitch will monitor the province's decisions associated with the bond obligation and will review the terms and conditions of the restructuring proposal, once it is announced. In the event that the terms and conditions of the Exchange Offer were considered by Fitch as a Distressed Debt Exchange, this will constitute an event of default (see ‘Credit Rating Perspectives: Distressed Debt Exchanges and Corporate Bankruptcy and Restructuring’ Dec. 11, 2002 available at www.fitchratings.com). Under the existing indenture, no principal payments are due prior to the final (legal) maturity date in 2007. The bonds represent an unsecured, unsubordinated obligation of the Province. Mendoza has distinguished itself amongst Argentine borrowers by honoring its Eurobond commitments in spite of the enormous obstacles resulting from the financial and fiscal crisis created by the sovereign in 2001. In 2003, the fiscal situation of the Province improved compared with 2002, due to the recovery in provincial and federal revenues, keeping in control the expenses. Province of Mendoza is one of Argentina's 24 regional districts. Bordering on the Andean range along the Chilean border, Mendoza's diverse economy centers on agriculture and wine production, hydrocarbons, and tourism. Contact: Eduardo D’Orazio, Cintia Defranceschi, Argentina, (0054) 11 4327-2444, Alfredo Gomez Garza, Mexico (5281) 8335-7179.